



TWZ
CORPORATION
ANNUAL
REPORT

2019

รายงานประจำปี 2562

บริษัท ทีดับบลิวแซด คอร์ปอเรชั่น จำกัด (มหาชน)
TWZ CORPORATION PUBLIC COMPANY LIMITED



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Message from Chairman

Dear Respected Shareholders

As we well known that the growth of communication technology today is rapidly changing. Especially the speed of data transfer in 5G technology at speeds of up to 1,000Mbps. There is also the ability to respond or latency to the command in different devices without delay or easy to understand simply, the latency is very low that it is almost Realtime. This technology allowing to be used to develop improve and progress for many Industrial without limiting and able to remote control perfectly, But the big issue of the new technology will be not supported with so many of the currently devices. We must have change dramatically to operate with the 5G system. After the end of the spectrum auction every operator have to accelerating operate to turn on the new system for their members as soon as possible.

Under the wireless new technology network of the 5G system will create a variety of devices that can work automatically and communicate with each other on the internet network which we called the Internet of Things or IoT. It will start to be clearer.

Therefore, in a variety of business opportunities will happening and we will taking benefits to the company, so we have to accelerate the development of organizations, merchandise, technologies, personnel training to together with world changing for maximize potential in order to creating stability and good results for the organization.

(Mr. Puttachat Rungkasiri)
Chairman

(Mr. Kittipong Kittipassorn)
Chief Executive Officer

Directors and Management Team



Mr. Puttachat Rungkasiri

Position	Chairman
Shareholding	11.52%
Education	Bachelor of Accounting and Commerce, Chulalongkorn University
Program	Director Accreditation Program (DAP) Class 41/2005 Thai Institute of Directors Association (IOD)
Working Experience	2013-Present Chairman of TWZ Corporation Plc. 2013-Present Director of Piyachat Co., Ltd. 2016-2019 Director of Gear Corporation Co., Ltd. 2016-2018 Director of Mastech Tool and Service Co., Ltd.
Illegal Record in the past 10 years	None



Mr. Kittipong Kittipassorn

Position	Director, Deputy Managing Director, Acting Managing Director
Shareholding	None
Education	Bachelor of Avionic Engineering program: AEE, Civil Aviation Institution (Thailand)
Program	Director Accreditation Program (DAP) Class 86/2010 Anti-Corruption : The Practical Guide (ACPG) Class 43/2018 Thai Institute of Directors Association (IOD)
Working Experience	2020-Present Director of Electra Motive Co., Ltd. 2019-Present Director of Gear 2 Corporation Co.Ltd. 2019-Present Director of Mitra Corporation Co., Ltd. 2019-Present Director of PG & C 5714 Co.,Ltd. 2019-Present Director of Tang Corporation Co.Ltd. 2019-Present Director of K.B.M. Construction Co.Ltd. 2018-Present Director of TWZ Corporation Plc. 2018-Present Director of Piyachat Co., Ltd. 2018-Present Acting Vice President - Marketing and Business Development Department of TWZ Corporation Plc. 2015-Present Director of TZ Trading Co., Ltd. 2018-2019 Director of Mastech Tool and Service Co., Ltd. 2016-2019 Director of Gear Corporation Co., Ltd. 2015-2018 Vice President - Marketing and Business Development 2012-2014 Vice President - Product Management and Marketing Department TWZ Corporation Plc. 2009-2012 Vice President - Product Management Department TWZ Corporation Plc. 2009-2009 Vice President-Sales Department 1 of TWZ Corporation Plc. 2006-2009 Assistant Vice President - Marketing and Business Development Department of TWZ Corporation Plc.
Illegal Record in the past 10 years	None



Assistant Professor Dr. Tippakorn Rungkasiri

Position	Director
Shareholding	None
Education	Master of Arts in International Management, SOAS, University of London Master of Business Administration, Chulalongkorn University Doctor of Education in Educational Technology, Kasetsart University
Program	Director Certification Program (DCP) Class 63/2005 Director Accreditation Program (DAP) Class 39/2005 and Anti-Corruption: The Practical Guide Program (ACPG) Class 21/2015 Thai Institute of Directors Association (IOD)
Working Experience	2014- 2015 Executive Board, MSc and Ph.D.in Technopreneurship and Innovation Management Program (Interdisciplinary), Graduate School, Chulalongkorn University 2013-Present Director of Piyachat Co., Ltd. 2005-Present Director of TWZ Corporation Plc. 2003- 2015 Assistant Professor of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University
Illegal Record in the past 10 years	None



Miss Kaikae Cherdvisavapan

Position	Director
Shareholding	None
Education	M.B.A., University of Dallas, USA
Program	Director Accreditation Program (DAP) Class 43/2005 Thai Institute of Directors Association (IOD)
Working Experience	2013-Present Director of Piyachat Co., Ltd. 2013-Present Director of Nature Heritages Co., Ltd. 2005-Present Director of TWZ Corporation Plc. 1994-Present Director of Southern Palm Oil Industry (1993) Co., Ltd.
Illegal Record in the past 10 years	None



General Dr. Surapan Poomkaew

Position	Independent Director and Chairman of Audit Committee
Shareholding	None
Education	Ph.D. (Public Administration), Ramkhamhaeng University
Program	Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors Association (IOD) Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 9
Working Experience	2018-Present Independent Director and Chairman of Audit Committee Grand Prix International Plc. 2014-Present Director of Sino-Thai Engineering & Construction Plc. 2013-Present Director of National Power Supply Plc. 2012-Present Independent Director and Chairman of Audit Committee of TWZ Corporation Plc. 2009-2012 Independent Director and Member of Audit Committee of TWZ Corporation Plc. 2007-2008 Deference Inspector General 2005-2007 Commanding General of Armed Forces Development Command
Illegal Record in the past 10 years	None



Assoc. Prof. Pachara Pacharavanich

Position	Independent Director and Member of Audit Committee
Shareholding	None
Education	M.B.A. The University of North Carolina-Chapel Hill, NC, USA.
Program	None
Working Experience	2016-Present Independent Director and Member of Audit Committee of Synergetic Auto Performance Plc. 2014-Present Executive Director The Valuers Association of Thailand 2013-Present Independent Director and Member of Audit Committee of TWZ Corporation Plc. 2013-Present Bangkok Property Valuation subcommittee, Department of Treasury 2006-Present Associate Professor, Faculty of Commerce and Accountancy, Thammasat University
Illegal Record in the past 10 years	None



Mr. Bundal Udol

Position	Independent Director and Member of Audit Committee
Shareholding	None
Education	Bachelor of Engineering (Mechanical Engineering), Kasetsart University
Program	Director Accreditation Program (DAP) Class 41/2005 Thai Institute of Directors Association (IOD)
Working Experience	2013-Present Independent Director of TWZ Corporation Plc. 2005-2008 Director and Member of Executive Committee, TWZ Corporation Plc. 1991-Present Captain, Thai Airways International Plc.
Illegal Record in the past 10 years	None



Miss Nalinee Pratubsorn

Position	Vice President - Human Resource Department and Company Secretary
Shareholding	None
Education	Master of Science (Industrial Psychology) Kasetsart University
Program	Director Accreditation Program (DAP) Class 97/2012 Company Secretary Program (CSP) Thai Institute of Directors Association (IOD)
Working Experience	2019-Present Director of TZ Trading Co., Ltd. 2014-Present Company Secretary of TWZ Corporation Plc 2012-Present Vice President - Human Resource Department of TWZ Corporation Plc. 2019-2019 Director of Gear Corporation Co., Ltd. 2019-2019 Director of Mastech Tool and Service Co., Ltd. 2005-2012 Human Resource Manager of TWZ Corporation Plc 2001-2005 Training and Development Manager of Central Department Store Co., Ltd.
Illegal Record in the past 10 years	None



Miss Ratchanok Supanit

Position	Assistant Vice President - Accounting and Finance Department
Shareholding	None
Education	Bachelor of Business Administration Accounting Rajamangala University Of Technology Phranakhon Master of Business Administration Management Kasetsart University
Program	Director Accreditation Program (DAP) Class 159/2019
Working Experience	2020-Present Director of Electra Motive Co., Ltd. 2019-Present Director of TZ Trading Co., Ltd. 2015-Present Assistant Vice President - Accounting and Finance Department Acting Vice President - Accounting and Finance Department of TWZ Corporation Plc. 2011-2015 Senior Manager - Accounting Department of TWZ Corporation Plc. 2008-2011 Accounting Manager of TWZ Corporation Plc. 2005-2008 Head Cost Accounting of TWZ Corporation Plc.
Illegal Record in the past 10 years	None



Mr. Thanachit Dechpongrom

Position	Senior Division Manager - Business Development
Shareholding	None
Education	Bachelor of Business Administration (Finance) KhonKaen University
Program	Anti-Corruption : The Practical Guide (ACPG) Class 43/2018 Thai Institute of Directors Association (IOD)
Working Experience	2020-Present Senior Division Manager- Business Development of TWZ Corporation Plc. 2018-2020 Manager of Business Development Department of TWZ Corporation Plc. 2008-2018 Sale Manager of TWZ Corporation Plc. 2005-2008 Sale Executive of TWZ Corporation Plc.
Illegal Record in the past 10 years	None

Financial Highlights

Unit: Million Baht

Financial Performance	2017	2018	2019
Total Assets	4,765.21	5,015.61	5,436.52
Total Liabilities	2,405.96	2,323.85	2,564.07
Shareholders' Equity	2,359.25	2,691.76	2,872.45
Total Revenues	3,707.29	3,480.20	3,788.81
Profit from continuing operations	(3.41)	63.61	43.91
Net Profit Margin (%)	(0.09)	1.83	1.16
Book Value per share (Baht)	0.38	0.31	0.34

