

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Masterkool International Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position as at June 30, 2020 and the related consolidated and separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2020, changes in shareholders' equity and cash flows for the six-month period then ended, and the condensed notes to financial statements of Masterkool International Public Company Limited and its subsidiary and of Masterkool International Public Company Limited. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my reviews in accordance with Thai Standard on Review Engagements 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 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.

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 34 "Interim Financial Reporting".

SP Audit Company Limited

(Miss Chuenta Chommern)

Certified Public Accountant (Thailand) No. 7570

Bangkok

August 14, 2020

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		Unaudited	Audited Reclassified	Unaudited	Audited Reclassified
<u>Assets</u>					
Current assets					
Cash and cash equivalents		35,708,770.38	35,013,570.19	24,796,781.38	22,380,122.04
Trade and other current receivables - related parties	6.1, 7	5,116,640.26	4,647,488.13	11,337,009.39	12,643,473.27
Trade and other current receivables - third parties	8	236,071,703.09	95,794,366.04	214,788,023.57	73,351,996.60
Current portion of receivables of finance lease	14	73,601.76	156,850.60	-	22,687.93
Contract assets	9	1,129,197.59	2,511,021.68	-	13,333.33
Inventories	10	135,697,615.77	198,322,477.69	133,254,852.37	196,153,849.77
Other current financial assets	11	569,623.30	-	569,623.30	-
Total current assets		414,367,152.15	336,445,774.33	384,746,290.01	304,565,462.94
Non-current assets					
Deposits at financial institutions pledged as collateral	12	73,750,000.00	73,750,000.00	72,750,000.00	72,750,000.00
Investment in subsidiary	13	-	-	30,255,410.25	30,255,410.25
Receivables of finance lease	14	-	14,518.26	-	-
Property, plant and equipment	15	45,848,372.18	55,997,767.77	34,452,428.94	46,153,794.02
Right-of-use assets	16	22,405,572.43	-	21,424,747.71	-
Intangible assets	17	3,413,323.08	3,706,612.04	3,236,588.95	3,492,837.86
Revenue Department receivable		3,902,480.25	3,902,480.25	3,902,480.25	3,902,480.25
Other non-current assets		7,135,333.69	8,071,610.65	6,878,344.80	6,702,344.80
Total non-current assets		156,455,081.63	145,442,988.97	172,900,000.90	163,256,867.18
Total assets		570,822,233.78	481,888,763.30	557,646,290.91	467,822,330.12

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

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		Unaudited	Audited Reclassified	Unaudited	Audited Reclassified
<u>Liabilities and Shareholders' Equity</u>					
Current Liabilities					
Bank overdrafts and short-term loan from					
financial institutions	18	182,614,389.65	150,352,572.54	182,614,389.65	150,352,572.54
Trade and other current payables - related parties	6.1	-	-	21,583.33	891,330.16
Trade and other current payables - third parties	19	112,850,165.42	71,202,039.38	107,516,966.79	64,006,658.00
Contract liabilities	20	3,140,012.28	36,635,956.24	2,793,185.78	36,036,968.54
Revenue Department payable		414,341.63	279,529.78	47,210.80	1,346.96
Current portion of liabilities of finance lease	21	9,437,906.62	2,347,676.31	8,939,164.14	2,347,676.31
Provision for warranty	24	6,225,199.61	5,658,825.42	5,464,178.96	4,893,267.79
Accrued income tax payable		91,766.66	91,766.66	-	-
Total current liabilities		314,773,781.87	266,568,366.33	307,396,679.45	258,529,820.30
Non - current liabilities					
Lease liabilities	21	11,228,821.50	2,352,314.46	10,666,265.97	2,352,314.46
Deferred tax liabilities	22	849,696.38	813,786.81	-	-
Employee benefit obligations	23	16,113,452.95	15,026,485.89	14,699,983.27	13,702,404.81
Long-term provision for warranty	24	-	31,147.76	-	-
Total non - current liabilities		28,191,970.83	18,223,734.92	25,366,249.24	16,054,719.27
Total liabilities		342,965,752.70	284,792,101.25	332,762,928.69	274,584,539.57

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

Masterkool International Public Company Limited and Subsidiary

Statement of Financial Position

As at June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		Unaudited	Audited Reclassified	Unaudited	Audited Reclassified
Shareholders' equity					
Share capital	25				
Authorised share capital					
576,000,000 ordinary shares of Baht 0.25 each		144,000,000.00	144,000,000.00	144,000,000.00	144,000,000.00
Issued and paid up share capital					
480,000,000 ordinary shares of Baht 0.25 each		120,000,000.00	120,000,000.00	120,000,000.00	120,000,000.00
Premium on ordinary shares		183,030,332.93	183,030,332.93	183,030,332.93	183,030,332.93
Surplus on share-based payment transactions		3,063,936.73	3,063,936.73	3,063,936.73	3,063,936.73
Retained earnings (Deficits)					
Appropriated - legal reserve		8,256,778.85	8,256,778.85	8,256,778.85	8,256,778.85
Unappropriated		(86,494,567.43)	(117,254,386.46)	(89,467,686.29)	(121,113,257.96)
Total shareholders' equity		227,856,481.08	197,096,662.05	224,883,362.22	193,237,790.55
Total liabilities and shareholders' equity		570,822,233.78	481,888,763.30	557,646,290.91	467,822,330.12

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

Masterkool International Public Company Limited and Subsidiary

Statement of Comprehensive Income

For the three-month period ended June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2020	2019	2020	2019
			Reclassified		Reclassified
Revenues					
Revenues from sales		288,430,875.98	254,791,681.21	285,437,834.20	252,710,616.04
Revenues from services		19,230,106.76	26,860,567.89	9,669,372.47	14,930,105.41
Gain on exchange rate		7,271,121.27	4,674,973.62	7,253,597.28	4,610,433.63
Other income		518,832.99	1,473,942.83	1,457,448.46	844,333.76
Total revenues		315,450,937.00	287,801,165.55	303,818,252.41	273,095,488.84
Expenses					
Costs of sales		208,067,162.51	160,584,564.74	207,184,442.89	160,361,382.20
Cost of services		10,126,590.44	15,310,880.07	2,567,659.40	6,164,808.08
Cost of distribution		37,562,610.62	46,337,044.26	36,202,122.37	44,765,742.85
Administrative expenses		12,260,371.74	16,343,538.20	10,007,201.39	14,297,239.51
Finance cost		2,243,980.46	2,858,879.41	2,228,018.88	2,938,879.41
Total expenses		270,260,715.77	241,434,906.68	258,189,444.93	228,528,052.05
Profit before income tax expense		45,190,221.23	46,366,258.87	45,628,807.48	44,567,436.79
Income tax expense		(156,606.48)	(755,284.16)	-	-
Profit for the period		45,033,614.75	45,610,974.71	45,628,807.48	44,567,436.79
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		45,033,614.75	45,610,974.71	45,628,807.48	44,567,436.79
Basic earnings per share	27	0.09	0.10	0.10	0.09
Number of share (Unit : share)		480,000,000	480,000,000	480,000,000	480,000,000

Unaudited

Masterkool International Public Company Limited and Subsidiary
Statements of Comprehensive Income
For the six-month period ended June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2020	2019	2020	2019
			Reclassification		Reclassification
Revenues					
Revenues from sales		530,105,289.27	429,578,987.84	525,290,371.18	424,439,067.09
Revenues from services		50,084,445.49	49,866,169.62	31,371,511.98	30,201,143.84
Gain on exchange rate		-	5,741,895.65	-	5,641,206.79
Other income		841,292.26	3,268,470.74	2,731,315.74	2,472,637.22
Total revenues		581,031,027.02	488,455,523.85	559,393,198.90	462,754,054.94
Expenses					
Costs of sales		418,079,182.74	306,154,869.96	417,525,425.17	305,391,225.93
Costs of services		27,087,585.84	26,124,228.38	12,563,743.11	10,636,094.02
Cost of distribution		65,617,928.56	74,185,626.62	63,044,433.54	71,819,306.07
Administrative expenses		29,384,270.82	33,372,488.04	25,806,302.85	29,182,970.70
Loss from excahrge rate		1,586,031.06	-	1,503,339.45	-
Finance cost		5,336,017.12	6,021,709.29	5,308,554.67	6,200,339.44
Total expenses		547,091,016.14	445,858,922.29	525,751,798.79	423,229,936.16
Profit before income tax expense		33,940,010.88	42,596,601.56	33,641,400.11	39,524,118.78
Income tax expense	26	(298,657.98)	(847,133.51)	-	(22,413.08)
Profit for the period		33,641,352.90	41,749,468.05	33,641,400.11	39,501,705.70
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		33,641,352.90	41,749,468.05	33,641,400.11	39,501,705.70
Basic earnings per share					
Basic earnings per share	27	0.07	0.09	0.07	0.08
Number of share (Unit : share)		480,000,000	480,000,000	480,000,000	480,000,000

