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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019 AND 2018**

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. Its registered office address is 2034/132-161, New Petchburi Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok.

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

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

* 1. Basis of consolidation

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

|  | Country of | Percentage of share held | |
| --- | --- | --- | --- |
| Name of Entity | incorporation | by the Company | |
|  |  | 2019 | 2018 |
| 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 |
| First Dhaka Elevated Expressway Co., Ltd. | Bangladesh | - | 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 |
| Momaz Logistics | Republic of Mauritius | - | 100.00 |
| Italian - Thai Development (Myanmar) Co., Ltd. | Myanmar | - | 99.90 |
|  |  |  |  |
| 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 | 74.93 |
| Palang Thai Kaowna Co., Ltd. | Thailand | 99.99 | 99.94 |
| 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 | 60.00 |
| ITD-ETF Joint venture | Thailand | 100.00 | 100.00 |
| Asian Rail Co., Ltd. | Thailand | 99.97 | - |
| ITD-ARC Joint venture | Thailand | 10.00 | - |
|  |  |  |  |
| Indirect overseas subsidiaries |  |  |  |
| Italian – Thai Development (BVI) Co., Ltd. | British Virgin Islands | - | 99.99 |
| 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 (BVI) | British Virgin Islands | - | 75.00 |
| 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 | 40.00 |
| ITD-ARC Joint venture | Thailand | 90.00 | - |
|  |  |  |  |

* 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% of the joint venture.
* The Company made additional payment for share capital of Thai Mozambique Logistica SA of Baht 2.02 million. There was 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 of 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 shareholding in such subsidiary from 99.99% to 51.00%. This also caused the change in the Company’s influence in such subsidiary. The Company therefore changed the treatment of such investment in subsidiary to investment in associated company as discussed more detail in Note 15 to the financial statements.
* The Company made additional payment for share capital of five subsidiaries for them to pay their debts to the Company. The investments proportion of such subsidiaries were 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. Significant changes during the year 2018 are as follows:
* An overseas subsidiary company increased its share capital but the Company did not participate in additional investment. This diluted the Company proportion of investment from 51.63% to 46.64%. However, the Company continues to consolidate the financial statements of such subsidiary since it has not lost control from the change of shareholding structure in such subsidiary. In addition, such overseas subsidiary company has investment in a joint venture of 40.00%. This also causes the dilution of the Company equity of such joint venture from 20.70% to 18.66%
* The Company and Sumitomo Mitsui Corporation Company Limited jointly invested in SMCC-ITD Joint Venture for which 49% is invested by the Company. Such Joint venture is incorporated under the laws of Bangladesh and is principally engaged in the construction of Dhaka Mass Transit Development project line 6 (CP-06) at Dhaka, Bangladesh.
* The Company made an investment for share capital increment of Italian Thai Power Co., Ltd of Baht 550.00 million. Its proportion of investment still remains at 99.99%.
* The Company made additional payment of BDT 821.06 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
* A domestic joint venture registered its liquidation.
* An overseas subsidiary registered its liquidation.
  1. The financial statements of the overseas project offices, branches and subsidiaries are translated into Thai 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” under other comprehensive income, other components of shareholders’ equity.

Goodwill arising on the acquisition of the business 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) arose 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 2019 and 2018 include the audited financial statements of 2 overseas project offices, 5 overseas branches, 9 overseas subsidiaries, and 3 overseas joint ventures with aggregate assets and revenues under consolidated financial statement in Baht equivalent as follows:-

|  |  | | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- |
|  | 2019 | | 2018 | |
|  | Total | Total | Total | Total |
|  | assets | Revenues | assets | revenues |
|  |  |  |  |  |
| KOLDAM Project Office | 1,181 | - | 1,009 | 1 |
| West Bengal Project Office | 7 | - | 8 | - |
| Italian – Thai Development Public Co., Ltd. – Philippines Branch | 56 | - | 51 | - |
| Italian – Thai Development Public Co., Ltd. – Taiwan Branch | 3 | 4 | 2 | 1 |
| Italian – Thai Development Public Co., Ltd. – India Branch | 640 | - | 660 | 249 |
| Italian – Thai Development Public Co., Ltd. – Cambodia Branch | 1 | - | 9 | 283 |
| Italian – Thai Development Public Co., Ltd. – Bangladesh Branch | 6,493 | 4,527 | 5,712 | 4,376 |
| ITD Cementation India Limited | 12,887 | 12,164 | 12,384 | 13,120 |
| PT. Thailindo Bara Pratama | 502 | 315 | 544 | 260 |
|  |  |  |  |  |
| ITD – Madagascar S.A. | 22 | 99 | 30 | 3 |
| First Dhaka Elevated Expressway Co., Ltd. | - | - | 2,952 | 1 |
| ITD Bangladesh Company Limited | 936 | - | 2 | - |
| Italian – Thai Development Vietnam Co.,Ltd | 1 | - | 3 | - |
| Italian – Thai Development (Myanmar) Co., Ltd. | - | 11 | 2 | - |
| ITD Mozambique Limitada | 153 | 5 | 144 | 8 |
| Thai Mozambique Logistica SA | 195 | 2 | 209 | - |
| ITD – Cemindia JV | 78 | 37 | 67 | 24 |
| ITD – ITD CEM JV | 1,774 | 507 | 1,724 | 806 |
| ITD – ITD CEM JV (Consortium) | 39 | - | 44 | - |
| Total | 24,968 | 17,671 | 25,556 | 19,132 |

* 1. The consolidated and separate financial statements for the years 2019 and 2018, 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 | 2019 | 2018 | 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 |
| ITD – Unique Joint Venture | - | 60.00 | Construction harbour at Trad Province for the Marine Department, Ministry of Transport, 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 | - | 40.00 | 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 | 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 2019 and 2018 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations as follows:

|  |  | |  | |  |  | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | 2018 | | | |
|  | Current assets | Non – current assets | Current  liabilities | Non – current  liabilities | Current assets | Non – current assets | Current  liabilities | Non – current  Liabilities |
|  |  |  |  |  |  |  |  |  |
| ITD – SQ Joint Venture | 616 | 484 | 260 | 18 | 922 | 678 | 554 | 233 |
| ITD – Unique Joint Venture | - | - | - | - | 9 | - | - | - |
| SQ – ITD Joint Venture | 21 | - | 20 | - | 53 | - | - | - |
| ITD – SMCC Joint Venture | - | - | - | - | 22 | - | 1 | - |
| Samsung – ITD Joint Venture | 18 | - | 1 | - | 27 | 1 | 1 | - |
| ITD – RT Joint Venture | 795 | 30 | 432 | 268 | 709 | 34 | 271 | 431 |
| SMCC – ITD Joint Venture | 994 | 273 | 331 | 1,046 | 957 | 97 | 32 | 1,144 |

|  |  | | (Unit : Million Baht) | |
| --- | --- | --- | --- | --- |
|  | 2019 | | 2018 | |
|  | Revenues | Expenses | Revenues | Expenses |
|  |  |  |  |  |
| ITD – SQ Joint Venture | 1,197 | 1,001 | 1,372 | 1,637 |
| ITD – Unique Joint Venture | - | - | 1 | 3 |
| SQ – ITD Joint Venture | - | 5 | 31 | 23 |
| ITD – SMCC Joint Venture | - | 5 | - | - |
| Samsung – ITD Joint Venture | 2 | - | 311 | 137 |
| ITD – RT Joint Venture | 253 | 218 | 39 | 28 |
| SMCC – ITD Joint Venture | 1,078 | 965 | 321 | 307 |

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. Amendments and interpretations to the Standards that are effective from 1 January 2019

Thai Financial Reporting Standard No.15 “Revenue from Contract with Customers” (TFRS 15)

Thai Financial Reporting Standard No.15 (TFRS 15) presents new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue” (“TAS 18”), Thai Accounting Standard No. 11 “Construction Contracts” (“TAS 11”), and several revenue-related Interpretations.

The Group has initial applied TFRS15 Revenue from Contract with Customers and disclosed the details of accounting policies in note 4.

The Group has assessed the impact of initial adoption of this TFRS by using the cumulative effect method, taking into account the effect of initially adopt of this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material because the principle for recognition of revenues in accordance with TFRS 15 does not generally represent a change from the Group’s accounting practice. However, the change in such accounting policy has no material effect on the financial statements of the Group.

* 1. Amendments and interpretations to the Standards that are effective from 1 January 2020

Thai Financial Reporting Standard No.16 “Leases” (TFRS 16)

TFRS 16, that describes the new principles for the recognition of leases, replacing Thai Accounting Standard No. 17 “Leases”, and several leases-related Interpretations. The new standard defines the requirements for leases will be recorded in the statement of financial position in the form of right-of-use asset and a lease liability except short-term leases agreement which period less than 12 months or low value of asset and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

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

The Group will adopt this new standard when they become effective, and the Group’s management assesses that it will impact to the financial statements. Therefore, the Group must recognize the right-of-use assets and lease liabilities for the assets currently treated as operating leases including that the Group must record the depreciation from the right-of-use assets and interest expense of lease liabilities instead of expenses from lease agreements. By using the modified retrospective approach and recognize the right-of-use assets and lease liabilities at the first adoption in which this method will have no effect to the retained earnings as at 1 January 2020 and no restatement to the comparative information.

Thai Financial Reporting Standards related to Financial instruments

Thai Financial Reporting Standard No. 9 “Financial instruments” (TFRS 9) and group of Thai Financial Reporting standards related to financial instruments, present 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 are currently effective.

The Group’s management has assessed the impact on the financial statements when adoption these new standards which are as follows:

* Classification

Financial assets

The Group shall renew classification of financial assets as measured at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The standard eliminates the existing classification of trading securities, available-for-sale securities, held-to-maturity debt securities, and general investment as specified by TAS 105

Financial Liabilities

The Group shall renew classification of all financial liabilities as measured at amortized cost. Except derivatives and financial liabilities, that designated as at fair value method, shall classify as financial liabilities as measured at fair value through profit or loss.

* Measurement at amortized cost

The Group shall measure financial assets and financial liabilities at amortized cost method. The interest revenues and interest expenses shall be calculated by using the effective interest method, replacing the current method that use the rate specified in the contract.

* Impairment – Financial assets and contract assets

The Group shall assess impairment of financial assets and contract assets by considering the lifetime expected credit losses on the financial instruments which no longer necessary for an indicator or credit event to have occurred and requires considerable judgment about how changes in economic factors affect expected credit losses, which will be determined on a probability-weighted basis. However, the new impairment model will apply only to financial assets measured at amortized cost and fair value through other comprehensive income (FVOCI).

* Hedge accounting

This standard adds the requirements related to hedge accounting to be aligned with risk management of the Group and establish more principle-based approach by introducing guidance for the hedging transactions, the hedging instruments, the qualification criteria for hedge accounting and accounting for related qualified hedging. There are 3 types of hedge accounting which are fair value hedge, cash flow hedge and hedge of a net investment in a foreign operation.

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 for 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 recognize contract assets if they had fulfilled their performance obligation before they receive the consideration from customers, by presenting them as “Earned revenues not yet billed” in the statement of financial position and they 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.

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 realisable value.

* 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 or 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 companies and joint ventures are accounted for by the cost method in the separate financial statements. Investments in associated 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 investment in subsidiaries, associated 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 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 recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised 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 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 realisable 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. Any gains or losses arising from changes in the value of investment properties are recognised 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 depreciate 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. 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. 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.

* 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. Lease – where The Group are the lessees

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.

* 1. Leases – where the Group is the lessors

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. 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 Company upon the completion of payments. Interest on hire purchases payable is recognized as an expense in the statement of profit or loss.

* 1. Impairment of asset

The Group assess whether there is an indication that any assets may be impaired. If any such indication exists, the Group make 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 recognised 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 common 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 common 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 common shares to be additionally issued.

* 1. Derivatives

*Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of comprehensive income.

*Cross currency and interest rate swap agreements*

Receivables and payables arising from the cross-currency swap agreements are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss. The differences under interest rate swap are recorded as adjustments to the interest expense relating to the hedged financial obligations in the statement of comprehensive income.

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

The Group recognised 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 recognised 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 doubtful accounts 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. RESTRICTED DEPOSITS WITH BANKS

During the year 2019, a Project Office in India has deposited cash with bank of Baht 238.49 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 for the disputes between the Project Office and the employer as discussed in Note 32.

1. PROMISSORY NOTES – NET

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated and Separate F/S | |
|  | 31 December 2019 | 31 December 2018 |
|  |  |  |
| Promissory Notes | 435,939 | 485,939 |
| Less : Current portion | (50,000) | (50,000) |
| Net | 385,939 | 435,939 |

In 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 2019 of Baht 435.94 million (31 December 2018 : Baht 485.94 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 – NET

## 

## The aging of outstanding trade accounts receivable balances as at 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
| Receivable Ages | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Less than 3 months | 11,343,143 | 8,387,542 | 10,176,781 | 6,536,377 |
| 3 – 6 months | 1,859,715 | 438,802 | 1,712,817 | 243,969 |
| 6 – 12 months | 723,529 | 1,459,357 | 619,615 | 1,168,619 |
| More than 12 months | 2,705,646 | 1,180,290 | 1,727,334 | 260,046 |
| Total | 16,632,033 | 11,465,991 | 14,236,547 | 8,209,011 |
| Less : Allowance for doubtful accounts | (954,365) | (953,801) | (432,270) | (326,274) |
| Net | 15,677,668 | 10,512,190 | 13,804,277 | 7,882,737 |

The Company sets up full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except for the following receivables:

* At as 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) (31 December 2018 : Baht 269.76 million) which is in the process negotiating of the debt collection for new settlement plan. The subsidiary’s management considered recognizing an additional allowance for impairment in value of such receivable increasing of Baht 10.50 million by using the discounted cash flows from the repayment plan of such receivable during the year 2019. The subsidiary’s management believes that such allowance for impairment is adequate and suitable.
* As at 31 December 2019 and 2018, the consolidated and separate financial statements include trade accounts receivable from a State Enterprise for a construction project which has been negotiating with the employer to request for the extension of the completion dates as initial determined in the contract with the employer. The Company has not received payments for amounts billed in respect of a portion of construction work from a State Enterprise totaling Baht 825.33 million (31 December 2018: Baht 825.33 million) which has been held unpaid by the employer since the Company was not able to complete some parts of construction work following the milestones plan. However, the Company has completed such construction work and the remaining of construction work which has been inspected and accepted from the project consultant and the employer on 1 August 2019 in according to Substantial Completion certificate and also received Final Acceptance certificate on 25 September 2019. Therefore, the Company has additional billed for the remaining of construction work totaling Baht 2,585.40 million during the year 2019, which is in the process of negotiating for the payment of the construction work with the employer.