General Information

Name	TWZ Corporation Public Company Limited
Nature of Business	Core business is a distributor of telecommunication devices which are mobile phones, SIM cards, pre-paid cards, and accessories.
Head Office	269 Ratchadapisek Road, Ratchadapisek Sub-District, Din Daeng District, Bangkok 10400
Registration No.	0107548000285
Home Page	www.twz.co.th
Telephone No.	(66) 2275-9789
Facsimile No.	(66) 2275-9798
Paid-up capital	Baht 990,668,925.00
Share Registrar	Thailand Securities Depository Company Limited, 62 Rachadapisek Road, Kloengtoey, Bangkok 10110 Telephone (66) 2229-2800 Facsimile (66) 2359-1262
Auditor	Mr. Jadesada Hungsapruerk CPA No. 3759 Karin Audit Company Limited 72 CAT Telecom Tower, Floor 24, Charoen Krung Road, Bangrak, Bangkok 10500 Telephone (66) 2105-4661 Facsimile (66) 2026-3760

Nature of Business

TWZ Corporation Public Company Limited (“the Company” or “TWZ”), previously named “PC Communication and Transports Company Limited.”, was established by mobile phone distribution experts, Mr. Puttachat Rungkasiri, the first mobile phone distributor to open retail shop at MBK center, with the initial paid up capital of Baht 1.00 million on December 22, 1993. The Company’s main business is selling mobile phone and communication equipment. And company executives have experience, ability, experts Telecommunication business. As a result, the company has continued to expand its business. As of December 31, 2019, the Company has paid up capital Baht 854,895,274.30 and of February 13, 2020, the Company has paid up capital Baht 990,668,925.00.

In 1994, the Company was granted Telewiz franchise from Advance Info Service Plc. (“AIS”) for selling goods and services under the trademark “Telewiz” such as registering numbers providing various registration services and being a service provider to receive payment for services or other expenses. The company opened the first Telewiz in Central Plaza Ramaindra. After that, the company has expanded its branches according to the growth of the mobile phone industry.

In 2008, the Company is the distributor of mobile phones “TWZ”. The Company has imported such products from China to distribute under its own brand names. And In 2012, the establishment of a representative office in Shenzhen, People’s Republic of China. The representative office will assist the Company in managing cost and controlling quality of products. The company has a complete marketing management, both retail and wholesale.

At present, the Company has total 27 branches, 20 Telewiz Shops, 3 AIS Shops, 1 AIS Buddy Shop, 3 TWZ Shops.

Location		
TELEWIZ / AIS SHOP	1. Room 333/1, 3 rd fl., Central Plaza Pinklao	13. Room 3032B, 3 rd fl., Fashion Island
	2. Room 305, 3 rd fl., Central Plaza Rama III	14. Room 509A, 5 th fl., Central City Bangna
	3. 2 nd fl., Tesco Lotus Chaengwattana	15. Basement, Big C Supercenter Bangna
	4. 2 nd fl., Tesco Lotus Sukhumwit 50	16. Room 529, 5 th fl., Central City Bangna
	5. 2 nd fl., Tesco Lotus Laksi	17. Room GCR109, Big C Supercenter Rama II
	6. 1 st fl., Tesco Lotus Rattana Tibet	18. Room 225, 2 nd fl., Central Plaza Rama II
	7. 2 nd fl., Tesco Lotus Rama III	19. Room L007/1, 3 rd fl., Shinawatra Tower 3
	8. 2 nd fl., Tesco Lotus Bangna-Trad	20. Room 2CR220/1, Big C Supercenter Bangpli
	9. 1 st fl., Tesco Lotus Srinakarin	21. Basement, Big C Supercenter Don Muang Sapanmai
	10. Room 309/1, 3 rd fl., Central Plaza Ramaindra	22. Room R252 2 nd fl., Market Village Suvarnabhumi
	11. Room 336/3, 3 rd fl., All Srason Complex	23. Room 416 4 st fl., Central Plaza Chaengwattana
	12. Room A115,122,126 Bonmache Market	24. 269 Ratchadapisek Road, Ratchadapisek, Din Daeng

Location	
TWZ SHOP	1. No. 100/1-2 Mae Sot Tak
	2. Room 2CR2208/2, Big C Supercenter Bangpli
	3. No. 270/12 Namuang, Muang, Ratchaburi

In addition to selling mobile phones and accessories to retail customers The company also sells products to over 300 mobile phone dealers nationwide.

The company also has property development business for sale and rent as follows.

- 1) Property development project for sale which is a condominium for residential units of 119 units with a total area of 5,073.88 square meters, located at Na Chom Thian Subdistrict, Sattahip District, Chon Buri Province.
- 2) The Company and subsidiaries have obtained leasehold rights from the State Railway of Thailand. On Ratchadaphisek Road Area approximately 12,035.20 square meters and construction of a home office. Office building for commercial Total of 55 booths for both long and short term rentals.

In March 2019, the company invested in Mitra Corporation Limited (“MITRA”) in the amount of 1,368,304 shares. With a par value of 100 baht per share, representing 52.63 percent of the paid-up shares through Gear 2 Corporation limited which is a subsidiary company. To operate a power plant business from industrial waste fuels, located at Saharatana Nakorn Industrial Estate Ayutthaya. It’s a pasta system. Gasification In the burning and production of electricity the total electricity generating capacity is 3 MW and can eliminate up to 60 tons of waste per day and can expand the business to industrial waste disposal locations. The Electricity Authority will be the buyer of special electricity from industrial waste in the form of Feed-in Tariff (FIT) and MITRA also holds 99% of the shares in Tang Corporation Limited (“TC”). In order to operate the waste separation plant and the RDF production plant to convert waste into recycled materials and RDF located in Uthai District Ayutthaya. Able to dispose industrial waste and community waste by sorting and converting by selling materials from the operation with a full operational capacity of 300 tons per day. Which is a related and continuous business in delivering raw materials to power plants for generating electricity.

Business Goal

The Company has set its business goal to enhance its sales and services revenues consistently by emphasizing on the profitability and the increase of its distribution channels especially at the prime locations where consumers in such community have purchasing power and the places are convenience for using the services, not only the increase in number of various shops but also the increase in number of dealers as in order to access more target customers. The Company has improved its service standard to be more satisfied by customers and be competitive to other players. Besides, the Company will build up to be partner with additional well-known mobile phone manufacturers and distributors as well as import more mobile phones from China to distribute under its own brand names in order to be able to obtain quality products with various specifications to serve different customers’ needs.

The Company has emphasized more on building up its brand name “TWZ” in order to strengthen its business operation. Therefore, the Company has representative office in Shenzhen, People’s Republic of China to be its center to manage cost and control the quality of products as well as to procure high quality products at the proper cost.

Besides, The Company also expanded its business into real estate development and renewable energy. The company will develop all businesses to continue to increase profits for the company in the future.

Industry and Competition

Thai wireless communication technology is entering to another key turning point in this year of 2020. National Broadcasting and Telecommunication Commission (NBTC) speak to hold a spectrum auction for 5G services on the 700 MHz, 1800 MHz, 2600 MHz and 26 GHz bands on February 16, 2020 which aims to promote it to be available in certain areas within the middle of this year along with the government policy to drive Thailand into the digital era. The digital economy drives the country to Thailand 4.0 and it is a factor to attract investment in high technology from various industries by the readiness of the Thailand's digital infrastructure of the future.

Investing in 5G technology, to develop a wide range of 5G services, network operators and related product vendors must carry out investment plans and define different target customers, which are different from the 4G era service. Stress on speedy and responsive features to attract customers. Smartphone brand manufacturers will launch new 5G models and continuously put them on market, which will result in intensive market competitive situation. So the network operators will release 5G packages to promote customers to use this service. As we know whether in the mobile phone market or the Internet of Things (IOT) market, it is fierce competing to maintain existing customers and transfer customers. The emergence of IOT technology will stimulate the economy to grow by 3-5%. As the number of global IoT devices grows which will create various new businesses with new opportunities. With digital innovations, IOT technology is exploiting in related industrial business due to its potential for lower costs and market value in various industries. The IOT technology will align the digital industry with other industries closely in the future.

In the year of 2019 market, IOT products started to play a role in our lives and became more popular. For example, CCTV, Smart home, vacuuming robots, etc., in the year of 2020, EV cars will be new trendy in the market, which will be potential car products to instead of fuel car products in the near future. Besides reduce car emissions to help the environment, also helps to reduce or even eliminate fuel costs, cheaper maintenance fees because less moving parts than a conventional petrol/diesel car. Europe and China governments provide substantial subsidies to promote the use of EV cars.

The key factor to drive the use of electric cars is the lower battery prices. Performance and price of electric cars can be competed against fuel cars. Promotion policy from Thai government conserving the world is to develop infrastructure of EV charging station etc., which aims to reduce carbon emissions. Bloomberg New Energy Finance (BNEF), BP, OPEC, ExxonMobil, the International Energy Agency (IEA) and other organizations predicted the number of global electric cars will be highly increased by 17% -26% per year in next 20 years.

The data from Department of Land Transport showed electric vehicle proportion is 1.2% only of total Thailand passenger cars' market, which is still in the initial development period. Thai government develops preferential policies to encourage investment and development of electric vehicles, for example, tax relief policy is to exempt corporate income tax and reduce excise tax of electric vehicle manufacturers by BOI, investment support for electric charging stations, etc. Our government target is to have 1.2 million EV and BEV electric vehicles Cars and 690 electric charging stations in our countries till the year of 2036.

No matter how slow the popularity of electric vehicles in Thailand, EIC always believes that the world's awareness of environmental protection increases, the Thai automotive industry will gradually change. This is an opportunity to prepare for the upcoming development of electric vehicles industry.

