

**SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED**

AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020

(UNAUDITED/ REVIEWED ONLY)

## **AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To The Shareholders of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

I have reviewed the accompanying statements of financial position of SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED as at June 30, 2020, and the related statements of comprehensive income for the three-month and six-month periods ended June 30, 2020, statements of changes in shareholders' equity, and statements of cash flows for the six-month periods then ended and the condensed notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on this reviewed interim financial information.

### **Conclusion**

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting.

**Emphasis of Matter**

I draw attention to Note 1.4 to the interim financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and six-month periods ended 30 June 2020, the Company has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

D I A International Audit Company Limited

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

August 13, 2020

## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

Asset	Note	(Unit : Baht)	
		June 30, 2020	December 31, 2019
		(UNAUDITED/ REVIEWED ONLY)	(AUDITED)
Current assets			
Cash and cash equivalents	5	32,371,323	15,429,641
Trade and other current receivables	6	57,757,503	43,064,015
Inventories	7	74,034,754	83,779,830
Current tax assets		-	254,656
Other current financial assets	8	956,263	223,046
Other current assets		884,991	422,856
Total current assets		166,004,834	143,174,044
Non-current assets			
Other non-current financial assets	9	16,308,304	16,251,874
Leasehold building improvement and equipment	10	21,642,451	23,746,726
Right-of-use assets	11	15,624,501	-
Other intangible assets	12	75,879,383	67,388,857
Deferred tax assets	13	5,780,804	5,531,845
Other non-current assets		1,610,407	1,417,774
Total non-current assets		136,845,850	114,337,076
Total assets		302,850,684	257,511,120

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT JUNE 30, 2020

		(Unit : Baht)	
Liabilities and shareholders' equity	Note	June 30, 2020	December 31, 2019
		(UNAUDITED/	(AUDITED)
		REVIEWED ONLY)	
Current liabilities			
Short-term borrowings from financial institutions	14	12,245,393	4,172,675
Trade and other current payables	15	42,121,738	27,476,709
Current portion of long-term financial lease liabilities	23.2	2,923,866	-
Current income tax payables		107,282	-
Other current provisions	16	3,938,033	5,602,437
Other current financial liabilities		1,381,124	-
Other current liabilities		447,086	399,264
Total current liabilities		63,164,522	37,651,085
Non-current liabilities			
Lease liabilities	23.2	12,594,829	-
Non-current provisions for employee benefit	17	18,973,163	17,806,649
Total non-current liabilities		31,567,992	17,806,649
Total liabilities		94,732,514	55,457,734

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT JUNE 30, 2020

		(Unit : Baht)	
Liabilities and shareholders' equity (Cont'd)	Note	June 30, 2020	December 31, 2019
		(UNAUDITED/ REVIEWED ONLY)	(AUDITED)
Shareholders' equity			
Share capital			
Authorized share capital			
400,000,000 common shares of Baht 0.50 each,		200,000,000	200,000,000
Paid-up share capital			
300,000,000 common shares of Baht 0.50 each,		150,000,000	150,000,000
Share premium on common shares		2,400,000	2,400,000
Premium on share-based-payments		9,776,657	9,776,657
Retained earnings (Deficit)			
Appropriated			
Legal reserve	19	16,292,783	16,292,783
Unappropriated		29,648,730	23,583,946
Total shareholders' equity		208,118,170	202,053,386
Total liabilities and shareholders' equity		302,850,684	257,511,120

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2020

(UNAUDITED/REVIEWED ONLY)

		(Unit : Baht)			
	Note	For the three-month periods		For the six-month periods	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues from sales or services		74,960,266	74,651,633	170,170,824	147,500,880
Costs of sales or services		(44,085,367)	(46,020,293)	(93,053,351)	(89,608,354)
<b>Gross profit</b>		<b>30,874,899</b>	<b>28,631,340</b>	<b>77,117,473</b>	<b>57,892,526</b>
Other income		301,510	1,507,884	2,083,382	1,763,858
Distribution costs		(5,647,846)	(6,702,569)	(12,083,413)	(12,741,722)
Administrative expenses		(18,842,065)	(21,143,819)	(38,759,147)	(41,902,422)
Other expenses		-	(216,942)	-	(882,827)
Other gains (losses)		4,145,537	(589,912)	(1,794,714)	(408,573)
<b>Profit (loss) from operating activities</b>		<b>10,832,035</b>	<b>1,485,982</b>	<b>26,563,581</b>	<b>3,720,840</b>
Finance income		33,384	20,793	61,148	66,184
Finance costs		(283,506)	(41,911)	(422,772)	(57,228)
<b>Profit (loss) before tax expense</b>		<b>10,581,913</b>	<b>1,464,864</b>	<b>26,201,957</b>	<b>3,729,796</b>
Tax income (expense)	13	171,560	1,116,206	135,562	1,236,479
<b>Profit (loss) for the period</b>		<b>10,753,473</b>	<b>2,581,070</b>	<b>26,337,519</b>	<b>4,966,275</b>
<b>Other comprehensive income :</b>					
<b>Components of other comprehensive income</b>					
<b>that will not be reclassified to profit or loss</b>					
Gains (losses ) on re-measurements					
of defined benefit plans		-	(626,697)	-	(107,263)
Income tax relating to components of other comprehensive income					
that will not be reclassified to profit or loss	13	-	125,339	-	21,453
Total components of other comprehensive income					
that will not be reclassified to profit or loss		-	(501,358)	-	(85,810)
<b>Other comprehensive income (expense) for the period - net of tax</b>		<b>-</b>	<b>(501,358)</b>	<b>-</b>	<b>(85,810)</b>
<b>Total comprehensive income for the period</b>		<b>10,753,473</b>	<b>2,079,712</b>	<b>26,337,519</b>	<b>4,880,465</b>
<b>Basic earnings (loss) per share</b>					
Profit (loss) from continuing operations		0.04	0.01	0.09	0.02
The weighted average number of common shares (share)		300,000,000	300,000,000	300,000,000	300,000,000

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized Director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020  
(UNAUDITED/REVIEWED ONLY)