Unaudited

Masterkool International Public Company Limited and Subsidiary
Consolidated Statements of Changes in Shareholders' Equity
For the six-month period ended June 30, 2020

(Unit : Baht)

	Notes	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reserve	Unappropriated	
Balance as at January 1, 2020 (as previously reported)		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(117,254,386.46)	197,096,662.05
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard	5.1	-	-	-	-	(2,881,533.87)	(2,881,533.87)
Balance as at January 1, 2020 (as restated)		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(120,135,920.33)	194,215,128.18
Change in equity for period							
Total comprehensive income for the period		-	-	-	-	33,641,352.90	33,641,352.90
Balance as at June 30, 2020		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(86,494,567.43)	227,856,481.08
Balance as at January 1, 2020		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(146,123,941.70)	168,227,106.81
Change in equity for period							
Total comprehensive income for the period		-	-	-	-	41,749,468.05	41,749,468.05
Balance as at June 30, 2019		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(104,374,473.65)	209,976,574.86

Unaudited

Masterkool International Public Company Limited and Subsidiary

Separate Financial Statements

For the six-month period ended June 30, 2020

(Unit : Baht)

	Notes	Issued and paid-up share capital	Share premium	Surplus on share-based payment transactions	Retained earnings (deficits)		Total
					Legal reserve	Unappropriated	
Balance as at January 1, 2020 (as previously reported)		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(121,113,257.96)	193,237,790.55
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard	5.1	-	-	-	-	(1,995,828.44)	(1,995,828.44)
Balance as at January 1, 2020 (as restated)		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(123,109,086.40)	191,241,962.11
Change in equity for period							
Total comprehensive income for the period		-	-	-	-	33,641,400.11	33,641,400.11
Balance as at June 30, 2020		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(89,467,686.29)	224,883,362.22
Balance as at January 1, 2020		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(142,314,832.60)	172,036,215.91
Change in equity for period							
Total comprehensive income for the period		-	-	-	-	39,501,705.70	39,501,705.70
Balance as at June 30, 2019		120,000,000.00	183,030,332.93	3,063,936.73	8,256,778.85	(102,813,126.90)	211,537,921.61

Unaudited

Masterkool International Public Company Limited and Subsidiary

Statement of Cash Flows

For the six-month period ended June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2020	2019	2020	2019
			Reclassified		Reclassified
Cash flows from operating activities					
Profit before income tax expense		33,940,010.88	42,596,601.56	33,641,400.11	39,524,118.78
Adjustments to reconcile profit before income tax expense for cash provided by (used in) operating activities					
Depreciation and amortisation		12,455,326.64	11,507,394.72	11,168,908.87	11,030,168.14
Loss for expected credit loss (reverse)		4,353,607.41	(227,522.72)	2,981,543.67	(227,522.72)
Unrealised gain from exchange rates		(5,177,443.84)	(3,612,341.67)	(5,177,443.94)	(3,612,341.67)
Unrealised gain from other current financial assets		(5,360.33)	-	(5,360.33)	-
Loss on write-off of property, plant and equipment		123,336.58	21,263.98	122,382.18	18,588.58
Gain from disposals of property, plant and equipment		(191,267.99)	(194,510.14)	(191,267.99)	(194,510.14)
Loss on replacement of assets		107,241.67	-	-	-
Reversal loss for diminutions of inventories		(1,109,524.34)	(20,939,009.25)	(969,540.20)	(20,966,445.97)
Employee benefit obligations		1,086,967.06	764,874.35	997,578.46	702,113.11
Provision for after sale expense		535,226.43	641,900.52	570,911.17	913,650.52
Interest income		(546,989.97)	(1,003,784.82)	(344,139.45)	(43,792.03)
Interest expenses		5,336,017.12	6,021,709.29	5,308,554.67	6,200,339.44
Profit from operating activities before changes in operating assets and liabilities		50,907,147.33	35,576,575.82	48,103,527.22	33,344,366.04
(Increase) decrease in trade and other current receivables - related parties		(619,565.21)	(732,781.28)	1,108,476.85	3,296,269.09
Increase in trade and other current receivables - third parties		(145,362,585.39)	(154,407,601.05)	(145,480,246.14)	(139,797,382.60)
Decrease in finance lease receivables		97,767.10	2,352,644.70	22,687.93	44,286.14
Decrease in contract assets		1,381,824.09	50,060.99	13,333.33	107,060.49
Decrease in inventories		62,072,966.40	66,688,047.20	62,373,288.74	66,143,843.41
Increase in costs to fulfill a contract		-	(981,855.11)	-	-
(Increase) decrease in other non-current assets		(71,121.83)	132,847.21	-	132,847.21
Decrease in trade and other current payables - related parties		-	-	(869,746.83)	(195,903.77)
Increase in trade and other current payables - third parties		43,620,090.98	75,037,829.63	45,692,644.10	74,396,676.36
Decrease in contract liabilities		(33,495,943.96)	(3,245,218.41)	(33,243,782.76)	(3,749,568.40)
Increase (decrease) in Revenue Department payable		134,811.85	(716,193.03)	45,863.84	(523,075.13)
Cash generated from operation		(21,334,608.64)	19,754,356.67	(22,233,953.72)	33,199,418.84
Cash received from interest		390,495.04	772,134.89	96,669.64	165,159.36
Cash paid for income tax		(1,139,378.58)	(1,247,805.14)	(704,740.12)	(921,208.78)
Net cash provided by (used in) Operating Activities		(22,083,492.18)	19,278,686.42	(22,842,024.20)	32,443,369.42

Unaudited

Masterkool International Public Company Limited and Subsidiary

Statement of Cash Flows

For the six-month period ended June 30, 2020

(Unit : Baht)

	Notes	Consolidated		Separate financial statement	
		2020	2019	2020	2019
			Reclassified		Reclassified
Cash Flow from Investing Activities					
Increase in other current financial assets		(564,262.97)	-	(564,262.97)	-
Cash paid for purchase of property, plant and equipment		(3,037,424.78)	(12,904,798.08)	(730,766.94)	(11,133,340.23)
Cash paid for right-of-use-assets		(284,683.74)	-	(284,683.74)	-
Cash received from disposals of property, plant and equipment		232,011.09	325,626.59	232,011.09	325,626.59
Cash paid for purchase of intangible assets		(231,000.00)	(7,900.00)	(231,000.00)	(7,900.00)
Net cash used in Investing Activities		(3,885,360.40)	(12,587,071.49)	(1,578,702.56)	(10,815,613.64)
Cash Flows from Financing Activities					
Increase in bank overdrafts and short - term loans from financial institutions		35,252,437.51	1,430,101.95	35,252,437.51	1,430,101.95
Cash paid for short-term loan from related parties		-	(10,000,000.00)	-	(18,000,000.00)
Cash paid for obligation under finance leases		(3,266,699.87)	(1,441,673.49)	(3,120,828.99)	(1,441,673.49)
Repayment of interest-obligation under finance lease		(375,521.13)	(107,851.85)	(348,058.68)	(107,851.85)
Cash paid for interest		(4,946,163.74)	(6,545,967.55)	(4,946,163.74)	(6,789,392.49)
Net Cash provided by (used in) Financing Activities		26,664,052.77	(16,665,390.94)	26,837,386.10	(24,908,815.88)
Net decrease in Cash and Cash Equivalent		695,200.19	(9,973,776.01)	2,416,659.34	(3,281,060.10)
Cash and Cash Equivalents at the beginning of the period		35,013,570.19	27,016,861.67	22,380,122.04	11,791,449.19
Cash and Cash Equivalents at the ending of the period	26.1	35,708,770.38	17,043,085.66	24,796,781.38	8,510,389.09

Unaudited

MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONDENSED NOTES TO FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 (UNAUDITED)

1. General information

Masterkool International Public Company Limited (“the Company”) is a public limited company and is incorporated in Thailand. The Company is listed on The Market for Alternative Investment (MAI). The address of the Company’s registered office is 22 Soi 2 Thetsaban Rangsan Nuea Road, Latyao, Chatuchak Bangkok. The Company has administrative office branch as follows :

- The 1st office branch is 184 Moo 10, Nawanghin, Panusnikhom, Chonburi
- The 2nd office branch is 12/16-17 & 20 Thesabansongkro Rd., Ladyao, Chatuchak, Bangkok
- The 3rd office branch is 259/14 Soi Vibhavadi 40 (Patcharapa) Talat Bang Khen, Lak Si, Bangkok
- The 4th office branch is 39 Moo 6, Klongneung, Klongluang, Pathumthani
- The 5th office branch is 795 Pracharat 1 Rd., Bang Sue, Bang Sue, Bangkok

The principal activities of the Company and subsidiary (“the Group”) involve supply, sale and service of cooling products such as evaporative air cooler, misting fans industrial fans and ozone generator and sale and service for ozone system and provide general-renovation and repairment service.