The major players in the mobile phone distribution industry can be divided in 4 groups as follows:

1. Affiliated Dealer of Mobile Phone Service Operator

The 3 major mobile phone service operators in Thailand is AIS DTAC and True distribute their mobile phones SIM cards, Top-up Service and accessories through their affiliated shops which are shops managed by the operators themselves as well as shops under their franchising systems. These shops have clear and systematic management, after sales services and marketing strategies which determined by the mobile phone service operators. They always get useful news and information for supporting their sales and services. Besides, they always have been supported for their business operations and marketing promotions which enable them to be reliable and trusted by the customers.

2. Distributor / Dealer

The entrepreneurs in this group are appointed directly by foreign mobile phone manufacturers. Their main focuses are selling mobile phone for wholesale. Pricing and marketing policies are jointly determined between manufacturer and the distributor. The distributors purchase mobile phones directly from the manufacturers and sell through their dealers or general retail stores.

3. Dealer with its own retail shop / retail chain store

The entrepreneurs in this group are directly appointed as dealer by the foreign mobile phone manufacturer but focusing on selling through their own retail shops and selling points. At their own shops to serve all target group of customers while sell some of their products to other distributors also. The players of this group understand customers' needs and behaviors as they have to contact directly with both manufacturers and customers which enable them to be more adaptable to the fast change of the industry.

4. Retail Store

These retail stores employ small amount of investment and there is no management system and after sales services. The owner of the shop deals with customer himself, thus, the price is negotiable. The competition among the players in this group is only focusing on the price. Therefore, the credibility of this group is less than others.

Competitive Advantages

TWZ has competitive advantages as the Company plays a major role in 3 groups in mobile phone distribution industry which are:

1. The Company is affiliated dealer of the major mobile phone operator, AIS, by granted franchising to open 24 branches. TWZ has most Telewiz shops in Bangkok. The Company to have good relationship and always get strong support from AIS.

2. The Company is the distributor of mobile phones "TWZ" which the Company has imported such products from China to distribute under its own brand names. Such products are cheaper and provide various functions and they can serve all consumers' requirements. Besides, The group are directly appointed as dealer by the foreign mobile phone manufacturer. The Company also purchases from other distributors in Thailand. Therefore, the Company has variety of products and also be able to control cost more efficiency.
3. The Company has its own retail shops which are 3 TWZ Shops all located at prime areas.

With a network of distributors that covering areas of the country including quality after-sales service centers that can provide support both Distributors and Consumers. It's makes overall trust and confidence on products of TWZ Smartphone. Consequently, the Company has the potential to compete with other operators as well.

Risk Factors

1. Risk associated with the termination of franchise contract with Advance Info Service Plc.

The Company granted Telewiz franchise from Advance Info Service Plc. (“AIS”) which could be terminated if any events that violate the terms and conditions of the contract occur or either party may terminate this contract by giving written notice 60 days prior the termination date to the other party. At present, there are 24 Telewiz shops, AIS Shop and AIS Buddy under TWZ management.. Therefore, the revenues of the Company might decrease if the contract is terminated. But due to the prime locations of the Company’s is able to operate these shops in form of TWZ shop if the termination of contract occurs.

The Company’s business consistently supports AIS’s business as it sells only SIM card and top up mobile of AIS network. The Company has most Telewiz shops in Bangkok. Therefore, the management believes that there is a minimal chance that the contract will be terminated and the Company’s business will be consistently supported by AIS.

2. Risk from depending on major distributors

Each distributor obtains the exclusive right to sell specific products/ models, therefore, to have variety of products, the Company has to purchase from various distributors. However, the decision to purchase from any distributor depends on the popularity of the products/ models of each period, discount and other sales promotions provided by each distributor.

The Company realizes the risk from depending on major distributors; therefore, the Company still maintains its relationship with other suppliers by diversifying its purchase to other distributors. Besides, the Company is the distributor of its own brand names “TWZ”. As a result, the Company has up-to-date products which can serve customers’ needs as well as decrease the dependence from major distributors.

3. Risk from Foreign Exchange Rate

The Company imported some mobile phones and accessories by paying in foreign currencies, thus, the Company might have the currency exchange risk. Therefore, the Company has followed exchange rate movement closely. The Company also has a policy to purchase forward contract to cover the exposure of foreign purchasing based on the situation as well as the appropriateness in order to mitigate the risk from foreign exchange rate that may occur.

4. Risk from product obsolescence

Mobile phone is the fast-paced technological change product, thus, the manufacturer has to consistently develop new models to serve customers’ need. Therefore, the Company might encounter problems with the inventory management for the out of dated models which the Company could not sell and eventually has to decrease the price to compete with new models.

As the Company's management is in the mobile phone distribution industry more than 20 years, they understand thoroughly of the mobile phone industry. They realize the importance of carefully product selection of each brand/model to sell. Moreover, the Company consistently surveys opinions and needs of both distributors and dealers. Meanwhile, the Company obtains information about the new mobile phone model, new technology of mobile phone from well-known mobile phone manufacturers who appointed the Company's to be their distributors which enable the Company to be able to select products that are needed. Besides, the Company has the efficient inventory management by establishing inventory online system which linked to all the Company's branches in order to be able to check each branch's stock. The Company also has distribution channels through its dealers; therefore, the Company can sell the products very fast before they are out-of-dated. Moreover, if its mobile phone manufacturers as well as major distributors who appoint the Company to be their dealers decrease their selling prices in order to be competitive in the market, the Company will be compensated the price change of each model in accordance with the condition that agreed with those manufactures and/or distributors.

5. Risk from competition

The fast growing of mobile phone and accessory distribution business Especially the growth of smart phones, therefore, mobile phone can be purchased from any sources, not only from operators. Thus, there are new players, who mostly are small retailers, participating in mobile phone business which will increase the competition especially the price competition in the industry.

The Company is the affiliated dealer of AIS who is the largest mobile phone operator, has various products to serve customers and has covered distribution channels as all the Company's retail shops located at the prime area over Bangkok and has more than 300 dealers over the country. Besides, the Company has quality one-stop service centers, which are able to support all the Company's products and enable the Company to make consistently services revenues. As the Company's management understands thoroughly about the mobile phone industry as well as the customers' needs, they are able to solve all the problems very quickly. Due to the above reasons, the Company believes that it is ready and capable to compete with other players in the industry.

6. Risk associated with the rental contracts

The Company distributes its products to its retail customers via its 27 retail shops located in department stores and super centers; therefore, the Company has to rent the shop area both short term and long term. The Company may have risk of expiration of rental contracts or change in conditions that cause more expenses. Therefore, there is risk for contract extension in the future. However, as the Company is the good business partner with the area owner as well, the probability of this risk is considered low.

Structure of shareholding and subsidiaries

The company has 4 subsidiaries follow:

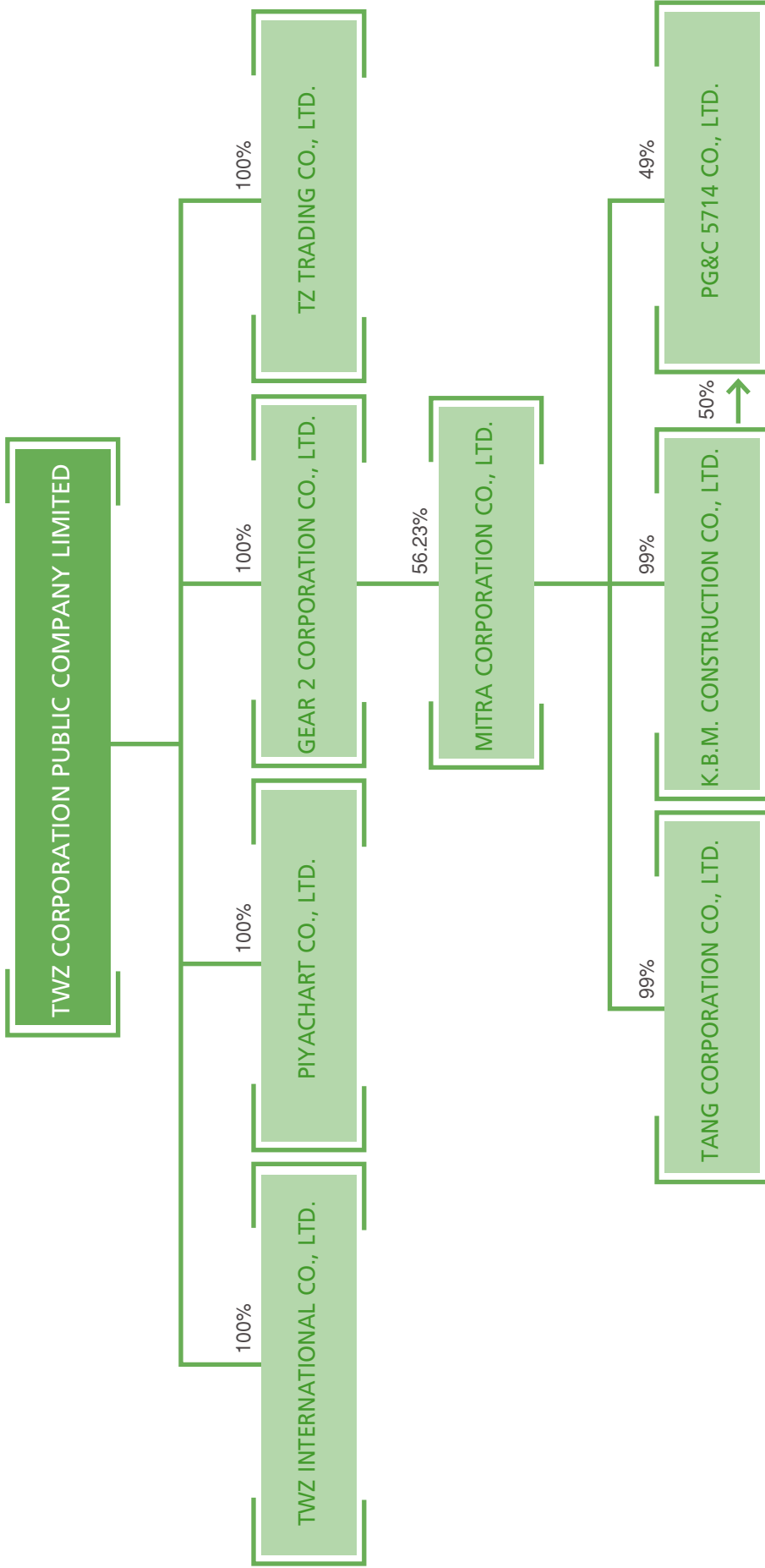
1. TWZ INTERNATIONAL CO., LTD. : The company invests in a 100% stake. It is registered to be a limited company under foreign laws. (Hong Kong) on January 13, 2011 to conduct business as a procurement and distribution of mobile phones and communication equipment of the Group. And other operators in foreign markets Currently, there is no revenue from sales since the company does not sell products to other countries.
2. TZ TRADING CO., LTD. : The company invested in a 100% stake. It was registered as a limited company under Thai law on 20 September 2013 to operate as a procurement and distribution of mobile phones and communication devices.
3. PIYACHART CO., LTD. : Is a registered company established as a limited company under Thai law on March 27, 1991, to operate property development business for sale and rent. And Company, holding 100% of the shares by investing on October 1, 2013.
4. GEAR 2 CORPORATION CO., LTD. (GEAR2) : The company invests in a 100% stake. It was registered as a limited company under Thai law on April 5, 2019 in order to operate an investment in the production and distribution of electric power.