On 9 April 2019, the project consultant of the employer agreed to the 2 main matters for which the Company negotiated for the extension of the completion dates that the consultant of employer agreed to the extension of completion dates to 2 August 2019. This issue was brought to the meeting of the Inspection Committee of the employer on 22 October 2019 who passes such approval to the Sub-Committee of Procurement of the employer on 17 February 2020 for proposing to the Board of Directors for further consideration.

Nonetheless, the Inspection Committee of the employer will take all the remaining issues that the Company negotiate for the extension of the completion milestone and end date under the original contract for consideration at the same time. Although the consideration for the extension completion milestone and end date shall take long process for many consideration, the Company’s management believes that the Company will receive approval and receive the full payment for the amounts billed that have been held from the employer.

* As at 31 December 2019, the consolidated financial statements include 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 the service that provide to a customer which at the present work for the construction project has been suspense due to a customer facing liquidity constraints. The subsidiary’s management has been negotiating/discussing with the customer’s group management for debt collection and discuss about financial support from the Group company of receivable to be able to complete the project. However, the subsidiary’s management believes that such amount can be realized in full amount. The subsidiary company therefore does not set up allowance for impairment of receivable in the financial statements.
* As at 31 December 2019, the consolidated and separate financial statements include a local trade accounts receivable of Baht 224.18 million (net of an allowances for doubtful account amount to Baht 112.09 million) which is under process of negotiation to claim the payment of construction work with the employer and is currently subject to award by an arbitration tribunal. However, the Company’s management has assessed the opportunity for the receive payment of such balance and believes that it will be received in full amount.

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

# 

# The outstanding balances as at 31 December 2019 and 2018 are as follows:

|  |  | | (Unit: Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| **Accounts receivable** |  |  |  |  |
| Subsidiaries | - | - | 1,645,576 | 2,083,301 |
| Associated companies and joint ventures | 1,230,736 | 1,020,417 | 1,146,499 | 940,977 |
| Related parties | 436,295 | 624,458 | 346,126 | 512,039 |
| Joint operations | 4,244 | 5,368 | 4,244 | 5,368 |
| Total | 1,671,275 | 1,650,243 | 3,142,445 | 3,541,685 |
| Less : Allowance for doubtful accounts | (566,553) | (734,464) | (563,299) | (766,421) |
| Trade accounts receivable  – related parties – net | 1,104,722 | 915,779 | 2,579,146 | 2,775,264 |
|  |  |  |  |  |
| **Other accounts receivable** |  |  |  |  |
| Joint operations | 141,609 | 28,942 | 141,609 | 28,942 |
|  |  |  |  |  |
| Trade and other accounts receivable  – related parties – net | 1,246,331 | 944,721 | 2,720,755 | 2,804,206 |

The ages of outstanding balances of accounts and other receivable – related parties as at 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
| Outstanding Ages | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Less than 3 months | 540,812 | 537,194 | 861,102 | 1,056,812 |
| 3 – 6 months | 29,482 | 13,244 | 152,625 | 163,297 |
| 6 – 12 months | 55,692 | 62,112 | 426,330 | 426,939 |
| More than 12 months | 1,186,898 | 1,066,635 | 1,843,997 | 1,923,579 |
| Total | 1,812,884 | 1,679,185 | 3,284,054 | 3,570,627 |
| Less: Allowance for doubtful accounts | (566,553) | (734,464) | (563,299) | (766,421) |
| Net | 1,246,331 | 944,721 | 2,720,755 | 2,804,206 |

During the year 2019, the Company made additional investment in share capital of an overseas subsidiary by swapping Debt to Equity of Baht 22.09 million. The Company had previously recognized full allowance for doubtful accounts for such receivable. The Company, therefore reversed allowance for doubtful account for such receivable.

During the year 2018, the management of the Company and subsidiary had assessed the recoverability of trade account receivable related companies which the debt repayment from such debtors depends on the materialization of the project feasibility and financial support from the financial institution for project operation which the opportunity to recover such receivables to be remote. The management of the Company and subsidiary therefore, recognized full allowance for doubtful accounts in the consolidated and separated financial statements of Baht 162.94 million and Baht 103.57 million, respectively.

1. FINANCE LEASE RECEIVABLE – SUBSIDIARY – NET

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Separate F/S | |
|  | 2019 | 2018 |
|  |  |  |
| Not over 1 year | 14,080 | 10,240 |
| Over 1 year but not over 5 years | 19,200 | 19,200 |
| Over 5 years | 24,000 | 27,840 |
| Total | 57,280 | 57,280 |
| Less : Unearned finance income | (14,294) | (16,412) |
| Total | 42,986 | 40,868 |
| Less : Allowance for doubtful accounts | (6,080) | (1,920) |
| Total | 36,906 | 38,948 |
| Less : Current portion | (5,993) | (6,202) |
| Net | 30,913 | 32,746 |

The above finance lease receivable is for machinery and equipment with a subsidiary with scheduled repayment terms of 15 years.

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

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,255,472 | 3,377,042 |
| Associated companies and joint ventures | 429,367 | 280,113 | 375,666 | 222,620 |
| Related companies | 14,386 | 15,481 | - | - |
| Other joint venture partner | 2,376 | 2,278 | 2,376 | 2,278 |
| Total | 446,129 | 297,872 | 1,633,514 | 3,601,940 |
| Less : Allowance for doubtful accounts | (26,318) | (27,003) | (338,055) | (2,180,373) |
| Short – term loans and advances to  related parties – net | 419,811 | 270,869 | 1,295,459 | 1,421,567 |

Movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2019 are as follows:

|  |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  | 1 January | During the year | | 31 December |
|  | 2019 | Increase | Decrease | 2019 |
|  |  |  |  |  |
| Associated company and joint venture | 280,113 | 149,254 | - | 429,367 |
| Related companies | 15,481 | - | 1,095 | 14,386 |
| Other joint venture partner | 2,278 | 98 | - | 2,376 |
| Total | 297,872 | 149,352 | 1,095 | 446,129 |

|  |  | (Unit: Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Separate F/S | | | |
|  | 1 January | During the year | | 31 December |
|  | 2019 | Increase | Decrease | 2019 |
|  |  |  |  |  |
| Subsidiaries | 3,377,042 | - | 2,121,570 | 1,255,472 |
| Associated company and joint venture | 222,620 | 153,046 | - | 375,666 |
| Other joint venture partner | 2,278 | 98 | - | 2,376 |
| Total | 3,601,940 | 153,144 | 2,121,570 | 1,633,514 |

During the year 2019, the Company made additional investment in the share capital of an overseas subsidiary by swapping Debt to Equity of Baht 2,178.14 million. The Company had previously recognized allowance for doubtful accounts of short-term loans and advances amount Baht 1,842.32 million. Therefore, the Company reversed allowances for doubtful accounts for such short-term loans and advances during the year and consider to recognize allowance for impairment of investments as discussed in Note 15 to financial statements.

1. Contract assets and contract liabilities

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

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| **Contract assets** |  |  |  |  |
| Earned revenues not yet billed | 19,782,963 | 23,402,870 | 15,439,524 | 19,909,976 |
| Retentions receivable | 3,900,000 | 3,184,872 | 2,825,775 | 2,485,486 |
| Costs to fulfil a contract asset | 183,997 | 324,161 | 183,997 | 324,161 |
| Total of contract assets | 23,866,960 | 26,911,903 | 18,449,296 | 22,719,623 |
|  |  |  |  |  |
| **Contract liabilities** |  |  |  |  |
| Receipts in excess of contracted work  in progress | 1,942,889 | 460,917 | 377,028 | 460,917 |
| Customer advances under construction  contracts due for revenue recognition  within 1 year | 6,410,487 | 7,147,688 | 6,053,811 | 6,111,757 |
| Customer advances under construction  contracts - net | 4,894,654 | 6,782,648 | 3,591,215 | 6,047,219 |
| Total of contract liabilities | 13,428,030 | 14,391,253 | 10,022,054 | 12,619,893 |

* 1. Costs to fulfil contracts

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Costs to fulfil contracts | 340,860 | 340,860 | 340,860 | 340,860 |
| Less Accumulated amortization costs | (156,863) | (16,699) | (156,863) | (16,699) |
| Net | 183,997 | 324,161 | 183,997 | 324,161 |

* 1. Revenue recognized in relation to contract balances

During the year 2019, the Group recognized revenues which was included in the contract liabilities balance at the being period of Baht 428.86 million (Separate F/S : Baht 428.86 million).

* 1. Revenue to be recognized for the remaining performance obligations

As at 31 December 2019, the Group is expected to be 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 totaling Baht 168,376.90 million (Separate F/S : Baht 93,870.18 million). The Group has entered into the subcontract agreement with subcontractor as discussed in Note 46 to financial statements.

1. INVENTORIES AND WORK IN PROCESS – NET

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Work in process | 163,895 | 269,026 | - | 143,182 |
| Materials and inventories | 4,849,613 | 4,860,865 | 3,130,275 | 3,166,987 |
| Total | 5,013,508 | 5,129,891 | 3,130,275 | 3,310,169 |
| Less : Allowance for obsolete inventories | (73,723) | (60,063) | (62,230) | (45,687) |
| Net | 4,939,785 | 5,069,828 | 3,068,045 | 3,264,482 |

During the years 2019 and 2018, movements in allowance for obsolete inventories are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 60,063 | 87,795 | 45,687 | 68,684 |
| Add : Additional allowance | 17,283 | 13,700 | 16,820 | 13,700 |
| Less : Reversal of allowance | (3,346) | (40,995) | - | (36,260) |
| Less : Translation adjustment | (277) | (437) | (277) | (437) |
| Balance as at 31 December | 73,723 | 60,063 | 62,230 | 45,687 |

1. COSTS OF PROPERTY DEVELOPMENT PROJECTS – NET

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | Consolidated F/S | |
|  |  | 2019 | 2018 |
|  |  |  |  |
| Land |  | 244,540 | 332,909 |
| Cost of property development projects |  | 417,688 | 446,925 |
| Utilities installation |  | 57,753 | 69,084 |
| Capitalized borrowing costs |  | 9,862 | 5,127 |
| Total |  | 729,843 | 854,045 |
| Less : Accumulated amounts transferred to cost of sales |  | (279,132) | (434,876) |
| Net |  | 450,711 | 419,169 |

As at 31 December 2019 and 2018, the above land and constructions have been pledged as collaterals for overdraft, loan and credit facilities with local banks as discussed in Note 26.

During the years 2019 and 2018, the Company capitalized interest amounting to Baht 10.74 million and Baht 7.60 million, respectively, to the cost of property development project. The capitalization rates of interest are based on the borrowing costs as discussed in Note 26.

The changes in cost of property development projects for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | Consolidated F/S | |
|  |  | 2019 | 2018 |
|  |  |  |  |
| Balance as at 1 January |  | 419,169 | 431,874 |
| Add : Cost of property development |  | 310,674 | 422,171 |
| Less : Cost of sales |  | (279,132) | (434,876) |
| Balance as at 31 December |  | 450,711 | 419,169 |

1. INVESTMENTS
   1. Investments in subsidiaries – net

Movements in investments in subsidiaries for the years ended 31 December 2019 and 2018 are as follows:

(Unit : Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Separate F/S | |
|  | 2019 | 2018 |
|  |  |  |
| Balance as at 1 January | 7,226,954 | 6,878,187 |
| Add : Additional investments during the year | 5,828,658 | 919,121 |
| 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 | (2,448,650) | (570,354) |
| Balance as at 31 December | 11,895,423 | 7,226,954 |