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. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation of interim financial statements

These interim consolidated and separate financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Account Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of Capital Market Supervisory Board. The primary financial statements (i.e. statement of financial position, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows) are prepared in the full format as required by Capital Market Supervisory Board. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 34 "Interim Financial Reporting" and additional notes are presented as required by Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The interim consolidated and separate financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2019. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2019.

The interim consolidated and separate financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The Federation of Accounting Profession (TFAC) has notified to apply the new financial reporting standards and the revised some exiting financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2020.

TFRS No. 1 First-time Adoption of International Financial Reporting Standards

TFRS No. 3 Business Combinations

TFRS No. 7 Financial Instruments : Disclosures

TFRS No. 9 Financial Instruments

TFRS No. 11 Joint Arrangements

TFRS No. 16 Leases

TAS No. 12 Income Taxes

TAS No. 19 Employee Benefits

TAS No. 23 Borrowing Costs

TAS No. 28 Investments in Associates and Joint Ventures

TAS No. 32 Financial Instruments : Presentation

TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation

TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments

TFRIC No. 23 Uncertainty over Income Tax Treatments

Guide on Accounting : Financial Instruments and Disclosures for Insurance Business

Guide on Accounting : Exemption for Business Combination under Common Control in case of First-time Adoption of International Financial Reporting Standards

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period except the implementation of TFRS No.9 Financial Instruments and TFRS No.16 Leases as described in notes to financial statement no.5.

The Federation of Accounting Professions announced Accounting Guidance for Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. 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 Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, Impairment of Assets.

3. Principles of interim consolidation financial statement

The interim consolidated financial statements as at June 30, 2020 and December 31, 2019 have been prepared by including the financial statements of Masterkool International Public Company Limited and its subsidiary after eliminate the significant related party balances and transactions. The Company holds directly and indirectly shares at the percentage of :-

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Incorporated in</u>	<u>Percentage of shareholding</u>	
			<u>2020</u>	<u>2019</u>
Innov Green Solutions Co., Ltd.	Sale and service for ozone system	Thailand	100.00	100.00

The financial statements of the subsidiary are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

4. Accounting policies

Accounting policies and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2019, except the change in accounting policy as mentioned in the note to financial statement no. 5.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

5. Change in accounting policy

5.1 Accounting for financial instruments

From January 1, 2020 onward, the Group applied TFRS No.9 Financial Instruments which replaces TAS No. 101 Doubtful Accounts and Bad Debts, TAS No. 104 Accountings for Troubled Debt Restructurings (revised 2016), TAS No. 105 Accountings for Investments in Debt and Equity Securities (revised 2016), TAS No. 106 Accountings for Investments Entities, TSIC Transfers of Assets from Customers, Guide on Accounting for De-recognition of financial assets and financial liabilities and Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or. The financial reporting standard stipulates the accounting treatments on the classification and measurement of financial assets and financial liabilities, the loss allowance for expected credit loss and the hedge accounting.

The Group elects to apply this Standard by recognition the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application on the transition for classification and measurement of financial assets and financial liabilities and the loss allowance for expected credit loss.

The change of accounting policy has impacted on the statement of financial position as at January 1,2020 as follows :-

	(Unit : Baht)	
	As at January 1, 2020	
	Consolidated	Separate financial statement
Decrease in trade receivable	(2,099,214.56)	(1,995,828.44)
Decreases in other current receivable	(739,819.31)	-
Decreases in guarantee payment	(42,500.00)	-
Decreases in retained earning	2,881,533.87	1,995,828.44

The measurement categories and carrying amounts of financial assets and financial liabilities determined in accordance with the previous accounting standard and the new financial reporting standard are as follows:

(Unit : Baht)

Consolidated statement of financial position			
	Previous accounting principles	New (IFRS 9)	
	(TAS 105)	The measurement categories	The carrying amounts
	The carrying amounts December 31, 2019		January 1, 2020
<u>Financial assets</u>			
Cash and cash equivalents	38,013,570.19	Amortized cost	38,013,570.19
Trade receivables	81,953,797.17	Amortized cost	79,854,582.61
Other current receivables	9,673,706.06	Amortized cost	8,933,886.75
Contract assets	2,511,021.68	Amortized cost	2,511,021.68
Deposits at financial institutions pledged as collateral	70,750,000.00	Amortized cost	70,750,000.00
Guarantee payment	1,524,782.99	Amortized cost	1,482,282.99
<u>Financial liabilities</u>			
Bank overdrafts and short-term loan from financial institutions	150,352,572.54	Amortized cost	150,352,572.54
Trade payables	53,669,640.15	Amortized cost	53,669,640.15
Other current payables	23,729,852.11	Amortized cost	23,729,852.11
Contract liabilities	36,635,956.24	Amortized cost	36,635,956.24

(Unit : Baht)

Separate statement of financial position			
	Previous accounting principles	New (IFRS 9)	
	(TAS 105)	The measurement categories	The carrying amounts
	The carrying amounts December 31, 2019		January 1, 2020
<u>Financial assets</u>			
Cash and cash equivalents	25,380,122.04	Amortized cost	25,380,122.04
Trade receivables	76,505,392.97	Amortized cost	74,509,564.53
Other current receivables	666,670.36	Amortized cost	666,670.36
Contract assets	13,333.33	Amortized cost	13,333.33
Deposits at financial institutions pledged as collateral	69,750,000.00	Amortized cost	69,750,000.00
Guarantee payment	1,316,100.00	Amortized cost	1,316,100.00
<u>Financial liabilities</u>			
Bank overdrafts and short-term loan from financial institutions	150,352,572.54	Amortized cost	150,352,572.54
Trade payables	42,779,771.06	Amortized cost	42,779,771.06
Other current payables	20,565,948.79	Amortized cost	20,565,948.79
Contract liabilities	36,036,968.54	Amortized cost	36,036,968.54

The reconciliation of the allowance for doubtful accounts and impairment allowance as at December 31, 2019, determined in accordance with the previous accounting standard to the allowances for expected credit loss as at January 1, 2020, determined in accordance with the new financial reporting standard, are as follows:

(Unit : Baht)

	Consolidated statement of financial position			Separate statement of financial position		
	Allowance for doubtful accounts / impairment allowance		Allowance for expected credit loss	Allowance for doubtful accounts / impairment allowance		Loss allowance
	As at December 31, 2019	Increase (decrease)	As at January 1, 2020	As at December 31, 2019	Increase (decrease)	As at January 1, 2020
Trade receivables	(12,811,566.90)	(2,099,214.56)	(14,910,781.46)	(12,709,407.61)	(1,995,828.44)	(14,705,236.05)
Other current receivables	-	(739,819.31)	(739,819.31)	-	-	-
Guarantee payment	-	(42,500.00)	(42,500.00)	-	-	-

5.2 Accounting for leases

From January 1, 2020 onward, the Group applied TFRS No.16 Leases which replaces TAS No. 17 Leases (revised 2018), TSIC No. 15 Operating Leases - Incentives (revised 2018), TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018) and TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018). The financial reporting standard requires that a lessee recognizes an asset and a liability for all leases except for short-term leases (leases of 12 months or less) and leases for which the underlying asset is of low value. The lessee shall recognize a right-of-use asset and a lease liability and shall measure the right-of-use asset at cost and the lease liability at the present value of the lease payments that are not paid at that date. And the lessee shall subsequently measure the right-of-use asset by applying the cost model, the fair value model or the revaluation model and the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made. The previous accounting treatment requires that the lessee classified leases as either finance leases or operating leases and account for those two types of leases differently. However, the substantial requirement on leases accounting for a lessor does not change. Thus, the lessor will continue to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Group elects to apply retrospectively with the cumulative effect of initially applying this financial reporting standard recognized at the date of initial application to all of its leases in which the Group is a lessee by recognition the cumulative effect of initially applying this financial reporting standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Moreover, the Group elects to recognize a lease liability measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate at the date of initial application and to recognize a right-of-use asset measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application in accordance with the transition provision of this financial reporting standard.

