

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
Union Petrochemical Public Company Limited

Opinion

I have audited the consolidated financial statements of Union Petrochemical Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Union Petrochemical Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Union Petrochemical Public Company Limited and its subsidiaries as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Union Petrochemical Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Value of inventory

The group has net inventory as at December 31, 2019 in the amount of Baht 404.49 million or 18.15 percent of total assets which is a significant amount to the financial statements of the group. The Company's inventory is solvents, the product price fluctuates with crude oil price in world market. The subsidiary's product are chemical ingredient for household product customers, food and cosmetics customer group with limited storage life as product group that has many sellers and intense market competition. As the economic condition in the country tends to slow down. These factors affect cost and price and the remaining value of inventory. The group states inventory at cost or net realisable value, whichever is lower by comparing the cost of inventory with net realisable value including the estimate for slow-moving, deteriorated and expired inventory. Such estimate involves management judgment and market circumstance. I consider this matter to be significant in my audit.

Risk response by the auditor

I have enquired to understand and assess the design of internal control related to product management, enquired the management on the setting of long outstanding inventory policy and the estimate of net realisable value, participated in observe the inventory count and sampling tested inventory conditions as well as randomly tested product aging report that is correctly by testing the calculation of the inventory aging report and random test against related documents whether inventory is appropriately classified, random test the estimate of net realisable value of inventory by testing product cost as compare with expected selling price with selling document after period end or product price list along with distribution plan and actual cost incurred in the past. I have also considered the adequacy of information disclosure relating to the estimate of the allowance for decline in value of inventory in the notes to the financial statements.

Recognition of sales revenue

The group has sales revenue Baht 2,827.20 million or 99.51 present of the group's total revenues which is a significant amount and has numerous transactions of revenue recognition. Therefore, I paid attention to the audit of revenue recognition from the group's sales and the transfer of product controlling power to customer.

Risk response by the auditor

My audit approach on such matter was by assessing the accounting policy related to revenue recognition from sales and service, understanding, testing and assessment of the efficiency of the compliance to internal control. The accounting record supporting document of revenue into general journal and general ledger in the core system, auditing selling documents during the year and near the end of the accounting period to verify revenue recognition on sales whether it is consistent with the accounting policy of the group disclosed in the notes to the financial statements including auditing credit note and return items after year end to see if product controlling power may affect the revenue recorded by the company, comparative analysis of accounting information and other financial information related to sales revenue, verifying the irregularity that may arise of sales transactions throughout the accounting period.

Other Matters

The financial statements of Union Petrochemical Public Company Limited and its subsidiaries and the separate financial statements of Union Petrochemical Public Company Limited for the year ended December 31, 2018 were audited by another auditor who expressed an unqualified opinion in accordance with the report dated February 27, 2019.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Ms.Thanyaphorn Tangthanopajai.

(Ms. Thanyaphorn Tangthanopajai)

Certified Public Accountant

Registration No. 9169

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 24, 2020

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	661,399,281	571,731,957	248,845,251	148,076,851
Trade and other receivables	6, 8	713,697,948	896,254,418	549,343,656	714,874,785
Inventories	9	404,486,034	460,657,226	288,469,084	278,944,909
Other current assets		13,754,381	13,103,730	8,838,007	6,368,478
Total current assets		1,792,740,644	1,941,747,331	1,095,495,998	1,148,265,023
Non-current assets					
Available-for-sale investments	11	122,409,094	82,925,000	-	-
Investments in subsidiaries	12	-	-	189,553,669	189,553,669
Other long-term investment	13	6,762,000	8,050,000	6,762,000	8,050,000
Investment properties		13,959,000	13,959,000	13,959,000	13,959,000
Property, plant and equipment	14	261,955,419	260,116,899	77,428,000	78,095,513
Intangible assets	15	2,818,452	3,857,733	848,770	1,459,861
Deferred tax assets	16	14,948,028	14,918,863	5,007,396	7,863,998
Other non-current assets		12,891,692	4,349,198	3,188,093	3,728,986
Total non-current assets		435,743,685	388,176,693	296,746,928	302,711,027
Total assets		2,228,484,329	2,329,924,024	1,392,242,926	1,450,976,050

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	530,841,834	592,071,604	382,701,978	408,818,097
Trade and other payables	6, 18	289,106,871	402,061,383	253,731,705	329,210,517
Current portion of liabilities under					
hire-purchase agreements	19	1,920,674	1,523,235	841,830	870,699
Accrued corporate income tax		15,216,621	12,482,403	801,013	-
Other current liabilities		4,890,161	3,557,185	2,596,344	1,400,646
Total current liabilities		841,976,161	1,011,695,810	640,672,870	740,299,959
Non-current liabilities					
Liabilities under hire-purchase agreements - net					
of current portion	19	2,015,221	2,241,260	1,214,719	2,056,249
Provision for long-term employee benefits	20	30,202,165	21,199,314	20,550,973	14,704,318
Total non-current liabilities		32,217,386	23,440,574	21,765,692	16,760,567
Total liabilities		874,193,547	1,035,136,384	662,438,562	757,060,526

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
Liabilities and Shareholders' equity (continued)					
Shareholders' equity					
Share capital	21				
Registered					
1,339,369,844 ordinary shares of Baht 0.25 each		334,842,461	334,842,461	334,842,461	334,842,461
Issued and fully paid up					
1,236,280,739 ordinary shares of Baht 0.25 each		309,070,185	309,070,185	309,070,185	309,070,185
Share premium		87,738,274	87,738,274	87,738,274	87,738,274
Other surpluses (deficits)					
Surplus on reorganisation of business					
under common control		3,116,269	3,116,269	-	-
Surplus on change in the					
shareholding percentage in subsidiaries		960,242	1,068,585	-	-
Retained earnings					
Appropriated - statutory reserve	22	24,235,000	21,735,000	24,235,000	21,735,000
Unappropriated		591,609,281	536,288,005	308,760,905	275,372,065
Other components of shareholders' equity		(15,494,707)	(10,728,281)	-	-
Equity attributable to owners of the Company		1,001,234,544	948,288,037	729,804,364	693,915,524
Non-controlling interests of the subsidiaries		353,056,238	346,499,603	-	-
Total shareholders' equity		1,354,290,782	1,294,787,640	729,804,364	693,915,524
Total liabilities and shareholders' equity		2,228,484,329	2,329,924,024	1,392,242,926	1,450,976,050

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
Revenues					
Sales	28	2,827,202,974	3,204,097,584	2,136,977,569	2,473,112,489
Other income					
Gain on exchange		4,402,738	6,832,354	2,394,784	4,073,879
Gain on sales of available-for-sale investments	11	-	931,293	-	-
Dividend income from subsidiary		-	-	44,319,293	45,626,712
Others		9,572,356	8,116,230	3,455,827	2,662,461
Total revenues		2,841,178,068	3,219,977,461	2,187,147,473	2,525,475,541
Expenses					
Cost of sales		2,371,307,804	2,810,995,284	1,896,040,518	2,276,151,169
Selling expenses		99,684,502	99,553,582	68,683,545	72,851,406
Administrative expenses		203,834,024	192,098,920	157,498,864	151,643,902
Other expenses		-	178,415	-	-
Total expenses		2,674,826,330	3,102,826,201	2,122,222,927	2,500,646,477
Profit before finance cost and					
income tax revenue (expenses)		166,351,738	117,151,260	64,924,546	24,829,064
Finance cost		(14,278,603)	(13,398,853)	(10,769,633)	(9,080,891)
Profit before income tax revenue (expenses)		152,073,135	103,752,407	54,154,913	15,748,173
Income tax revenue (expenses)	23	(32,643,590)	(20,946,322)	(4,164,904)	4,620,241
Profit for the year		119,429,545	82,806,085	49,990,009	20,368,414

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Baht)