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

|  |  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Percentage | | Separate F/S | | | |
|  |  | Paid-up | of shareholding | | Cost | | | |
|  | Nature of business | Capital | 2019 | 2018 | 2019 | | 2018 | |
|  |  |  | Percent | Percent |  | |  | |
| **Investments in subsidiaries** |  |  |  |  |  | |  | |
| Italian-Thai International Co., Ltd. | Holding company | 4,580,000 | 99.99 | 99.99 | 4,580,000 | | 400,000 | |
|  |  | (2018 : 400,000) |  |  |  | |  | |
| Less : Allowance for impairment |  | |  |  | (552,584) | | (400,000) | |
| Net |  |  |  |  | 4,027,416 | | - | |
| Bhaka Bhumi Development Co., Ltd. | Real estate development | 5,075 | 99.99 | 99.99 | 5,075 | | 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 equipment | 810,000 | 92.59 | 92.59 | 430,000 | | 430,000 | |
| Less : Allowance for impairment |  |  |  |  | (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 | | 50 | |
|  |  | (2018 : 10,000) |  |  |  | |  | |
| Less : Allowance for impairment |  | |  |  | (35,489) | | (50) | |
| Net |  |  |  |  | 376,561 | | - | |
|  |  |  |  |  |  | |  | |
| Palang Thai Kaowna Co., Ltd. | Not yet operational | 459,000 | 99.99 | 99.94 | 458,650 | | 650 | |
|  |  | (2018 : 1,000) |  |  |  | |  | |
| Less : Allowance for impairment |  | |  |  | (290,498) | | (650) | |
| Net |  |  |  |  | 168,152 | | - | |
| Palit Palang Ngan Co., Ltd. | Not yet operational | 123,000 | 78.16 | 74.93 | 95,440 | | 50 | |
|  |  | (2018 : 1,000) |  |  |  | |  | |
| Less : Allowance for impairment |  |  |  |  | (50) | | (50) | |
| Net |  |  |  |  | 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 | 60.00 | 2,761,592 | | 2,277,592 | |
|  | (2018 : 3,795,987) | |  |  |  | |  | |
| ITD-ETF Joint venture | Construction services | - | 100.00 | 100.00 | - | | 27,841 | |
| Asian Rail Co., Ltd. | Construction services | 250 | 99.97 | - | 250 | | - | |
| ITD-ARC Joint Venture | Construction services | - | 10.00 | - | - | | - | |
|  |  |  |  |  |  | |  | |
| **Overseas subsidiary companies** |  |  |  |  |  | |  | |
| PT. Thailindo Bara Pratama | Coal mining contractor | 1,038,674 Million IDR | 99.99 | 99.99 | 2,286,218 | 108,071 | |
|  |  | (2018 : 25,250) |  |  |  |  | |
| Less : Allowance for impairment |  |  |  |  | (1,842,318) | - | |
| Net |  |  |  |  | 443,900 | 108,071 | |
|  |  |  |  |  |  |  | |
| 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 | 99,527 | |
|  |  | Million MGA |  |  |  |  | |
|  |  | (2018 : 20) |  |  |  |  | |
| Less : Allowance for impairment |  |  |  |  | (227,988) | (99,527) | |
| Net |  |  |  |  | - | - | |
| ITD Construction SDN.BHD. | Construction services in Malaysia | 0.75 | 99.99 | 99.99 | 7,312 | 7,312 | |
|  |  | Million MYR |  |  |  |  | |
| Less : Allowance for impairment |  |  |  |  | (7,312) | (7,312) | |
| Net |  |  |  |  | - | - | |
| First Dhaka Elevated Expressway Co., Ltd. | Concession for constructing elevated expressway in Bangladesh | - | - | 99.99 | - | 798,627 | |
|  | (2018 : 1,941) | |  |  |  |  | |
|  | Million BDT | |  |  |  |  | |
| 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 | 39,986 | |
|  | (2018 : 1,187,915) | |  |  |  |  | |
|  |  | |  |  |  |  | |
| Thai Mozambique Logistica SA. | Concession for constructing Port and Railway in the Republic of Mozambique | 364,999  USD | 60.00 | 60.00 | 12,036 | 10,018 | |
|  | (2018 : 302,000) | |  |  |  |  | |
| Momaz Logistics | Not yet operational | - | - | 100.00 | - | - | |
| Italian - Thai Development (Myanmar)  Co., Ltd | Construction services in the Republic of the Union of Myanmar | - | - | 99.90 | - | 814 | |
|  | (2018 : 25,000 USD) | |  |  |  |  | |
| Total Investments in subsidiaries - net |  |  |  |  | 11,895,423 | 7,226,954 | |

* During the year 2019, an overseas subsidiary increased its share capital by BDT 3,531.47 million (equivalent to Baht 1,286.68 million) by issuing new common shares at par value to the Company and new investors. The Company has made an additional payment for share capital of BDT 543.74 million (equivalent to Baht 205.42 million). After the payment for share capital increased has been completed as stipulate in shareholders’ agreement, it will be diluted the Company proportion of investment from 99.99% to 51.00%.

As a consequence of the restructuring of shareholders and organization in October 2019 to effect, the Company losses control, but still has significant influence over such subsidiary. The management therefore classified the retaining interest in such company as investment in associated company and derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position and recognizes the retained interest in such company by using the booked value of net assets at the date which the Company losses control.

The subsidiary’s management is in process of determining the fair value of the subsidiary’s net assets to assess the possible impact from changed in status of such investment which different in fair value has to be recognized in the statement of profit or loss for the year. In addition, the subsidiary has to determine whether such increased of shares capital to the new investors which is considered a share-based payment under TFRS 2 “Share-based Payments” or not, which outcome cannot presently be concluded.

* 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 four subsidiaries totalling amount Baht 5,629.39 million, for repaying debt back to the Company. The Company considers recognizing allowance for impairment of such investments totaling Baht 477.87 million.
* During the year 2018, the Company paid for share capital increased of a local subsidiary of Baht 550 million which was used for debt settlement to the Company. The Company, therefore recognized full allowance for impairment of such investment.

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 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |
| Italthai Trevi Co., Ltd. | 9.06 | 9.06 | 6 | 13 | 62 | 63 |
| Asian Steel Product Co., Ltd. | 30.10 | 30.10 | 11 | 6 | 52 | 45 |
| Thai Maruken Co., Ltd. | 49.04 | 49.04 | 34 | 13 | 236 | 211 |
| ITD Cementation India Limited | 53.36 | 53.36 | (163) | 200 | 2,302 | 2,480 |
| Italthai Marine Co., Ltd. | 7.41 | 7.41 | (2) | 1 | (33) | (31) |

During the year 2019, subsidiaries paid dividends to the non-controlling-interests of Baht 36.13 million (2018 : Baht 59.97 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. | |
|  | 2019 | 2018 | | 2019 | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  | |  | |  |  |  |  |  |  |  |
| Current assets | 813 | 1,125 | | 158 | | 127 | 500 | 251 | 10,372 | 9,640 | 142 | 222 |
| Non – current assets | 493 | 491 | | 57 | | 55 | 1,254 | 602 | 2,515 | 2,744 | 30 | 57 |
| Current liabilities | 402 | 713 | | 26 | | 21 | 1,234 | 386 | 7,124 | 6,779 | 601 | 685 |
| Non - current liabilities | 214 | 210 | | 16 | | 10 | 39 | 36 | 1,449 | 957 | 17 | 10 |
| Equity attributable to the Company’s shareholder | 627 | 630 | | 121 | | 106 | 245 | 220 | 2,012 | 2,168 | (413) | (385) |
| Non – controlling interests | 63 | 63 | | 52 | | 45 | 236 | 211 | 2,302 | 2,480 | (33) | (31) |
| Revenue | 1,334 | 1,482 | | 177 | | 154 | 740 | 506 | 12,301 | 13,120 | 378 | 360 |
| Profit (loss) for attributable to the Company’s shareholders | 72 | 138 | | 27 | | 14 | 36 | 13 | 69 | 304 | (23) | 14 |
| Profit (loss) for attributable to non –  controlling interests | 7 | 14 | | 12 | | 6 | 34 | 13 | 79 | 347 | (2) | 1 |
| Profit (loss) for the year | 79 | 152 | | 39 | | 20 | 70 | 26 | 148 | 651 | (25) | 15 |
| Other comprehensive income (loss) | (10) | (2) | | (1) | | - | - | - | (211) | (128) | (4) | 3 |
| Total comprehensive income (loss) attributable to the Company’s shareholder | (1) | - | | - | | - | - | - | (242) | (147) | 4 | - |
| Total comprehensive income (loss) attributable to non – controlling interests | (11) | (2) | | (1) | | - | - | - | (453) | (275) | - | 3 |
| Total comprehensive income (loss) for the year | 68 | 150 | | 38 | | 20 | 70 | 26 | (305) | 376 | (25) | 18 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | (Unit : Million Baht) | | | |
|  | For the year ended 31 December 2019 | | | | | | |
|  | Italthai Trevi Co., Ltd. | Asian Steel Product Co., Ltd. | | Thai Maruken Co., Ltd. | ITD Cementation India Limited | Italthai Marine  Co., Ltd. |
|  |  |  | |  |  |  |
| Net cash from (used in) operating activities | 60 | 17 | | 37 | 1,264 | 40 |
| Net cash from (used in) investing activities | (128) | (9) | | (40) | (393) | (2) |
| Net cash from (used in) financing activities | (110) | (15) | | - | (863) | (39) |
| Net cash increase (decrease) | (178) | (7) | | (3) | 8 | (1) |

* 1. Investments in associated companies - net

Significant judgment and assumptions

Associated 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 company and classifies as associated investments.

Investments in associated companies are initially recorded at cost and adjusted thereafter to recognize profit or loss by the proportion of the Company in the associated companies.

Movements in investments in associated companies, which are accounted for using the equity method in the consolidated financial statements, for the year ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 602,020 | 633,637 | 697,963 | 697,963 |
| Add (Less) : Share of profit (loss) from associated  companies | 604 | (20,662) | - | - |
| Less : Dividend from associated companies | (1,877) | (2,971) | - | - |
| Add : Remaining interest from lost control  in subsidiary | 837,208 | - | 995,626 | - |
| Add : increasing investment in associate | 8,425 | - | 8,425 | - |
| Less : Translation adjustment for foreign currency  financial statements | (45,777) | (7,984) | - | - |
| Balance as at 31 December | 1,400,603 | 602,020 | 1,702,014 | 697,963 |

A reconciliation of the condensed financial information for the carrying amounts of the investments in associated companies are as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  |  | (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 | | - | (114,178) | (18,576) |
| Carrying amount of the investment in associated companies | 44,902 | 28,977 | 103,755 | - | - | 398,946 | | - | 824,023 | 1,400,603 |
|  |  |  |  |  |  |  | |  |  |  |
| Dividend received from associated company | - | - | 1,877 | - | - | - | | - | - | 1,877 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | |  |  | (Unit : Thousand Baht) | | |
|  | 31 December 2018 | | | | | | | |
|  | 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 | Total |
|  |  |  |  |  |  |  |  |  |
| Total net assets of associated companies | 64,709 | 56,828 | 497,591 | (210,240) | - | 807,080 | - | 1,215,968 |
| Proportion of ownership interests held by the Company (%) | 48.99 | 46.69 | 19.98 | 15.00 | 24.00 | 50.00\* | 24.00 | - |
| Net assets by the Company’s proportion | 31,700 | 26,534 | 99,419 | (31,536) | - | 403,540 | - | 529,657 |
| Other adjustment | - | 2,525 | 868 | 31,536 | - | 37,434 | - | 72,363 |
| Carrying amount of the investment in associated companies | 31,700 | 29,059 | 100,287 | - | - | 440,974 | - | 602,020 |
|  |  |  |  |  |  |  |  |  |
| Dividend received from associated company | - | - | 2,971 | - | - | - | - | 2,971 |

\* 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 loss from associated companies

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | |
|  |  | 2019 | 2018 |
|  |  |  |  |
| Unrecognized loss from associated companies |  | 3,462 | 1,851 |
| Cumulative share of losses of associated companies |  | 34,998 | 31,536 |

Investments in associated companies as at 31 December 2019 and 2018, comprise investments in the following:

|  | |  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | Percentage | | Consolidated F/S | | Separate F/S | |
|  | |  | Paid-up Capital | of shareholding | | Equity | | Cost | |
|  | | Nature of business | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  | |  |  | Percent | Percent |  |  |  |  |
| **Investments in associated companies** | | |  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | | Production and distribution of turnouts for railway projects | 5,000 | 48.99 | 48.99 | 44,902 | 31,700 | 2,450 | 2,450 |
| Siam Pacific Holding Co., Ltd. | | Holding company | 58,625 | 46.69 | 46.69 | 26,452 | 26,534 | 27,373 | 27,373 |
| Bangkok Steel Wire Co., Ltd. | | Production and distribution of P.C. wire | 313,000 | 19.98 | 19.98 | 103,755 | 100,287 | 71,603 | 71,603 |
| Oriental Residence Bangkok Co., Ltd. | | Real estate development | 500,000 | 15.00 | 15.00 | - | - | 75,000 | 75,000 |
|  | |  |  |  |  |  |  |  |  |
| **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 | 398,946 | 440,974 | 521,537 | 521,537 |
| Corporation Limited | | Laos | Million USD) |  |  |  |  |  |  |
| First Dhaka Elevated Expressway | | Concession for constructing | 5,472 | 51.00 | - | 824,023 | - | 1,004,051 | - |
| Co., Ltd. | | elevated expressway in | Million BDT |  |  |  |  |  |  |
|  | | Bangladesh |  |  |  |  |  |  |  |
| Total Investments in associated companies – net | | |  |  |  | 1,398,078 | 599,495 | 1,702,014 | 697,693 |
|  |  | |  |  |  |  |  |  |  |
| **Investments in associated companies held by subsidiaries** | | |  |  |  |  |  |  |  |
| Siam Pacific Holding Co., Ltd. | | Holding company | 58,625 | 4.30 | 4.30 | 2,525 | 2,525 | - | - |
| Total investments in associated companies held by subsidiaries | | |  |  |  | 2,525 | 2,525 | - | - |
|  | | |  |  |  |  |  |  |  |
| Total Investments in associated companies – net | | |  |  |  | 1,400,603 | 602,020 | 1,702,014 | 697,963 |

Significant financial information of the associate 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 | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | 93 | 145 | 42 | 48 | 43 | 128 | - | - |
| Bangkok Steel Wire Co., Ltd. | 724 | 835 | 271 | 290 | 454 | 607 | 27 | 20 |
| Oriental Residence Bangkok Co., Ltd. | 2,188 | 2,124 | 1,137 | 1,235 | 2,623 | 2,590 | 935 | 979 |
| Sino Lao Aluminum Corporation Limited | - | 2 | 1,255 | 1,370 | 324 | 316 | 248 | 249 |
| Siam Pacific Holding Co., Ltd. | - | - | 62 | 63 | - | - | 6 | 6 |
| First Dhaka Elevated Expressway Co., Ltd. | 340 | - | 3,027 | - | 1,527 | - | - | - |
| Total | 3,345 | 3,106 | 5,794 | 3,006 | 4,971 | 3,641 | 1,216 | 1,254 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | |  | | (Unit : Million Baht) | |
|  | For the years ended 31 December | | | | | |
|  | Revenues | | Profit (loss) | | Other  comprehensive income | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |
| ATO-Asia Turnouts Co., Ltd. | 222 | 192 | 21 | (7) | - | - |
| Bangkok Steel Wire Co., Ltd. | 1,284 | 1,308 | 26 | 17 | - | - |
| Oriental Residence Bangkok Co., Ltd. | 336 | 357 | 330 | (22) | - | - |
| Sino Lao Aluminum Corporation Limited | - | - | (40) | (56) | (22) | 5 |
| First Dhaka Elevated Expressway Co., Ltd. | 3 | - | (4) | - | (17) | - |
| Total | 1,845 | 1,857 | 333 | (68) | (39) | 5 |

The significant projects under development which the Company invested through associated companies are as follow:

*Dhaka Elevated Expressway Project*

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

During the year 2011, the 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 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 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 Company has performed the construction work for the 1st Tranche of construction distance of 7.45 kilometer which work progress of approximately 44.20%.