The company has 4 indirect holding companies through GEAR2 follow:

1. MITRA CORPORATION CO., LTD. (MITRA) : Indirectly held through Gear2 with a 52.63% shareholding, which established a limited company under Thai law on January 9, 2019, to invest in the production and distribution of electric power.
2. TANG CORPORATION CO., LTD. : Indirectly held through MITRA with a 99% stake. Registered a limited company under Thai law on 25 August 2017 in order to operate community waste and industrial waste, which is expected to start earning from waste separation since Year 2020 onwards.
3. K.B.M. CONSTRUCTION CO., LTD. (KBM) : Indirectly held through MITRA with a 99% shareholding, which established a limited company under Thai law on December 24, 2012, to invest in the production and distribution of electric power.
4. PG&C 5714 CO., LTD : Indirect holding via MITRA with 49% shareholding and indirect holding through KBM Holding 50% shareholding, a total of 99% shareholding, which established a limited company under Thai law on November 6, 2015 to engage in the business of producing and distributing electric power. Currently, there is a power purchase agreement with the Provincial Electricity Authority. Expected to start commercial operation from 2020 onwards.

Structure of shareholding and subsidiaries

As of 31 December 2019



Note : Electra Motive Company Limited was established, with the company investing in a 100% shareholding. Registered as a limited company under Thai law on February 19, 2020, to engage in the business of electric vehicles.

Shareholders and Management

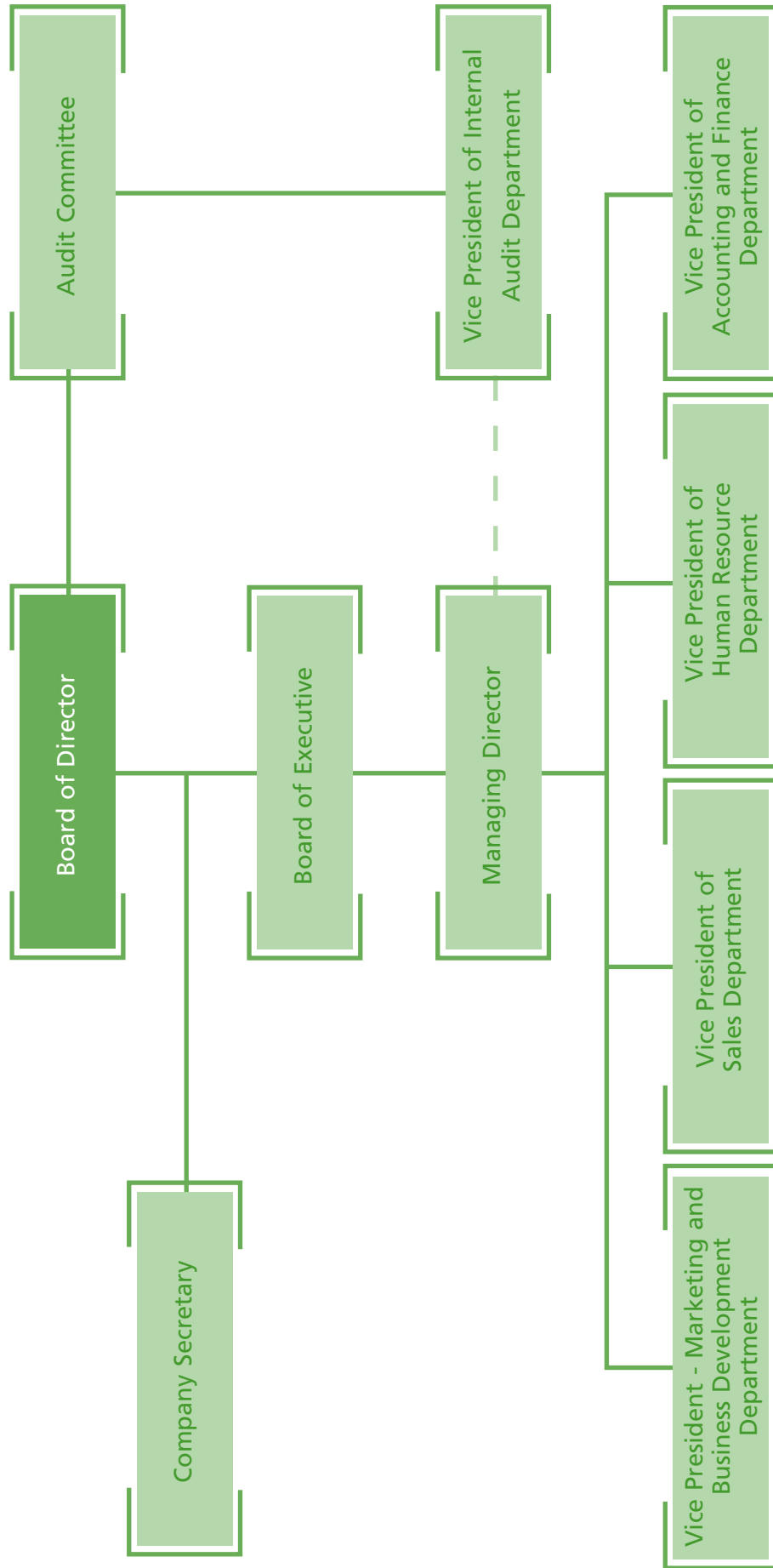
List of top 10 major shareholders as of the book closing date on March 3, 2020.

Name of Shareholders	On March 3, 2020	
	No. of shares	%
1. Rungkasiri Group		
Mr. Puttachat Rungkasiri	1,141,428,571	11.52
Miss Nuttanuj Rungkasiri	424,053,198	4.28
Total Rungkasiri Group	1,565,481,769	15.80
2. Miss DUJDUEAN WARIN	490,391,947	4.95
3. Mr. Sippakorn Khaosaard	349,520,200	3.53
4. Mrs. Sasithorn Charnvirakul	251,370,000	2.54
5. Mrs. Petcharat Thongtang	161,000,000	1.63
6. Mr. Jaturon Komolmis	143,974,514	1.45
7. Mrs. Alisa Galassi	116,285,715	1.17
8. Mr. Smisr Jessadawut	97,012,000	0.98
9. Thai NVDR Company Limited	89,622,622	0.90
10. Mrs. Siriporn Tunchaiekkul	89,000,000	0.90

Dividend Policy

The Company's dividend payout policy is at a minimum of 40% of net profit after tax and legal reserve. However, the Board of Directors has the power not to follow the policy or change the policy occasionally under the condition that it has to maximize the benefit of the shareholders such as have to reserve for loan repayment or business expansion or in case that there are any changes of the market conditions which may affect the Company's cash flows in the future.

Organization Structure



Management Structure

The Company's director's structure comprises of 3 groups of directors, which are Board of Director, Executive Committee and Audit Committee. The details are as follows:

(1) Board of Directors

As of December 31, 2019 the Company's Board of Directors consists of 7 persons as shown in the list as follows:

Name	Position
1. Mr. Puttachat Rungkasiri	Chairman
2. Mr. Kittipong Kittipassorn	Director and Deputy Managing Director
3. Asst. Prof. Dr. Tippakorn Rungkasiri	Director and Authorized Director
4. Miss Kaikae Cherdvisavapan	Director and Authorized Director
5. General Dr. Surapan Poomkaew	Independent Director and Chairman of Audit Committee
6. Mr. Bandal Udol	Independent Director and Member of Audit Committee
7. Assoc.Prof. Pachara Pacharavnich	Independent Director and Member of Audit Committee

Miss Nalinee Pratubsorn is the secretary of Company.

Note : Police General Aek Angsanant resigned as director on 17 May 2019 and appoint Mr. Bandal Udol as a Member of Audit Committee on 14 August 2019.

Authorized Directors

The authorized directors are Mr. Kittipong Kittipassorn jointly with Miss Kaikae Cherdvisavapan or Asst. Prof. Dr. Tippakorn Rungkasiri, totally two authorized persons, to sign on behalf of the Company with the Company's seal affixed.