		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
Other comprehensive income:					
Other comprehensive income to be reclassified to					
profit (loss) on change in value of					
available-for-sale investments	11	(10,759,115)	(15,278,777)	-	-
Less: Income tax effect	23	2,151,823	3,055,755	-	-
Profit or loss in subsequent periods - net of income tax		(8,607,292)	(12,223,022)		-
Other comprehensive income to be non - reclassified to					
Actuarial (gain) loss arising from					
Demographic assumptions changes	20	(2,176,386)	(237,605)	(2,176,386)	(237,605)
Less: Income tax effect	23	435,277	47,521	435,277	47,521
Other comprehensive income to be non - reclassified to					
profit or loss in subsequent periods - net of income tax		(1,741,109)	(190,084)	(1,741,109)	(190,084)
Total comprehensive income for the year		109,081,144	70,392,979	48,248,900	20,178,330
Profit attributable to:					
Equity holders of the Company		70,181,336	36,774,084	49,990,009	20,368,414
Non-controlling interests of the subsidiaries		49,248,209	46,032,001		
		119,429,545	82,806,085		

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Baht)

	Note	Consolidated		The Company Only	
		2019	2018	2019	2018
Total comprehensive income attributable to:					
Equity holders of the Company		63,681,520	29,583,082	48,248,900	20,178,330
Non-controlling interests of the subsidiaries		45,399,624	40,809,897		
		<u>109,081,144</u>	<u>70,392,979</u>		
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht/share)		<u>0.057</u>	<u>0.030</u>	<u>0.040</u>	<u>0.016</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company (Baht/share)		<u>0.056</u>	<u>0.029</u>	<u>0.040</u>	<u>0.016</u>

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Baht)

Consolidated											
Equity attributable to owners of the Company											
					Retained earnings		Other components of shareholders' equity				
							Other comprehensive income				
							Surplus on changes		Total other	Total equity	Equity attributable
							in values of		components of	attributable to	to non-controlling
							available-for-sale		shareholders'	owners of	interests of the
							investments		equity	the Company	subsidiaries
											equity
Note	Issued and paid-up share capital	Share premium	Other surpluses (deficits) Surplus on reorganisation of business under common control	Surplus (deficit) on change in the shareholding percentage in subsidiaries	Appropriated	Unappropriated					
	206,056,899	87,736,899	3,116,269	17,655,850	20,625,000	665,633,071	(3,162,051)	(3,162,051)	997,661,937	298,615,488	1,296,277,425
	-	-	-	-	-	36,774,084	-	-	36,774,084	46,032,001	82,806,085
	-	-	-	-	-	(190,084)	(7,000,918)	(7,000,918)	(7,191,002)	(5,222,104)	(12,413,106)
	-	-	-	-	-	36,584,000	(7,000,918)	(7,000,918)	29,583,082	40,809,897	70,392,979
Dividend payment	26										
Cash dividend	-	-	-	-	-	(61,807,155)	-	-	(61,807,155)	-	(61,807,155)
Stock dividend	103,011,911	-	-	-	-	(103,011,911)	-	-	-	-	-
Dividend paid to equity attributable to non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	-	(39,364,839)	(39,364,839)
Ordinary shares issuance from exercised warrants	24	1,375	1,375	-	-	-	-	-	2,750	-	2,750
Exercised warrant of the subsidiary	12.1.1	-	-	-	(606,043)	-	-	-	(606,043)	82,765,055	82,159,012
Increase in share capital of the subsidiary	-	-	-	-	-	-	-	-	-	240,800	240,800
Treasury shares purchased of the subsidiary	12.1.2	-	-	-	(15,981,222)	-	-	(565,312)	(565,312)	(16,546,534)	(36,566,798)
Statutory reserve	22	-	-	-	-	1,110,000	(1,110,000)	-	-	-	-
Balance as at December 31, 2018	309,070,185	87,738,274	3,116,269	1,068,585	21,735,000	536,288,005	(10,728,281)	(10,728,281)	948,288,037	346,499,603	1,294,787,640

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Baht)

Consolidated											
Equity attributable to owners of the Company											
					Retained earnings		Other components of shareholders' equity				
							Other comprehensive income				

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Baht)

The Company Only					
	Note	Issued and paid-up share capital	Share premium	Retained earnings	
				Appropriated	Unappropriated
					Total shareholders' equity
Balance as at January 1, 2018		206,056,899	87,736,899	20,625,000	421,122,801
Profit for the year		-	-	-	20,368,414
Other comprehensive income for the year		-	-	-	(190,084)
Total comprehensive income for the year		-	-	-	20,178,330
Ordinary shares issuance from exercised warrants		1,375	1,375	-	-
Dividend payment	26				
Cash dividend		-	-	-	(61,807,155)
Stock dividend		103,011,911	-	-	(103,011,911)
Statutory reserve	22	-	-	1,110,000	(1,110,000)
Balance as at January 1, 2019		309,070,185	87,738,274	21,735,000	275,372,065
Profit for the year		-	-	-	49,990,009
Other comprehensive income for the year		-	-	-	(1,741,109)
Total comprehensive income for the year		-	-	-	48,248,900
Dividend payment	26	-	-	-	(12,360,060)
Statutory reserve	22	-	-	2,500,000	(2,500,000)
Balance as at December 31, 2019		309,070,185	87,738,274	24,235,000	308,760,905

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
<u>Cash flows from operating activities</u>					
Profit before tax		152,073,135	103,752,407	54,154,913	15,748,173
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		19,958,191	19,805,964	10,778,564	10,700,224
Allowance for doubtful accounts (reversal)		944,158	184,912	944,158	134,913
Bad debts		54,888	-	54,888	-
Reduce cost of inventories to net realisable value (reversal)		(9,030,457)	7,841,897	(10,051,004)	10,027,070
Write-off withholding tax		73,618	-	73,618	-
Loss from impairment of investment		1,288,000	-	1,288,000	-
Gain on sales of available-for-sale investments		(26,338)	(931,293)	-	-
Loss (gain) on sales of vehicles and equipment		1,829,208	(199,798)	1,160,403	(310,463)
Provision for long-term employee benefits		7,300,155	2,237,118	4,143,959	1,111,600
Dividend income		-	-	(44,319,293)	(45,626,712)
Interest income		(4,653,576)	(4,429,954)	(752,836)	(616,919)
Interest expenses		14,278,603	13,398,853	10,769,633	9,080,891
Unrealised (gain) loss from forward exchange contracts		(154,075)	212,217	-	-
Unrealised loss (gain) on exchange rate		609,646	(294,519)	328,622	10,583
Profit (loss) from operating activities before changes in operating assets and liabilities		184,545,156	141,577,804	28,573,625	259,360
Operating assets (increase) decrease					
Trade and other receivables		181,557,424	(3,022,093)	164,532,084	(30,866,743)
Inventories		65,201,649	(110,547,119)	526,829	(60,307,550)
Other current assets		(126,019)	1,044,270	(2,543,147)	3,369,950
Other non-current assets		(8,542,493)	(1,544,345)	540,892	(1,361,554)
Operating liabilities increase (decrease)					
Trade and other payables		(112,817,842)	38,616,272	(75,107,014)	10,282,211
Other current liabilities		1,736,400	1,067,360	1,445,103	130,359
Cash flows from operating activities		311,554,275	67,192,149	117,968,372	(78,493,967)
Cash paid for employee benefits		(473,690)	(483,200)	(473,690)	(483,200)
Cash paid for tax expenses		(27,353,832)	(38,816,001)	(72,012)	(12,650,419)
Net cash flows from (used in) operating activities		283,726,753	27,892,948	117,422,670	(91,627,586)