*Bauxite Mining and Alumina and Aluminum Production Project*

The Company invested through Sino Lao Aluminum Corporation which it is located in Lao People's Democratic Republic. In the year 2009. This associated company obtained and signed the Concession Agreement with the Laos Government for bauxite mining and is in process for approval the ESIA Certificate of the project which the Company already comply with the regulation of Minerals law and submitted documentation to the Office of Natural Resources and Environment Policy and Planning, and Ministry of Natural Resources and Environment and waiting for approval from the Government Agencies. 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 the financing fund for project development.

* 1. Investments in joint ventures - net

Movements in investments in joint ventures, which are accounted for by using the equity method in the consolidated financial statements, during the year ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 217,475 | 126,524 | - | - |
| Add : Share of profit from joint ventures | 205,494 | 185,127 | - | - |
| Less : Receipts for the share of profit from  joint venture | (130,637) | (31,000) | - | - |
| Less : Transferred investment in joint ventures to  subsidiary company | - | (66,804) | - | - |
| Add (less) : Translation adjustment on  Foreign currency financial statements | (15,990) | 3,628 | - | - |
| Balance as at 31 December | 276,342 | 217,475 | - | - |

Investments in joint ventures as at 31 December 2019 and 2018, comprise investments in the following entities :

|  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Percentage | | Consolidated F/S | | Separate F/S | |
|  |  | of shareholding | | Equity | | Cost | |
|  | Nature of business | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  | Percent | Percent |  |  |  |  |
| **Investments in joint ventures** |  |  |  |  |  |  |  |
| ITD-EGC Joint Venture | Construction services in Republic of China | 55.00 | 55.00 | 287,606 | 299,430 | 278,668 | 289,977 |
| Less : Allowance for impairment |  |  |  | (278,668) | (289,977) | (278,668 | (289,977) |
| Net |  |  |  | 8,938 | 9,453 | - | - |
| IOT Joint Venture | Construction services | 40.00 | 40.00 | - | - | - | - |
| CMC/ITD/SONG DA Joint Venture | Construction services | 30.00 | 30.00 | 179,332 | 125,388 | - | - |
| ITD SINOHYDRO Joint Venture | Construction services | 51.00 | 51.00 | 75,000 | 16,138 | - | - |
| Total investments in joint venture – net | |  |  | 263,270 | 150,979 | - | - |
|  | |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |
| **Investments in joint ventures held by subsidiaries** | |  |  |  |  |  |  |
| CEC-ITD Cem-TPL Joint Venture | Construction services | 18.66\* | 18.66\* | 13,072 | 66,496 | - | - |
| Total investments in joint venture held by subsidiaries – net | |  |  | 13,072 | 66,496 | - | - |
| Total investments in joint ventures - net | |  |  | 276,342 | 217,475 | - | - |
|  | |  |  |  |  |  |  |
| **Total investments in subsidiaries, associated** | |  |  |  |  |  |  |
| **companies and joint venture – net** | |  |  | 1,676,945 | 819,495 | 13,597,437 | 7,924,917 |

\* The Company has investment in joint ventures held by this subsidiary of 40%. The Company held the proportion of investment in such subsidiary for 46.64%. Therefore, the proportion of the Company in the joint venture is 18.66%.

On 20 November 2019, CMC/ITD/SONGDA Joint Venture obtained the notice of termination letter from employer since the delay of work for construction project and the 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 from such matter.

At present, the Joint Venture and its employer appointed the Dispute Adjudication Board (DAB) to consider the dispute between counter parties. The Joint Venture is in process of gathering information relating to the value of work which has been submitted, construction material and equipment for the consideration process of DAB which outcome cannot presently be concluded.

The financial statements of such Joint Venture were based on the financial information compiled by the management of joint venture which had not been audited by the auditor. However, the management of the Company believes that there will be no significant variances had the financial statements of the Joint Venture been reviewed by their auditors.

A reconciliation of the condense financial information to the carrying amounts of the investments 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 | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total net assets of joint venture | 16 | 17 | - | - | 598 | 418 | 147 | 32 | 22 | 111 |
| Proportion of ownership Interest (%) | 55 | 55 | 40 | 40 | 30 | 30 | 51 | 51 | 18.66 | 18.66 |
| Net assets by proportion | 9 | 9 | - | - | 179 | 125 | 75 | 16 | 4 | 21 |
|  |  |  |  |  |  |  |  |  |  |  |
| Other adjustment | - | - | - | - | - | - | - | - | 9 | 45 |
| Carrying amount of the investment (obligation) | 9 | 9 | - | - | 179 | 125 | 75 | 16 | 13 | 66 |

Significant financial information of the joint ventures in the aggregate amounts are summarised 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 | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 11 | 11 | - | - | 116 | 54 | 97 | 559 | 738 | 444 | 962 | 1,068 |
| Other current assets | 5 | 6 | - | - | 834 | 555 | 1,634 | 1,536 | 636 | 687 | 3,109 | 2,784 |
| Total current assets | 16 | 17 | - | - | 950 | 609 | 1,731 | 2,095 | 1,374 | 1,131 | 4,071 | 3,852 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-current assets | - | - | - | - | 78 | 93 | 1,107 | 1,360 | 461 | 682 | 1,646 | 2,135 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other current liabilities (including trade payables and provision) | - | - | - | - | 505 | 115 | 2,240 | 3,037 | 1,812 | 613 | 4,557 | 3,765 |
| Total current liabilities | - | - | - | - | 505 | 115 | 2,240 | 3,037 | 1,812 | 613 | 4,557 | 3,765 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-current liabilities | - | - | - | - | 376 | 555 | - | - | 1 | 1,089 | 377 | 1,644 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net assets | 16 | 17 | - | - | 147 | 32 | 598 | 418 | 22 | 111 | 783 | 578 |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | |
|  | Revenues | | Profit (loss) | | Other comprehensive income (loss) | | Depreciation and amortization | | Tax | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |  |  |
| ITD – EGC Joint Venture | - | 3 | (3) | (1) | - | - | - | - | - | - |
| ITD – ETF Joint Venture | - | 139 | - | 22 | - | - | - | 13 | - | - |
| ITD – ETF MVM Joint Venture | - | - | - | (4) | - | - | - | - | - | - |
| IOT Joint Venture | - | - | - | - | - | - | - | - | - | - |
| CMC/ITD/SONGDA Joint Venture | 3,165 | 4,116 | 217 | 266 | - | - | 309 | 324 | 44 | 30 |
| ITD-SINOHYDRO Joint Venture | 1,554 | 948 | 123 | 26 | - | - | 22 | 12 | 109 | 23 |
| CEC – ITD CEM – TPL Joint Venture | 2,121 | 2,338 | 135 | 113 | - | - | 222 | 205 | 85 | 63 |
| Total | 6,840 | 7,544 | 472 | 422 | - | - | 553 | 554 | 238 | 116 |

The Company regularly assesses the values of investments in subsidiaries, associated 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 – NET

Movements in other long – term investments during the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 909,765 | 861,138 | 749,030 | 691,793 |
| Add : Investment | 200,000 | - | 200,000 | - |
| Add : Reversal of allowance for impairment of investment | - | 200,000 | - | 200,000 |
| Less : Unrealized loss from changes in value of investments | (142,300) | (151,373) | (134,010) | (142,763) |
| Less : Allowance for impairment of investment | (15,415) | - | (15,415) | - |
| Balance as at 31 December | 952,050 | 909,765 | 799,605 | 749,030 |

Other long – term investments as at 31 December 2019 and 2018 comprise investments as follows:

|  |  |  | | (Unit : Thousand Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Percentage of | |  | |  | |
|  |  | Shareholding | | Consolidated F/S | | Separate F/S | |
|  | Nature of business | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  | Percent | Percent |  |  |  |  |
| **Investments in other companies** |  |  |  |  |  |  |  |
| a) Non-listed companies |  |  |  |  |  |  |  |
| 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) | - |
| Net |  |  |  | 9,100 | 24,000 | 9,100 | 24,000 |
| 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) | (1,985) | (2,500) | (1,985) |
| Net |  |  |  | 500 | 1,015 | 500 | 1,015 |
| 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 | - | 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 | 335,713 | 520,298 | 335,713 |
|  |  |  |  |  |  |  |  |
| b) Listed companies |  |  |  |  |  |  |  |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of wire and cable | 12.90 | 12.90 | 308,715 | 308,715 | 308,715 | 308,715 |
| Add : Unrealized gain from changes in value of investments |  |  |  | (31,548) | 101,902 | (31,548) | 101,902 |
| Net market value |  |  |  | 277,167 | 410,617 | 277,167 | 410,617 |
| TTCL Plc. | Construction services | 0.07 | 0.07 | 400 | 400 | 400 | 400 |
| Add : Unrealized gain from changes in value of investments |  |  |  | 1,740 | 2,300 | 1,740 | 2,300 |
| Net market value |  |  |  | 2,140 | 2,700 | 2,140 | 2,700 |
| Total Investment in other listed  companies – net |  |  |  | 279,307 | 413,317 | 279,307 | 413,317 |
|  |  |  |  |  |  |  |  |
| Total Investments in other companies – net | |  |  | 799,605 | 749,030 | 799,605 | 749,030 |
|  |  |  |  |  |  |  |  |
| **Investments held by subsidiaries**  a) Non-listed companies |  |  |  |  |  |  |  |
| Bell Development Co., Ltd. | Real estate development | 6.55 | 6.55 | 135,226 | 135,226 | - | - |
|  |  |  |  |  |  |  |  |
| b) Listed company |  |  |  |  |  |  |  |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of wire and cable | 0.80 | 0.80 | 19,178 | 19,178 | - | - |
| Add : Unrealized gain (loss) from changes in value of investments |  |  |  | (1,959) | 6,331 | - | - |
| Net market value |  |  |  | 17,219 | 25,509 | - | - |
| Total investment held by subsidiaries – net |  |  |  | 152,445 | 160,735 | - | - |
|  |  |  |  |  |  |  |  |
| **Total other long-term investments – net** | |  |  | 952,050 | 909,765 | 799,605 | 749,030 |

During the year 2018, the Company’s management reversed an allowance for impairment of investment in a company of Baht 200 million since the assessment of its financial position and operations indicates no longer impaired.

1. DEVELOPMENT COSTS FOR CONCESSION RIGHT – DAWEI PROJECT

(Unit : Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Concession right | 175,619 | 81,477 | - | - |
| Costs under development | 7,628,550 | 7,656,947 | 5,205,964 | 5,205,964 |
| Total | 7,804,169 | 7,738,424 | 5,205,964 | 5,205,964 |

As at 31 December 2019 and 2018, the Company has costs for acquisition of the right to develop the industrial estate and related infrastructure and utilities in the Dawei Special Economic Zone (“DSEZ”) amounting to Baht 7,804.17 million and Baht 7,738.42 million, respectively.

This project has been supported by the governments of Thailand and the Republic of the Union of Myanmar who have established the Special Purpose Vehicle (“SPV”) to mutually manage the development policy of the industrial project. It was agreed that the Company has the right to reimburse such costs and other investments from new investors or to be granted the right to develop additional industrial estate land in accordance to the due diligence results as conducted by the advisory firm of the SPV under the Tripartite Memorandum and Supplemental Memorandum of Understanding to the Tripartite Memorandum as signed by and between the Company, SPV, and the Dawei SEZ Management Committee (“DSEZ MC”).

At present, the Company along with its partners were granted the DSEZ Initial Phase concessions as signed with the DSEZ MC on the 5th August 2015 to develop 27 square kilometers of industrial estate land and its related infrastructure and utilities. Wherein the Company and each partner of the respective DSEZ Initial Phase concessions will be jointly responsible for the Company’s previous investment through the due diligence process. The Company will also continue to maintain its right for reimbursement of its previous investments in the DSEZ outside the Initial Phase in accordance to the Memorandums as previously agreed and signed with the SPV and DSEZ MC. Furthermore, the Governments of Myanmar and Thailand have had official discussions supporting the future DSEZ Full Phase development in parallel with the current ongoing DSEZ Initial Phase. The progress of the project development are as follows:

1. **Land Lease Agreements from the Government of the Republic of Union of Myanmar and**

**Concession Right**

Through the continuous support from both the Myanmar and Thai Governments, official meetings between the two parties have taken place to discuss on ways to drive the DSEZ Initial Phase successfully forward in a practical manner; including the Land Lease Agreement to be granted by the Myanmar Government to the Company. As such in May 2019, a Joint Task Force meeting of the DSEZ Initial Phase and 2-lane road connecting the DSEZ to the Myanmar-Thailand border took place between the two governments. Thereafter in October 2019, there was the 9th Myanmar-Thai Joint Coordinating Committee (“JCC”) meeting with the focus being on the continued cooperation and support of both governments to the DSEZ Initial Phase development. These results and progress update will be proposed as an agenda in the next Myanmar-Thai Joint Higher Level Committee (“JHC”) meeting for approval in order to ensure that all parties benefit from the DSEZ Initial Phase development in a long-term sustainable manner.

In August 2019, the Company received the official comments and response to its draft Land Lease Agreement for the DSEZ Initial Phase Industrial Estate from the DSEZ MC and preliminary discussions have been made to the latest agreement. Currently, the Land Lease Agreement for the DSEZ Initial Phase Industrial Estate is being reviewed by the DSEZ MC and the higher authorities of the Myanmar Government. The Company will make a payment of concession fee to the DSEZ MC in 8 installments; e.g. the first payment has already been made on the Concession Agreement signing date. The concession fee amount will be escalated at the annual rate of 5.55%. In September 2019, the Company made the concession fee payments for the 2nd – 5th installments for Land Lease Agreement for the Initial Industrial Estate toltalling USD 3.07 million and the Company will also make similar concession fee payments for all remaining concessions Estate toltalling USD 9.47 million.