	(Unit : Baht)					
	Issued and paid-up share capital	Share premium	Premium on share-based-payments	Retained earnings (Deficit)		Total shareholders' equity
				Appropriated	Unappropriated	
						Other components of equity
						Other comprehensive Gains (losses) on re-measurements of defined benefit plans
Note						
<b>Balance as at December 31, 2018</b>	<b>150,000,000</b>	<b>2,400,000</b>	<b>9,776,657</b>	<b>15,000,000</b>	<b>52,051,568</b>	<b>-</b>
Dividend paid	-	-	-	-	(20,700,000)	-
Profit (loss) for the period	-	-	-	-	4,966,275	-
Other comprehensive income (expense) for the period	-	-	-	-	-	(85,810)
Transfer to retained earnings	-	-	-	-	(85,810)	85,810
Total comprehensive income (expense) for the period	-	-	-	-	4,880,465	-
<b>Balance as at June 30, 2019</b>	<b>150,000,000</b>	<b>2,400,000</b>	<b>9,776,657</b>	<b>15,000,000</b>	<b>36,232,033</b>	<b>-</b>
<b>Balance as at December 31, 2019 (before restatement)</b>	<b>150,000,000</b>	<b>2,400,000</b>	<b>9,776,657</b>	<b>16,292,783</b>	<b>23,583,946</b>	<b>-</b>
Cumulative effect of change in accounting policy 3.1 Financial instruments	-	-	-	-	420,393	-
Cumulative effect of change in accounting policy 3.2 Leases	-	-	-	-	6,872	-
<b>Balance as at December 31, 2019 (after restatement)</b>	<b>150,000,000</b>	<b>2,400,000</b>	<b>9,776,657</b>	<b>16,292,783</b>	<b>24,011,211</b>	<b>-</b>
Dividend paid 20	-	-	-	-	(20,700,000)	-
Total comprehensive income for the period	-	-	-	-	26,337,519	-
<b>Balance as at June 30, 2020</b>	<b>150,000,000</b>	<b>2,400,000</b>	<b>9,776,657</b>	<b>16,292,783</b>	<b>29,648,730</b>	<b>-</b>

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )



## SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020

(UNAUDITED/REVIEWED ONLY)

	Note	(Unit : Baht)	
		June 30, 2020	June 30, 2019
Cash flows from operating activities			
Profit (loss) for the period		26,337,519	4,966,275
Adjustments to reconcile profit (loss) to cash receipt (disbursement)			
Tax income (expense)		(135,562)	(1,236,479)
Depreciation and amortization	10,11,12	6,289,870	6,630,041
Doubtful accounts and bad debts		-	-
(Reversed) loss on devaluation of inventories	7	(1,614,297)	4,637,384
(Reversed) loss on other current provisions		-	(620,044)
Loss on impairment of assets	12	1,830,000	819,965
(Gain) loss on disposal of assets	10	10	-
Gain on disposal of investment		(31,448)	(19,834)
Unrealized gain on changes in value of investment	8	(1,768)	(5,248)
Unrealized (gain) loss on exchange rate		1,796,564	599,650
Employee benefit expenses		957,882	4,731,130
Difference from rental reduction		3,445	-
Interest income		(61,148)	(66,184)
Interest expenses		422,772	57,228
Profit from operation before change in operating assets and liabilities		35,793,839	20,493,884
(Increase) Decrease in operating assets			
Trade and other current receivables		(15,142,461)	4,562,666
Inventories		11,386,086	9,726,752
Other current assets		(449,732)	(111,152)
Other non-current assets		62,023	(444,722)
Increase (Decrease) in operating liabilities			
Trade and other current payables		1,086,859	(6,287,730)
Other current liabilities		47,823	(128,652)
Cash generated from operation		32,784,437	27,811,046
Interest paid		(166,341)	(55,359)
Income tax paid		(6,115)	(24,830)
Net cash provided by (used in) operating activities		32,611,981	27,730,857

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

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SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020

(UNAUDITED/REVIEWED ONLY)

	(Unit : Baht)	
	June 30, 2020	June 30, 2019
Cash flows from investing activities		
Deposits at financial institutions with commitments, increase	(56,429)	(60,184)
Payments for current investments acquisition	(23,200,000)	(35,655,000)
Proceeds from disposal of current investments	22,500,000	29,900,000
Payments for fixed assets acquisition	(1,405,940)	(2,467,443)
Payments for intangible assets acquisition	(13,195,845)	(7,023,821)
Proceeds from interest	4,278	83,532
Net cash provided by (used in) investing activities	(15,353,936)	(15,222,916)
Cash flows from financing activities		
Proceeds from short-term borrowings from financial institutions	8,502,800	5,907,901
Payments for financial lease liabilities	(1,749,850)	(35,310)
Dividend paid	(6,900,000)	(19,734,239)
Net cash provided by (used in) financing activities	(147,050)	(13,861,648)
Net increase (decrease) in cash and cash equivalents before effects of exchange rate	17,110,995	(1,353,707)
Effects of exchange rate to cash and cash equivalents	(169,313)	(247,177)
Net increase (decrease) in cash and cash equivalents	16,941,682	(1,600,884)
Cash and cash equivalents at the beginning of the period	15,429,641	22,133,545
Cash and cash equivalents at the end of the period	32,371,323	20,532,661

**Supplemental of cash flows information :**

Non-cash transaction :

Transfer leasehold building improvement to right-of-use assets	264,147	-
Lease liabilities	15,518,695	-
Depreciation of tools and supplies of products design development project		
as costs of project	890,757	721,853
Accrued dividend	13,800,000	965,761

Notes to financial statements are parts of these financial statements.

(Sign) ..... Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

SILICON CRAFT TECHNOLOGY PUBLIC COMPANY LIMITED  
NOTES TO INTERIM FINANCIAL STATEMENTS  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2020  
(UNAUDITED/REVIEWED ONLY)

**1. GENERAL INFORMATION**

**1.1 General information**

Registration : SILICON CRAFT TECHNOLOGY CO., LTD. ("the Company") was registered as juristic person, classified as a limited company, on December 18, 2002. On March 21, 2019, at the shareholders' general meeting of the Company passed the resolution to convert its status to be public company limited in accordance with the Public Company Limited Act and registered the conversion and changes its title name from "Silicon Craft Technology Co., Ltd." to "Silicon Craft Technology Public Company Limited" with the Ministry of Commerce on April 5, 2019.