The change of accounting policy has impacted on the statement of financial position as at January 1, 2020 as follows :-

	(Unit : Baht)	
	Consolidated	Separate financial statement
	As at	As at
	January 1, 2020	January 1, 2020
(Decrease) in property, plant and equipment	(9,289,245.52)	(9,289,245.52)
Increase in right-of-use assets	27,749,628.16	26,542,459.27
(Increase) in lease liabilities	(18,460,382.64)	(17,253,213.75)

The difference between the operating lease commitments as at December 31, 2019 and the lease liabilities as at January 1, 2020 consists of:-

	(Unit : Baht)	
	Consolidated	Separate financial statement
Operating lease commitments as at December 31, 2019	20,029,631.56	18,725,631.56
Discounting the operating lease commitments *	(1,569,248.92)	(1,472,417.81)
Lease liabilities as at January 1, 2020 which were previously recognized as operating lease agreements	18,460,382.64	17,253,213.75
Financial lease liabilities previously recognized as at December 31, 2019	4,699,990.77	4,699,990.77
Lease liabilities as at January 1, 2020	23,160,373.41	21,953,204.52

* The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 6.00 %

6. Related party transactions

As at June 30, 2020, Veeraman family is a major shareholder, holding 25.72% (December 31, 2019 : 25.64%) of the share capital of the Company. Transactions related to companies in which the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related persons and companies for the three-month and six-month period ended June 30, 2020 and 2019 as follows:

6.1 Inter-assets and liabilities

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
(Unit : Baht)				
Trade receivables				
- Innov Green Solutions Co., Ltd.	-	-	5,144,443.08	6,872,485.21
- Site Preparation Management Co., Ltd.	11,235.00	112,760.00	11,235.00	112,760.00
- Actdee Co., Ltd.	5,255,818.34	4,522,539.10	5,255,818.34	4,522,539.03
- Let Co.,Ltd.	-	12,189.03	-	12,189.03
Total	5,267,053.34	4,647,488.13	10,411,496.42	11,519,973.27
<u>Less</u> Allowance for expected credit loss	(150,413.08)	-	(197,987.03)	-
Net	5,116,640.26	4,647,488.13	10,213,509.39	11,519,973.27
Other current receivables				
- Innov Green Solutions Co., Ltd.	-	-	1,123,500.00	1,123,500.00
Total	-	-	1,123,500.00	1,123,500.00
Total trade and other current receivables	5,116,640.26	4,647,488.13	11,337,009.39	12,643,473.27
Account payables				
- Innov Green Solutions Co., Ltd.	-	-	-	860,280.00
Contract liabilities				
- Innov Green Solutions Co., Ltd.	-	-	21,583.33	31,050.16
Total trade and other current payables	-	-	21,583.33	891,330.16
Short-term loans from related parties				
- Innov Green Solutions Co., Ltd.				
Beginning balance	-	-	-	8,000,000.00
Addition during the period	-	-	-	-
Repayment during the period	-	-	-	(8,000,000.00)
Ending balance	-	-	-	-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Short-term loans from related parties (continued)				
- Director				
Beginning balance	-	10,000,000.00	-	10,000,000.00
Addition during the period	-	-	-	-
Repayment during the period	-	(10,000,000.00)	-	(10,000,000.00)
Ending balance	-	-	-	-
Total	-	-	-	-

As at December 31, 2019, short - term loans from related parties are promissory note endure for a period 6 months, bear interest 6.50% and 5.00% per annum respectively. As at December 31, 2019, the Company has already paid the whole amount of the loan.

6.2 Inter-revenue and expenses

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the three-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales of goods				
- Innov Green Solutions Co., Ltd.	-	-	4,640,010.97	6,383,187.11
- Site Preparation Management Co., Ltd.	10,500.00	-	10,500.00	-
- Actdee Co., Ltd.	3,616,007.72	4,232,105.71	3,616,007.72	4,232,105.71
Total	3,626,507.72	4,232,105.71	8,266,518.69	10,615,292.82
Service income				
- Innov Green Solutions Co., Ltd.	-	-	228,553.25	58,786.66
Other income				
- Innov Green Solutions Co., Ltd.	-	-	1,205,300.00	1,050,000.00
Costs of sales				
- Actdee Co., Ltd.	-	2,698,188.49	-	2,698,188.49
Rental and service fee				
- Innov Green Solutions Co., Ltd.	-	-	-	445,745.00

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the three-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expense				
- Innov Green Solutions Co., Ltd.	-	-	-	80,000.00

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Sales of goods				
- Innov Green Solutions Co., Ltd.	-	-	9,972,906.98	10,473,258.62
- Site Preparation Management Co., Ltd.	10,500.00	84,000.00	10,500.00	84,000.00
- Actdee Co., Ltd.	4,944,411.36	7,275,739.65	4,944,411.36	7,275,739.65
Total	4,954,911.36	7,359,739.65	14,927,818.34	17,832,998.27

Service income

- Innov Green Solutions Co., Ltd.	-	-	366,763.09	76,066.66
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Other income

- Innov Green Solutions Co., Ltd.	-	-	2,255,300.00	2,286,531.35
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Costs of sales

- Actdee Co., Ltd.	-	4,911,923.66	-	4,911,923.66
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Rental and service fee

- Innov Green Solutions Co., Ltd.	-	-	415,788.90	1,210,300.00
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Service expense

- Innov Green Solutions Co., Ltd.	-	-	-	28,540.00
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Interest expense

- Innov Green Solutions Co., Ltd.	-	-	-	178,630.15
- Director	-	160,273.97	-	160,273.97
Total	-	160,273.97	-	338,904.12

Disposal assets

- Innov Green Solutions Co., Ltd.	-	-	100.00	1,671.90
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6.3 Management benefit expenses

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the three-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	4,212,377.86	4,094,708.76	3,253,677.86	3,306,108.76
Post-employment benefits	405,938.37	90,919.67	375,245.15	75,884.12
Total	4,618,316.23	4,185,628.43	3,628,923.01	3,381,992.88

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	8,299,706.89	6,980,108.76	6,410,306.89	5,605,308.76
Post-employment benefits	610,054.60	186,448.10	548,668.16	156,377.00
Total	8,909,761.49	7,166,556.86	6,958,975.05	5,761,685.76

6.4 Pricing policies

<u>Trading transactions</u>	<u>Policy of pricing</u>
Revenues from sales and services	Price approximate price charge to third party
Interest income	Rate approximate rate charge to Financial institutions
Other income	Contract price
Purchase of goods	Price approximate price charge to third party
Purchase of fixed assets	Price approximate price charge to third party
Rental service cost	Price approximate price charge to third party
Management fees	Cost plus margin
Advertising and sale promotion expenses	Price approximate price charge to third party
Consumables cost	Price approximate price charge to third party
Finance costs	Contract price (5.00% and 6.50% p.a.)

6.5 Obligation

As at June 30, 2020 and December 31, 2019, the Company has performed contract of management services to a subsidiary for 1 years. The subsidiary constitutes obligation commitment that has to repay service fee by Baht 350,000.00 per month.

6.6 Relationship

<u>Company</u>	<u>Relationship</u>
Innov Green Solutions Co., Ltd.	Subsidiary
Let Co., Ltd.	Relative of Shareholder & Director
Site Preparation Management Co., Ltd.	Co-Shareholder & Co-director
Actdee Co., Ltd.	Relative of Shareholder & Director
Mr. Noppachai Weeraman	Shareholder & director
Mr. Fung Meng Hoi	Shareholder & director

7. Trade and other current receivable - related parties

Outstanding trade receivable - related parties can be aged as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Trade receivables				
Within credit term	1,974,077.10	1,076,558.29	7,118,520.18	7,949,043.43
Overdue 1 month to 3 months	2,728,019.59	1,090,324.34	2,728,019.59	1,090,324.34
Overdue 3 months to 6 months	396,779.47	2,480,605.50	396,779.47	2,480,605.50
Overdue 6 months to 12 months	168,177.18	-	168,177.18	-
Overdue over 12 months	-	-	-	-
Total	5,267,053.34	4,647,488.13	10,411,496.42	11,519,973.27
Less Allowance for expected credit loss	(150,413.08)	-	(197,987.03)	-
Net	5,116,640.26	4,647,488.13	10,213,509.39	11,519,973.27
Other receivable	-	-	1,123,500.00	1,123,500.00
Total trade and other current receivables	5,116,640.26	4,647,488.13	11,337,009.39	12,643,473.27

The movement of allowance for expected credit loss other current receivables - related parties for the six-month period ended June 30, 2020 is as follows :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening balance	-	-
Effect from the change of accounting policies (note 5.1)	(209,054.68)	(209,054.68)
Allowance increased during the period	-	-
Collected during the period	58,641.60	11,067.65
Ending balance	<u>(150,413.08)</u>	<u>(197,987.03)</u>