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2019

		(Unit: Baht)			
		Consolidated		The Company Only	
	Note	2019	2018	2019	2018
<u>Cash flows from investing activities</u>					
Cash paid for purchase of available-for-sale investments		(50,579,371)	(24,537,485)	-	-
Proceeds from sales of available-for-sale investments		362,500	14,375,000	-	-
Increase in investment in subsidiary		-	-	-	(60,000,000)
Increase in other long-term investment		-	(8,050,000)	-	(8,050,000)
Acquisition of property, plant and equipment		(25,995,398)	(15,685,590)	(14,177,057)	(11,445,765)
Proceeds from sales of vehicles and equipment		5,103,539	2,312,325	3,516,694	1,905,781
Acquisition of intangible asset		-	(286,650)	-	(286,650)
Interest income		4,654,542	4,432,041	752,836	616,919
Dividend income received from a subsidiary		-	-	44,319,293	45,626,712
Net cash flows from (used in) investing activities		(66,454,188)	(27,440,359)	34,411,766	(31,633,003)
<u>Cash flows from financing activities</u>					
Increase in short-term loans from financial institutions		(62,030,566)	109,322,372	(26,816,540)	111,262,989
Repayment of liabilities under hire-purchase agreement		(1,523,378)	(1,327,568)	(870,399)	(709,716)
Dividend payment to the Company's shareholders		(12,360,060)	(61,807,155)	(12,360,060)	(61,807,155)
Cash paid for interests expenses		(35,842,851)	(39,364,839)	-	-
Cash received from non-controlling interests of the subsidiary		(14,473,294)	(13,160,700)	(11,019,037)	(8,586,198)
Dividend payment to non-controlling interests of the subsidiary		-	2,750	-	2,750
Proceed from exercised warrants		-	82,159,012	-	-
Proceed from exercised warrants of the subsidiary		(305,736)	240,800	-	-
Cash paid for purchase of treasury shares		(1,069,356)	(53,113,332)	-	-
Net cash flows from (used in) financing activities		(127,605,241)	22,951,340	(51,066,036)	40,162,670
Net increase in cash and cash equivalents		89,667,324	23,403,929	100,768,400	(83,097,919)
Cash and cash equivalents at the beginning of the year		571,731,957	548,328,028	148,076,851	231,174,770
Cash and cash equivalents at the end of the year		661,399,281	571,731,957	248,845,251	148,076,851
Supplemental cash flow information					
Non-cash transactions					
Acquisition of assets through hire-purchase agreement		1,694,778	540,982	-	540,982
Unsaid asset purchases		-	77,460	-	-

Notes to financial statements form an integral part of these statements.

UNION PETROCHEMICAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. GENERAL INFORMATION

(a) Address and legal status

Union Petrochemical Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The registered office of the Company is at 728 Union House Building, Boromrachachonnee Road, Kwang Bangbumru, Khet Bangplad, Bangkok.

(b) Nature of the Company’s and operations

The Company is principally engaged in the import and distribution of chemical products.

2. BASIS OF PREPARATION

2.1 Basis for the preparation of interim financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

a) For reporting purpose, the Group and its subsidiaries are referred to as “the Group”. The Company has subsidiaries as follows:

Company’s name	Nature of business	Country of incorporation	Paid-up capital		Percentage of Shareholding	
			2019	2018	2019	2018
			(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)
Gratitude Infinite Public Company Limited	Import and distribution of chemical	Thailand	412,812	412,812	55.25	55.25
Lavish Laboratory Company Limited	Production and distribution of supplementary	Thailand	50,000	50,000	99.99	99.99
Ligit Company Limited *	Selling oil-refinery equipment and power plant equipment	Thailand	5,000	5,000	99.99	99.99
Natural Gift Society *	Selling pharmaceutical and medical products, fragrances and skincare cosmetics, and supplements	Thailand	5,000	5,000	99.98	93.98
* Held by a subsidiary: Gratitude Infinite Public Company Limited.						
Lion Asia (Thailand) Company Limited	Distribution of chemical Products and electronic equipment	Thailand	30,000	30,000	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of financial position.

3. FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2018) and new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group' financial statements

3.2 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

TFRS 16 Leases

These TFRSs supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue and expenses recognition

Sale of goods

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

Revenue from rendering of services

Service revenue is recognized over time when services have been rendered considering the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividend income

Dividend is considering to be income when the group is eligible to receive the dividend.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is calculated as follows :-

Finished goods - First-in-First-out method

Raw material and packaging - First-in-First-out method

The cost of inventories comprises all costs of purchase and costs of conversion include an appropriate share of production overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The Company has provided allowance for value decrease from inventory taking into account slow moving goods at the end of the period.

4.5 Investments

- (a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- (b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of unit trusts is determined from their net asset value. The weighted average method is used for computation of the cost of investments. In the event the Group reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties which is land, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any). No depreciation is provided to investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment / Depreciation

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

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

	<u>Useful lives</u>
Buildings and leasehold improvement	10 and 20 years
Machinery, tools and factory equipment	3 - 10 years
Furniture and office equipment	3 - 5 years
Motor vehicles	5 and 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

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

4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment loss (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 5 years
Operation licenses	10 years

4.9 Related party transactions

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

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

4.10 Long-term leases

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

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

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using that functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.14 Provisions

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

4.15 Income tax

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

Current tax

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

Deferred tax

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

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

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

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for declining in value of inventory

The determination of allowance for declining in the value of inventory requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales and service in profit or loss.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. RELATED PARTY TRANSACTIONS

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

					(Unit: Thousand Baht)
	Consolidated		The Company Only		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	42,935	54,684	As mutual agreement
Other income	-	-	1,516	1,514	As mutual agreement
Dividend income	-	-	44,319	45,627	Declared rate
Purchases of goods	-	-	66,225	83,163	As mutual agreement
Purchases of assets	-	-	-	408	As mutual agreement
<u>Transactions with related companies</u>					
Rental expenses	2,819	2,819	2,696	2,696	Contract price (close to market price)
Utilities expenses	205	181	182	165	As mutual agreement
<u>Transactions with related companies</u>					
<u>that has directors as shareholders</u>					
Sales of goods	56,783	210,778	-	-	As mutual agreement (close to market price)
Purchases of assets	25	280	-	-	As mutual agreement (close to market price)

As at December 31, 2019 and 2018, the balances of the accounts between the Company and those related parties are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries				
Gratitude Infinite Public Company Limited	-	-	3,296	2,130
Lion Asia (Thailand) Company Limited	-	-	9,682	18,866
The company that has directors as shareholders				
Chemical Balance Company Limited	830	47,555	-	-
Inchem Company Limited	-	28,399	-	-
Directors	-	6	-	-
Total trade and other receivables - related parties	830	75,960	12,978	20,996

Trade and other payables - related parties (Note 18)

Subsidiaries				
Gratitude Infinite Public Company Limited	-	-	17	7
Lavish Laboratory Company Limited	-	-	120	-
Lion Asia (Thailand) Company Limited	-	-	4,531	8,144
Related parties				
Firstaco Company Limited	12	17	11	15
Other related parties				
Fiveloop Company Limited	464	-	464	-
Directors	974	683	-	-
Total trade and other payables - related parties	1,450	700	5,123	8,166

Directors and management's remuneration

Management benefit expenses represent the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management are the persons who are defined under the Securities and Exchange Act.

During the years ended December 31, 2019 and 2018, the Group had employee benefit expenses of their directors and management as follows: -

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Short-term employee benefits	29,711	29,623	15,706	15,173
Post-employment benefits	3,703	873	1,434	169
Total	<u>33,414</u>	<u>30,496</u>	<u>17,140</u>	<u>15,342</u>

7. CASH AND CASH EQUIVALENTS

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Cash	474	486	220	210
Bank deposits	660,926	571,246	248,625	147,867
Total	<u>661,400</u>	<u>571,732</u>	<u>248,845</u>	<u>148,077</u>

As at December 31, 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 0.75 percent per annum (As at December 31, 2018: between 0.125 and 1.500 percent per annum).