Company Secretary

The Board has appointed Miss Nalinee Pratubsorn, Vice President - Human Resource Department to the position Company Secretary on November 13, 2014 has a duty of care to the company compliance with laws and regulations related to the company and to adhere to the principles of good corporate governance as follows.

1. To adhere to good corporate governance.
2. To plan meetings and propose relevant agenda
3. To manage the Board of Directors' meeting And meeting notes in accordance with the rules and best practices.
4. To administer the Shareholders' meeting in line within the legal framework
5. To give advises on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws
6. Become a contact point providing information to Directors and third parties
7. All matters concerning the Company's registrar and related document in safe keeping

Scope of Authority and Duty of the Board of Directors

1. To honestly manage the Company in accordance with the laws, objectives and articles of associations as well as resolutions of Shareholders' Meeting and to take precautions in order to protect the Company's benefits.
2. To authorize an appointment a set of directors as Executive Committee to execute one or several tasks in order to implement the work assigned by the Board of Directors as well as to authorize an appointment the Chairman of Executive Committee together with other committee such as Audit Committee, Nomination and Remuneration Committee as deemed appropriate.
3. To determine business goal, guideline, policy, plan and budget of the Company and monitor and ensure that the administration of the Executive Committee or the assigned person shall be according to the policy that set by the Board of Directors.
4. To consider, review and approve the policy, direction, strategy, business plan, annual budget, expenditure budget and project investment that proposed by the Executive Committee
5. To consistently follow up the performance according to the policy and budget that have been set
6. To consider and approve other related material matters or any appropriate actions that benefit to the Company.

Except for the following tasks which can be implemented only obtain the approvals from Shareholders' Meeting. Any directors or related persons who might be involved with either conflict of interest transaction or beneficial conflict transaction with the Company or its subsidiaries shall not be granted the right to vote in that matter.

- (a) Matters stipulated by Laws must be obtained the resolutions from Shareholders' Meeting.
- (b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by the Laws or regulations of the Stock Exchange of Thailand must be obtained the resolutions from Shareholders' Meeting.

The execution of the following matters must be approved by the Board of Directors and the Shareholders' Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- (a) To sale or transfer all or major parts of the Company's business.
- (b) To purchase or acquire of other company or other private company
- (c) To make, amend or terminate the contract related to the rent of all or some major parts of the Company's business. The appointment of other person who will manage the Company's business or the merging with other person in order to share profit and loss.
- (d) To amend the Memorandum of Associations or the Articles of Associations.
- (e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.

(2) Executive Committee

The Company's Executive Committee comprised of 3 persons as follows:

Name	Position
1. Mr. Kittipong Kittipassorn	Chairman of Executive Committee
2. Asst. Prof. Dr. Tippakorn Rungkasiri	Executive Committee
3. Miss Kaikae Cherdvisavapan	Executive Committee

Scope of Authority and Duty of the Executive Committee

The Executive Committee is assigned by the Board of Directors to be authorized to perform the following tasks for the Company.

1. To honestly manage the Company in accordance with the laws, objectives, articles of associations, resolutions of Shareholders' Meeting and resolutions of the Board of Directors' Meeting and to take precaution to protect the Company's benefits.
2. To determine organization structure, authority table and to ensure the coverage of details in terms of selection, training, recruitment, reshuffle and dismissal of the Company's personnel.
3. To plan and determine the business plan, business strategies and annual budget and propose to the Board of Directors for approval. Also, to consider and approve the allocation of annual budget, to amend, adjust, or increase annual expense budget in case of urgent needs and present to the Board of Directors accordingly.
4. To audit and monitor the Company's business operation, policy, and administrative guidance in a manner that is compatible to business situation.
5. To audit and to monitor in order to ensure that the company is operated in accordance with the approved business plans.
6. To authorize and approve the following financial implementations:
 - (1) The Executive Committee is entitled to approve unlimited financial amount in case that such implementation is stated in the business plan or annual budget.
 - (2) If not stated in documents mentioned in (1), the Executive Committee is entitled to approve an amount not exceeding Baht 40 million. Such approval shall include the approval on the expense occurred from general operations, investment on capital assets or fixed assets, borrowing, obtaining credit line including provision of guarantee, etc. and inform the Board of Directors for the acknowledgement accordingly.
7. To implement other tasks as periodically instructed by the Board of Directors.

Such assignment will not entitle the Chairman of the Executive Committee or the Executive Committee to approve on any matters that might be conflicts of interest to themselves or other party or matters that may cause any beneficial conflict whatsoever with the Company.

(3) The Audit Committee

The Company's Audit Committee comprised of 3 persons as follows:

Name	Position
1. General Dr. Surapan Poomkaew	Chairman of Audit Committee
2. Mr. Bandal Udol	Member of Audit Committee
3. Assoc. Pachara Pacharavanich	Member of Audit Committee (Has knowledge and experience in financial statements review)

Scope of Authority and Duty of the Audit Committee

1. To ensure that the Company has accurately and adequately disclosed its financial statements to public by cooperating with auditor and in charge executives to prepare financial reports quarterly and annually by reviewing the financial statements, related financial reports, accounting policy, accounting standard, the existence of the Company, the major change in accounting policy as well as the management's opinion on the accounting policy determination prior to present to the Board of Directors and eventually disclose to shareholders and general investors. The Audit Committee may suggest the auditor to examine or investigate any matters considered to be necessary and important during the auditing period.

2. To ensure that there are suitable and effective internal control and auditing system in the company by co – auditing with external auditor and internal auditor (if any). To determine and review the Company’s audit plan and to evaluate the audit result with the auditor and internal auditor (if any) regarding any problems or limitations arise during the financial statements auditing. To determine and control on the electronic data processing as well as the security of the information in order to protect the fraud or misuse the computer by the Company’s employees or external persons.
3. To ensure that the company is operated in accordance with Laws governing Securities and Exchange, the regulations of the Stock exchange of Thailand and the laws pertaining to the business of the Company.
4. To select and make suggestions regarding the appointment of the Company’s auditor together with the audit fee by taking into consideration the credibility, personnel sufficiency, work load of auditing firm as well as experience of the personnel to be appointed as the Company’s auditor.
5. To consider and approve any connected transaction and/or any acquisition or disposal of the Company’s assets as well as consider the disclosure of the information should there be any connected transactions or any conflict of interest transactions to be accurate and complete. In addition, to approve such transactions in order to propose to Board of Directors’ meeting and/or shareholders’ meeting as stipulated under the laws or related regulations of the Stock Exchange of Thailand.
6. To conduct other tasks as instructed by the Board of Directors and/or agreed by the Audit Committee, i.e. to make revisions on financial policies and risk management, make revisions on compliance with business ethics, make co - revisions with the Company’s directors on important issues which need to be disclosed to public as stated by laws, for instance, report and analysis of the management team.
7. To prepare the Audit Committee report by disclosing on the Company’s annual report. The report shall be signed by the Chairman of Audit Committee and should contain following information:
 - Comments on the preparation process and disclosure of information in the Company’s financial statements regarding the accuracy and reliability.
 - Comments on the sufficiency of the Company’s internal control system.
 - Reasons to believe that the Company’s auditor is appropriate to be re—appointed for another term.
 - Comments on the compliance with Laws governing Securities and Exchange, the regulations of the Stock Exchange of Thailand and the laws related to the Company’s business.
 - Report on other matters that shareholders and investors should be concerned within a scope of duties and responsibilities appointed by the Board of Directors.
8. To evaluate the Audit Committee’s performance.
9. To perform any matters, which stipulated under the laws governing Securities and Exchange and/or regulations of the Stock Exchange of Thailand.

(4) Executives

As of December 31, 2019 the Company's executives comprised of 4 persons as follows:

Name	Position
1. Mr. Kittipong Kittipassorn	Deputy Managing Director Acting Managing Director Acting Vice President - Marketing and Business Development Department Acting Vice President - Sales Department
2. Mr. Kongsakol Borvornpinyopong	Vice President - Internal Audit Department
3. Miss Nalinee Pratubsorn	Vice President - Human Resource Department
4. Miss Ratchanok Supanit	Assistant Vice President - Accounting and Finance Department Acting Vice President - Accounting and Finance Department

Note: Mr. Kongsakol Borvornpinyopong resigned as Vice President - Internal Audit Department on 4 February 2020.
Mr.Thanachit Dechpongrom as Senior Division Manager- Business Development effective from March 20, 2020.

Scope of Authority and Duty of the Managing Director

1. To manage and supervise general administration of the Company.
2. To perform as assigned by the Board of Directors in accordance with the Company's regulations and articles of associations.
3. To have the power to employ, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations, and bonuses for all employees except the executives.
4. To authorize an approval on the overall purchase and the expenditure which not exceeding Baht 30 million on general matters as stated in the Company's Authority Table.
5. To authorize the issuance of instructions, regulations, announcements, memorandums so that the Company is operated in compliance with the policy and for the Company's interest as well as for the discipline of the organization.
6. To have the power to represent the Company to deal with external individual for any related business that is useful to the Company.
7. To have the power to appoint advisor in various fields that are necessary for the Company's business.
8. To implement other tasks as periodically instructed by the Board of Directors or the Executive Committee.

Managing Director is not entitled to approve any matters that might be a conflict of interest transaction or conflicts to related party or may cause any beneficial conflicts whatsoever with the Company or subsidiaries.

Selection of the directors

The directors shall be elected by shareholders' meeting as at the shareholders' meeting will select the directors under the procedures stated in the Company's articles of associations that can be summarized as follows:

1. The Board of Directors consists of at least 5 persons wherein the directors not less than half of the number of total directors must be domiciled in the Kingdom and they shall have qualifications as provided by law.