Location : Head office is located at No.40, Thetsaban Rangsan Nua Road, Kwaeng Lat Yao, Khet Chatuchak, Bangkok.

Business type : The Company operates distribution goods and design of integrated circuits and embedded systems.

**1.2 Coronavirus Disease 2019 Pandemic**

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

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

## **1. GENERAL INFORMATION (CONT'D)**

### **1.3 Basis of interim financial statements preparation**

The interim financial statements are prepared on a condensed basis and in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, guidelines promulgated by the Federation of Accounting Professions and the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission. However, the statements of financial position, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows are presented the same as previous annual financial statements.

These interim financial statements have been prepared for the purpose to provide the update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. Therefore, the users of these interim financial statements should access to the most recent annual financial statements.

### **1.4 Financial reporting standards that become effective in the current year**

During the period, the Company has adopted a number of revised (revised 2018) and new financial reporting standards and interpretations which are effective for the financial statements for the period 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 directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarized below:

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

## 1. GENERAL INFORMATION (CONT'D)

### 1.4 Financial reporting standards that become effective in the current year (cont'd)

#### Financial reporting standards related to financial instruments

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

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Interpretations Committee

TSIC 16 Hedges of a Net Investments in a Foreign Operation

TSIC 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.

The effects of the adoption of these accounting standards are described below:

- Recognition of derivatives - The Group is to initially recognize derivative at their fair value on the contract date and subsequently measure them at their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognized in profit or loss

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## 1. GENERAL INFORMATION (CONT'D)

### 1.4 Financial reporting standards that become effective in the current year (cont'd)

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit - impaired event to have occurred. The Group apply simplified approach to consider impairment of trade receivables. The Group's management has considered that the recognition of credit losses does not have any significant impact on the adjustment of retained earnings as at January 1, 2020.

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

The cumulative effect of the change is described in Note 3 to the interim consolidated financial statements.

#### **Thai Financial Reporting Standards No. 16: Leases**

TFRS 16 Leases set out the principals of 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.

The Company has recognized the effect of initial applying TFRS 16 which do not use retrospective approach, with the restatement of comparative information. Accordingly, the Company has chosen to comply with TFRS 16 for lease previously classified as operating leases that lease liabilities as at January 1, 2020 were recognized at the present value of the lease payment payable over the lease term, discounted at the rate implicit in the lease of the Company incremental borrowing rate at the initial application date and recognized right-of-use asset at the amount of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in statement of financial position prior to commencement date.

Therefore, the effects of changes in accounting policy are stated in Notes 3 to financial statements.

(Sign) ..... Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

**1. GENERAL INFORMATION (CONT'D)**

**1.4 Financial reporting standards that become effective in the current year (cont'd)**

**Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”)**

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. On April 22, 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between January 1, 2020 and December 31, 2020. The Company has chosen to apply the temporary relieve measures for the additional option as follows :

- Not to consider the COVID-19 situation which may be affected to the financial forecast in the future for the use of impairment testing for intangible assets with indefinite useful lives or intangible assets which were not available for use to be tested impairment at each financial year – end.
- Excluded forward-looking information in assessing the expected credit loss by using a simplified approach to determine the expected credit loss.
- Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

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## 2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1 The interim consolidated financial statements have been prepared by using the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019 except for the changes in accounting policy regarding the Financial Instruments and Leases.

### **Financial Instruments**

#### ***Classification and measurement***

Financial assets that are debt instruments are measured at fair value through profit or loss, or amortized cost. The classification is derived by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets which is equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortized cost. The Company has elected to measure liabilities at fair value through profit or loss when stipulated conditions are met.

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

#### ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. Group applies a simplified approach to determine the lifetime expected credit losses.

### ***Leases***

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

The Company assesses the lease term based on the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in the other circumstance relating to the extension of the lease term.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **Group of the lessee**

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

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the lease term and the estimated useful lives for each of right-of-use assets whichever is earlier, as follows:

Office building and installation	6 years (lease term plus option reasonable certain to be
dismantlement cost	exercised the option in extension the lease term)
Cars	2 years and 3 months

#### ***Lease liabilities***

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments payable over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *Lease liabilities (cont'd)*

The Company uses its incremental borrowing rate, which is determined by referring to the borrowings interest which is closed to right-of-use assets depending on the lease term, at the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

The Company applied the short-term lease recognition exemption to its short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and containing no purchase options). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

## 2.2 Estimations and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates

In preparing this interim financial information, the significant judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2019.

## 3. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD

### 3.1 Financial reporting standards related to financial instruments

As described in Note 1.4 to the interim consolidated financial statements, during the current period, the Company has adopted financial reporting standards related to financial instruments. The cumulative effect of initially applying these financial reporting standards is recognized as an adjustment to retained earnings as at January 1, 2020. Therefore, the comparative information was not restated.

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

**3. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)**

**3.1 Financial reporting standards related to financial instruments (cont'd)**

The effect of the changes in accounting policies due to the adoption of these financial reporting standards on the beginning balance of retained earnings for 2020 comprises:

	(Unit : Baht)		
	December 31, 2019	Effects from TFRS 9	January 1, 2020
<b>Statement of financial position</b>			
<b>Assets</b>			
<b>Current assets</b>			
Other current assets			
- Investment in Fixed Income Fund	223,046	-	223,046
- Derivative	-	420,392	420,392
<b>Non-current assets</b>			
Other non-current financial assets			
- Deposit at bank with obligations	16,251,874	-	16,251,874
Deferred tax assets	5,531,844	-	5,531,844
<b>Liabilities and shareholders' equity</b>			
<b>Shareholders' equity</b>			
Retained earnings	39,876,728	420,392	40,297,120

The detail of effect of the adoption of financial reporting standards related to financial instruments on the retained earnings as at January 1, 2020 is as follows:

	(Unit : Baht)
Recognition of derivatives at fair value through profit or loss	420,392
Related income tax expense	-
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments (increase retained earnings)	420,392

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### 3. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

#### 3.1 Financial reporting standards related to financial instruments (cont'd)

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at January 1, 2020, and with the carrying amounts under the former basis, are as follows:

(Unit : Baht)				
	Carrying	Classification and measurement		
	amounts under	in accordance with TFRS 9		
	the former basis	Fair value through	Amortized	Total
		profit or loss	cost	
<b>Financial assets as at January 1, 2020</b>				
Cash and cash equivalents	15,429,641	-	15,429,641	15,429,641
Trade and other receivables	43,064,015	-	43,064,015	43,064,015
Other current financial assets				
- Investment in Fixed Income Fund	223,046	223,046	-	223,046
- Derivative	-	420,392	-	420,392
Other non-current financial assets				
- Deposit at bank with obligations	16,251,874	-	16,251,874	16,251,874
<b>Total financial assets</b>	<b>74,968,576</b>	<b>643,438</b>	<b>74,745,530</b>	<b>75,388,968</b>
<b>Financial liabilities as at January 1, 2020</b>				
Short-term borrowings from financial				
institutions	4,172,675	-	4,172,675	4,172,675
Trade and other payables	27,476,709	-	27,476,709	27,476,709
<b>Total financial liabilities</b>	<b>31,649,384</b>	<b>-</b>	<b>31,649,384</b>	<b>31,649,384</b>

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

### 3. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING POLICY DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARD (CONT'D)

#### 3.2 Thai Financial Reporting Standards No. 16: Leases

Amounts of adjustment affected to the transactions in statements of financial position as at December 31, 2019 and statements of income for the year ended December 31, 2019 from changes in accounting policy from adoption TFRS 16 are presented as follows :

	(Unit : Baht)		
	Increase (Decrease)		
	As former		
	Accounting policy	TFRS 16	As reported
<b>STATEMENTS OF FINANCIAL POSITION</b>			
<b>Assets</b>			
Leasehold building improvement and equipment	23,746,726	(350,000)	23,396,726
Right-of-use assets	-	17,179,366	17,179,366
<b>Liabilities</b>			
Lease liabilities - current portion	-	2,976,464	2,976,464
Lease liabilities - net of current portion	-	13,938,755	13,938,755
Current provisions	-	264,147	264,147
<b>Shareholders' equity</b>			
Shareholders' equity of the Company	202,053,386	6,872	202,060,258
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>			
Administrative expenses	77,788,519	(6,872)	77,781,647
Tax income	1,569,815	-	1,569,815
<b>Profit for the year</b>	<b>24,456,577</b>	<b>6,872</b>	<b>24,463,449</b>
<b>Profit attributable to:</b>			
Shareholders' equity	202,053,386	6,872	202,060,258
<b>Earnings per share (Baht)</b>			
Basic earnings per share	0.08		0.08

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

#### 4. BUSINESS TRANSACTIONS WITH RELATED PARTIES

##### 4.1 Relationship and pricing policy

<u>Related parties and person name</u>	<u>Nature of relationships</u>	<u>Related transaction</u>
IE TECHNOLOGY CO., LTD.	Common shareholder and director	Sales
LUKDEE PROPERTY COMPANY LIMITED	Common shareholder	Services
SHAREHOLDER	Shareholder	Office rental
COMPANY'S DIRECTORS	Major shareholder and director	Consultant

<u>Pricing policy with related parties</u>	<u>Pricing policy</u>
Office rental and service	At the rate indicated in agreement
Utilities service (electricity, water)	Cost plus margin and contract price
Consulting fee	At the rate indicated in agreement

##### 4.2 Business transactions with related parties

Balance with related person and parties as at June 30, 2020 and December 31, 2019 are as follows:

	(Unit : Baht)	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Accrued expenses		
LUKDEE PROPERTY COMPANY LIMITED	<u>111,517</u>	<u>83,729</u>
Total	<u><u>111,517</u></u>	<u><u>83,729</u></u>
Deposits for rental and services		
LUKDEE PROPERTY COMPANY LIMITED	<u>579,800</u>	<u>579,800</u>
SHAREHOLDER	<u>571,700</u>	<u>571,700</u>
Total	<u><u>1,151,500</u></u>	<u><u>1,151,500</u></u>

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#### 4. BUSINESS TRANSACTIONS WITH RELATED PARTIES (CONT'D)

##### 4.3 Revenues and expenses with related parties

Transactions with related parties for the three-month and six-month periods ended June 30, 2020 and 2019 are as follows:

	(Unit : Baht)			
	For the three-month periods		For the six-month periods	
	2020	2019	2020	2019
Office rental and service				
LUKDEE PROPERTY COMPANY LIMITED	797,550	669,000	1,695,100	1,338,000
SHAREHOLDER	797,550	621,000	1,655,100	1,242,000
Total	1,595,100	1,290,000	3,350,200	2,580,000
Utilities service (electricity, water)				
LUKDEE PROPERTY COMPANY LIMITED	252,123	291,187	556,541	553,856
Total	252,123	291,187	556,541	553,856
Consulting fee				
COMPANY'S DIRECTORS	240,000	240,000	480,000	480,000
Total	240,000	240,000	480,000	480,000

#### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at June 30, 2020 and December 31, 2019 are as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Cash	1,425	29,648
Current deposits	29,186	51,619
Savings deposits	13,581,793	1,027,183
Foreign deposits	18,758,919	14,321,191
Total	32,371,323	15,429,641

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )

**6. TRADE AND OTHER CURRENT RECEIVABLES**

Trade and other current receivables as at June 30, 2020 and December 31, 2019 are detailed as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Trade accounts receivable		
Trade accounts receivable - other companies	39,545,103	28,372,326
Total trade accounts receivable	39,545,103	28,372,326
Other current receivables		
Advance payment for goods	9,195,874	5,561,941
Prepaid expenses	2,007,075	4,470,652
Other advance payments	129,578	137,610
Receivable - Revenue Department	6,768,007	4,466,490
Others	111,866	54,996
Total other receivables	18,212,400	14,691,689
Total trade and other current receivables	57,757,503	43,064,015
Allowance for doubtful accounts, beginning of the period	-	-
Increase	-	-
Decrease	-	-
Allowance for doubtful accounts, ending of the period	-	-
Trade and other current receivables – net	57,757,503	43,064,015

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(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )