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

In March 2018, the Myanmar Government approved in principle the terms and conditions of the loan offered by the Government of Thailand for construction of the 2-lane road connecting the DSEZ to the Thailand-Myanmar border. In May 2018, the Joint Task Force took place to discuss the engineering issues of the 2-lane road as well as the terms of loan offered by the Government of Thailand. Thereafter, it was agreed by both governments to select an engineering advisory firm to conclude the construction plan of the 2-lane road and related plan necessary for the construction tendering process and the loan document between the two governments. The selected engineering advisory firm was later engaged in February 2019.

Surveys were conducted along the 2-lane road by the engineering advisory firm along with the relevant Thai and Myanmar Authorities, namely the Neighboring Countries Economic Development Agency (“NEDA”) and the Myanmar Ministry of Construction respectively. Another Public Consultation Meeting also took place in August 2019 based on the already approved EIA of the 2-lane road. During the JCC Meeting in October 2019, the 2-lane road study conducted by the advisory firm including the engineering recommendations and related plan were presented and its Final Report is being reviewed by the Myanmar Government. Further discussions between both governments is expected to take place first at the Joint Task Force level in order to discuss the details of the loan agreement for the 2-lane road to be provided by the Thai Government. Its recommendations will then be proposed for further consideration at the next JCC and JHC meetings.

On 28 November 2019, there was the meeting on the Final Report Presentation for the 2-lane road amongst the advisory firm, NEDA, and the Myanmar Ministry of Construction in Nay Pyi Taw. Further discussions between both governments are expected to take place, first at the Joint Task Force level in order to discuss the details of the loan agreement for the 2-lane road to be provided by the Thai Government. Its recommendations will then be proposed for further consideration at the next JCC and JHC meetings.

1. POTASH MINING RIGHT

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 totalling Baht 951.45 million. 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.).

The progress of the license application during the period are as follows:

In June 2018, DPIM submitted the legal consultations letter to the Office of the Council of State to request an opinion for proper implementations and compliance with both the concession agreement and the Mineral Act. B.E. 2560. In January 2019, the Office of the Council of State has already replied the legal clarifications to the DPIM and allow DPIM to proceed on the process of mining license approval to the subsidiary company in accordance with requirements of the Mineral Act. B.E. 2560 and adhere to the commitment of the concession contract made between the subsidiary company and the Government to proceed the consideration process for the concession application.

On 23 May 2019, the Compensation Committee had a meeting to determine the compensation to the beneficiaries in the mining concession area in accordance with the statutory rights under the new Mineral Act. The resolution is to determine the compensation by include the amount of special compensation for landlords as stipulated in the Environment Impact Assessment report (EIA) in according to the Enhancement and Conservation of National Environmental Quality Act. B.E. 2535 as the Compensation Fund within the ceiling amounts of Baht 1,200 million.

In August 2019, the Office of the Council of State provided the legal clarification to the DPIM regarding the authority of power of DPIM Director-General to define the prevailing conditions of the Mining Licenses under the Miner Act. B.E. 2560. Consequently, it was confirmed that the subsidiary company has completed all requirements for the Mining License’s application. In September 2019, DPIM issued a letter to the Udon Thani Provincial Governor appointing the preliminary stakeholders-consultative committee to held the meeting for approval the prevailing conditions of the Mining Licenses.

Subsequently, on 9 January 2020, the Udon Thani Provincial Governor submitted the committee’s minutes of meeting in approval of the prevailing conditions as proposed by the DPIM Director-General. Currently, the DPIM is working on the prevailing conditions of the Mining License which will be presented to the said committee for approval. Subsequently, DPIM will summarize the application documents of the subsidiary to the Minerals Committee for consideration and approval. The DPIM’s Director-General will approve the mining licenses which is expected to be completed within middle of year 2020.

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. DEFERRED EXPLORATION AND DEVELOPMENT COSTS

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable 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 costs will be written off as expenses.

| (Unit : Thousand Baht) | | |
| --- | --- | --- |
|  | Consolidated F/S | |
|  | 2019 | 2018 |
| Exploration expenditures cost |  |  |
| Beginning balance | 566,570 | 566,570 |
| Increase during the year | - | - |
| Ending balance | 566,570 | 566,570 |
|  |  |  |
|  |  |  |
| Mining license expenditures cost |  |  |
| Beginning balance | 383,406 | 381,957 |
| Increase during the year | 1,478 | 1,449 |
| Ending balance | 384,884 | 383,406 |
|  |  |  |
| Total deferred exploration and development costs | 951,454 | 949,976 |

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

The outstanding balances as at 31 December 2019 and 2018 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,085,474 | 6,667,554 |
| Associate | 935,647 | - | - | - |
| Total | 935,647 | - | 1,085,474 | 6,667,554 |
| Less : Allowance for doubtful accounts | - | - | (358,149) | (933,449) |
| Net | 935,647 | - | 727,325 | 5,734,105 |

Significant movements in the long - term loans and advances to related parties for the year ended 31 December 2019 are as follows:

|  |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  | 1 January | During the year | | 31 December | |
|  | 2019 | Increase | Decrease | 2019 |
|  |  |  |  |  |
| Associate | - | 935,647 | - | 935,647 |

|  |  | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- |
|  | Separate F/S | | | |
|  | 1 January | During the year | | 31 December | |
|  | 2019 | Increase | Decrease | 2019 |
|  |  |  |  |  |
| Subsidiaries | 6,667,554 | 195,210 | 5,777,290 | 1,085,474 |

During the year 2019, the Company made addition investment in the share capital of five subsidiaries of Baht 5,629.39 million for repaying long – term loans and advances to the Company of Baht 5,616.95 million. The Company has previously recognized allowance for doubtful accounts of long-term loans and advances totaling amount Baht 467.49 million, therefore, the Company reversed of allowances for doubtful accounts for such long – term loans and advances.

During the year 2019, the Company made additional investment in the share capital of two overseas subsidiaries by swapping Debt to Equity of Baht 115.80 million. The Company has previously recognized allowance for doubtful accounts of long-term loans and advances amount Baht 106.32 million. The Company, therefore, reversed allowances for doubtful accounts for such long-term loans and advances.

During the year 2019, an overseas subsidiary has been novated long-term loan from the financial institution amount of BDT 2,634.88 milliion (equivalent to Baht 935.65 million) from an associated company under the Deed of Novation. Such transaction has already been approved from the financial institution as lender. An overseas subsidiary company recognized the right to demand payment from an associated company under novation from the financial institution as long-term loans and advance to associated company.

During the year 2018, a local subsidiary repaid its long-term loans and advance to the Company amounted to Baht 520.62 million. The Company has previously recognized full allowances for doubtful accounts of such long-term loans and advance, the Company, therefore reversed allowances for doubtful account of such long-term loans and advance during the year.

1. LAND AWAITING DEVELOPMENT – NET

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Land awaiting development | 295,769 | 770,615 | - | 474,846 |
| Add : Purchase during the year | 450 | - | - | - |
| Less : Reclassify to fixed assets | - | (474,846) | - | (474,846) |
| Land awaiting development – net | 296,219 | 295,769 | - | - |

As at 31 December 2019 and 2018, land awaiting of development of the Group of Baht 284.49 million and Baht 284.04 million, respectively, are the land for using in Map Ta Phut Jetty Project and Potash Mining Project in Udon Thani province.

During the year 2018, the Company classified certain units of land included as part of the land awaiting development for its own use to fixed assets. The net book value of such unit is Baht 474.85 million.

1. INVESTMENT PROPERTIES

As at 31 December 2019, investment properties presented at fair value consist of:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | |  |  | (Unit : Thousand Baht) | |
|  | |  |  | Consolidated F/S | Separate F/S |
|  | |  |  |  |  |
| Land |  | |  | 1,737,558 | 765,219 |
| Building |  | |  | 303,602 | 303,602 | |
| Total |  | |  | 2,041,160 | 1,068,821 |

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 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| **Net book value** **as at 1 January** | 2,030,872 | 2,113,270 | 1,068,821 | 1,151,219 |
| Less : Disposal during the year | - | (82,398) | - | (82,398) |
| Add : Gain on revaluation of assets | 10,288 | - | - | - |
| **Net book value** **as at 31 December** | 2,041,160 | 2,030,872 | 1,068,821 | 1,068,821 |

During the year 2018, the Company received the transfer condominium units for a total value of Baht 13.84 million for the repayment of the debt of an indirect subsidiary.

1. PROPERTY, PLANT AND EQUIPMENT – NET

|  | (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 2018** | 1,331,922 | | 6,484,978 | 33,792,199 | 1,224,621 | 1,100,699 | 43,934,419 |
| Acquisitions / Transfer in | 50,970 | | 57,357 | 5,584,795 | 61,996 | 2,038,089 | 7,793,207 |
| Transfer in from acquisition of interest in joint venture form joint partner | - | | - | 287,095 | - | - | 287,095 |
| Disposals / Transfer out | - | | (11,390) | (2,608,318) | (28,003) | (1,121,976) | (3,769,687) |
| Reclassify from land awaiting development | 474,846 | | - | - | - | - | 474,846 |
| Translation adjustment | (2,514) | | (13,467) | (530,168) | (222) | (31,549) | (577,920) |
| **31 December 2018** | 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** | 1,869,274 | | 6,931,689 | 38,520,522 | 1,275,336 | 7,291,111 | 55,887,932 |
|  |  | | | | | | |
| **Accumulated depreciation** |  | |  |  |  |  |  |
| **1 January 2018** | - | | 4,518,194 | 18,779,529 | 887,072 | - | 24,184,795 |
| Depreciation for the year | - | | 361,204 | 2,546,644 | 96,646 | - | 3,004,494 |
| Depreciation from Transfer in from  acquisition of interest in joint venture  form joint partner | - | | - | 185,303 | - | - | 185,303 |
| Accumulated depreciation for disposals | - | | (152) | (2,270,018) | (62,544) | - | (2,332,714) |
| Accumulated depreciation from transfer in  (transfer out) | - | | - | 23,000 | (23,000) | - | - |
| Translation adjustment | - | | (2,906) | (306,797) | (64) | - | (309,767) |
| **31 December 2018** | - | | 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** | - | | 5,126,235 | 20,769,106 | 1,004,039 | - | 26,899,380 |
|  |  | |  |  |  |  |  |
| **Less Allowance for impairment** |  | |  |  |  |  |  | |
| 31 December 2018 | 15,219 | | 1,818 | 2,802 | - | - | 19,839 | |
| 31 December 2019 | 15,219 | | 1,818 | 2,802 | - | - | 19,839 | |
|  |  | |  |  |  |  |  | |
| **Net book value** |  | |  |  |  |  |  |
| **31 December 2018** | 1,840,005 | | 1,639,320 | 17,565,140 | 360,282 | 1,985,263 | 23,390,010 |
| **31 December 2019** | 1,854,055 | | 1,803,636 | 17,748,614 | 271,297 | 7,291,111 | 28,968,713 |
|  | |  |  |  |  |  |  |
| **Depreciation for the year 2018** | | | |  |  |  | 3,004,494 |
| **Depreciation for the year 2019** | | | |  |  |  | 3,188,241 |
|  | | | |  |  |  |  |

|  | (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 2018** | 1,112,688 | 4,720,024 | | 17,239,248 | | 1,064,353 | | 731,487 | | 24,867,800 | |
| Acquisitions / Transfer in | 50,970 | 30,311 | | 4,059,905 | | 58,970 | | 1,805,063 | | 6,005,219 | |
| Disposals / Transfer out | - | - | | (2,038,830) | | (28,003) | | (773,211) | | (2,840,044) | |
| Reclassify from Land awaiting development | 474,846 | - | | - | | - | | - | | 474,846 | |
| Translation adjustment | - | - | | (30,839) | | (7) | | (9,236) | | (40,082) | |
| **31 December 2018** | 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** | 1,654,902 | 5,167,111 | | 20,663,687 | | 1,121,222 | | 7,082,806 | | 35,689,728 | |
|  |  |  | |  | |  | |  | |  | |
| **Accumulated depreciation** |  |  | |  | |  | |  | |  | |
| **1 January 2018** | - | 3,549,978 | | 10,981,186 | | 848,524 | | - | | 15,379,688 | |
| Depreciation for the year | - | 283,565 | | 1,316,932 | | 83,664 | | - | | 1,684,161 | |
| Accumulated depreciation for disposals | - | - | | (1,962,366) | | (62,544) | | - | | (2,024,910) | |
| Accumulated depreciation from transfer in  (transfer out) | - | - | | 23,000 | | (23,000) | | - | | - | |
| Translation adjustment | - | - | | (21,570) | | (7) | | - | | (21,577) | |
| **31 December 2018** | - | 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** | - | 4,012,002 | | 11,511,071 | | 948,258 | | - | | 16,471,331 | |
|  |  |  | |  | |  | |  | |  | |
| **Net book value** |  |  | |  | |  | |  | |  | |
| **31 December 2018** | 1,638,504 | 916,792 | | 8,892,302 | | 248,676 | | 1,754,103 | | 13,450,377 | |
| **31 December 2019** | 1,654,902 | 1,155,109 | | 9,152,616 | | 172,964 | | 7,082,806 | | 19,218,397 | |
|  | | |  | |  | |  | |  | |
| **Depreciation for the year 2018** | | |  | |  | |  | | 1,684,161 | |
| **Depreciation for the year 2019** | | |  | |  | |  | | 1,901,434 | |

During the year 2018, the Company classified certain units of land included as part of the land awaiting development for its own use to fixed assets. The net book value of such unit is Baht 474.85 million.

During the year 2018, the Company received the transferred non-current asset which held for sale as machinery and equipment from a joint operation amount of Baht 165.72 million.

As at 31 December 2019 and 2018, 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 13,804.36 million and Baht 10,929.04 million, respectively (Separate F/S : Baht 10,748.97 million and Baht 8,095.81 million, respectively).

As at 31 December 2019 and 2018, the Group’s machinery, equipment and vehicles with a total net book value of Baht 3,412.59 million and Baht 3,351.19 million, respectively, were acquired under finance leases/ hire purchase agreements (Separate F/S: Baht 3,149.50 million and Baht 3,090.27 million, respectively).

As at 31 December 2019 and 2018, 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 2019 and 2018, land and construction thereon, machinery and equipment of the subsidiaries company are under the guarantee as collaterals for loans from banks (Notes 26 and 29).