2. The Shareholders' meeting shall elect directors in accordance with the criteria and procedures as follows:
 - a. Each shareholder shall have one vote per one share.
 - b. Shareholders shall vote to elect each individual director.
 - c. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the directors positions are filled. Where the votes case for candidates in descending order are tied, which would otherwise cause the number of directors to be exceed, the chairman of the meeting shall make the final decision.
3. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors that must retire from office within the first and second year after the listed of the Company shall be selected by casting lots. In subsequent years, the director who has held office longest shall retire. The directors who retire from the position may be re-elected.
4. Any directors who want to resign from the office have to submit the resignation letter to the Company and shall be effective on the date the resignation letter reached the Company.
5. The shareholders' meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Selection of independence directors

The Company's Board of Directors shall consider the preliminary qualifications of the persons to be elected as the independence directors by considering according to the qualifications as stated in the Public Limited Companies Acts, the laws governing Securities and Exchange as well as all related announcements, objectives and/or related regulations. The Board of Directors shall consider selecting the independence directors who are capable, experienced and appropriate in all aspects and then propose to the shareholders' meeting for appointment as the Company's Board of directors accordingly.

The definition of the independence of the Company's director is complied with the regulations of the Notification of the Capital Market Supervisory which are as follows:

1. Holding shares not more than 1% of the total shares with voting rights of the Company, its subsidiaries, which shall be inclusive of the shares held by related persons.
2. Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its subsidiaries unless the termination of being in such position had occurred at least 2 years before an appointment as the Company's independent director.
3. Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.
4. Having no current or previous business relationship with the Company, its subsidiaries, it major shareholders or its controlling persons which may interfere his /her independent discretion , and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.

5. Not being or having previously been an auditor of the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
6. Not being of having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before the appointment as the Company's independent director.
7. Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
8. Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.
9. Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.

Selection of Audit Committee

The Board of Directors shall appoint at least 3 audit committees from independence directors who have qualifications according to the law governing Securities and Exchange including all related announcement, regulations of the Stock Exchange of Thailand regarding the qualifications and scope of duties of the Audit Committee. Besides, at least one of the Audit Committee has to have financial and accounting knowledge. The office term of each committee is 2 years.

Remuneration of Directors and Executives

(1) Monetary Remuneration

Board of Directors' Remuneration

The Company's Board of Directors comprised of 8 persons in 2019, the remunerations of each director were as follows:

Name	Position	Remuneration* (Baht)	No. of Attendances	
			Regular	Additional
1. Mr. Puttachat Rungkasiri	Chairman	870,000	4/4	3/3
2. Mr. Kittipong Kittipassorn	Director	140,000	4/4	3/3
3. Asst. Prof. Dr. Tippakorn Rungkasiri	Director	440,000	4/4	3/3
4. Miss Kaikae Cherdvisavapan	Director	440,000	4/4	3/3
5. General Dr. Surapan Poomkaew	Independent Director and Chairman of Audit Committee	595,000	4/4	3/3
6. Police General Aek Angsanant **	Independent Director and Member of Audit Committee	199,194	1/4	1/3
7. Mr. Bandal Udol ***	Independent Director			
	Member of Audit Committee	420,000	3/4	3/3
8. Assoc. Pachara Pacharavanich	Independent Director and Member of Audit Committee	560,000	4/4	3/3
Total		3,664,194		

Remark: * Board of Directors' remuneration consists of meeting allowances and gratuities.

** Police General Aek Angsanant resigned as Director on 17 May 2019.

*** Mr. Bandal Udol appoint as Member of Audit Committee on 14 August 2019.

According to the resolution of the Annual General Meeting of shareholders No. 1/2019 on April 19, 2019, the shareholders approved the Board of Directors' remuneration for not more than Baht 6 million per year.

Executives' Remuneration

Executives' remunerations in 2018 and 2019 were as follows:

Remuneration	2018		2019	
	No.	Total (Baht)	No.	Total (Baht)
Short term employee benefits	6	13,975,763	5	8,886,716
Post-employment benefits	6	911,118	5	529,628
Total		14,886,881		9,416,344

(2) Other Remunerations

- None -

Corporate Governance

The Company realizes the importance to operate and manage the business in relation to the good corporate governance in a firm and concrete manner. The Company has set the good corporate governance policy in order to increase the transparency of its operation and comply with the principles of good corporate governance for listed companies.

In 2019, the Company implemented the good governance practices following the regulations and the best practice of corporate governance for listed companies. There are five categories as follows:

1. Rights of Shareholders

The Company realizes the importance of the basic shareholder rights by operating as follows:

1. The Company will send an invitation letter with adequate supports for the shareholders in advance. The invitation letter has details and meeting agendas as well as documents related to rules and regulations and opinions from the Board of Directors. The proxy form and the map of the meeting place are also included and the letter notifies shareholders to prepare documents to be shown at the meeting and used when exercising their rights and voting including the Company's Articles of Associations regarding the shareholders meeting. The shareholders can look for information about the meeting rules and agendas on the Company's website before they get the invitation letter. Moreover, the Company will open for advance registration at least two hours before the meeting.
2. Before every meeting, the Chairman of the meeting will explain the voting method and the vote-counting method. The Chairman also informs the meeting the voting result for every agenda.
3. The Chairman of the meeting has to arrange sufficient time for the meeting and manage it properly and transparently. During the meeting, the Chairman will give chances for shareholders to express their opinions and ask questions before voting and concluding the meeting resolution for each agenda.
4. The Company will disclose information to shareholders regularly through the Stock Exchange of Thailand and the Company's website.

5. The Company will provide minor shareholders with access to information directly via electronic mail of the Company's investor relation department.
6. The Company will operate with efficiency in building sustainable growth for the organization and generating appropriate returns for the shareholders.

2. Equitable Treatment of Shareholders

The Company emphasizes on providing fair and equitable treatments for all shareholders as follows:

1. The Company will arrange the shareholders' meeting following the sequence of agendas notified in the invitation letter and having no policy to add more agendas without informing shareholders in advance providing shareholders with enough time to study details and related information in each agenda before making a decision.
2. The Board of Directors encourages the shareholders, who could not attend the meeting, to appoint their power of attorney to attend and vote for them. The Board of Directors will provide an option to shareholders by nominating independent directors for their choice as their proxy and using the proxy form on which the shareholders are able to specify their votes. The Board of Directors encourages the using of voting cards for important agenda items such as related party transactions, acquisition or disposal of significant assets, etc. for the transparency and be able to examine in case there is any argument later.
3. The minute of meeting is to be made precisely before submission to the Stock Exchange of Thailand within 14 days after the meeting which it will also be disclosed via the Company's website.
4. The Company shall outline the measures regarding information security and prevention of insider trading in the Company's corporate governance policy to create fairness for shareholders. Director, executive, employee and staff are prohibited to trade, transfer, accept the Company's share by using the Company's confidential information and/or inside information and/or to enter into any contractual agreement by using the confidential information and/or inside information which may cause any direct or indirect damages to the Company by prohibiting director, executive, employee and staff to trade the Company's shares for a period of 1 month prior to the release of financial statements to the public. This prohibition includes their couples as well as their minor children.

3. Role of stakeholders

The Company realizes the importance of role of stakeholders including shareholders, staff, trading partners, competitors, customers, the community, the society and the environment. Treatments for each stakeholder have been notified clearly in the corporate governance policy which staff at all levels will use it as a guideline of their duties and responsibilities.

- Shareholders : The Company is determined to take responsibility and to satisfy the shareholders by making a sustainable growth and an appropriate return constantly along with transparency in management and reliable accounting system.
- Customers : The Company will ensure customer satisfaction and confidence about quality products and services at reasonable prices. It will build long-term good relationship with customers.
- Trading partners : The Company is concerned about fairness, honesty and mutual benefit with its trading partners. Thus, the trading partners shall strictly comply with related rules and regulations as well as have business ethics.
- Competitors : The Company will follow rules of fair competition.

- Staff : The Company considers staff as one of key factors for success. Staff will feel that they have good working environment and friendly corporate culture and this will promote a strong teamwork and staff confidence.
- Community and Society : The Company realizes the responsibility to the community and society by considering the growth of the Company together with the development of the community.

4. Disclosure and Transparency

The Board of Directors shall ensure that all relevant information, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and transparently by disclosing through the SET's channel and the Company's website (www.twz.co.th). Such information will be consistently updated so that the investor and related party have sufficient and equal information for the decision.

The material information both financial and non-financial that have to be disclosed are as follows:

1. Annual statements (Form 56-1) and annual report
2. Corporate governance policy and the implementation of the policy
3. A statement of the Board of Directors' responsibilities concerning the Company's financial reports presented alongside the auditor report of the Company's annual report
4. Disclosure of the roles and responsibilities of the Board of Directors and other committees, including the number of the meetings and attendances of each director
5. Disclosure of the remuneration of the Board of Directors and the management

Besides, the Company has set up the Investor Relation unit to communicate and promote useful information to the shareholders, investors, analysts and general public through various channels including analyst meeting, conference call, answer question through phone and the Company's website, etc.

5. Responsibilities of the Board of Directors

The Board of Directors is the key of the Company's good corporate governance practices. The Board of Directors should comprise of those who possess knowledge and experience in the fields related to the Company's business and willing to contribute time for the Company.

Board of Directors' structure

1. The Company's Board of Directors comprise of 7 directors, of which 3 director are the Company's management and the remaining 4 directors are non-management including 3 independent directors according to the Company's Articles of Association which indicated that the Company shall maintain at least 5 directors at all time and the good corporate governance of which at least 1/3 of the entire Board of Directors have to be the independent directors.
2. The Company has clearly set term of service of directors to be in line with the principles of good corporate governance for listed companies and regulations of the SET. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to 1/3 shall retire.