## 6. TRADE AND OTHER CURRENT RECEIVABLES (CONT'D)

The outstanding trade accounts receivable was separated by aging as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Trade accounts receivable - other companies		
Undue	34,406,855	23,889,293
Overdue		
Less than 30 days	1,850,615	4,483,033
More than 30 days to 60 days	3,287,633	-
Total trade accounts receivable - other companies	39,545,103	28,372,326

## 7. INVENTORIES

Inventories as at June 30, 2020 and December 31, 2019 are detailed as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Raw materials	45,232,323	50,643,492
Work in process	70,169,561	75,872,565
Finished goods	-	14,817
Goods in transit	-	28,252
Goods in process	-	202,130
Total	115,401,884	126,761,256
Allowance for devaluation of goods, beginning of the period	(42,981,426)	(39,055,389)
Increase	-	(6,018,027)
Decrease	1,614,296	2,091,990
Allowance for devaluation of goods, ending of the period	(41,367,130)	(42,981,426)
Inventories - net	74,034,754	83,779,830

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**8. OTHER NON-CURRENT FINANCIAL ASSETS**

Other non-current financial assets as at June 30, 2020 and December 31, 2019 are detailed as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Investment units in Mutual Fund	954,495	221,242
Unrealized gains on changes in value of investment	1,768	1,804
Total	956,263	223,046

**9. OTHER NON-CURRENT FINANCIAL ASSETS**

As at June 30, 2020 and December 31, 2019, the Company used savings deposit at three banks amount of Baht 15.50 million as guarantee against bank overdrafts and short-term borrowings as stated in note 14.

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# 10. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT

Increase and decrease in leasehold building improvement and equipment as at June 30, 2020 are detailed as follows:

	(Unit : Baht)				
	Leasehold building improvement	Office equipment	Office furniture and fixtures	Tools and equipment	Total
As at January 1, 2020					
Cost	9,241,948	8,662,140	4,073,331	58,999,026	80,976,445
<u>Less</u> Accumulated depreciation	(4,241,782)	(6,981,490)	(2,527,093)	(39,902,099)	(53,652,464)
<u>Less</u> Provision for impairment	-	-	-	(3,577,255)	(3,577,255)
Net book value	<u>5,000,166</u>	<u>1,680,650</u>	<u>1,546,238</u>	<u>15,519,672</u>	<u>23,746,726</u>
For the year ended June 30, 2020					
Opening net book amount	5,000,166	1,680,650	1,546,238	15,519,672	23,746,726
Transfer to right-of-use assets	(350,000)	-	-	-	(350,000)
Additions	97,519	730,775	104,855	472,791	1,405,940
Disposal/write off	-	(81,365)	(59,467)	-	(140,832)
Depreciation charge	(413,125)	(544,750)	(213,163)	(1,989,167)	(3,160,205)
Depreciation-write off/terminate	-	81,358	59,464	-	140,822
Loss on impairment	-	-	-	-	-
Closing net book amount	<u>4,334,560</u>	<u>1,866,668</u>	<u>1,437,927</u>	<u>14,003,296</u>	<u>21,642,451</u>
As at June 30, 2020					
Cost	8,989,467	9,311,550	4,118,719	59,471,817	81,891,553
<u>Less</u> Accumulated depreciation	(4,654,907)	(7,444,882)	(2,680,792)	(41,891,266)	(56,671,847)
<u>Less</u> Provision for impairment	-	-	-	(3,577,255)	(3,577,255)
Net book value	<u>4,334,560</u>	<u>1,866,668</u>	<u>1,437,927</u>	<u>14,003,296</u>	<u>21,642,451</u>

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# 10. LEASEHOLD BUILDING IMPROVEMENT AND EQUIPMENT (CONT'D)

Classification of depreciation

	(Unit : Baht)			
	Leasehold	Office		
	building	Office	furniture and	Tools and
	improvement	equipment	fixtures	equipment
				Total
Product design projects	-	-	-	890,757
Cost of sales	-	-	-	1,095,324
Administrative expense	413,125	544,750	213,163	3,086
Total depreciation	413,125	544,750	213,163	1,989,167
				3,160,205

As at June 30, 2020 and December 31 2019, certain item of leasehold building improvement and equipment at cost of Baht 42.65 million and Baht 37.32 million respectively, were fully depreciated but are still in use.

# 11. RIGHT-OF-USE ASSETS

The net book value of right-of-use assets as at June 30, 2020 are presented below.

	(Unit : Baht)
	Total
Book value as at January 1, 2020	-
Additions	17,330,816
Book value as at June 30, 2020	17,330,816
<u>Less</u> Accumulated depreciation	(1,706,315)
Net book value	15,624,501

As at June 30, 2020, right-of-use assets were fully not depreciated.

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## 12. OTHER INTANGIBLE ASSETS

Movements of other intangible assets as at June 30, 2020 are detailed as follows:

	(Unit : Baht)			
	Software	Product development projects		
	programs	Accomplished	Under progress	Total
As at January 1, 2020				
Cost	4,147,363	62,402,715	29,172,574	95,722,652
<u>Less</u> Accumulated amortization	(3,583,532)	(18,763,663)	-	(22,347,195)
<u>Less</u> Provision for impairment	-	(1,350,600)	(4,636,000)	(5,986,600)
Net book value	<u>563,831</u>	<u>42,288,452</u>	<u>24,536,574</u>	<u>67,388,857</u>
For the year ended June 30, 2020				
Closing net book amount	563,831	42,288,452	24,536,574	67,388,857
Transfer depreciation of tools and supplies of				
development project	-	(362,521)	-	(362,521)
Acquisition/development during the year - Cost	163,200	-	11,991,687	12,154,887
Depreciation -tools and equipment of project	-	362,521	528,236	890,757
Project accomplished	-	-	-	-
Amortization charge	(135,296)	(2,227,301)	-	(2,362,597)
Amortization -write off/terminate	-	-	-	-
Loss on impairment	-	(1,830,000)	-	(1,830,000)
Closing net book amount	<u>591,735</u>	<u>38,231,151</u>	<u>37,056,497</u>	<u>75,879,383</u>
As at June 30, 2020				
Cost	4,310,563	62,402,715	41,692,497	108,405,775
<u>Less</u> Accumulated amortization	(3,718,828)	(20,990,964)	-	(24,709,792)
<u>Less</u> Amortization for impairment	-	(3,180,600)	(4,636,000)	(7,816,600)
Net book value	<u>591,735</u>	<u>38,231,151</u>	<u>37,056,497</u>	<u>75,879,383</u>

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## 12. OTHER INTANGIBLE ASSETS (CONT'D)

Classification of depreciation

	(Unit : Baht)			
	Software programs	Product development projects		
		Accomplished	Under progress	Total
Cost of sales	28,556	2,227,301	-	2,255,857
Administrative expense	106,740	-	-	106,740
Total amortization	135,296	2,227,301	-	2,362,597

As at June 30, 2020, total product development projects are 13 projects, which 7 projects were accomplished have been amortized. The other 6 projects are under progress.