8. TRADE AND OTHER RECEIVABLES

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Trade receivables - related parties (Note 6)				
Aged on the basis of due dates				
Not yet due	-	55,966	12,650	20,443
Past due				
up to 3 months	830	19,994	210	420
Total trade receivables - related parties	<u>830</u>	<u>75,960</u>	<u>12,860</u>	<u>20,863</u>

(Unit: Thousand Baht)				
	Consolidated		The Company Only	
	2019	2018	2019	2018
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	560,271	664,419	431,713	577,354
Past due				
Up to 3 months	151,430	153,895	103,880	114,626
3 - 6 months	394	173	-	84
6 - 12 months	998	884	998	884
Over 12 months	1,550	1,715	969	1,092
Total trade receivables - unrelated parties	714,643	821,086	537,560	694,040
Total trade receivables	715,473	897,046	550,420	714,903
Less: Allowance for doubtful accounts	(1,782)	(839)	(1,201)	(257)
Total trade receivables - net	713,691	896,207	549,219	714,646
Other receivables				
Other receivables - related parties (Note 6)	-	-	118	133
Other receivables - unrelated parties	7	47	7	96
Total other receivables	7	47	125	229
Total trade and other receivables - net	713,698	896,254	549,344	714,875

9. INVENTORIES

	(Unit: Thousand Baht)					
	Consolidated					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Raw materials	2,078	3,958	-	-	2,078	3,958
Finished goods	341,667	408,436	(4,511)	(13,542)	337,156	394,894
Goods in transit	61,597	58,623	-	-	61,597	58,623
Packing materials	3,606	2,989	-	-	3,606	2,989
Work in process	30	174	-	-	30	174
Supplies	19	19	-	-	19	19
Total	408,997	474,199	(4,511)	(13,542)	404,486	460,657

(Unit: Thousand Baht)

	The Company Only					
	Cost		Reduce cost to net		Inventories - net	
			realisable value			
	2019	2018	2019	2018	2019	2018
Finished goods	243,569	272,001	(1,997)	(12,048)	241,572	259,953
Goods in transit	46,453	18,783	-	-	46,453	18,783
Packing materials	444	209	-	-	444	209
Total	290,466	290,993	(1,997)	(12,048)	288,469	278,945

For the year ended December 31, 2019, the Group reversed the write-down of cost of inventories by Baht 9.03 million (The Company Only: Baht 10.05 million), and reduced the amount of inventories recognised as cost of sales during the year. (2018: the Group reduced cost of inventories by Baht 7.84 million (The Company Only: Baht 10.03 million), to reflect the net realisable value. This was included in cost of sales).

10. OTHER CURRENT ASSETS

(Unit: Thousand Baht)

	Consolidated		The Company Only	
	2019	2018	2019	2018
Revenue department receivable	5,005	4,993	3,674	3,674
Prepaid expenses	4,811	6,915	2,269	1,779
Undue input VAT	2,425	777	2,303	602
Others	916	419	592	313
Total other current assets	13,157	13,104	8,838	6,368

11. AVAILABLE-FOR-SALE INVESTMENTS

As at December 31, 2019 and 2018, the balance of investment in available-for-sale investments are as follows:

		(Unit: Thousand Baht)				
		Consolidated				
Type of investments	Cost		Unrealised loss on changes in value of investments		Carrying amount	
	2019	2018	2019	2018	2019	2018
Available-for-sale securities	157,441	107,198	(35,032)	(24,273)	122,409	82,925
Total	157,441	107,198	(35,032)	(24,273)	122,409	82,925

Available-for-sale investments are stated at fair value using inputs of Level 1 which is use of quoted market prices in an observable active market for such assets or liabilities. Such fair value of available-for-sale investment has been determined by using the last bid price of the last working day of the year from the Stock Exchange of Thailand.

During the year ended December 31, 2019 and 2018, the movements of availabsle-for-sale investments are as follows:

		(Unit: Thousand Baht)	
		Consolidated	
		2019	2018
Book value as at January 1 - net		82,925	87,110
Acquisition during the year		50,579	24,537
Disposal during the year		(336)	(13,443)
Loss on changes in value of available-for-sale investments		(10,759)	(15,279)
Book value as at December 31- net		122,409	82,925

During the years ended December 31, 2019 and 2018, the Company's subsidiary has realised gain on available-for-sale investments and unrealised loss on changes in value of available-for-sale investments as follows:

		(Unit: Thousand Baht)	
		Consolidated	
		2019	2018
<u>Profit or loss:</u>			
Realised gain on sales of available-for-sale investments		26	931
		<u>26</u>	<u>931</u>
<u>Other comprehensive income:</u>			
Loss on changes in value of available-for-sale investments			
Loss recognised in shareholders' equity		(10,733)	(14,348)
Transferred to profit or loss due to disposals		(26)	(931)
		<u>(10,759)</u>	<u>(15,279)</u>

12. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in separate financial statements are as follows:

		(Unit: Thousand Baht)				
		The Company Only				
Company's name	Cost		Allowance for impairment of investments		Carrying amounts based on cost method-net	
	2019	2018	2019	2018	2019	2018
Gratitude Infinite Public Company Limited	174,554	174,554	-	-	174,554	174,554
Lion Asia (Thailand) Company Limited	30,000	30,000	(15,000)	(15,000)	15,000	15,000
Total	<u>204,554</u>	<u>204,554</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>189,554</u>	<u>189,554</u>

12.1 Investments in subsidiary - Gratitude Infinite Public Company Limited

12.1.1 Warrants for purchase ordinary shares of Gratitude Infinite Public Company Limited No.1 ("Warrants")

On 30 April 2015, the Company received an allocation of 90,798,233 warrants from Gratitude Infinite Public Company Limited, a subsidiary, free of charge. These are transferable, registered warrants that can be exercised for a period of 3 years from the issue date (30 April 2015) with an exercise ratio of 1 warrant per ordinary share and an exercise price of Baht 2 per share. Warrant holders can exercise the warrants on the last working day of October and April in each calendar year until the maturity date, with the first exercise date on 30 October 2015 and the last exercise date on 27 April 2018.

The last exercise its shareholding in Gratitude Infinite Public Company Limited has decreased from 56.07% to 53.68%. The subsidiary registered the resulting increase of Baht 71,079,506 in its capital with Ministry of Commerce on May 4, 2018 and the Stock Exchange of Thailand listed the shares on May 10, 2018.

12.1.2 Treasury shares and appropriated retained earnings for treasury shares of Gratitude Infinite Public Company Limited

On July 3, 2018, the Board of Directors' Meeting of Gratitude Infinite Public Company Limited, a subsidiary passed a resolution to approve a program to repurchase up to 12 million shares (par value of Baht 1 each), or 2.91% of the total number of the subsidiary's issued shares, with a budget of Baht 60 million, for surplus liquidity management purposes. The subsidiary's shares are to be repurchased through the Stock Exchange of Thailand over a period of 6 months, from July 18, 2018 to January 17, 2019, and can be resold for a period of 6 months after the completion of the share repurchase process.

During the year 2018, the subsidiary had purchased back 11.71 million ordinary share (par value of Baht 1 each) of the subsidiary, or 2.84% of the total number of issued and fully paid up shares, for a total of Baht 53.11 million from the subsidiary and following the treasury shares purchased its shareholding in Gratitude Infinite Public Company Limited has increased from 53.68% to 55.25%.

During the first quarter of 2019 the subsidiary had purchased back 0.29 million ordinary share (par value of Baht 1 each), or 0.07% of the total number of issued and fully paid up shares, for a total of Baht 1.07 million. As a result, the subsidiary had all purchased back 12 million ordinary share (par value of Baht 1 each), or 2.91% of the total number of issued and fully paid up shares, for a total of Baht 54.18 million, and following the treasury shares purchased its shareholding in Gratitude Infinite Public Company Limited as at March 31, 2019 has increased from 55.25% to 55.29%.