8. Trade and other current receivable - third parties

Consisted of:-

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Post dated cheques	8,632,210.64	305,315.79	8,632,210.64	116,732.08
Trade receivables	208,695,898.76	88,952,280.22	193,584,439.04	76,454,595.23
Total	217,328,109.40	89,257,596.01	202,216,649.68	76,571,327.31
<u>Less</u> Allowance for expected credit loss	(10,253,535.09)	(12,811,566.90)	(8,160,356.97)	(12,709,407.61)
Net	207,074,574.31	76,446,029.11	194,056,292.71	63,861,919.70
Other receivables	6,033,144.72	8,056,504.11	702,715.69	472,684.24
Prepaid expense	2,495,698.17	1,428,085.97	1,068,256.72	1,022,233.22
Undue input vat	634,301.78	1,818,306.02	391,304.08	1,545,916.63
Deposit payments	16,831,733.97	5,317,313.06	16,831,733.97	5,317,313.06
Retention receivables	791,239.78	1,423,411.10	-	-
Withholding tax receivables	876,434.89	-	704,740.12	-
Advance payments	1,884,142.36	1,446,778.85	1,412,882.17	1,273,991.93
Total	29,546,695.67	19,490,399.11	21,111,632.75	9,632,139.08
<u>Less</u> Allowance for expected credit loss	(549,566.89)	(142,062.18)	(379,901.89)	(142,062.18)
Net	28,997,128.78	19,348,336.93	20,731,730.86	9,490,076.90
Total trade and other current receivables	<u>236,071,703.09</u>	<u>95,794,366.04</u>	<u>214,788,023.57</u>	<u>73,351,996.60</u>

Outstanding trade receivable - third parties can be aged as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Within credit term	111,486,481.99	34,479,607.37	106,137,760.12	25,506,090.01
Overdue 1 month to 3 months	91,086,302.08	22,395,462.14	83,746,607.10	20,366,539.06
Overdue 3 months to 6 months	7,560,568.90	19,398,513.63	6,026,003.40	17,816,844.66
Overdue 6 months to 12 months	4,311,909.79	544,744.32	3,423,432.42	544,744.32
Overdue over 12 months	2,882,846.64	12,439,268.55	2,882,846.64	12,337,109.26
Total	217,328,109.40	89,257,596.01	202,216,649.68	76,571,327.31
<u>Less</u> Allowance for expected credit loss	(10,253,535.09)	(12,811,566.90)	(8,160,356.97)	(12,709,407.61)
Net	207,074,574.31	76,446,029.11	194,056,292.71	63,861,919.70

The movement of allowance for expected credit loss - other current receivables third parties for the six-month period ended June 30, 2020 is as follows :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
	Opening balance	(12,811,566.90)
Effect from the change of accounting policies (note 5.1)	(1,890,159.88)	(1,786,773.76)
Allowance increased during the period	(4,942,143.61)	(2,952,351.61)
Write-off during the period	9,189,335.30	9,087,176.01
Collected during the period	201,000.00	201,000.00
Ending balance	(10,253,535.09)	(8,160,356.97)

The movement of allowance for expected credit loss - other current receivables third parties for the six-month period ended June 30, 2020 is as follows :-

	(Unit: Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
	Beginning balance	(142,062.18)
Effect from the change of accounting policies (note 5.1)	(739,819.31)	-
Additions during the period	(256,437.31)	(256,437.31)
Collect during the period	588,751.91	18,597.60
Ending balance	(549,566.89)	(379,901.89)

9. Contract Assets

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Accrued service income	1,129,197.59	2,511,021.68	-	13,333.33

10. Inventories

Consisted of:-

(Unit : Baht)

	Consolidated					
	As at					
	June 30, 2020			December 31, 2019		
	Cost	Allowance for diminution in value of inventories	Net	Cost	Allowance for diminution in value of inventories	Net
Finished goods	116,654,577.32	(15,140,795.32)	101,513,782.00	169,245,702.25	(16,487,212.03)	152,758,490.22
Raw materials	31,203,042.42	(9,090,558.00)	22,112,484.42	27,245,829.87	(8,853,665.63)	18,392,164.24
Goods in transit	12,071,349.35	-	12,071,349.35	27,171,823.23	-	27,171,823.23
Total	159,928,969.09	(24,231,353.32)	135,697,615.77	223,663,355.35	(25,340,877.66)	198,322,477.69

(Unit : Baht)

	Separate financial statement					
	As at					
	June 30, 2020			December 31, 2019		
	Cost	Allowance for diminution in value of inventories	Net	Cost	Allowance for diminution in value of inventories	Net
Finished goods	114,430,091.81	(14,778,322.79)	99,651,769.02	166,574,617.66	(15,984,755.36)	150,589,862.30
Raw materials	30,800,789.15	(9,090,558.00)	21,710,231.15	27,245,829.87	(8,853,665.63)	18,392,164.24
Goods in transit	11,892,852.20	-	11,892,852.20	27,171,823.23	-	27,171,823.23
Total	157,123,733.16	(23,868,880.79)	133,254,852.37	220,992,270.76	(24,838,420.99)	196,153,849.77

The movement of allowance for diminutions in value of inventories for the six-month period ended June 30, 2020 is as follows :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Beginning balance	(25,340,877.66)	(24,838,420.99)
Additional during the period	(3,436,162.71)	(3,436,162.71)
Reversal during the period	4,545,687.05	4,405,702.91
Ending balance	<u>(24,231,353.32)</u>	<u>(23,868,880.79)</u>

For the three-month period ended June 30, 2020, the costs of inventories recognized as expenses are Baht 212.61 million in the consolidated and Baht 211.59 million in separate financial statement (For the three-month period ended June 30, 2019 : Baht 184.00 million in the consolidated and Baht 183.80 million in separate financial statement).

For the six-month period ended June 30, 2020, the costs of inventories recognized as expenses are Baht 419.59 million in the consolidated and Baht 418.94 million in separate financial statement (For the six-month period ended June 30, 2019 : Baht 285.06 million in the consolidated and Baht 326.26 million in separate financial statement).

For the six-month period ended June 30, 2020, the Group have reversed allowance for diminutions in the value of inventories in amount of Baht 4.55 and Baht 4.41 million in the consolidated and separate financial statement respectively (For the six-month period ended June 30, 2019 : Baht 23.44 million in the consolidated and separate financial statement).

As at June 30, 2020, some inventories with the carrying amount of Baht 27.54 million in the consolidated and Baht 26.11 million in the separate financial statement (December 31, 2019 : Baht 32.28 million in the consolidated and Baht 32.10 million in the separate financial statement).

11. Other current financial assets

Consisted of:-

		(Unit : Baht)	
		Consolidated /	
		Separate financial statement	
		As at	
		<u>June 30, 2020</u>	<u>December 31, 2019</u>
Financial assets measured at fair value through to profit or loss			
Unit trust		569,623.30	-
	Total	569,623.30	-
		569,623.30	-

The movement of unit trust for the six-month period ended June 30, 2020 is as follows :-

		(Unit : Baht)	
		Consolidated /	
		Separate financial statement	
Beginning book value			-
Purchase during the period			47,400,000.00
Disposal during the period			(46,835,737.03)
Changes in fair value of unit trust			5,360.33
Ending book value			569,623.30

12. Deposits at financial institutions pledged as collateral

As at June 30, 2020 and December 31, 2019, the restricted bank deposits are fixed deposit used to guarantee credit and obligation with commercial bank as mentioned in the note to financial statement 18 and 29.

13. Investments in subsidiary

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiary in the separate financial statement can be summarized as follows :-

<u>Name of subsidiary</u>	Paid-up capital ('000 Baht)		Investment portion (%)		Cost method ('000 Baht)		Dividends ('000 Baht)	
	As at							
	June 30, <u>2020</u>	December 31, <u>2019</u>	June 30, <u>2020</u>	December 31, <u>2019</u>	June 30, <u>2020</u>	December 31, <u>2019</u>	June 30, <u>2020</u>	December 31, <u>2019</u>
<u>Subsidiary don't having non-controlling interests</u>								
Innov Green Solutions Co., Ltd.	30,000	30,000	100	100	30,255	30,255	-	-
Total					<u>30,255</u>	<u>30,255</u>	<u>-</u>	<u>-</u>

14. Finance lease receivables

Consisted of:-

	(Unit : Baht)					
	Consolidated					
	As at					
	June 30, 2020			December 31, 2019		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Finance lease receivable	73,601.76	-	73,601.76	156,850.60	14,518.26	171,368.86
<u>Less</u> Allowance for expected credit loss	-	-	-	-	-	-
Net	<u>73,601.76</u>	<u>-</u>	<u>73,601.76</u>	<u>156,850.60</u>	<u>14,518.26</u>	<u>171,368.86</u>

	(Unit : Baht)					
	Separate financial statement					
	As at					
	June 30, 2020			December 31, 2019		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Finance lease receivable	-	-	-	22,687.93	-	22,687.93
<u>Less</u> Allowance for expected credit loss	-	-	-	-	-	-
Net	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,687.93</u>	<u>-</u>	<u>22,687.93</u>

The maturity analysis of the lease payments receivable is as follows:

	Consolidated			Separate financial statement		
	As at June 30, 2020					
	Finance lease receivables	Unearned finance income	Net	Finance lease receivables	Unearned finance income	Net
Year 1	78,957.75	(5,355.99)	73,601.76	-	-	-
Total	<u>78,957.75</u>	<u>(5,355.99)</u>	<u>73,601.76</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unit : Baht)

	Consolidated			Separate financial statement		
	As at December 31, 2019					
	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>	Finance lease <u>receivables</u>	Unearned finance <u>income</u>	<u>Net</u>
Year 1	185,479.94	(28,629.34)	156,850.60	41,823.44	(19,135.51)	22,687.93
Year 2	14,697.64	(179.38)	14,518.26	-	-	-
Total	200,177.58	(28,808.72)	171,368.86	41,823.44	(19,135.51)	22,687.93

As at June 30, 2020, the Group performs the contract of long term financial leased with customer so as to lease goods by number of 1 contracts (December 31, 2019 : several customers and number of 9 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 7,348.82 per month (December 31, 2019 : from Baht 7,348.82 - 96,117.31 per month). The leased period is carried from 3 years (December 31, 2019 : from 2 - 7 years). In addition, ownership of such goods will be transferred to ownership of the customers when the Group receives the payments of final installment in accordance with the leased contract.