## 13. DEFERRED TAX ASSETS

Significant components of deferred tax assets which presented in the financial statements as at June 30, 2020 and December 31, 2019 consist of:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
<b>Deferred tax assets</b>		
Allowance for devaluation of inventories	2,189,552	2,138,340
Estimated dismantlement costs of leasehold building improvement	6,171	-
Employee benefit obligations	3,585,081	3,393,505
Total	5,780,804	5,531,845

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### 13. DEFERRED TAX ASSETS (CONT’N)

Tax expense for the three-month and six-month periods ended June 30, 2020 and 2019 summarized as follows:

	(Unit : Baht)			
	For the three-month periods		For the six-month periods	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Income tax for the period	18,546	208,502	113,397	208,502
<b>Deferred tax:</b>				
Deferred tax arising from temporary differences				
and reversal	(190,106)	(1,324,708)	(248,959)	(1,444,981)
Tax expense (income)	(171,560)	(1,116,206)	(135,562)	(1,236,479)

Amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 can be presented as follows:

	(Unit : Baht)			
	For the three-month periods		For the six-month periods	
	2020	2019	2020	2019
Deferred tax related to profit (loss) on revaluation				
of defined benefit	-	125,339	-	21,453
Income tax recognized in other comprehensive income	-	125,339	-	21,453

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### 13. DEFERRED TAX ASSETS (CONT’N)

Amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended June 30, 2020 and 2019 can be presented as follows:

	(Unit : Baht)			
	For the three-month periods		For the six-month periods	
	2020	2019	2020	2019
Accounting profit before income tax	10,581,913	1,464,864	26,201,957	3,729,796
Income tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
applicable tax rate	2,116,383	292,973	5,240,391	745,959
Tax effects for prohibited expense and income	499	(79,923)	(1,635)	33,089
Income tax exempted under investment				
promotion certificate	(2,288,442)	(1,329,256)	(5,374,318)	(2,015,527)
	(2,287,943)	(1,409,179)	(5,375,953)	(1,982,438)
Tax expense (income) presented in the statement				
of comprehensive income	(171,560)	(1,116,206)	(135,562)	(1,236,479)

### 14. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at June 30, 2020 and December 31, 2019 are detailed as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Trust receipt payable	12,245,393	4,172,675
Total	12,245,393	4,172,675

As at June 30, 2020 and December 31, 2019, the Company has short-term borrowings from three banks amount of Baht 69.50 million guaranteed by fixed deposit as stated in note 9 and the Company’s directors.

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## 15. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at June 30, 2020 and December 31, 2019 are detailed as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Trade accounts payable		
Trade accounts payable	16,161,265	10,764,869
Total	16,161,265	10,764,869
Other current payables- related parties		
Accrued expenses	111,517	83,729
Total	111,517	83,729
Other current payables		
Accrued bonus	6,156,682	10,920,384
Accrued commission	784,758	667,179
Advance received	5,970	305,434
Accrued dividend	13,800,000	-
Accrued expenses	2,738,351	2,861,084
Other current payables	2,363,195	1,874,030
Total	25,848,956	16,628,111
Total trade and other current payables	42,121,738	27,476,709

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# 16. PROVISIONS

(Unit : Baht)

			Estimated costs of products design development project	Provisions from dismantlement of assets	Total
	Warranty	Provision for sales contract			
Balance as at January 1, 2020	297,736	-	4,954,701	350,000	5,602,437
Recognition during year	-	-	-	270,993	270,993
Decrease during year	-	-	(1,585,397)	(350,000)	(1,935,397)
Balance as at June 30, 2020	297,736	-	3,369,304	270,993	3,938,033
Short-term provisions	297,736	-	3,369,304	-	3,667,040
Long-term provisions	-	-	-	270,993	270,993
Balance as at June 30, 2020	297,736	-	3,369,304	270,993	3,938,033

## Warranty

The Company recognized a provision for the expected warranty claims on service based on past experience of the level of software editing by the type of system design service.

## Provision for sales contract

The Company recognizes provisions for outstanding orders at the end of the year in accordance with the sales contract, of which the net realizable value is less than the cost from products design and production. As at June 30, 2020, the Company has fully produced such projects as a reserve for the accrual purchase order, therefore, loss on devaluation of goods was recognized as stated in note 7.

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**16. PROVISIONS (CONT'D)**

Estimated costs of products design development project

The Company recognized the estimated costs of products design development project from quantitative quality measurement, consist of wages and related costs.

Estimated costs of dismantlement of assets

The Company recognized the estimated costs of dismantlement of assets in the future where the agreement is terminated and has commitment to assign premises in part of office building improvement for lease.

**17. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS**

The increase and decrease in non-current provisions for employee benefits as at June 30, 2020 and December 31, 2019 are summarized as follows:

	(Unit : Baht)	
	June 30, 2020	December 31, 2019
Beginning balance	17,806,649	12,292,395
Current service costs	1,002,586	1,536,657
Past service costs	-	4,129,644
Interest costs	163,928	371,183
Gains (losses) on re-measurements of employee benefits	-	(523,230)
Ending balance	18,973,163	17,806,649

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## **18. PROVIDENT FUND**

The Company established a provident fund for all full-time employees in accordance with the Provident Fund Act B.E. 2530 in the year 2010.

The fund is to be contributed by both the employees and the Company on monthly basis at the rate 3%-7% of employee salaries, and will be paid to employees upon termination in accordance with the rules of the Company's provident fund based on the length of service. The Company appointed the fund's manager according to the requirement of the Provident Fund Act B.E. 2530.