As at March 31, 2019, the subsidiary allocated unappropriated retained earnings to a reserve for treasury shares amounting to Baht 54.18 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission concerning the acquisition of treasury shares, dated February 14, 2005, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the subsidiary either sells the treasury shares or reduces its paid-up share capital by an amount equal to the value of treasury shares which it was unable to sell.

The first quarter of 2019, the subsidiary allocated unappropriated retained earnings to a reserve for treasury shares amounting to Baht 54.18 million.

12.2 Details of investments in subsidiary that have material non-controlling interests

Company's name	(Unit: Million Baht)							
	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Percent)	(Percent)						
Gratitude Infinite Public Company Limited	44.71	44.75	353.06	346.50	49.25	46.03	35.84	39.36

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that has material non-controlling

Summarised information about financial position

	(Unit: Million Baht)	
	Gratitude Infinite Public Company Limited	
	2019	2018
Current assets	682.58	780.81
Non-current assets	328.62	275.37
Current liabilities	206.90	275.63
Non-current liabilities	10.45	6.68

Summarised of information about Compresence income

	(Unit: Million Baht)	
	Gratitude Infinite Public Company Limited	
	2019	2018
Revenues	742.45	793.63
Profit	110.11	102.19
Other comprehensive income	8.61	(12.22)
Total comprehensive income	101.50	90.00

Summarised of information about cash flow

	(Unit: Million Baht)	
	Gratitude Infinite Public Company Limited	
	2019	2018
Cash flow from operating activities	167.48	103.58
Cash flow used in investing activities	(56.58)	(10.26)
Cash flow from financing activities	(117.40)	1.74
Net increase (decrease) in cash and cash equivalents	(6.50)	95.06

13. OTHER LONG-TERM INVESTMENT

On August 30, 2018, the Board of Executive Committees' Meeting of the Company passed a resolution approving the investment by the Company in 46,914 ordinary shares of Fiveloop Company Limited, representing 19% of the registered capital of such company. Fiveloop Company Limited is principally engaged in the software package services and E-Commerce.

Company's name	(Unit: Thousand Baht)					
	The Company Only					
	Cost		Allowance		Carrying amounts based on	
			for impairment of investments		cost method - net	
	2019	2018	2019	2018	2019	2018
Fiveloop Company Limited	8,050	8,050	(1,288)	-	6,762	8,050
Total	8,050	8,050	(1,288)	-	6,762	8,050

14. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the year ended December 31, 2019 are summarised below.

	(Unit: Thousand Baht)						
	Consolidated						
	Land	Buildings and leasehold improvement	Machinery, tools and factory equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost							
January 31, 2018	140,525	107,024	69,095	28,395	117,329	1,253	463,621
Additions	-	2,080	2,210	1,592	10,120	302	16,304
Transfers in (out)	-	(4,469)	-	5,179	-	(710)	-
Disposals/write-off	-	-	(3,042)	(20)	(10,461)	-	(13,523)
December 31, 2018	140,525	104,635	68,263	35,146	116,988	845	466,402
Additions	-	2,784	10,226	1,504	11,230	1,946	27,690
Transfers in (out)	-	-	-	-	-	-	-
Disposals/write-off	-	(45)	(2,094)	(2,250)	(11,122)	(155)	(15,666)
December 31, 2019	140,525	107,374	76,395	34,400	117,096	2,636	478,426
Accumulated depreciation							
January 1, 2018	-	47,608	49,991	21,430	79,897	-	198,926
Depreciation for the year	-	5,099	5,230	2,684	5,755	-	18,768
Transfers in (out)	-	(4,580)	-	4,580	-	-	-
Depreciation on disposals/ write-off	-	-	(3,038)	(20)	(8,352)	-	(11,410)
December 31, 2018	-	48,127	52,183	28,674	77,300	-	206,284
Depreciation for the year	-	5,208	5,511	2,564	6,087	-	19,370
Transfers in (out)	-	-	-	-	-	-	-
Depreciation on disposals/ write-off	-	-	(2,097)	(2,238)	(4,849)	-	(9,184)
December 31, 2019	-	53,335	55,597	29,000	78,538	-	216,470
Allowance for impairment loss							
December 31, 2018	1	-	-	-	-	-	1
December 31, 2019	1	-	-	-	-	-	1
Net book value							
December 31, 2018	140,524	56,508	16,080	6,472	39,688	845	260,117
December 31, 2019	140,524	54,039	20,798	5,400	38,558	2,636	261,955
Depreciation for the year							
2018 (Baht 5.4 million included in cost of sales, and the balance in selling and administrative expenses)							18,768
2019 (Baht 5.2 million included in cost of sales, and the balance in selling and administrative expenses)							19,370

(Unit: Thousand Baht)

	The Company Only						Total
	Land	Buildings and leasehold improvement	Machinery, tools and factory equipment	Furniture and office equipment	Motor vehicles	Assets under installation and under construction	
Cost							
January 31, 2018	16,942	54,115	26,319	11,905	102,304	98	211,683
Additions	-	-	926	794	10,120	147	11,987
Transfers in (out)	-	(5,179)	-	5,179	-	-	-
Disposals/write-off	-	-	(2,237)	-	(8,747)	-	(10,984)
December 31, 2018	16,942	48,936	25,008	17,878	103,677	245	212,686
Additions	-	2,784	4,346	817	4,284	1,946	14,177
Transfers in (out)	-	-	-	-	-	-	-
Disposals/write-off	-	-	(1,028)	-	(5,357)	-	(6,385)
December 31, 2019	16,942	51,720	28,326	18,695	102,604	2,191	220,478
Accumulated depreciation							
January 1, 2018	-	30,071	23,176	8,021	72,620	-	133,888
Depreciation for the year	-	2,179	2,045	1,388	4,479	-	10,091
Transfers in (out)	-	(4,580)	-	4,580	-	-	-
Depreciation on disposals/ write-off	-	-	(2,237)	-	(7,152)	-	(9,389)
December 31, 2018	-	27,670	22,984	13,989	69,947	-	134,590
Depreciation for the year	-	2,209	1,705	1,348	4,905	-	10,167
Transfers in (out)	-	-	-	-	-	-	-
Depreciation on disposals/ write-off	-	-	(1,027)	-	(680)	-	(1,707)
December 31, 2019	-	29,879	23,662	15,337	74,172	-	143,050
Net book value							
December 31, 2018	16,942	21,266	2,024	3,889	33,730	245	78,096
December 31, 2019	16,942	21,841	4,664	3,358	28,432	2,191	77,428
Depreciation for the year							
2018 (balance in selling and administrative expenses)							10,091
2019 (balance in selling and administrative expenses)							10,167

As at December 31, 2019, the Group had vehicles under hire-purchase agreements with net book values amounting to Baht 9.79 million (2018: Baht 8.0 million) (The Company only: Baht 3.5 million, 2017: Baht 4.2 million).

As at December 31, 2019, certain items of plant and equipment of the Group were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 139.93 million (2018: Baht 135.9 million) (The Company only: Baht 107.7 million, 2018: Baht 104.3 million).

15. INTANGIBLE ASSETS

The intangible assets are comprised of computer software and the operation licenses. A reconciliation of the net book value of intangible assets as at December 31, 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Net book value at the beginning of the year	3,858	4,609	1,460	1,783
Acquisitions	-	286	-	286
Amortisation	(1,040)	(1,037)	(612)	(609)
Net book value at the end of the year	2,818	3,858	848	1,460

The net book value of intangible assets as at December 31, 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	Computer software	Operating licenses	Total	Computer software
As at December 31, 2019				
Cost	3,553	4,282	7,835	3,553
Less: Accumulated amortisation	(2,705)	(2,312)	(5,017)	(2,705)
Net book value	848	1,970	2,818	848
As at December 31, 2018				
Cost	3,553	4,282	7,835	3,553
Less: Accumulated amortisation	(2,093)	(1,884)	(3,977)	(2,093)
Net book value	1,460	2,398	3,858	1,460

16. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when income taxes are related to the same fiscal authority.