15. Property, plant and equipment

The movement of property, plant and equipment for the six-month period June 30, 2020 is as follows :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening net book value	55,997,767.77	46,153,794.02
Effect from the change of accounting policies (note 5.2)	(9,289,245.52)	(9,289,245.52)
Adjusted net book value at the beginning of the period	46,708,522.25	36,864,548.50
Purchase	4,915,414.91	2,257,215.80
Provision for decommissioning costs of building	25,000.00	-
Transfer in ownership of rights in asset	2,348,134.11	2,348,134.11
Disposal	(40,743.10)	(40,743.10)
Write off	(123,336.58)	(122,382.18)
Replacement	(107,241.67)	-
Depreciation charge for the period	(7,877,377.74)	(6,854,344.19)
Transfer in	10,940.30	10,940.30
Transfer out	(10,940.30)	(10,940.30)
Ending net book value	45,848,372.18	34,452,428.94

As at June 30, 2020, certain plant and equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 31.24 millions (December 31, 2019 : Baht 27.43 million).

As at June 30, 2020, the Group has pledged the land plus property and equipment in original cost of Baht 3.07 million (December 31, 2019 : Baht 3.19 million) to guarantee against credit facility of the Company that receives from a commercial bank in amount of Baht 282.50 million.

16. Right-of-use assets

The movement of right-of-use assets for the six-month period June 30, 2020 is as follows :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening net book value	-	-
Effect from the change of accounting policies (note 5.2)	27,749,628.16	26,542,459.27
Adjusted net book value at the beginning of the period	27,749,628.16	26,542,459.27
Increase	1,057,738.32	1,057,738.32
Transfer out to assets	(2,348,134.11)	(2,348,134.11)
Depreciation charge for the period	(4,053,659.94)	(3,827,315.77)
Ending net book value	22,405,572.43	21,424,747.71

17. Intangible assets

The movement of intangible assets for the six-month period ended June 30, 2020 is as follow :-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening net book value	3,706,612.04	3,492,837.86
Purchase	231,000.00	231,000.00
Transfer in	29,700.00	29,700.00
Transfer out	(29,700.00)	(29,700.00)
Amortization charge for the period	(524,288.96)	(487,248.91)
Ending net book value	3,413,323.08	3,236,588.95

As at June 30, 2020, certain intangible assets items of the Group have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those assets amounted to Baht 6.63 million (December 31, 2019 : Baht 6.47 million).

18. Bank overdraft and Short-term loans from financial institutions

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Bank overdraft	-	33,105,757.64	-	33,105,757.64
Short-term loans	78,912,383.57	40,095,145.68	78,912,383.57	40,095,145.68
Trust receipt payable	103,702,006.08	77,151,669.22	103,702,006.08	77,151,669.22
Total	182,614,389.65	150,352,572.54	182,614,389.65	150,352,572.54

As at June 30, 2020, and December 31, 2019, the Group held bank overdraft and short – term loans from financial institutions amounting of Baht 424.00 million Interest rate is MLR, MLR – 1.00%, MOR, MOR – 1.50% per annum

Such the line of bank overdrafts and short-term borrowings from financial institutions are secured by bank deposits described in Note 12 to the financial statements, land and buildings described in Note 15.

19. Trade and other current payable - third parties

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Trade payables	46,470,642.37	45,508,957.57	43,927,313.50	41,919,491.06
Asset payable	1,832,067.04	4,517,957.01	1,646,696.77	2,658,232.78
Accrued expenses	61,272,894.33	19,752,998.82	58,894,473.95	18,427,819.73
Undue output vat	533,173.92	651,631.31	448,761.94	528,265.29
Other payables	2,741,387.76	770,494.67	2,599,720.63	472,849.14
Total	112,850,165.42	71,202,039.38	107,516,966.79	64,006,658.00

20. Contract liabilities

Consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Advance receipt from sale of goods	1,464,042.51	1,938,854.06	1,341,164.63	1,728,814.98
Advance receipt from service income	1,675,969.77	34,532,102.18	1,452,021.15	34,308,153.56
Advance receipt from construction contract	-	165,000.00	-	-
Total	3,140,012.28	36,635,956.24	2,793,185.78	36,036,968.54

21. Lease liabilities

Change of lease liabilities for the six-month period ended June 30, 2020 is as follows :

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening balance as previously reported	4,699,990.77	4,699,990.77
Effect from the change of accounting policies (note 5.2)	18,460,382.64	17,253,213.75
Opening balance as restated	23,160,373.41	21,953,204.52
Additions during the period	773,054.58	773,054.58
Repayment during the period	(3,266,699.87)	(3,120,828.99)
Ending balance	20,666,728.12	19,605,430.11

The maturity analysis of lease liabilities is as follows:-

	(Unit : Baht)					
	Consolidated financial statement					
	As at June 30, 2020			As at December 31, 2019		
	Lease liabilities	Deferred lease charges	Net	Lease liabilities	Deferred lease charges	Net
Not later than 1 year	10,541,824.32	(1,103,917.70)	9,437,906.62	2,546,229.96	(198,553.65)	2,347,676.31
Later than 1 year but not later than 5 years	11,728,251.28	(499,429.78)	11,228,821.50	2,470,908.33	(118,593.87)	2,352,314.46
Later than 5 year	-	-	-	-	-	-
Total	22,270,075.60	(1,603,347.48)	20,666,728.12	5,017,138.29	(317,147.52)	4,699,990.77

(Unit : Baht)

	Separate financial statement					
	As at June 30, 2020			As at December 31, 2019		
	Lease liabilities	Deferred lease charges	Net	Lease liabilities	Deferred lease charges	Net
Not later than 1 year	9,995,157.65	(1,055,993.51)	8,939,164.14	2,546,229.96	(198,553.65)	2,347,676.31
Later than 1 year but not later than 5 years	11,144,251.28	(477,985.31)	10,666,265.97	2,470,908.33	(118,593.87)	2,352,314.46
Later than 5 year	-	-	-	-	-	-
Total	21,139,408.93	(1,533,978.82)	19,605,430.11	5,017,138.29	(317,147.52)	4,699,990.77

As at June 30, 2020, the Group has entered into the contract of long term leases with several lessor companies so as to lease vehicles by number of 9 contracts air-conditioning by number of 1 contract and building and warehouse by number of 5 contract. (December 31, 2019 : vehicles by number of 15 contracts and air-conditioning by number of 1 contract) The leased contracts determine leased fee repayment as monthly installment from Baht 8,468.00 to Baht 352,000.00 per month. (December 31, 2019 : Baht 8,481.00 to Baht 90,282.00 per month) The leased period is carried from 2 years to 4 years. (December 31, 2019 : 2 years to 4 years) Such leased contract comprises the Group directors as guarantors.