For the six-month periods ended June 30, 2020, the Company paid for the contribution in the amount of Baht 1.17 million (as at June 30, 2019: Baht 1.58 million)

## **19. LEGAL RESERVE**

According to the Civil and Commercial Code, the Company has to appropriate profit as a legal reserve at least 5% of net profit deducted by deficit brought forward (if any) until the reserve reach an amount 10% of the capital of the Company. Such legal reserve is not available.

## **20. DIVIDENDS**

On June 4, 2020 at the annual shareholders' general meeting for the year 2020 of the Company, passed the resolution as following:

- A) Certify the interim dividend payment from net profit for the year 2018 in accordance with the resolution of the Board of directors' meeting No. 4/2019 at Baht 0.067 per share, totally Baht 20.10 million which was paid on September 13, 2019.
- B) Certify the interim dividend payment from net profit for the year 2018 in accordance with the resolution of the Board of directors' meeting No. 5/2019 at Baht 0.0375 per share, totally Baht 11.25 million which was paid on November 29, 2019.
- C) Certify the interim dividend payment from net profit for the year 2019 in accordance with the resolution of the Board of directors' meeting No. 2/2020 at Baht 0.023 per share, totally Baht 6.90 million which was paid on May 15, 2020.
- D) Approve dividend payment from net profit for the year 2019 at Baht 0.046 per share, totally Baht 13.80 million and will be paid to the shareholders on July 3, 2020.

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## 21. INVESTMENT PROMOTIONAL PRIVILEGES AND RIGHTS

The Company was granted promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520. The promotional privileges are about design integrated circuit, RFID equipment and continuous products development, totaling in number of three certificates. The first certificate was granted on August 4, 2008, the seconded certificate was granted on September 5, 2013 and the third certificate was granted on January 14, 2016. The first certificate (Corporate income tax exemption privilege) was expired on September 9, 2016 the privileges are as follows:

- 21.1 Exemption from corporate income tax on net profit of the promoted business for a period of 8 years from the first date the income derived from the promoted activities. In case of loss of the business during the tax exemption period, the Company is able to bring an annual loss incurred during such period deducting from the net profits occurred after the expiration of the period of exemption of corporate income tax for a period of not more than five years from the expiry date of such period.
- 21.2 Exemption from computation of taxable income on dividend derived from the promoted activities throughout the period of corporate income tax exemption.
- 21.3 Exemption from import duty for the machinery as approved by the Board throughout the period of corporate income tax exemption.
- 21.4 Permission to exempt import duty of raw material and supplies which are imported for manufacturing and exporting for 1 year since the first date of importing.
- 21.5 Permission to exempt import duty of products which are imported for exporting for 1 year since the first date of importing.
- 21.6 Permission to remit money in foreign currencies outside Thailand.

The Company must comply with certain terms and conditions specified in the promotional certificates.

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## 22. FINANCIAL INFORMATION BY SEGMENT

Segment information is to be presented the management's deciding in the information reporting which is reference to the internal information consistently reported to the chief operating decision maker about the Company's operating information.

22.1 The major operation of the Company operates distribution goods and design of integrated circuits and embedded systems in geographical mostly in overseas. Moreover, revenues from sales in domestic and service are totally less than 10% . The Company, therefore, has not presented financial information by segment.

22.2 Major customers

For the six-month periods ended June 30, 2020, the Company had revenues from 5 major customers in total amount of Baht 97.69 million (as at June 30, 2019: Baht 78.96 million).

## 23. LEASE

The Company entered into leases relating to office building premises, vehicles and office supplies.

### 23.1 Right-of-use assets

The movements of right-of-use assets for the six-month period ended June 30, 2020 are presented below:

	(Unit : Baht)
	June 30, 2020
<b>Net book value as at January 1, 2020</b>	-
Adjustment right-of-use assets from initial adoption TFRS 16	17,330,816
Acquisition – Cost	-
Depreciation	(1,706,315)
<b>Net book value as at June 30, 2020</b>	<b>15,624,501</b>

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## 23. LEASE (CONT'D)

### 23.2 Lease liabilities

Lease liabilities as at June 30, 2020 are detailed as follow:

	(Unit : Baht)
	June 30, 2020
Balance as at January 1, 2020	-
Additions	19,460,700
Payments	(1,809,850)
Lease liabilities	17,650,850
<u>Less:</u> Deferred interest income	(2,132,155)
Total	15,518,695
<u>Less:</u> Current portion	(2,923,866)
Net	12,594,829

## 24. COMMITMENT

### 24.1 Commitment related to products design and production

As at June 30, 2020, the Company has commitment from sales of goods with a counter party under products design and production contract which determined pre-selling price of which the production costs are higher than selling price.

However, as at June 30, 2020, the Company has fully produced such products due to accrual purchase order, therefore, loss on devaluation of goods was recognized as stated in Note 7.

### 24.2 Product order commitments

As at December 31, 2019, the Company has a commitment to order products from a manufacturer in oversea for a period of 5 years from the year 2019 – 2023. The product order is 4 million pieces per annum, totaling 20 million pieces in the amount of USD 0.24 million. However, if in any year the production order is lower than specified in the contract, the Company must pay compensation according to the unit price set for each particular year between USD 8,000 to USD 50,000, totaling USD 160,000.

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## 24. COMMITMENT (CONT'D)

### 24.3 Operating lease and service agreement commitments

The Company entered into operating lease relating to lease of office building.

As at June 30, 2020, future minimum payments required under these non-cancellable operating leases and service contracts were as follows:

	(Unit : Baht)
	June 30, 2020
Payments	
Within 1 year	2,923,866
Over 1 year not exceed 5 years	12,594,829
Total	15,518,695

On January 1, 2020, the Company recognized right-of-use for leases as stated in notes 23.2 to financial statements.

## 25. FINANCIAL INSTRUMENTS

### 25.1 Financial risk management

The Company's financial instruments, as defined under Thai Financial Reporting Standards No. 7 "Financial Instruments: Disclosure", principally comprise cash and cash equivalents, trade and other receivables, investments in Fixed Income Fund, deposits at bank with obligations, short-term borrowings from financial institutions, trade and other current payables, lease liabilities and derivatives. The financial risks associated with these financial instruments and how they are managed is described below:

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## 25. FINANCIAL INSTRUMENTS (CONT'D)

### 25.2 Interest rate risk

The Group's exposure to interest rate risk relate primarily to their deposits at financial institution investments in Fixed Income Fund, deposits at bank with obligations, short-term borrowings from financial institutions and lease liabilities.