Deferred income taxes are calculated on all temporary differences under the liability method using principal tax 20%.

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

	(Unit : Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Deferred tax assets	14,948	14,919	5,007	7,864
Deferred tax liabilities	-	-	-	-
Deferred tax assets-net	14,948	14,919	5,007	7,864

Deferred tax assets (liabilities) for the year ended December 31, 2019 and 2018 are attributed to the following items:

	(Unit : Thousand Baht)			
	Consolidated			
	Balance per book	Revenue (expenses) during the year		Balance per book
	as at January	In profit or loss	In other	as at December
	1, 2019		comprehensive	31, 2019
			income	
Deferred tax assets:				
Allowance for doubtful accounts	85	189	-	274
Allowance for diminution in value of inventories	2,661	(1,806)	-	855
Gain on sales of inventories to subsidiary	205	(45)	-	160
Gain on sales of asset to subsidiary	205	(116)	-	89
The difference from depreciation - buildings	216	50	-	266
Loss on revaluation of available-for-sale	4,230	1,375	435	6,040
Provision for long-term employee benefits	4,855	-	2,151	7,006
Loss on revaluation of available-for-sale	2,462	(2,462)	-	-
Loss from impairment of investment	-	258	-	258
Total	14,919	(2,557)	2,586	14,948
Deferred tax liabilities:	-	-	-	-
Total	-	-	-	-
Deferred tax assets-net	14,919	(2,557)	2,586	14,948

	(Unit : Thousand Baht)			
	The Company Only			
	Balance per book	Revenue (expenses) during the year		Balance per book
	as at January	In profit or loss	In other	as at December
	1, 2019		comprehensive	31, 2019
			income	
Deferred tax assets:				
Allowance for doubtful accounts	51	189	-	240
Allowance for diminution in value of inventories	2,410	(2,011)	-	399
Provision for long-term employee benefits	2,941	734	435	4,110
Loss on revaluation of available-for-sale	-	258	-	258
Unused tax loss	2,462	(2,462)	-	-
Total	7,864	(3,292)	435	5,007
Deferred tax liabilities:	-	-	-	-
Total	-	-	-	-
Deferred tax assets-net	7,864	(3,292)	435	5,007

17. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)					
	Interest rate (percent per annum)	Consolidated		The Company Only	
		2019	2018	2019	2018
Trust receipt	1.97 - 4.28	430,842	512,072	282,702	328,818
Promissory notes	2.10	100,000	80,000	100,000	80,000
Total		530,842	592,072	382,702	408,818

As at December 31, 2019 and 2018, the non-secured credit facilities of the Group which have not yet been drawn down amounted to Baht 4,413 million (The Company only: Baht 2,970 million).

18. TRADE AND OTHER PAYABLES

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Trade and other payables				
- related parties (Note 6)	1,450	700	5,143	8,166
Trade payables - unrelated parties	258,964	373,583	234,557	306,476
Other payables - unrelated parties	14,525	14,937	12,561	12,159
Accrued expenses	14,168	12,841	1,471	2,410
Total trade and other payables	289,107	402,061	253,732	329,211

19. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Liabilities under hire - purchase agreements	4,095	3,982	2,149	3,115
Less: Deferred interest expenses	(159)	(218)	(92)	(188)
Total	3,936	3,764	2,057	2,927
Less: Portion due within one year	(1,921)	(1,523)	(842)	(871)
Liabilities under hire - purchase agreements				
- net of current portion	2,015	2,241	1,215	2,056

The Group has entered into the hire-purchase agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	Consolidated		
	As at December 31, 2019		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	2,041	2,054	4,095
Deferred interest expenses	(120)	(39)	(159)
Present value of future minimum lease payments	1,921	2,015	3,936
	(Unit: Thousand Baht)		
	The Company Only		
	As at December 31, 2019		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	903	1,245	2,148
Deferred interest expenses	(61)	(30)	(91)
Present value of future minimum lease payments	842	1,215	2,057
	(Unit: Thousand Baht)		
	Consolidated		
	As at December 31, 2018		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	1,647	2,335	3,982
Deferred interest expenses	(124)	(94)	(218)
Present value of future minimum lease payments	1,523	2,241	3,764
	(Unit: Thousand Baht)		
	The Company Only		
	As at December 31, 2018		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	967	2,148	3,115
Deferred interest expenses	(96)	(92)	(188)
Present value of future minimum lease payments	871	2,056	2,927

20. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Movement of the provision for long-term employee benefits account during for the year ended December 31, 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	21,199	19,207	14,704	13,838
Included in profit or loss:				
Past service cost	4,575	-	2,828	-
Current service cost	2,200	1,863	1,038	899
Interest cost	526	374	279	212
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	6	(501)	6	(501)
Financial assumptions changes	1,444	825	1,444	825
Experience adjustments	726	(86)	726	(86)
Benefits paid during the year	(474)	(483)	(474)	(483)
Provision for long-term employee benefits at end of year	30,202	21,199	20,551	14,704

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Selling and administrative expenses	7,301	2,237	4,145	1,111

The Company expects to pay Baht 7.18 million of long-term employee benefits during the next year.

As at December 31, 2019, the weighted average duration of liabilities for long-term employee benefit is 18 years (2018: 18 years) (The Company only: 11 years, 2018: 11 years).

Significant actuarial assumptions are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.6 - 3.0	2.6 - 3.0	1.6	2.6
Future salary increase rate (depending on age)	5.0 - 10.0	5.0 - 10.0	5.0	5.0
Staff turnover rate (depending on age)	2.8 - 34.4	2.8 - 34.4	2.9 - 34.4	2.9 - 34.4

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

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	Increase	Decrease	Increase	Decrease
Discount rate (1%)	(2.56)	3.00	(1.38)	1.60
Salary increase rate (1%)	3.02	(2.63)	1.53	(1.35)
Staff turnover rate (20%)	(2.10)	2.51	(1.14)	1.31

The Labor Protection Act was enacted in the Government Gazette on April 5, 2019, with additional compensation rates for employers terminating employment. For employees who have worked consecutively for 20 years or more, they are entitled to compensation not less than the final rate of 400 days. The Group therefore revised in the project for post-employment benefits plan in 2019 to comply with the revised Labor Protection Act. From the revised of such project, the Group has recognized the increase of the provisions for retirement benefits and past service costs.

21. SHARE CAPITAL

On January 31, 2018, the Extraordinary Meeting of the Company's shareholders No. 1/2018 approved the following resolution:

- Decrease the Company's registered share capital from Baht 206,250,000 (825,000,000 ordinary shares of Baht 0.25 each) to Baht 206,056,899 (824,227,596 ordinary shares of Baht 0.25 each), by eliminating the 772,404 ordinary shares of Baht 0.25 each with a total of Baht 193,101 that are not issued.
- Increase the Company's registered share capital from Baht 206,056,899 (824,227,596 ordinary shares of Baht 0.25 each) to Baht 334,842,461 (1,339,369,844 ordinary shares of Baht 0.25 each) to be reserved for the dividend and the exercise of warrants as mentioned in note 24 to the interim financial statements.