22. Deferred tax assets/liabilities

Changed of deferred tax assets and liabilities for the six-month period ended June 30, 2020 is as follows:-

	(Unit : Baht)		
	January 1, 2020	Consolidated Recognized in profit or loss	June 30, 2020
Property, plant and equipment	(1,358,867.30)	(21,414.83)	(1,380,282.13)
Trade receivable	20,431.86	-	20,431.86
Inventories	100,491.33	(27,996.83)	72,494.50
Right-of-use assets	-	2,761.32	2,761.32
Provision for warranty	159,341.08	(7,136.95)	152,204.13
Employee benefit obligation	264,816.22	17,877.72	282,693.94
Total	(813,786.81)	(35,909.57)	(849,696.38)

The Group offsets the deferred tax assets and the deferred tax liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	-	-	-	-
- Deferred tax liabilities	(849,696.38)	(813,786.81)	-	-
Total	(849,696.38)	(813,786.81)	-	-

The deferred tax asset is not recognized in the statement of financial position; consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Unused tax losses				
- Expire in next 1 year	-	-	-	-
- Expire in next 2-12 years	20,472,796.39	15,296,142.75	20,472,796.39	15,296,142.75
Temporary differences	18,140,316.13	16,623,135.80	17,785,270.05	16,619,334.01
Total	38,613,112.52	31,919,278.55	38,258,066.44	31,915,476.76

23. Employee benefit obligation

Change in the present value of the employee benefit obligation for the six-month period ended June 30, 2020 is as follows :-

(Unit : Baht)

	Separate	
	<u>Consolidated</u>	<u>financial statement</u>
Opening balance	15,026,485.89	13,702,404.81
Current service cost	952,580.04	875,836.42
Interest cost	134,387.02	121,742.04
Ending balance	16,113,452.95	14,699,983.27

24. Provision for warranty

The movement of provision for warranty for the six-month period ended on June 30, 2020 is as follows:-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening net book value	5,689,973.18	4,893,267.79
Increase during the period	4,455,501.69	4,192,761.99
Utilized during the period	-	-
Unused amount reversed during the period	(3,920,275.26)	(3,621,850.82)
Ending net book value	<u>6,225,199.61</u>	<u>5,464,178.96</u>

Provision consists of:-

	Consolidated		Separate financial statement	
	As at			
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Current	6,225,199.61	5,658,825.42	5,464,178.96	4,893,267.79
Non-current	-	31,147.76	-	-
Total	<u>6,225,199.61</u>	<u>5,689,973.18</u>	<u>5,464,178.96</u>	<u>4,893,267.79</u>

25. Share capital

The movement of share capital for the six-month period ended June 30, 2020 is as follows :-

	Number of share (Unit : share)	Amount (Unit : Baht)
Registered share capital (Baht 0.25 per share)		
As at January 1, 2020	576,000,000	144,000,000.00
Increment during the period	-	-
As at June 30, 2020	576,000,000	144,000,000.00
	Number of share (Unit : share)	Amount (Unit : Baht)
Paid-up share capital (Baht 0.25 per share)		
As at January 1, 2020	480,000,000	120,000,000.00
Increment during the period	-	-
As at June 30, 2020	480,000,000	120,000,000.00

26. Income tax expense

The income tax expenses recognized in profit for the six-month period ended June 30, 2020 and 2019 are as follow:

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current tax expense	262,748.41	488,191.28	-	-
Expense deferred tax expense relating to the origination and reversal of temporary differences	35,909.57	358,942.23	-	22,413.08
Total income tax expense recognized in profit or loss	298,657.98	847,133.51	-	22,413.08

The relationship between income tax expense and accounting profit for the six-month period ended June 30, 2020 and 2019, are as follow :-

	Consolidated		Separate financial statement	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit	33,940,010.88	42,596,601.56	33,641,400.11	39,524,118.78
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	6,788,002.18	8,519,320.31	6,728,280.02	7,904,823.75
Temporary difference not recognized as a deferred tax asset	1,517,180.33	1,137,468.60	1,165,936.04	1,034,992.97
Previous temporary difference not recognized as a deferred tax asset	(307,938.90)	(4,300,467.18)	(193,908.04)	(4,246,117.18)
Expenses that are not deductible in determining taxation profit	6,037.22	203,541.10	4,314.83	41,442.86
Expenses that are deductible at greater amount in determining taxation profit	-	(34,388.20)	-	(34,388.20)
Loss carried forward before the periods not recognized as a deferred tax asset	(7,704,622.85)	(4,678,341.12)	(7,704,622.85)	(4,678,341.12)
Income tax expense	298,657.98	847,133.51	-	22,413.08
Tax rate			<u>2020</u>	<u>2019</u>
- The Company and subsidiary				
- Profit of non-BOI business			20%	20%
- Profit of BOI business				
- Exemption from taxation			-	-
- Reduction of tax 50%			10%	10%

27. Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the periods attributable to shareholders by the (excluding other comprehensive income) weighted average number of ordinary shares in issue during the periods.

28. Supplemental disclosures of cash flow information

28.1 Cash and cash equivalents consist of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	881,041.69	986,715.56	857,164.04	981,723.56
Cash deposits-Saving accounts	2,015,392.93	5,083,052.92	1,764,886.09	2,188,375.78
Cash deposits-Current accounts	29,529,193.26	8,314,817.74	18,943,133.38	2,724,048.42
Fixed deposits	3,283,142.50	2,658,499.44	3,231,597.87	2,616,241.33
Total	35,708,770.38	17,043,085.66	24,796,781.38	8,510,389.09

28.2 Non-cash items :-

(Unit : Baht)

	Consolidated		Separate financial statements	
	For the six-month period ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Purchase equipment but not yet paid	216,570.27	3,525,265.13	31,200.00	1,851,553.24
Transfer from equipment to right of used	9,289,245.52	-	9,289,245.52	-
Transfer from right of used to equipment	2,348,134.11	-	2,348,134.11	-
Assets from leases	773,054.58	3,020,031.45	773,054.58	3,020,031.45
Transfer from other current receivable to non current assets	176,000.00	-	176,000.00	-
Transfer from non current assets to other current receivable	1,141,094.05	-	-	-
Transfer from inventory to equipment	1,661,419.86	-	1,495,248.86	-
Provision for decommissioning costs of building	25,000.00	-	-	-

29. Credit line of financial institutions

(Unit: Million Baht)

	Consolidated					
	As at					
	June 30, 2020			December 31, 2019		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	8.10	(0.30)	7.80	8.10	(0.52)	7.58
Credit line of bank overdraft	46.10	-	46.10	46.10	(33.11)	12.99
Credit line of short-term loans	424.00	(182.61)	241.39	424.00	(117.25)	306.75
Credit line of long-term loans	0.30	-	0.30	0.30	-	0.30
Credit line of forward contracts	350.00	(53.64)	296.36	350.00	-	350.00
	828.50	(236.55)	591.95	828.50	(150.88)	677.62

(Unit: Million Baht)

Separate financial statement

As at

	June 30, 2020			December 31, 2019		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	7.10	(0.11)	6.99	7.10	(0.11)	6.99
Credit line of bank overdraft	46.10	-	46.10	46.10	(33.11)	12.99
Credit line of short-term loans	420.00	(182.61)	237.39	420.00	(117.25)	302.75
Credit line of long-term loans	0.30	-	0.30	0.30	-	0.30
Credit line of forward contracts	350.00	(53.64)	296.36	350.00	-	350.00
	<u>823.50</u>	<u>(236.36)</u>	<u>587.14</u>	<u>823.50</u>	<u>(150.47)</u>	<u>673.03</u>

The Group pledged the land plus property, as mentioned in the notes to financial statements No. 15, and bank deposit to financial statements No. 12, as collaterals against the said credit facilities.

30. Operating segments

The Group identified the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment in the form of type of business operated. The Group has two operating segments which consist of the sale of products segment and the service of products segment.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses and finance cost.

The segment operation for the three-month period ended June 30, 2020 and 2019 are as follows :-

	(Unit: Million Baht)					
	Sale of Products		Service		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net outsider sales	288.43	254.79	19.23	26.86	307.66	281.65
Gross profit	80.36	94.21	9.10	11.55	89.46	105.76
Gain on exchange rate					7.27	4.68
Other income					0.52	1.47
Cost of distribution					(37.56)	(46.34)
Administrative expenses					(12.26)	(16.34)
Finance cost					(2.24)	(2.86)
Profit before income tax expenses					45.19	46.37

The reconciliations of each segment total assets to the Group's assets and other material items.

	(Unit: Million Baht)							
	Sale of Products		Service		Central		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Depreciation	1.78	2.05	1.07	0.89	2.77	1.62	5.62	4.56
Amortization	-	-	-	-	0.26	0.36	0.26	0.36

For the three-month period ended June 30, 2020, the Group has the revenue from sale of goods to 2 major customers in the amount of Baht 127.58 million earned from sale of products segment. (For the three-month period ended June 30, 2019 : 2 major customers in the amount of Baht 113.72 million earned from sale of products segment).

Geographical segment information for the three-month period ended June 30, 2020 and 2019 are as follows:-

	(Unit: Million Baht)					
	Consolidated					
	For the three-month period ended June 30,					
	Thailand		China		Total	
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Revenues from external customers	207.23	240.91	100.43	40.75	307.66	281.65
Non-current assets (excluding financial instruments and deferred tax assets.)	146.59	126.55	9.87	15.89	156.46	142.44

The segment operation for the six-month period ended June 30, 2020 and 2019 are as follows :-

	(Unit: Million Baht)					
	Sale of Products		Service		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net outsider sales	530.11	429.58	50.08	49.87	580.19	479.45
Gross profit	112.03	123.42	23.00	23.74	135.03	147.16
Gain on exchange rate					-	5.74
Other income					0.84	3.27
Cost of distribution					(65.62)	(74.18)
Administrative expenses					(29.38)	(33.37)
Loss from exchange rate					(1.59)	-
Finance cost					(5.34)	(6.02)
Profit before income tax expenses					33.94	42.60

The reconciliations of each segment total assets to the Group's assets and other material items.