3. The Company clearly determines the qualifications of the Audit Committee; such qualifications are more restricted than minimum qualifications specified by the SEC and the SET.
4. The Company discloses details of each director in annual statement (Form 56-1) and be able to see the details from the SET's website (www.set.or.th)
5. The Chairman of the Board of Directors and the Managing Director are not the same person and their roles and responsibilities are different. The Board of Directors has clearly determined roles and responsibilities for both the Chairman of the Board and the Managing Director.

The Sub-Committee

To have a careful and efficient consideration on important plans and operation, the Company's Board of Directors appoints sub-committees as follows:

- The Audit Committee is appointed from at least three board directors and at least one among them must be an independent director and have knowledge and expertise on accounting and finance. The Audit Committee must have independence as required by the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee has a duty to monitor and supervise the Company's operation, financial statements and internal controls. It may also consider the nomination of auditor, consider conflict of interests and manage risks for the Company.
- The Executive Committee is appointed from 3 board directors and has duty and responsibility to screen business plans and financial budgets which, then, will be proposed to the Board of Directors. The Executive Committee will outline the investment policy to suit the Company's major policy. The Committee may work on other tasks as assigned by the Board of Directors.

The Company has not set the Remuneration Committee; however, the Company has set the preliminary consideration procedure for the appropriate remuneration by comparing its remuneration amount with the comparable firms in the same industry together with the Company's performance.

Roles and Responsibilities of the Board of Directors

The Board of Directors shall be responsible for their role in managing for the best interest of the Company. Role, duties and responsibility of the Board of Directors shall comply with legislations, Company's Articles of Association, resolutions of the shareholders' meeting and corporate governance principles. The Board of Directors shall perform with honesty, integrity, responsibility and accountability, along with transparent disclosure of information. It will supervise the management performance to meet the goal, maximize profits for shareholders and also concern about interests of all stakeholders. To enhance the Company's strength and efficiency, the Board of Directors has active roles and duties as follows:

1. To contribute time and emphasize the importance of vision, direction and strategy for the Company by jointly expressing opinions and gathering important information. The Board of Directors will also consider risk factors to make sure that the management is able to implement the Company's business vision, direction and strategy for the highest benefit.

2. To examine and grant approval on the Company's important strategy and policy as well as financial projections and business plans. The Board of Directors will regularly follow up the management to work and implement all action plans initiated to meet the Company's business direction and strategy.
3. To establish the reliable accounting system, financial statements and auditing and pursuing the procedure and assessments of internal controls efficiently and effectively.
4. To examine business risks which may happen in the future and carefully adopt risk management policy. The Board of Directors will supervise the management to arrange the efficient risk-management system and explore new business opportunities arisen from the risks.
5. To examine and solve problems arisen from conflict of interests and connected transactions. The Board of Directors should consider major transactions which will benefit the Company, shareholders and stakeholders the most.
6. To arrange the remuneration system for the Company's executives to create incentives to perform in both short and long term.
7. To evaluate the performance of the Managing Director regularly and proposing remunerations for the Managing Director which is in line with the Company's performance.
8. To provide a channel to communicate with each group of shareholders and to evaluate the information disclosure to ensure that it is accurate, precise, transparent and highly reliable.
9. To have leadership and be a role model by complying with the Company's corporate governance practices.

Board Meetings

1. The Board of Directors shall set its meeting schedule in advance and notify each director of the schedule so that each member of the board can manage time to attend the meetings. In case of emergency, the Company may call for an additional meeting.
2. In 2019, there were 6 meetings of the Board of Directors which was appropriate to the obligations and responsibilities of the Board and nature of the Company.
3. The Chairman of the Board and the Managing Director should set the Board meeting agenda together and ensure that all important issues are already included. Each member of the Board should be free to propose an issue for a meeting agenda.
4. Meeting documents should be sent to each director in advance of the meeting date. The document should be concise, with all relevant information. Any confidential issues should be brought to discuss during the meeting.
5. The Chairman of the Board should appropriately allocate the meeting time for complete management's presentation and comprehensive directors' discussion. The Chairman should encourage careful consideration in the meeting.
6. The Board should have access to additional information, under a prearranged condition, via the managing director, the company secretary or the executive designated as a contact person.
7. Non-executive directors should be able to meet, as necessary, among themselves without management team in order for them to debate their concerns. The meeting outcome should be notified to the Managing Director.

Board Self-Assessment

1. The Board of Directors conducts the Board self-assessment annually to discuss and consider the performance and problem for further improvement. The topics of the self-assessment are clearly defined in order to be benchmark for performance comparing.
2. The Board of Directors assesses the performance of the Board as a whole and on individual basis, such assessment shall be performed cautiously and carefully.

Remuneration

1. Board of Directors' remuneration is comparable to the industry level in which the Company operates; reflect experience, obligations, scope of work, accountability and responsibilities and contributions of each director.
2. Remuneration of the Executive Committee, the Chairman of the Executive Committee, Managing Director and top executives are in accordance with the principle and policy as specified by the Board of Directors. For the best interest of the Company, executives' salaries, bonuses, and other long-term compensation should correspond to the Company's performance and that of each executive.

Board of Directors and Executives Training

1. The Board of Directors encourages and facilitates training for all internal parties related to corporate governance such as directors, members of the Audit Committee, executives, the secretary of the Board, internal audit department, SET's coordinator, etc. Training will enable them to continuously improve their performances.
2. New directors shall be provided with all documents and useful information to perform their duties. Introduction to the nature of the business and the operations of the company is necessary.
3. The Board of Directors shall establish a development program for the Executives. The Managing Director and the Executives shall report to the Board in relation to the operation result during each quarter for operation achievement according to the target and objective of the Company.

Personnel

Number of Staff

As at December 31, 2019, the total staffs of the Company classified by each department are as follows:

Department	No. of Staffs
Administration	8
Internal Control Department	4
Human Resource Department	9
Marketing and Business Development Department	16
Accounting and Finance Department	27
Sales and After Sales Services Department	328
Total	392

Staff Remuneration

(1) Monetary Remuneration

Staff remunerations (exclude executives remuneration) in 2018 and 2019 were as follows:

Type of Remuneration	2018 (Baht)	2019 (Baht)
Short term employee benefits	123,786,241	123,632,965
Post-employment benefits	1,559,510	3,485,202
Total	125,345,751	127,118,167

(2) Other Remuneration

- None -

Human Resources Development Policy

The Company supports and provides opportunities to all levels of employees to obtain additional knowledge and capability in order to be suitable with their positions and assigned duties as well as for the Company's and their own developments in the future by consistently arrange training which can be divided into 2 types as follows:

1. Internal Training which is trained by the supervisor or invite speaker in related business to share his knowledge, experience and give advises so that the staff can be able to apply the knowledge with his duty and responsibility. The inside training normally is arranged once in 1-3 months.
2. External Training which is held by the product owners such as AIS in order to educate the Company's staff to understand their products and services. The Company also provides other trainings to increase its staff efficiency when appropriate.

Internal Control

At the Board of Director's Meeting No. 1/2020 on February 28, 2020, the Board of Directors together with the Audit Committee had considered and assessed the sufficiency of the Company's internal control for five main areas as follows:

1. Organizational Control and Environmental measure
2. Risk Management Measure
3. Management Control Activities
4. International and Communication Measure
5. Monitoring

From the above assessment, the Board of Directors viewed that the Company has sufficient and proper internal control system of five main areas including the adequate internal control system on transaction done with the major shareholders, directors, executives or related persons. Besides, the Board of Directors encourages and supports the management to keep improving the quality on internal control system in order to obtain the Good Corporate Governance.

Corporate Social Responsibility

Social Responsibility Policy

The company was aware of the importance of being part of Thailand and social responsibility in every of activities to the community, suppliers, partners, customers and employees. By adhering treated with fairness and not cause impact or burden on society includes not contrary to morals and laws.

The operations with fairness.

The company has a policy of purchasing products to sell from suppliers who operate their businesses legally. A product that does not infringe intellectual property rights of others. These include the product quality inspection from the manufacturers. The Company's policy is asked to visit an establishment or producing factory before making a purchase. Moreover the Company had to check the quality of the product again before being sold to customers to ensure that such products qualified established quality and not be dangerous to customers or users.

For the sale of the company, the company supports the competition is liberalization and fairness to all parties. No monopoly, or assign a partner to sell only products of the company. Wholesale pricing to dealers as to the criteria standards under the same conditions for each partner such as the volume of orders, payment history, etc. And retail pricing to the retail customer, it is compliant prices all the same. Moreover the Company does not support to acquire of competitor information illegally or against the good morals as well.

Anti-corruption.

The Company defines the policy against corruption, bribery, graft and corruption with all levels of employees, which clarified understanding in this matter with the staff regularly. And impose sanctions for employees who violate are strictly prohibited. The management of the company has attended the training. Anti-Corruption: The Practical Guide (ACPG) to clearly define policies and to counteract corporate fraud.

Respect for Human Rights.

The Company to respect human rights and freedom of employees at all levels. Do not block the expression of rights and freedom of employees to join any organization, group or association as action properly under the law. And provide opportunities for employees to exercise their right to vacations for participates the rights and freedom of expression. This must be done for the benefit of society or publicly. The companies are committed to respecting the privacy rights of employees by will not disclose the personal information of employees, such as family history, personal medical history, salary etc. to a third party or unrelated individuals, except with the permission of the employee or pursuant to law.

To treats labor fairly.

The company recognizes the value of collaboration in duty personnel for the company. It is important to strengthen potential, knowledge and competencies of employees. Also build moral and encouragement to perform equally.