22. STATUTORY RESERVE

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

23. INCOME TAX

23.1 Income tax expenses for the years ended December 31, 2019 and 2018 are summarized as follows:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Current income tax:				
Corporate income tax charge	30,087	26,100	873	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,557	(5,154)	3,292	(4,620)
Income tax expenses revenue in the statement of comprehensive income	32,644	20,946	4,165	(4,620)

The amounts of income tax relating to each component of other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Deferred tax relating to loss on revaluation of available-for-sale investments	2,152	3,056	-	-
Deferred tax relating to actuarial (gain) loss	435	47	435	47
Total	2,587	3,103	435	47

23.2 The reconciliation between accounting profit and income tax expenses

For the years ended December 31, 2019 and 2018 are summarized as follows:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Accounting profit before tax	152,073	103,752	54,155	15,748
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	30,415	20,750	10,831	3,150
Temporary differences and tax loss which was unrecognised to deferred tax assets	(20)	(140)	-	-
Utilisation of previously unrecognised deferred tax assets	(45)	(363)	-	-
Effects of:				
Exempted dividend income	-	-	(8,864)	(9,125)
Non-deductible expenses	2,645	1,703	2,198	1,373
Additional expenses deductions allowed	-	(804)	-	(18)
Others	(351)	(200)	-	-
Total	2,294	699	(6,666)	(7,770)
Income tax expenses reported in the statement of comprehensive income	32,644	20,946	4,165	(4,620)

23.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2019 and 2018 are summarized as follows :-

	Consolidated			
	2019		2018	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit before tax expense for the year	152,073		103,752	
Tax expense at the applicable tax rate	30,415	20.00	20,750	20.00
Reconciliation items	2,229	1.47	196	0.19
Tax expense at the average effective tax rate	32,644	21.47	20,946	20.19

	The Company Only			
	2019		2018	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit before tax expense for the year	54,155		15,748	
Tax expense at the applicable tax rate	10,831	20.00	3,150	20.00
Reconciliation items	(6,666)	(12.31)	(7,770)	(49.34)
Tax expense at the average effective tax rate	4,165	7.69	(4,620)	29.34

24. WARRANTS

On 31 January 2018, the resolution passed by the Extraordinary Meeting of the Company's shareholders No. 1/2018 approving the Company issued and offered 103,028,450 of transferable warrants (UKEM-W2) with registered holders to the existing shareholders free of charge, in a ratio of 1 warrant for every 8 existing shares. These warrants can be exercised for a period of 2 years from the issue date (15 March 2018) with an exercise ratio of 1 warrant per 1 ordinary share and an exercise price of Baht 0.50 per share. Warrant holders can exercise the warrants on the last working day of May and November in each calendar year until the maturity date, with the first exercise date on 31 May 2018 and the last exercise date shall be on the last business day the warrants reaches the 2 years period from the issuance date.

In May 2018, the Company received subscriptions of Baht 0.50 per share for the additional ordinary shares arising from the exercise of 5,500 warrants (UKEM-W2), (exercise price at Baht 0.50 per unit for a total of Baht 2,750.) The Company registered the resulting increase of Baht 1,375 in its capital with Ministry of Commerce on 12 June 2018 and the Stock Exchange of Thailand listed the 5,500 ordinary shares on 18 June 2018.

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year after adjusting the number of ordinary shares to reflect the impact of the stock dividend. The prior period's basic earnings per share has been recalculated as if the stock dividend had been distributed at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

		Consolidated					
		Profit for the period		Weighted average		Earnings	
				number of ordinary shares		per share	
		2019	2018	2019	2018	2019	2018
		(Thousand	(Thousand	(Thousand	(Thousand	(Baht)	(Baht)
		Baht)	Baht)	shares)	shares)		
Basic earnings per share							
Profit attributable to equity holders of the							
Company		70,181	36,774	1,236,281	1,236,278	0.057	0.030
Effect of dilutive potential ordinary shares							
Warrants (UKEM-W2)				13,752	48,129		
Diluted earnings per share							
Profit attributable to ordinary shareholders		70,181	36,774	1,250,033	1,284,407	0.056	0.029
		The Company Only					
		Profit for the period		Weighted average		Earnings	
				number of ordinary shares		per share	
		2019	2018	2019	2018	2019	2018
		(Thousand	(Thousand	(Thousand	(Thousand	(Baht)	(Baht)
		Baht)	Baht)	shares)	shares)		
Basic earnings per share							
Profit attributable to equity holders of the							
Company		49,990	20,368	1,236,281	1,236,278	0.040	0.016
Effect of dilutive potential ordinary shares							
Warrants (UKEM-W2)				13,752	48,129		
Diluted earnings per share							
Profit attributable to ordinary shareholders		49,990	20,368	1,250,033	1,284,407	0.040	0.016

26. DIVIDENDS

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
<u>Dividend payment for 2019</u>			
Final dividends for 2018	Extraordinary Meeting of the Company's Shareholders No.1/2019 held on April 23, 2019	12.36	0.01
Total paid for the nine-month period ended September 30, 2019		12.36	0.01
<u>Dividend payment for 2018</u>			
Interim dividends	Extraordinary Meeting of the Company's Shareholders No.1/2018 held on January 31, 2018		
- Cash dividends		12.36	0.01
- Stock dividends of 412.05 million ordinary shares		103.01	0.13
Final dividends for 2017	The Annual General Meeting of the Company's Shareholders No.1/2018 held on April 23, 2018	49.45	0.04
Total paid for the nine-month period ended September 30, 2018		164.82	0.18

27. EXPENSES BY NATURE

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Salaries and wages and other employee benefits	87,179	79,858	61,896	57,571
Directors and management's remuneration (Note 6)	33,414	30,496	17,140	15,342
Depreciation and amortisation	20,410	19,806	10,779	10,700
Purchase raw materials and finished goods	2,336,190	2,934,302	1,877,895	2,340,577
Changes in inventories of raw materials and finished goods	(59,619)	95,843	(18,381)	64,654
Rental expenses from operating lease agreements	27,849	27,595	25,193	24,964
Transportation expenses	57,161	55,561	46,529	46,301

28. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group are organised into business units based on its products and services and have 3 reportable segments as follows:

- Commodity chemicals segment
- Specialty chemicals segment
- Other segments included the distribution of plastic pellets, distribution of lubricant, distribution of computer equipment and the provision of computer system services, among others.

The decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Major customers

For the year ended December 31, 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

For the year ended December 31, 2019 and 2018, the sales revenues of the subsidiaries amounting to Baht 56.78 million (December 31, 2018: Baht 211 million) were derived from two major customers of the subsidiaries. Directors of these major customers are shareholders of the subsidiary who are on the list of first 30 shareholders. The selling prices, collections, and credit terms which the subsidiaries have with such major customers are similar to other customers of the subsidiaries.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended December 31, 2019 and 2018:

	(Unit: Thousand Baht)											
	Commodity chemicals segment		Specialty chemicals segment		Other segments ¹⁾		Total segments		Adjustments and eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues												
External customers	1,878,256	2,240,928	845,883	915,705	103,164	47,465	2,827,303	3,204,098	-	-	2,827,303	3,204,098
Inter-segment	42,935	54,684	66,240	83,206	-	408	109,175	138,298	(109,175)	(138,298)	-	-
Total revenues	1,921,191	2,295,612	912,123	998,911	103,164	47,873	2,936,478	3,342,396	(109,175)	(138,298)	2,827,303	3,204,098
Results												
Segment profit	227,301	180,222	221,744	205,932	5,951	5,851	454,996	392,005	900	1,097	455,896	393,102
Other income											13,975	15,880
Selling expenses											(99,685)	(99,554)
Administrative expenses											(203,834)	(192,099)
Other expenses											-	(178)
Financial expenses											(14,279)	(13,399)
Profit before income tax expenses											152,073	103,752
Income tax expenses											(32,674)	(20,946)
Profit for the year											119,399	82,806

¹⁾ Other segments included the distribution of plastic pellets, distribution of lubricant, distribution of computer equipment and the provision of computer system services, among others.