	(Unit: Million Baht)							
	Sale of Products		Service		Central		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Depreciation	3.85	6.08	2.55	1.54	5.55	3.17	11.95	10.79
Amortization	-	-	-	-	0.52	0.72	0.52	0.72

For the six-month period ended June 30, 2020, the Group has the revenue from sale of goods to 2 major customers in the amount of Baht 271.57 million earned from sale of products segment. (For the six-month period ended June 30, 2019 : 1 major customers in the amount of Baht 105.51 million earned from sale of products segment).

Geographical segment information for the six-month period ended June 30, 2020 and 2019 are as follows:-

	(Unit : Million Baht)					
	Consolidated					
	For the six-month period ended June 30,					
	Thailand		China		Total	
<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Revenues from external customers	324.20	355.51	255.99	123.94	580.19	479.45
Non-current assets (excluding financial instruments and deferred tax assets.)	146.59	126.55	9.87	15.89	156.46	142.44

31. Revenue

The relationship between the revenue information disclosed for each reportable segment and the revenue derived from transfer of goods and services over time and a point in time for the three-month and six-month period ended on June 30, 2020 and 2019 are as follows:

(Unit: Million Baht)

	Segment operation					
	For the three-month period ended June 30,					
	Sale		Service		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue from external customers	288.43	254.79	19.23	26.86	307.66	281.65
Revenue about geographic area						
- Thailand	188.00	214.05	19.23	26.86	207.23	240.91
- China	100.43	40.74	-	-	100.43	40.74
Total	288.43	254.79	19.23	26.86	307.66	281.65
Revenue recognized when a performance obligation						
- satisfied at a point in time	288.43	254.79	-	-	288.43	254.79
- satisfied over time	-	-	19.23	26.86	19.23	26.86
Total	288.43	254.79	19.23	26.86	307.66	281.65

(Unit: Million Baht)

	Segment operation					
	For the six-month period ended June 30,					
	Sale		Service		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenue from external customers	530.11	429.58	50.08	49.87	580.19	479.45
Revenue about geographic areas						
- Thailand	274.12	305.64	50.08	49.87	324.20	355.51
- China	255.99	123.94	-	-	255.99	123.94
Total	530.11	429.58	50.08	49.87	580.19	479.45
Revenue recognized when a performance obligation						
- satisfied at a point in time	530.11	429.58	-	-	530.11	429.58
- satisfied over time	-	-	50.08	49.87	50.08	49.87
Total	530.11	429.58	50.08	49.87	580.19	479.45

32. Fair value Measurement

Information on assets and liabilities of the Group measured the fair value in the statement of financial position as at June 30, 2020 and December 31, 2019, are as follows:

(Unit : Million Baht)

<u>Assets and liabilities</u>	Fair value		Fair value hierarchy	<u>Valuations techniques</u>
	June 30, 2020	December 31, 2019		
Foreign currency forward contract (Note No. 33.3)	(1.201)	-	Level 2	Calculated by the value declared by the financial institution.
Investment in unit trust (Note No. 11)	0.005	-	Level 2	NAV of investment in units trust at the end of the reporting period

33. Commitments and contingent liabilities

33.1 As at June 30, 2020, the Company has commitments relating to letters of credit which has been withdrawn in amount of USD 0.05 million

33.2 As at June 30, 2020, and December 31, 2019, the Group constitutes contingent liability from issuance of guarantee letter of the bank by amount of Baht 0.52 million in consolidated and amount of Baht 0.11 million in Separated financial statement.

33.3 As at June 30, 2020, The Group has performed the forward foreign currencies contract in amount of USD 1.70 million which holds the contract life not exceeding one year.

33.4 The Company entered into a distributor agreement with a foreign company for a period of 11 years expiring in December 2022. The Company is authorized to sell the products of cooling machines business EVAP 70 and EVAP 35 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.

33.5 The Company entered into a distributor agreement with a foreign company as the same a No. 33.4 for 2 contracts for period of 11 years expiring in December 2023. The Company is authorized to sell the products of cooling machines business EVAP 03 and EVAP 20 in the country around the world save except some country as specified in the agreement. Under the agreement, the Company is committed to achieve certain distributor's sales goals as specified in the agreements.

- 33.6 The Company entered into an OEM agreement with a foreign company to manufacture the evaporative fan model MIK-25EXN for the contractual period of 11 years. The agreement term will be expired in 2025.
- 33.7 As at June 30, 2020 and December 31, 2019, the Group has obligation from engaging services that provided by several outside parties for the period of 1 year. The Group has obligation to pay the service fees at Baht 10,000.00 - 95,000.00 per month.
- 33.8 The Group has obligation from hiring outside parties as procurement agent for merchandises from People's Republic Of China. The contractual term commenced in November 2018 and the term will be expired when both parties mutually agreed to end the agreement. The Group have the obligation to pay RMB 5,883.00 per month.
- 33.9 The Company enter into OEM agreement and distributor agreement with a foreign company into two contracts for the product and sell the cooling fan model MIK-02EX and evaporative fan and built-in heating system model MIK-08EX which the contract period commenced in August 2018. The Company was authorized to be a distribution for such products around the world, except some
- 33.10 The Company enter into OEM agreement and distributor agreement with a foreign company into one contracts for the product and sell the cooling fan model MIX-06EX, The contract term commenced in 2019. The Company was authorized to be a distribution for such products around the world, except some.

34. Reclassification of accounting transactions

Some transactions in statement of financial position as at December 31,2019, and comprehensive income for the three-month and six-month period ended June 30, 2019, are newly reclassified so as to comply with reflection in statement of position as at June 30, 2020, and statement comprehensive income for the three-month and six-month period ended June 30, 2020, which can be summarized as follows:

		(Unit : Baht)	
		As at December 31, 2019	
<u>Transactions which formerly presented</u>	<u>Reclassified</u>	<u>Consolidated</u>	<u>Separated financial statement</u>
Cash and cash equivalents	Deposits at financial institutions pledged as collateral	3,000,000.00	3,000,000.00
		(Unit : Baht)	
		For the three-month period ended June 30, 2019	
<u>Transactions which formerly presented</u>	<u>Reclassified</u>	<u>Consolidated Statement of Comprehensive Income</u>	<u>Separate Statement of Comprehensive Income</u>
Costs of sales	Cost of services	94,390.52	94,390.52
Cost of distribution	Cost of services	584,039.50	-

		(Unit : Baht)	
		For the six-month period ended June 30, 2019	
		Consolidated	Separate
Transactions which <u>formerly presented</u>	<u>Reclassified</u>	Statement of <u>Comprehensive Income</u>	Statement of <u>Comprehensive Income</u>
Costs of sales	Cost of services	106,839.75	106,839.75
Cost of services	Costs of sales	262,000.00	-
Cost of distribution	Cost of services	1,391,471.50	-

35. Employee joint investment program

Details of the first program employee joint investment program (project 1) is as follows:

Approved by	: In accordance with Meeting of The Board of Directors No. 7/2016
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Employees contribute 3 percent of their monthly base salary and the Group additionally contribute 3 percent of employees' monthly base salary
Program management	: TISCO Asset Management Company Limited

Details of the second employee joint investment program (project 2) for executive directors is as follows:

Approved by	: In accordance with The annual ordinary general meeting of shareholders of 2017
Duration of the scheme	: 4 years, from February 1, 2017 to January 31, 2021
Detail of contributions	: Directors contribute 3 percent and the Group additionally contribute 3 percent of their monthly base salary.
Program management	: TISCO Asset Management Company Limited

For the six-month period ended June 30, 2020, the Group contributed the joint investment program for employee and executive directors in the amount of Baht 0.06 million (For the six-month period ended June 30, 2019 : Baht 0.36 million).

36. Subsequent Event

The Annual General Meeting of Shareholders no.1/2020 teleconferences through an electronic device (E-AGM) with held on July 9, 2020. The meeting approved as the following details.

- To consider and approve the reduction of the registered capital of the Company in the amount of 24,000,000.00 Baht from the original registered capital of 144,000,000 baht to be the registered capital 120,000,000.00 Baht by cutting out the ordinary shares that have not been issued number of 96,000,000 shares at par value of 0.25 baht per share due to legal expiration. And amendment to Clause 4 of the Company's Memorandum of Association in order to be consistent with the said capital reduction

- To consider and approve the registered share capital increase, amend for Section 4 of the Company's memorandum of association to correspond with the registered share capital increase and allotment under the general mandate. The allocation will be via Private Placement and Right Offering.

- To consider and approve for The Employee Joint Investment Program (EJIP : Employee Joint Investment Program) A period of 4 years and the company has appointed TISCO Securities Company Limited is the implementation of a project.

37. Approval of interim financial statements

These interim consolidated and separated financial statements were authorized for issue by the Company's board of directors on August 14, 2020.