The significant financial assets and liabilities as at June 30, 2020 are classified by type of interest rate as follows:

(Unit : Baht)					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<u>Financial assets</u>					
Cash and cash equivalents	5	13,896,481	-	18,474,842	32,371,323
Trade and other current receivables	6	-	-	57,757,503	57,757,503
Other current financial assets					
- Investment in Fixed Income Fund	8	-	-	956,263	956,263
Other non-current financial assets					
- Deposits at bank with obligations	9	16,308,304	-	-	16,308,304
<u>Financial liabilities</u>					
Short-term borrowings from financial					
institutions	14	-	12,245,393	-	12,245,393
Trade and other current payables	15	-	-	42,121,738	42,121,738
Current liabilities					
- Derivative		-	-	1,381,124	1,381,124
Lease liabilities	23.2	15,369,805	148,890	-	15,518,695

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## 25. FINANCIAL INSTRUMENTS (CONT'D)

### 25.2 Interest rate risk (cont'd)

Financial assets and liabilities that carried fixed interest rates can be classified based on the maturity date or the repricing date (if this occurs before the maturity date) from the statements of financial position date as follows:

(Unit : Baht)

Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<u>Financial liabilities</u>					
Short-term borrowings from					
financial institutions	14	12,245,393	-	12,245,393	3.85
Lease liabilities	23.2	37,774	111,116	148,890	7.92

### 25.3 Interest rate risk

Company has exchange rate risk arising from its assets and liabilities denominated in foreign currency as follows:

(Unit : Baht)

				Exchange rate	
	June	December	Foreign	June	December
	30, 2020	31, 2019	currency	30, 2020	31, 2019
				(Baht per foreign currency)	
<u>Assets</u>					
Deposits in foreign currency	462,483	278,128	USD	30.7151	29.9767
	132,638	179,278	EUR	34.3318	33.3775
Trade accounts receivable	1,227,055	810,308	USD	30.7151	29.9767
	54,060	122,297	EUR	34.3318	33.3775
<u>Liabilities</u>					
Trade accounts payable	(301,065)	(96,974)	USD	30.7151	30.3313
Trust receipt payable	(394,176)	-	USD	30.7151	-
Total asset (liabilities) Net	994,297	991,462	USD		
	186,698	301,575	EUR		

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## 25. FINANCIAL INSTRUMENTS (CONT'D)

### 25.4 Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables. The Group's management manages the risk by adopting credit control policies and procedures. In addition, the Group do not have high concentration of credit risk since it has a large and diversified customer base. Therefore, the Group do not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the statements of financial position.

### 25.5 Fair value of financial instruments

The carrying value and fair value of financial assets and financial liabilities as at June 30, 2020 are presented below.

(Unit : Baht)				
As at June 30, 2020				
	Carrying value			Fair value
	Fair value through profit or loss	Amortized cost	Total	
<b>Financial assets</b>				
Cash and cash equivalents	-	32,371,323	32,371,323	32,371,323
Trade and other current receivables	-	57,757,503	57,757,503	57,757,503
Other current financial assets				
- Investments in Fixed Income Fund	956,263	-	956,263	956,263
Other non-current financial assets				
- Deposits at bank with obligations	-	16,308,304	16,308,304	16,308,304
<b>Total financial assets</b>	<b>956,263</b>	<b>106,437,130</b>	<b>107,393,393</b>	<b>107,393,393</b>
<b>Financial liabilities</b>				
Short-term borrowings from financial institutions	-	12,245,393	12,245,393	12,245,393
Trade and other current payables	-	42,121,738	42,121,738	42,121,738
Current financial liabilities				
- Derivatives	1,381,124	-	1,381,124	1,381,124
Lease liabilities	-	15,518,695	15,518,695	15,518,695
<b>Total financial liabilities</b>	<b>1,381,124</b>	<b>69,885,826</b>	<b>71,266,950</b>	<b>71,266,950</b>

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## 25. FINANCIAL INSTRUMENTS (CONT'D)

### 25.5 Fair value of financial instruments (cont'd)

The fair value of financial instruments is estimated on the following criteria.

The fair value of derivative instruments has been calculated by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves, the Company has considered to counter party credit risk when determining the fair value of derivatives.

During the current period, there is no inter-transaction transfer between hierarchy of fair value.

## 26. RECLASSIFICATION

The statements of financial position for the year ended December 31, 2019 have been reclassified for corresponding with the presentation of statements of financial position for the period ended June 30, 2020 as follows:

Description	(Unit : Baht)		
	December 31, 2019		
	As previously	Increased	
	reported	Reclassification	(Decreased)
<b>Statements of financial position</b>			
<b>Assets</b>			
Current investments	223,046	-	(223,046)
Other current financial assets	-	223,046	223,046
Total	223,046	223,046	-

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## 26. RECLASSIFICATION (CONT'D)

(Unit : Baht)			
For the three-month periods ended June 30, 2019			
Description	As previously reported	Reclassification	Increased (Decreased)
<b>Statements of comprehensive income</b>			
Other income	1,531,349	1,507,884	(23,465)
Administrative expenses	(21,953,345)	(21,143,819)	809,526
Other expenses	-	(216,942)	(216,942)
Other gains (losses)	-	(589,912)	(589,912)
Finance income	-	20,793	20,793
Total	(20,421,996)	(20,421,996)	-

(Unit : Baht)			
For the six-month periods ended June 30, 2019			
Description	As previously reported	Reclassification	Increased (Decreased)
<b>Statements of comprehensive income</b>			
Other income	1,835,290	1,763,858	(71,432)
Administrative expenses	(43,199,070)	(41,902,422)	1,296,648
Other expenses	-	(882,827)	(882,827)
Other gains (losses)	-	(408,573)	(408,573)
Finance income	-	66,184	66,184
Total	(41,363,780)	(41,363,780)	-

## 27. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's directors on August 13, 2020.

(Sign) ..... Authorized director

(Mr. Manop Dhamsirianunt and Mr. Naiyavudhi Wongkomet )