The Group's business is principally operated in Thailand. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively this geographical reportable segment.

29. PROVIDENT FUND

The Group, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 1987. The employees, the Group contribute to the fund monthly at the rate of 2 - 10 percent of basic salary. The fund, which is managed by Krungsri Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the years 2019 and 2018, amounting to Baht 1.32 million and Baht 1.39 million, respectively (The Company only: Baht 0.33 million and Baht 0.34 million, respectively) were recognised as expenses.

30. COMMITMENTS AND CONTINGENT LIABILITIES

30.1 Operating lease commitments

The Group have entered into several lease agreements in respect of the lease of building space and warehouse and related services, The terms of the agreements are between 1 and 5 years.

Future minimum, payments required under these operating leases and its related service contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		The Company Only	
	2019	2018	2019	2018
Payable:				
In up to 1 year	34	16	31	13
In over 1 and up to 5 years	35	5	32	4

30.2 Guarantees

As at December 31, 2019, the Group had the following outstanding significant letters of guarantee:

30.2.1 Outstanding bank guarantees of Baht 43.71 million (December 31, 2018: Baht 32 million) have been issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of its business. These letters of guarantee are to guarantee payments of goods to suppliers.

30.3 Other commitments

- 30.3.1 As at December 31, 2019, the Company had commitments to banks under letters of credit amounting to approximately USD 0.81 million (December 31, 2018: USD 0.72 million).
- 30.3.2 As at December 31, 2019, a subsidiary company had commitments to banks under letters of credit amounting to approximately USD 0.23 million (December 31, 2018: USD 0.51 million).
- 30.3.3 As at December 31, 2019, the Group have commitment to purchase the goods that are not yet delivered in the amount of Baht 0.23 million. The subsidiary has commitment from machinery purchase that is not yet delivered in the amount of Baht 5.12 million.

30.4 Other Service Agreement

A subsidiary company has entered into an agreement to participate in an “intelligent meeting room” project (Agreement for supply of equipment, software and services for intelligent meeting solution) with True Universal Convergent Company Limited (TUC) and SaeheComms Company Limited, located in South Korea. The agreement has a term of 2 years, from February 1, 2012 to January 2014 31, and automatically renews for another year if no party gives notice of its intention to cancel the agreement. To date, none of the parties have announced their intention to cancel. Under the agreement, the subsidiary company has invested in the hardware and equipment for the project, together with insurance coverage for the equipment of Baht 5 million, and is required to pay Baht 0.1 million per year to TUC. TUC is responsible for costs of internet connections for installing the I-Meeting Solution system and for finding customers, while SaeheComms Company Limited is to source the software and provides expertise for the I-Meeting Solution system. Revenue from this project will be shared among the parties in proportions specified in the agreement.

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management

The Group financial instruments, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade accounts receivable, available-for-sale investments, trust receipts, trade and other payables, and liabilities under hire purchase agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable as stated in the statement of financial position.

Interest rate risk

The Group' exposure to interest rate risk relates primarily to their cash at banks, bank overdraft, and Short-term loans. However, since most of The Group' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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

(Unit: Million Baht)

	Consolidated											
	Fixed interest Rates				Floating		Non - interest		Effective			
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	-	-	-	656.6	569.5	4.8	2.2	661.4	571.7	0.13-1.50	0.13 - 1.50
Trade accounts receivable	-	-	-	-	-	-	713.7	896.3	713.7	896.3	-	-
Available-for-sale investments	-	-	-	-	-	-	122.4	82.9	122.4	82.9	-	-
	-	-	-	-	656.6	569.5	840.9	981.4	1,497.5	1,550.9		
Financial liabilities												
Short-term loans from financial												
institutions	100.0	80.0	-	-	430.8	512.1	-	-	530.80	592.1	1.80-3.25	0.72-3.67
Trade and other payables	-	-	-	-	-	-	289.1	402.1	289.1	402.1	-	-
Liabilities under hire-purchase												
agreements	1.9	1.5	2.0	2.2	-	-	-	-	3.9	3.7	3.81-7.50	3.81-7.50
	101.9	81.5	2.0	2.2	430.8	512.1	289.1	402.1	823.8	997.9		

(Unit: Million Baht)

	The Company Only											
	Fixed interest Rates				Floating		Non - interest				Effective	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	2562	2561	2562	2561	2562	2561	2562	2561	2562	2561	2562	2561
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	-	-	-	247.3	147.9	1.5	0.2	248.8	148.1	0.13-1.50	0.13 - 1.50
Trade accounts receivable	-	-	-	-	-	-	549.3	714.9	549.3	714.9	-	-
	-	-	-	-	247.3	147.9	550.8	715.1	798.1	863.0		
Financial liabilities												
Short-term loans from financial												
institutions	100.0	80.0	-	-	282.7	328.8	-	-	382.7	408.8	2.10 - 3.25	2.15 - 3.45
Trade and other payables	-	-	-	-	-	-	253.7	329.2	253.7	329.2	-	-
Liabilities under hire-purchase												
agreements	0.8	0.9	1.2	2.0	-	-	-	-	2.0	2.9	3.81	3.81
	100.8	80.9	1.2	2.0	282.7	328.8	253.7	329.2	638.4	740.9		

Foreign currency risk

As at December 31, 2019 and 2018, the balances of financial liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated			
	Financial liabilities		Average exchange rate	
	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	10.35	8.73	30.41	32.45
Euro	0.06	0.20	34.08	37.12

Foreign currency	The Company Only			
	Financial liabilities		Average exchange rate	
	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	10.01	7.79	30.41	32.45

As at December 31, 2019, the outstanding of forward exchange contracts of the Group are summarised below.

Consolidated						
Foreign currency	Bought amount		Contractual exchange rate		Contractual Maturity date	
	Bought		Bought			
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	9.40	7.65	30.11 - 30.79	31.31 - 33.19	January 2020 - July 2020	January 2019 - September 2019
Euro	0.03	0.15	33.72	37.55 - 38.40	January 2020	January 2019 - March 2019

The Company Only						
Foreign currency	Bought amount		Contractual exchange rate		Contractual Maturity date	
	Bought		Bought			
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	9.02	7.02	30.16 - 30.79	32.19 - 33.19	January 2020 – June 2020	January 2019 - September 2019

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The subsidiary company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the subsidiary company endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of December 31, 2019, the Group had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments (Note 11)	122,409	-	-	122,409
Assets disclosed at fair value				
Investment properties	-	18,401	-	18,401
Liabilities disclosed at fair value				
Foreign currency forward contracts	-	224,563	-	224,563

	(Unit: Thousand Baht)			
	The Company Only			
	Level 1	Level 2	Level 3	Total
Assets disclosed at fair value				
Investment properties	-	18,401	-	18,401
Liabilities disclosed at fair value				
Foreign currency forward contracts	-	121,218	-	121,218

During the current year, there were no transfers within the fair value hierarchy.

33. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at December 31, 2019, the Group's debt-to-equity ratio was 0.65:1 (December 31, 2018: 0.80:1) and the Company's was 0.91:1 (December 31, 2018: 1.09:1).

34. EVENTS AFTER THE REPORTING PERIOD

On February 19, 2020, the Board of Directors' meeting No.1/2020 had a resolution on the following matters:

- 34.1 Approve to cease business operation of the subsidiary Ligit Co.,Ltd. with 99.99% shareholding by the company. It will further register for company dissolution and liquidation. The business termination of the subsidiary has no significant effect on the operation of the company.
- 34.2 Approve to present to the annual shareholders' meeting for the year 2020 to consider approving the treasury shares project for the Company's financial management. The number of treasury shares equals to 70 million shares or 16.96 percent of the total number of shares sold at the proposed buy back price Baht 3 per share totalling the maximum amount not over Baht 210 million.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 24, 2020.