1. GOODWILL

As at 31 December 2019 and 2018, the outstanding balance of goodwill are as follows :

|  |  |  |
| --- | --- | --- |
| (Unit : Thousand Baht) | | |
|  | Consolidated F/S | |
|  | 2019 | 2018 |
|  |  |  |
| Balance as at 1 January | 880,245 | 958,785 |
| Less : Translation adjustment for foreign currency financial statements | (8,503) | (78,540) |
| Balance as at 31 December | 871,742 | 880,245 |
| Less : Allowance for impairment | (16,673) | (16,673) |
| Net | 855,069 | 863,572 |

Key assumptions used in the recoverable amount assessment include:

|  |  |  |
| --- | --- | --- |
|  | Cement business | Construction business in India |
|  |  |  |
| Growth rate (%) | 1 | 7 |
| Discount rate (%) | 8 | 19.75 |

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 percent, the Company does not have to recognize an impairment of goodwill in the consolidated financial statements for the year end 31 December 2019.

1. DEFERRED CONCESSION COST AND COSTS OF PROJECT UNDER DEVELOPMENT

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | | |
|  | Consolidated F/S | | Separate F/S | | |
|  | 31 December 2019 | 31 December 2018 | | 31 December 2019 | 31 December 2018 | |
| Project under development |  |  | |  |  | |
| – Mozambique | 2,108,925 | 2,061,382 | | 1,921,186 | 1,863,679 | |
| – Bangladesh | - | 2,532,915 | | - | - | |
| Total | 2,108,925 | 4,594,297 | | 1,921,186 | 1,863,679 | |

*Project under development – Mozambique*

In the year 2013, An overseas subsidiary has signed the Concession agreement with the Ministry of Transportation and Communications, Government of the Republic of Mozambique. The subsidiary will hold 60% of project.

On 24 November 2017, an overseas subsidiary has been amendment of the Concession agreement as proposed by the financial advisor to confident a supporting bank to be bankable the contract. The project value of USD 4,500 million equivalents to Baht 148,500 million and project details are as follows:

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 Company paid USD 5 million within 30 days after signing the concession agreement and USD 5 million will be used in human development program and formation of national framework from the start-up of the project.

Currently, an overseas subsidiary has selected Engineering Procurement and Construction (EPC Contractor) and already completed Environmental and Social Impact Assessment (ESIA) processes. In addition, an overseas subsidiary is under negotiation process to sign Take or Pay agreement (ToP) with Mines owner which has progress more than 60% and after signed ToP agreement, they will be prepare for Financial Close process.

*Project under development – Bangladesh*

During the year 2019, the Company has been changed investment in First Dhaka Elevated Expressway Company Limited from subsidiary to associated company. As a consequence, the Company derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position at the date which the Company losses control from the change in interest.

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 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Bank overdrafts | 1,138,596 | 1,590,879 | 1,531 | 122,913 |
| Short – term loans from financial institutions | 6,197,073 | 6,163,363 | 4,125,046 | 4,343,835 |
| Total | 7,335,669 | 7,754,242 | 4,126,577 | 4,466,748 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Million) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| THB | 5,276 | 4,975 | 4,125 | 4,327 |
| INR | 2,183 | 2,521 | - | - |
| USD | - | 0.5 | - | 0.5 |

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.

Two subsidiary companies have loan agreements with commercial banks for credit facilities of Baht 133.10 million. These loans bear interest per annum at MLR – 0.75%. Such long-term loans are collateralized by its land and structure thereon, including present and future construction, and the guarantee of the Company and subsidiary. The subsidiary companies are obliged to reduce credit facilities gradually upon the redemption of the mortgages at 70% – 80% of selling price of the projects’ assets as stipulated in the agreements. The payback period for the principals are within 36 – 60 months from agreements date.

As at 31 December 2019 and 2018, part of loans amounting to Baht 3,465.05 million and Baht 2,760.92 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 2019 and 2018, bank overdrafts and short – term credit facilities that have not been drawn down amounted to Baht 12,605.63 million and Baht 13,067.15 million, respectively.

1. TRADE ACCOUNTS PAYABLE – RELATED PARTIES

##### 

##### The outstanding balances as at 31 December 2019 and 2018 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,188,594 | 986,426 |
| Associated companies and joint ventures | 185,418 | 285,176 | 173,897 | 260,647 |
| Related companies | 1,483,356 | 1,602,129 | 1,411,801 | 1,555,697 |
| Total trade accounts payable – related parties | 1,668,774 | 1,887,305 | 2,774,292 | 2,802,770 |

1. FINANCE LEASES PAYABLE – NET

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Not over one year | 699,137 | 769,156 | 627,568 | 681,101 |
| Over one year but not over five years | 957,736 | 1,117,073 | 874,091 | 1,020,137 |
| Total | 1,656,873 | 1,886,229 | 1,501,659 | 1,701,238 |
| Less : Deferred interest | (86,915) | (106,686) | (73,377) | (87,964) |
|  | 1,569,958 | 1,779,543 | 1,428,282 | 1,613,274 |
| Less : Current portion | (649,150) | (712,878) | (585,403) | (636,371) |
| Net | 920,808 | 1,066,665 | 842,879 | 976,903 |

The above finance leases payable are for machinery, equipment and vehicles leases with scheduled repayment terms of 2 - 5 years.

1. LONG - TERM LOANS - NET

As at 31 December 2019 and 2018, the outstanding balance of long - term loans are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Outstanding balances | 22,131,226 | 21,084,335 | 17,513,430 | 15,068,794 |
| Less : Current portion | (10,851,040) | (10,608,923) | (10,219,305) | (8,300,934) |
| Net | 11,280,186 | 10,475,412 | 7,294,125 | 6,767,860 |

Movements in the long – term loans for the years ended 31 December 2019 and 2018 are summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 21,084,335 | 15,236,546 | 15,068,794 | 9,209,727 |
| Add : Additional borrowings | 7,057,294 | 10,517,379 | 6,812,670 | 9,379,821 |
| Less : Repayments | (6,102,524) | (4,636,874) | (4,364,746) | (3,522,868) |
| Add (less) : Translation adjustment for foreign currency financial statements | 92,121 | (32,716) | (3,288) | 2,114 |
| Balance as at 31 December | 22,131,226 | 21,084,335 | 17,513,430 | 15,068,794 |

The outstanding balance of long - term loans as at 31 December 2019 and 2018 are as follows:

|  |  |  |  |  | Million Baht | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Consolidated F/S | | Separate F/S | |
| Loan | Credit amount (Million Baht) | Interest rate | Condition | Guarantee | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |
| **Portion of the Company** | | |  |  |  |  |  |  |
|  | 20,944 | MLR – 1.00% per annum | Repayment within 2019 and 2020 or upon completion of the project, whichever is earlier | Assignment on revenue from  construction contract | 17,513 | 15,069 | 17,513 | 15,069 |
|  |  | 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 2019 – 2022 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 |  |  |  |  |
|  |  | Libor + 4.00% per annum | Repayment per contract | Machinery |  |  |  |  |
|  |  | Market rate per annum | Repayment within 2019 - 2020 upon completion of the project, whichever is earlier | Bank account opened for  receive revenue from  construction |  |  |  |  |
|  |  | 4.00% per annum | Repayment per contract | - |  |  |  |  |
| **Portion of subsidiaries** | | |  |  |  |  |  |  |
| 1 | 285 | MLR – 1.00%, MLR - 1.70% and MLR- 3.05% per annum | Repayment within 2022 – 2024 | Guarantee by machinery and  equipment and by parent company | 207 | 234 | - | - |
| 2 | 631 | MLR per annum | Repayment per contract | Land and machinery | 211 | 296 | - | - |
| 3 | 5,745 | MLR – 1.50% per annum | Repayment within 2019 – 2026 | Assignment on revenue from  construction contract | 3,264 | 3,758 | - | - |
| 4 | 5,600 Million BDT | Floating rate of Bank of Bangladesh plus 6.00% per annum | Repayment per contract | Guarantee by parent company | 936 | 1,727 | - | - |
|  |  |  |  | Total | 22,131 | 21,084 | 17,513 | 15,069 |
|  |  |  |  | Less : Current portion | (10,851) | (10,609) | (10,219) | (8,301) |
|  |  |  |  | Net | 11,280 | 10,475 | 7,294 | 6,768 |

1. DEBENTURES – NET

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | |
|  |  |  |  | Interest | Consolidated and Separate F/S | |
| Debenture | Duration | Date of issue | Maturity date | rate | 2019 | 2018 |
|  |  |  |  | (% p.a.) |  |  |
| 1 | 5 years 1 day | 21 September 2015 | 22 September 2020 | 4.95 | 3,498,098 | 3,495,478 |
| 2 | 5 years | 8 June 2016 | 8 June 2021 | 4.40 | 3,497,739 | 3,496,165 |
| 3 | 3 years 2 days | 15 September 2016 | 17 September 2019 | 4.00 | - | 199,896 |
| 4 | 2 years 1 month 29 days | 27 February 2017 | 25 April 2019 | 4.20 | - | 249,922 |
| 5 | 5 years 3 days | 26 June 2017 | 29 June 2022 | 4.70 | 5,992,815 | 5,989,929 |
| 6 | 2 years 5 month 27 days | 30 November 2017 | 27 May 2020 | 4.10 | 299,902 | 299,659 |
| 7 | 270 days | 25 May 2018 | 19 February 2019 | 3.00 | - | 850,000 |
| 8 | 269 days | 17 July 2018 | 12 April 2019 | 3.00 | - | 200,000 |
| 9 | 5 years | 15 February 2019 | 15 February 2024 | 5.25 | 1,993,814 | - |
| Total |  |  |  |  | 15,282,368 | 14,781,049 |
| Less: Current Portion | |  |  |  | (3,798,000) | (1,499,818) |
| Debentures – net | |  |  |  | 11,484,368 | 13,281,231 |

Movements of debentures for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated and  Separate F/S | |
|  |
|  | 2019 | 2018 |
|  |  |  |
| Balance as at 1 January | 14,781,049 | 14,553,330 |
| Add : Newly issued debentures | 2,000,000 | 1,050,000 |
| Less : Redemption of former debentures | (1,500,000) | (830,000) |
| Less : Cost of issuing debentures | (7,500) | - |
| Add : Amortization of costs of issuing debentures | 8,819 | 7,719 |
| Balance as at 31 December | 15,282,368 | 14,781,049 |
| Less : Current portion | (3,798,000) | (1,499,818) |
| Net | 11,484,368 | 13,281,231 |

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.

On 25 May 2018, the Company issued new short-term debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 850 million with 270 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 3 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 19 February 2019. The Company used the proceeds from this issuance to repay debts.

On 17 July 2018, the Company issued new short-term debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 200 million with 269 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 3 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 12 April 2019. The Company used the proceeds from this issuance to repay 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 - NET

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Present value of employee benefits obligation as at 31 December | 1,870,676 | 1,383,694 | 1,390,917 | 989,484 |
| Fair value of plan assets as at 31 December | (103,455) | (99,088) | - | - |
| Obligation – net | 1,767,221 | 1,284,606 | 1,390,917 | 989,484 |
| Less : Current portion of liabilities under employee benefits obligation | (701,276) | (523,580) | (620,633) | (453,581) |
| Net | 1,065,945 | 761,026 | 770,284 | 535,903 |
|  |  |  |  |  |
| Employee benefits obligation |  |  |  |  |
| Balance as at 1 January | 1,383,694 | 1,245,173 | 989,484 | 903,064 |
| Past service costs from the amended severance pay of the Labor Law | 310,638 | - | 277,949 | - |
| Current service costs | 116,278 | 117,393 | 80,933 | 58,429 |
| Interest on obligation | 55,825 | 41,963 | 33,360 | 22,012 |
| Actuarial loss | 125,418 | 90,032 | 81,581 | 69,849 |
| Benefit paid | (99,430) | (92,185) | (72,331) | (63,806) |
| Translation adjustments for foreign currency financial statements | (21,747) | (18,682) | (59) | (64) |
| Balance as at 31 December | 1,870,676 | 1,383,694 | 1,390,917 | 989,484 |
| Less : Current Portion | (701,276) | (523,580) | (620,633) | (453,581) |
| Net | 1,169,400 | 860,114 | 770,284 | 535,903 |
|  |  |  |  |  |
| Plan assets |  |  |  |  |
| Balance as at 1 January | 99,088 | 91,125 | - | - |
| Expected returns on plan assets | 7,232 | 6,643 | - | - |
| Contribution | 26,496 | 28,440 | - | - |
| Benefit paid | (23,291) | (1,291) | - | - |
| Actuarial gain (loss) | 3,661 | (17,347) | - | - |
| Translation adjustments for foreign currency financial statements | (9,731) | (8,482) | - | - |
| Balance as at 31 December | 103,455 | 99,088 | - | - |

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 2019 and 2018 are Baht 103.46 million and Baht 99.09 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) | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Employee benefits obligation | 225,866 | 225,309 | 195,808 | 172,205 |
| Plan assets | 103,455 | 99,088 | 91,125 | 85,115 |
| Deficit | (122,411) | (126,221) | (104,683) | (87,090) |
| Experience adjustments on plan assets | (3,661) | 17,347 | (721) | (2,513) |
| Experience adjustment on plan liabilities | (11,993) | (12,254) | (17,226) | (14,707) |

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 | |
| --- | --- | --- | --- | --- |
|  | 2019 | 2018 | 2019 | 2018 |
| Financial assumptions |  |  |  |  |
| Discount rates | 1.24 – 8.21% per annum | 2.18 – 8.21% per annum | 1.35 – 1.41% per annum | 2.47 – 2.50% per annum |
| Future average salary increment rates | 0.00 – 8.00% per annum | 1.79 – 8.00% per annum | 1.00 – 5.50% per annum | 1.79 – 5.63% 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) | 4 - 28 years | 5 - 28 years | 7 - 8 years | 8 - 9 years |

* Defined benefit plan expenses

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  |  |  |  |  |  |  |
| Past service cost | 310,638 |  | - |  | 277,949 |  | - |
| Current service cost | 89,782 |  | 88,953 |  | 80,933 |  | 58,429 |
| Net interest expense | 48,593 |  | 35,320 |  | 33,360 |  | 22,012 |
| Total expenses recognized in profit or loss | 449,013 |  | 124,273 |  | 392,242 |  | 80,441 |

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 | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  |  |  |  |  |  |  |
| Actuarial loss from changes in experience assumptions | (66,195) |  | (91,831) |  | (46,578) |  | (71,344) |
| Actuarial gain (loss) from changes in demographic assumptions | 13,398 |  | (1,189) |  | 13,144 |  | (29) |
| Actuarial gain (loss) from changes in financial assumptions | (68,959) |  | (2,771) |  | (48,147) |  | 1,524 |
| Translation adjustments for foreign currency financial statement | 4,990 |  | 9,578 |  | - |  | - |
| Total income (loss) recognised in other comprehensive income | (116,766) |  | (86,213) |  | (81,581) |  | (69,849) |

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 | | | | | |
|  | 2019 | |  | 2018 | |  | 2019 | |  | 2018 | | |
|  | 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 | 47,825 | 172,417 |  | (55,535) | 151,151 |  | (33,977) | 35,090 |  | (24,334) | | 24,792 |
| **Future salary growth** |  | |  |  | |  |  | |  |  | | |
| Increment (decrement) of  employee benefit obligation | 171,135 | 48,334 |  | 149,670 | (56,446) |  | 34,077 | (33,372) |  | 24,071 | | (23,904) |

* As at 31 December 2019 and 2018, expected maturity of employee benefits obligation before discount are as follow:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | | | | |
|  | Consolidated F/S | | |  | Separate F/S | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  |  |  |  |  |  |  |
| Within 1 year | 692,012 |  | 523,580 |  | 620,633 |  | 453,581 |
| Between 2 – 5 years | 518,070 |  | 390,929 |  | 405,278 |  | 300,317 |
| Between 6 – 10 years | 657,844 |  | 532,236 |  | 478,248 |  | 390,885 |
| Between 11 – 15 years | 502,362 |  | 484,062 |  | 343,799 |  | 311,191 |

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 928.27 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 280.42 million but 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 | | | | | | |
|  |  | Finance lease payables |  | Short - term loans |  | Long - term loans |  | Total |
|  |  |  |  |  |  |  |  |  |
| 1 January 2019 |  | 1,779,543 |  | 6,317,104 |  | 21,084,335 |  | 29,180,982 |
| Cash-flows: |  |  |  |  |  |  |  |  |
| - Repayment |  | (790,838) |  | (19,916,034) |  | (6,102,524) |  | (26,809,396) |
| - Proceeds |  | - |  | 19,796,003 |  | 7,057,294 |  | 26,853,297 |
| Non-cash: |  |  |  |  |  |  |  |  |
| - Acquisition |  | 592,802 |  | - |  | - |  | 592,802 |
| - 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 |  | 29,898,257 |
|  |  |  |  |  |  |  |  |  |
| 1 January 2018 |  | 1,408,880 |  | 7,563,270 |  | 15,236,546 |  | 24,208,696 |
| Cash-flows: |  |  |  |  |  |  |  |  |
| - Repayment |  | (766,934) |  | (20,972,050) |  | (4,636,874) |  | (26,375,858) |
| - Proceeds |  | - |  | 19,751,793 |  | 10,517,379 |  | 30,269,172 |
| Non-cash: |  |  |  |  |  |  |  |  |
| - Acquisition |  | 1,137,597 |  | - |  | - |  | 1,137,597 |
| - Translation adjustments for foreign currency financial statement |  | - |  | (25,909) |  | (32,716) |  | (58,625) |
| 31 December 2018 |  | 1,779,543 |  | 6,317,104 |  | 21,084,335 |  | 29,180,982 |

|  |  | (Unit : Thousand Baht) | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Separate F/S | | | | | | |
|  |  | Finance lease payables |  | Short - term loans |  | Long - term loans |  | Total |
|  |  |  |  |  |  |  |  |  |
| 1 January 2019 |  | 1,613,274 |  | 4,343,835 |  | 15,068,794 |  | 21,025,903 |
| Cash-flows: |  |  |  |  |  |  |  |  |
| - Repayment |  | (706,026) |  | (14,349,596) |  | (4,364,746) |  | (19,420,368) |
| - Proceeds |  | - |  | 14,130,807 |  | 6,812,670 |  | 20,943,477 |
| Non-cash: |  |  |  |  |  |  |  |  |
| - Acquisition |  | 521,034 |  | - |  | - |  | 521,034 |
| - Translation adjustments for foreign currency financial statement |  | - |  | - |  | (3,288) |  | (3,288) |
| 31 December 2019 |  | 1,428,282 |  | 4,125,046 |  | 17,513,430 |  | 23,066,758 |
|  |  |  |  |  |  |  |  |  |
| 1 January 2018 |  | 1,145,936 |  | 5,348,803 |  | 9,209,727 |  | 15,704,466 |
| Cash-flows: |  |  |  |  |  |  |  |  |
| - Repayment |  | (624,566) |  | (18,734,546) |  | (3,522,868) |  | (22,881,980) |
| - Proceeds |  | - |  | 17,729,364 |  | 9,379,821 |  | 27,109,185 |
| Non-cash: |  |  |  |  |  |  |  |  |
| - Acquisition |  | 1,091,904 |  | - |  | - |  | 1,091,904 |
| - Translation adjustments for foreign currency financial statement |  | - |  | 214 |  | 2,114 |  | 2,328 |
| 31 December 2018 |  | 1,613,274 |  | 4,343,835 |  | 15,068,794 |  | 21,025,903 |

1. INCOME TAX

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Deferred tax assets | 298,301 | 414,928 | - | - |
| Deferred tax liabilities | (824,081) | (900,415) | (132,407) | (158,889) |
| Deferred tax – net | (525,780) | (485,487) | (132,407) | (158,889) |

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

|  |  |  | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  |  | Recognised as income (expense) | |  |
|  | 1 January 2019 | Statement of profit and loss | Shareholders’ Equity | 31 December 2019 |
| **Deferred tax assets** |  |  |  |  |
| From allowance for doubtful accounts | 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) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | |
|  |  | Recognised as income (expense) | |  |
|  | 1 January 2018 | Statement of profit and loss | Shareholders’ Equity | 31 December 2018 |
| **Deferred tax assets** |  |  |  |  |
| From allowance for doubtful accounts | 88,582 | 13,592 | (8,174) | 94,000 |
| From allowance for obsolete inventories | 556 | (93) | - | 463 |
| From depreciation of assets | 264,508 | (59,356) | (22,480) | 182,672 |
| From employee benefits obligations | 113,595 | 22,146 | (8,654) | 127,087 |
| From finance lease payables | 8,836 | (3,648) | - | 5,188 |
| From other timing differences | - | 5,628 | (110) | 5,518 |
| Total | 476,077 | (21,731) | (39,418) | 414,928 |
|  |  |  |  |  |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | 52,382 | - | (30,276) | 22,106 |
| From finance lease payables | 97,150 | (11,543) | - | 85,607 |
| From depreciation of machinery | 270,557 | (38,045) | (17,012) | 215,500 |
| From debentures | 5,334 | (1,543) | - | 3,791 |
| From potash mining right | 458,699 | - | - | 458,699 |
| From investment properties | 97,248 | 2,974 | - | 100,222 |
| From other timing differences | 15,350 | 523 | (1,383) | 14,490 |
| Total | 996,720 | (47,634) | (48,671) | 900,415 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
|  |  | Recognised 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 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Separate F/S | | | |
|  |  | Recognised as income (expense) | |  |
|  | 1 January  2018 | Statement of profit or loss | Shareholders’ Equity | 31 December 2018 |
| **Deferred tax liabilities** |  |  |  |  |
| From unrealized gain on changes  in the value of investments | 49,394 | - | (28,554) | 20,840 |
| From finance lease payables | 85,300 | (9,049) | - | 76,251 |
| From depreciation of machinery | 42,296 | (12,280) | (275) | 29,741 |
| From debentures | 5,334 | (1,543) | - | 3,791 |
| From Investment properties | 25,292 | 2,974 | - | 28,266 |
| Total | 207,616 | (19,898) | (28,829) | 158,889 |

Income tax consist of:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
| **Domestic income tax** |  |  |  |  |
| Current tax | 57,862 | 48,451 | 7,917 | 2,431 |
| **Overseas income tax** |  |  |  |  |
| Current tax | 433,266 | 657,106 | 396,679 | 320,821 |
|  | 491,128 | 705,557 | 404,596 | 323,252 |
|  |  |  |  |  |
| **Deferred tax** |  |  |  |  |
| Change in temporary differences | 48,743 | (25,903) | (5,528) | (19,898) |
|  |  |  |  |  |
| **Total** | 539,871 | 679,654 | 399,068 | 303,354 |
|  |  |  |  |  |
| **Income tax recognised in other comprehensive income** | | |  |  |
| Unrealised gain (loss) on changes in value of investments | 22,106 | 30,276 | 20,840 | 28,554 |
| Actuarial loss | (5,447) | (8,654) | - | - |
| Others | (8,209) | (12,369) | 114 | 275 |
| **Total** | 8,450 | 9,253 | 20,954 | 28,829 |

Reconciliation of effective tax rate

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Accounting profit before income tax | 626,470 | 1,354,920 | 449,811 | 455,924 |
| Tax rate for parent company (%) | 20 | 20 | 20 | 20 |
| Tax expense | 125,294 | 270,984 | 89,962 | 91,185 |
|  |  |  |  |  |
| Tax on adjustment for tax – rate difference in  foreign jurisdictions | 284,247 | 262,666 | 283,415 | 214,788 |
| Tax on adjustment for eliminate transaction | (27,269) | 42,167 | 65,000 | 10,517 |
| Tax on deductible for revenue code | (290,309) | (469,406) | (181,881) | (275,038) |
| Tax on expenses not subject to tax for  revenue code | 409,719 | 369,950 | 212,401 | 177,671 |
| Tax on recognition of previously unrecognized  loss carry forward | (75,738) | (81) | (71,634) | - |
| Tax on current year losses for which no deferred tax asset was recognized | 113,927 | 203,374 | 1,805 | 84,231 |
| Tax expense | 539,871 | 679,654 | 399,068 | 303,354 |

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 | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Temporary differences | 850,684 | 1,416,111 | 817,100 | 1,386,860 |
| Unused loss taxable carried forward | 219,928 | 341,565 | 117,077 | 213,442 |
| **Total** | 1,070,612 | 1,757,676 | 934,177 | 1,600,302 |

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 2019, 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 2019 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.

1. EARNING PER SHARE

There is no potential dilution in earnings per share arose from warrant because the average share price during this period was lower than the exercise price. The Company therefore, has not computed the diluted earnings per share from warrant.

1. 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 discloses the revenues classification and information by operating segments as discussed in Note 48 to the financial statements.

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 | | | |
|  | 2019 | 2018 | 2019 | 2018 |
| Transactions with subsidiaries |  |  |  |  |
| Construction services, sales and other income | - | - | 814 | 927 |
| Purchases of construction materials and services | - | - | 1,953 | 1,563 |
| Purchases of equipment | - | - | 120 | - |
|  |  |  |  |  |
| Transactions with associated companies and joint ventures | | | | |
| Construction services, sales and other income | 207 | 251 | 137 | 177 |
| Purchases of construction materials and services | 334 | 350 | 295 | 287 |
| Purchases of equipment | 42 | - | - | - |
|  |  |  |  |  |
| Transactions with related parties |  |  |  |  |
| Construction services, sales and other income | 526 | 763 | 512 | 701 |
| Purchases of construction materials and services | 3,156 | 3,259 | 2,821 | 3,015 |
| Purchases of equipment | 306 | 1,646 | 253 | 1,604 |
|  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |
| Short - term employee benefits | 183 | 155 | 135 | 124 |
| Post - employment benefits | 17 | 14 | 3 | 2 |

During the 4th quarter of the years 2019 and 2018, the Company entered into management service agreements with a subsidiary and charged for total fees of Baht 123.70 million and Baht 130.00 million, respectively. In addition to the normal service charges of Baht 421.40 million and Baht 421.40 million, respectively.

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 2019, a subsidiary has accrued rental expenses with related parties of Baht 98.86 million (2018 : Baht 79.94 million).

1. RESERVED FOR PROJECTS EXPENSE - NET

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Reserved for projects expense | 17,600 | 232,780 | 17,600 | 232,780 |
| Less : Classified to current liability | (17,600) | (186,000) | (17,600) | (186,000) |
| Net | - | 46,780 | - | 46,780 |

Movements of reserved for projects expense for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Balance as at 1 January | 232,780 | 169,712 | 232,780 | 167,179 |
| Less : Reversal of reserved for loss on  construction projects | - | (2,533) | - | - |
| Less : Actual expenses during the year | (126,199) | - | (126,199) | - |
| Add (less) : Provision (reversal of reserved)  for expenses | (88,981) | 65,601 | (88,981) | 65,601 |
| Balance as at 31 December | 17,600 | 232,780 | 17,600 | 232,780 |

During the year 2019, the 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 2019 and 2018, the Company and its subsidiaries contributed Baht 168.08 million and Baht 129.70 million, respectively (Separate F/S : Baht 55.10 million and Baht 56.22 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 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Royalty income | 40,453 | 38,760 | 40,453 | 38,760 |
| Rental income | 56,264 | 54,925 | 51,707 | 71,985 |
| Insurance claim | 9,613 | 14,409 | 136 | 2,697 |
| Gain on disposal of assets | 40,291 | 15,312 | 2,663 | 9,384 |
| Service income | 176,588 | 109,798 | 30,621 | 5,032 |
| Consulting income | 40,154 | 37,635 | 40,154 | 37,635 |
| Bad debt written back | 22,620 | 49,003 | - | 46,630 |
| Income from sale scrap | 64,548 | 77,346 | 63,912 | 73,660 |
| Others | 180,076 | 282,542 | 85,064 | 70,096 |
| Total | 630,607 | 679,730 | 314,710 | 355,879 |

1. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2019 and 2018 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |
| Salaries, wages and other employee benefits | 12,635,578 | 12,201,036 | 9,615,262 | 9,005,906 |
| Depreciation | 3,188,241 | 3,004,494 | 1,901,434 | 1,684,161 |
| Amortisation | 165,764 | 39,421 | 157,029 | 37,566 |
| Rental expenses | 2,214,010 | 2,128,019 | 1,659,662 | 1,626,793 |
| Materials and supplies used | 20,862,034 | 21,100,371 | 14,161,628 | 14,165,803 |
| Subcontract costs | 15,248,729 | 14,351,377 | 11,550,708 | 10,570,821 |
| Utilities expenses | 867,785 | 1,106,180 | 425,797 | 621,279 |
| Transportation expenses | 898,188 | 763,104 | 549,797 | 472,491 |
| Repair and maintenance expenses | 696,495 | 719,002 | 321,106 | 351,088 |
| Prebid expenses | 99,558 | 30,407 | 96,767 | 27,698 |
| Professional fee | 614,696 | 1,048,258 | 109,591 | 444,686 |
| Fuel expenses | 1,934,913 | 1,839,366 | 1,432,595 | 1,295,185 |
|  |  |  |  |  |

1. GUARANTEES

As at 31 December 2019, the Group have outstanding guarantees totaling approximately Baht 68,453.07 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 Group does not expect to incur losses from these guarantees.

As at 31 December 2019, the Company has outstanding guarantees approximately Baht 3,503.44 million issued to financial institutions to collateralize credit facilities granted 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., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd., ITD Bangladesh Co., Ltd., and ITD Cementation India Limited for which the Company issued full guarantees for the credit facilities).

1. COMMITMENTS
   1. As at 31 December 2019, 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 | 5,240.30 | 5,092.42 |
| INR | 2,072.43 | - |
| BDT | 236.47 | 205.20 |

* 1. As at 31 December 2019, the Group have the following outstanding commitments, proportionately, for purchases of materials, machinery, software, related services and service contracts:

(Unit : Million Baht)

|  |  |  |
| --- | --- | --- |
|  | Baht Equivalent | |
|  | Consolidated F/S | Separate F/S |
| Currency |  |  |
| THB | 2,089.85 | 2,020.53 |
| USD | 679.63 | 339.71 |
| INR | 106.99 | - |
| EUR | 486.01 | 398.89 |
| VND | 0.09 | 0.09 |
| BDT | 2,271.45 | 2,187.84 |
| GBP | 46.07 | 46.07 |
| SGD | 3.32 | - |

* 1. As at 31 December 2019, 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 associated company as shareholder agreement of BDT 12,060.59 million.
  2. As at 31 December 2019, 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 8.50 million and shall pay a recurring annual concession fee as stipulated in Concession Agreements.

1. CONTINGENT LIABILITIES

47.1 In January 2020, the Company received a notice from a State Enterprise, the employer of a construction project, claiming for penalty charges of Baht 4,103.04 million for the delay of construction work from the key completion date and the end date of the construction contract. However, the Company opposed to the claims by submitting letters declaring the causes of the delays that need the Company to request for the extension of the completion dates as initial determined in the contract with the employer. Such declarations are concerned with many causes and events which impact the delay of construction work. The Company has obtained the consent from the project consultant of the employer agreeing the extension of some key dates and the end date affecting by some issues as discussed in Note 8 to the financial statements. However, there are still some pending cases and events which have not been concluded. At present, the Inspection Committee of the employer take all the remaining matters that the Company has submitted a letter requesting to extension of the completion date for consideration at the same time. The Company does not set up provision for liabilities in the financial statement for the year ended 2019 since the management consider that the possible obligation, timing and payment amount depending on the uncertain future event which could not presently concluded.

47.2 The Group has claims from various customers for compensation for breach of contract by claiming from the Group totaling Baht 1,265.78 million (the Company of Baht 264.04 million). Currently, these claims are under consideration of Civil Court of Baht 1,021.44 million and Arbitration Tribunal of Baht 244.34 million. The Group is unable to estimate the timings of cash outflows (if any) in respect of such claims since the result of the claims 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 damage 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 2019 and 2018 and for the years ended 31 December 2019 and 2018 combined geographic segment reporting as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Million Baht) | | | |
|  | Consolidated F/S | | | |
|  | Revenues from construction work | | Non - current assets\* | | |
|  | 2019 | 2018 | 2019 | 2018 | |
| Geographic information |  |  |  |  | |
| Thailand | 36,829 | 35,295 | 50,783 | 28,584 | |
| India | 12,666 | 13,718 | 2,591 | 2,802 | |
| Bangladesh | 5,537 | 4,653 | 2,157 | 4,296 | |
| Others | 427 | 1,098 | 7,668 | 9,312 | |
| Total | 55,459 | 54,764 | 63,199 | 44,994 | |

*\* 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.

The Group operations are mainly engaged in a construction services and are conducted geographical segments for the years ended 31 December 2019 and 2018 as follows:

|  |  |  | (Unit : Million Baht) | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | | | | | | | | |
|  | For the years ended 31 December | | | | | | | | | | | | | |
|  | Thailand | | India | | Bangladesh | | Other countries | | Total | | Eliminate | | Grand Total | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenue from construction work |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross segment revenues | 36,829 | 35,295 | 12,666 | 13,718 | 5,537 | 4,653 | 427 | 1,098 | 55,459 | 54,764 | - | - | 55,459 | 54,764 |
| Inter - segment revenues | 1,131 | 1,115 | 134 | 165 | - | - | - | - | 1,265 | 1,280 | (1,265) | (1,280) | - | - |
| Net revenues from third parties | 37,960 | 36,410 | 12,800 | 13,883 | 5,537 | 4,653 | 427 | 1,098 | 56,724 | 56,044 | (1,265) | (1,280) | 55,459 | 54,764 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue from sale and service |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross segment revenues | 4,315 | 4,055 | - | - | - | - | 2,448 | 1,825 | 6,763 | 5,880 | - | - | 6,763 | 5,880 |
| Inter - segment revenues | 1,592 | 693 | - | - | - | - | - | 554 | 1,592 | 1,247 | (1,592) | (1,247) | - | - |
| Net revenues from third parties | 5,907 | 4,748 | - | - | - | - | 2,448 | 2,379 | 8,355 | 7,127 | (1,592) | (1,247) | 6,763 | 5,880 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit (loss) | 3,918 | 3,086 | 1,425 | 2,352 | 840 | 833 | 367 | 370 | 6,550 | 6,641 | (32) | (80) | 6,518 | 6,561 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue disaggregated by pattern of revenue recognition |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At point in time | 37,960 | 36,410 | 12,800 | 13,883 | 5,537 | 4,653 | 427 | 1,098 | 56,724 | 56,044 | (1,265) | (1,280) | 55,459 | 54,764 |
| Over time | 5,907 | 4,748 | - | - | - | - | 2,448 | 2,379 | 8,355 | 7,127 | (1,592) | (1,247) | 6,763 | 5,880 |
| Total | 43,867 | 41,158 | 12,800 | 13,883 | 5,537 | 4,653 | 2,875 | 3,477 | 65,079 | 63,171 | (2,857) | (2,527) | 62,222 | 60,644 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income | 338 | 404 | 189 | 229 | 46 | 40 | 65 | 36 | 638 | 709 | (7) | (29) | 631 | 680 |
| Interest income | 85 | 148 | 88 | 87 | - | 1 | 1 | 1 | 174 | 237 | (55) | (49) | 119 | 188 |
| Interest expense | (2,036) | (1,772) | (504) | (475) | (33) | - | (173) | (193) | (2,746) | (2,440) | 59 | 47 | (2,687) | (2,393) |
| Depreciation and amortization | (2,241) | (1,959) | (352) | (407) | (329) | (250) | (439) | (439) | (3,361) | (3,055) | 7 | 11 | (3,354) | (3,044) |
| Reversal of allowance (provision) for doubtful accounts | (38) | 311 | (42) | (40) | - | - | (11) | (120) | (91) | 151 | (3) | (293) | (94) | (142) |
| Gain (loss) on exchange rate | (156) | 9 | (3) | 3 | 40 | (64) | (146) | (200) | (265) | (252) | (3) | - | (268) | (252) |
| Share of profit from investment in associated companies  and joint ventures |  |  |  |  |  |  |  |  |  |  |  |  | 206 | 164 |
| Income tax expense |  |  |  |  |  |  |  |  |  |  |  |  | (540) | (680) |
| Profit for the year |  |  |  |  |  |  |  |  |  |  |  |  | 87 | 675 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | (Unit : Million Baht) | | | | | | | | | | | | |
|  | Thailand | | India | | Bangladesh | | Other countries | | Total | | Elimination | | Grand total | | |
|  | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Property, plant and equipment - net | 20,883 | 14,466 | 2,301 | 2,460 | 1,070 | 1,403 | 4,720 | 5,072 | 28,974 | 23,401 | (5) | (11) | 28,969 | 23,390 |
| Other assets | 67,116 | 66,681 | 14,305 | 13,437 | 7,783 | 8,449 | 4,510 | 5,955 | 93,714 | 94,522 | (18,893) | (19,897) | 74,821 | 74,625 |
| Total assets | 87,999 | 81,147 | 16,606 | 15,897 | 8,853 | 9,852 | 9,230 | 11,027 | 122,688 | 117,923 | (18,898) | (19,908) | 103,790 | 98,015 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total liabilities | 60,330 | 58,632 | 15,714 | 14,682 | 8,850 | 9,089 | 9,364 | 13,514 | 94,258 | 95,917 | (6,150) | (14,373) | 88,108 | 81,544 |

Major Customer

For the year ended 31 December 2019, the Group revenues derived from Government agencies amounting of Baht 44,506.52 million (2018 : Baht 40,861.87 million).

1. FINANCIAL INSTRUMENTS

*Financial risk management*

The Group has financial instruments principally comprise cash and cash equivalent, pledged deposits at banks, trade accounts receivable, loans, investments, bank overdrafts and short – term loans from financial institutions, loans, finance lease payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

*Credit risk*

The Group has exposure to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit grantings are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as presented in the statement of financial position.

*Interest rate risk*

The Group exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term loans from financial institutions, short-term loans, finance lease payables, debentures and long-term borrowings. However, since most of the Company’s financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

*Foreign currency risk*

The Group has exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Company, subsidiaries and joint ventures seek to manage this risk by entering into forward exchange and currency swap contracts when it considers appropriate.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2019 are summarized as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |  |
|  | Financial | Financial | Financial | Financial | Average exchange rate |
| Foreign currency | assets | liabilities | assets | liabilities | as at 31 December 2018 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per foreign currency unit) |
|  |  |  |  |  |  |
| USD | 42 | 3 | 55 | 3 | 30.9636 |
| LAK | - | 214 | - | - | 0.0034 |
| JPY | - | 48 | - | - | 0.2796 |
| EUR | - | 74 | - | 73 | 34.0846 |

Forward exchange contracts which remaining outstanding as at 31 December 2019 are summarised as follows:

|  |  |  |
| --- | --- | --- |
| Currency | Balance (Million) | Forward contract exchange rate |
|  |  |  |
| EUR (buy) | 16 | 33.9100 – 38.6800 |

As at 31 December 2019, significant foreign currency denominated assets and liabilities which are unhedged of the Company, subsidiaries and joint venture as follow:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S (Net) | | | | |
|  | USD | EUR | LAK | JPY |
|  | Million | Million | Million | Million |
|  |  |  |  |  |
| Trade accounts receivable and retention | 10 | - | - | - |
| Trade accounts receivable and loan to – related companies | 32 | - | - | - |
| Trade accounts payable | 2 | 74 | 214 | 48 |
| Loans from financial institutions | 1 | - | - | - |

|  |  |  |
| --- | --- | --- |
|  | Separate F/S (Net) | |
|  | USD | JPY |
|  | Million | Million |
|  |  |  |
| Trade accounts receivable and loan to – related companies | 55 | - |
| Trade accounts payable | 2 | 73 |
| Loans from financial institutions | 1 | - |

In addition, the Group has foreign currency exposure risk with respect to their investments in subsidiaries and associated companies in overseas which are not covered by the hedges against foreign currency risk.

1. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three 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 for the asset

or liability, either directly or indirectly

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

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 |  |  |  |  |  |  |  |
| Current investments | - |  | 47 |  | - |  | 47 |
| Other long – term investments | 302,903 |  | - |  | - |  | 302,903 |
| Investment properties | - |  | 2,041,160 |  | - |  | 2,041,160 |
| Total | 302,903 |  | 2,041,207 |  | - |  | 2,344,110 |
|  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |
| Forward contract liabilities | - |  | 50,216 |  | - |  | 50,216 |
| Total | - |  | 50,216 |  | - |  | 50,216 |

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

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2018:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht)  Consolidated F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| Assets |  |  |  |  |  |  |  |
| Current investments | - |  | 46 |  | - |  | 46 |
| Other long – term investments | 438,826 |  | - |  | - |  | 438,826 |
| Investment properties | - |  | 2,030,872 |  | - |  | 2,030,872 |
| Total | 438,826 |  | 2,030,918 |  | - |  | 2,469,744 |
|  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |
| Forward contract liabilities | - |  | 8,339 |  | - |  | 8,339 |
| Total | - |  | 8,339 |  | - |  | 8,339 |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | | |
|  | Separate F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| Assets |  |  |  |  |  |  |  |
| Other long – term investment | 413,317 |  | - |  | - |  | 413,317 |
| Investment properties | - |  | 1,068,821 |  | - |  | 1,068,821 |
| Total | 413,317 |  | 1,068,821 |  | - |  | 1,482,138 |
|  |
| Liabilities |  |  |  |  |  |  |  |
| Forward contract liabilities | - |  | 8,339 |  | - |  | 8,339 |
| Total | - |  | 8,339 |  | - |  | 8,339 |

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. CAPITAL RISK MANAGEMENT

The Company’s and subsidiaries’ objective in the management of capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital. In addition, the Group are required to maintain a debt to equity ratio as stipulated in loan facility agreements.

In order to maintain or adjust the capital structure, the Company and subsidiaries may adjust the dividend payment to shareholders, issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

1. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company’s Board of Directors on 2 March 2020.