The company also has welfare, health care and safety in the working to employees under the laws. Including care employees in the workplace, working environment, equipment, facilities needed to perform for aim to employees, a pleasure to work with the company. In addition to basic welfare, the company also provides additional benefits to employees, such as the Free Lunch Program to encourage employees to have the opportunity to learn together interchangeable, apart from the normal practice. It also helps ease the burden of the cost of the livelihood of the employees another way.

For the development of knowledge and skills of employees. The company has provided training to employees within the organization to continually as appropriate and necessary to strengthen their capacity to live together in society and attitudes of employees, which will be helpful to development yourself, company and society.

Responsible to consumers.

The Company recognizes the importance of accountability to consumers is a key factor in business. Its products are sold to consumers through the quality inspection of the manufacturer, verified and authorized by the relevant governmental agencies and pass the quality check again before delivery to the consumer. Moreover the Company has a policy to guarantee the quality of all items by product type, under the terms and conditions set forth to give consumers confidence and security in the use of products.

Environment conservation.

The company has instilled employees to participate in saving the environment with the project within the organization such as water saving campaign together, saving electricity use at work, the paper is then recycled (Reuse) and project off the air conditioner 10 minutes before lunch etc.. Addition to the campaign within the organization, the company with a focus on saving the environment from products that may cause harm if not rid properly such as Project of leave the old battery at branches of company by customers or the public dispose of old batteries that are not used within a container prepared and the company will collect old batteries to a company with expertise in such matters was operated next.

Connected Transactions

The subsidiaries have entered into transactions with related company in 2019 were as follows:

Related parties	Relationship	Details	Transaction Value (Million Baht)	Necessity and Reasonableness
Sutee Holding Company Limited	Former shareholders of Mitra Corporation Limited	Loan agreement, 1.5% per year interest, and repayable on called.	84.56	To invest in machinery and proceed to make the generating and selling electricity that the Company invests can implement as projects planned.

Connected Transaction Approval Procedure

The Company has set a procedure to enter into any connected transactions with any related persons that the executives and the related persons shall not participate for the approval for any mentioned transactions. The Company shall arrange the Audit committee to provide the comment on the necessity, reasonableness, and price appropriateness of the transaction by stating the conditions to be in accordance with the normal business operation at the market price and be comparable to others. In case that the Audit Committee has no expertise to review such connected transaction, the Company will hire an independent expert or auditor to express the opinion for the transaction occurred in order to use for further consideration at the Board of Directors' meeting or shareholder's meeting. In addition, the Company will disclose the connected transaction in the notes of the financial statements audited by the Company's auditor.

Additionally, the Board of Directors has to ensure that the Company abides by the laws governing Securities and Exchange and rules, announcement, declaration and regulations of the Stock Exchange of Thailand concerning the information disclosure of the connected transaction as well as the acquisition and disposal of the assets according to the accounting standard set by the Federation of Accounting Profession.

Policy for Future Connected Transaction

In the future, the Company might borrow short-term loan from its related persons in case of any urgent or necessity matters. If there are other connected transactions in the future, the Company will follow the procedure that has been set in the Connected Transaction Approval Procedure.

Management Discussion and Analysis (MD&A)

Revenues

In the year 2019, the Company and its subsidiaries had total revenue of Baht 3,788.81 million, which increased from Baht 3,480.20 million in the same period of the last year. It was equivalent to Baht 308.61 million or increased at the rate of 8.87% with the following details.

- Revenue from sales or services, the Company and its subsidiaries had revenue from sales and services in the year 2019 of Baht 3,692.68 million, increased from Baht 3,366.25 million in the same period of the last year. It was Baht 326.43 million or increased by 9.70% because in 2019 the Company sold mobile phones with the average selling price per device increased from the last year.
- Sales support income was Baht 39.90 million, which decreased from Baht 85.60 million in the same period last year. It was Baht 45.70 million or a decrease of 53.39% because the Company organized marketing activities to help accelerate the distribution of mobile phones and accessories. Therefore, we receive the sales support money from the distributor according to the promotions specified.
- Other incomes were Baht 56.23 million, which was 1.48% of total revenue. It increased from Baht 28.35 million in the same period last year which was Baht 27.88 million or an increase of 98.34% because the Company gained from the sale of investment in Gear Corporation Limited and also has other income from the gain from the fair value adjustment of classify assets from property development projects for rent under financial leases to investment properties, Gain from foreign exchange rates, Interest income from fixed deposits, and interest income under financial lease agreements.

Cost of Goods Sold

The cost of sales or cost of services was Baht 3,358.97 million, which increased from Baht 3,032.16 million in the same period last year. Because in the year 2019, the Company and its subsidiaries distribute products at the increased value from the previous year.

Distribution Costs and Administration Expenses

- The distribution cost was Baht 89.95 million, which decreased from Baht 92.09 million in the same period of the last year, with the Company's ratio of distribution cost to total revenue of 2.37% and 2.65% in the year 2019 and 2018 respectively.
- Administrative expenses were Baht 169.91 million, which decreased from Baht 173.02 million in the same period last year. It was Baht 3.11 million or a decrease of 1.80% because the Company and its subsidiaries can manage the expenses efficiently.

Finance Cost

Financial costs were Baht 112.73 million, which increased from Baht 111.11 million in the last year. It was Baht 1.62 million or an increase of 1.46% as a result of loans from normal operations of the Company.

Net Profit

The net profit was Baht 46.00 million. The said net profit was deducted by the non-controlling interests of Baht 2.09 million. Therefore the Company had a net profit of Baht 43.91 million, which decreased from Baht 63.61 million in the same period last year. It was Baht 19.70 million because the Company and its subsidiaries have the operation result as mentioned above.

Financial Status

(a) Assets

The Company and its subsidiaries had total assets in 2019 of Baht 5,436.52 million, which increased from Baht 5,015.61 million in the last year. It was Baht 420.91 million or an increase of 8.39%. The Company's assets at the end of 2019 consist of current assets of 76.18% and non-current assets 23.82%. Details of important assets can be summarized as follows.

Trade and other receivables

The Company and its subsidiaries had trade and other current receivables of Baht 1,583.06 million, which increased from Baht 1,423.17 million in the last year by Baht 159.89 million or an increase of 11.23%. The Company's trade accounts receivable increased because the Company had sales and service income by giving more credit to customers. Other receivables for operations mainly consist of Advance payment for goods, other receivables, Accrued income, Advance payment for operations, and interest receivable.

Inventory

Inventories of the Company and its subsidiaries consisting of mobile phones and accessories including waste that is raw materials for electricity generation of subsidiaries. Inventories were Baht 1,606.88 million in the year 2019, which increased from Baht 1,523.81 million in the last year by Baht 83.07 million or 5.45% increase because of the increase in waste from raw materials for electricity production of subsidiaries of Baht 77.20 million. The inventories are following the Company's product management policy.

Real estate development project for rental under financial lease agreement

The Company and its subsidiaries have real estate development projects for rent under financial lease in the year 2019 in the amount of Baht 21.08 million, which decreased from Baht 37.03 million in the last year. It was Baht 15.95 million or a decrease of 43.07% because the Company and its subsidiaries have transferred property development projects for rent under financial lease agreements to buildings for operation and investment property.

Real estate development project for sale

Real estate development projects for sale in the year 2019 were Baht 447.61 million, which decreased from Baht 453.86 million in the last year. It was Baht 6.25 million or a decrease of 1.38% because the Company and its subsidiaries have written-off condominium units at The Paser Pattaya Project.

Investment properties

The Company and its subsidiaries have investment properties that changed from property development projects for rent under financial lease agreements for short-term leases. In the year 2019, it was Baht 104.80 million, which increased from Baht 70.40 million in the previous year by Baht 34.40 million or 48.86% increase.

For properties, plant, and equipment in the year 2019 was Baht 177.35 million, which decreased from Baht 274.24 million in the last year. It was Baht 96.89 million or a decrease of 35.33%. Other intangible assets in the year 2019 were Baht 450.33 million, which increased from Baht 89.80 million in the last year. It was Baht 360.53 million or an increase of 401.48%. And other non-current assets of the Company and its subsidiaries decreased from Baht 157.10 million in the year 2018 to Baht 18.46 million in the year 2019. It was Baht 138.64 million or a decrease of 88.25% because the Company sold the investment in Gear Corporation Limited and purchased the investment in Mitra Corporation Co., Ltd.

(b) Liquidity

Cash Flow

The Company and its subsidiaries have cash and cash equivalents as of 31 December 2019 in the amount of Baht 411.62 million, which decreased from the end of 2018 by Baht 30.96 million or decreased by 7.00% with details of sources and uses of cash as follows.

- Net cash received from operating activities is Baht 35.30 million, mainly from increases in trade and current receivables and trade, and other current payables.
- Net cash received from investing activities was Baht 57.69 million, mainly was cash received from sales of subsidiaries.
- Net cash used in financing activities was Baht 114.03 million, mainly was cash payment for loan repayment.

Current Ratio

The Company's current ratio in the year 2018-2019 was 1.98 times and 1.78 times respectively. The Company has increased current assets in inventories and increased current liabilities both in trade accounts payable and other current payables.

(c) Source of Capital

Capital Structure Appropriateness

As of the end of 2019, the Company had total liabilities of Baht 2,564.07 million, which increase by 10.34% from 2018. The increase in said liabilities mainly from an increase in trade and other current creditors, short-term loans, and deferred income tax liabilities. While the shareholders' equity of the Company was Baht 2,872.45 million, resulting in the debt to equity ratio is 0.89 times, it increased from 0.86 times in 2018.

Audit Fee

Karin Audit Company Limited was the office of the auditor of the Company for year 2019, the remunerations are as follows:

1. Audit fee

The Company paid the audit fees to the office of the auditor for the year 2019 are as follows:

Company	Audit fees
TWZ Corporation Public Company Limited	1,584,000.00
TZ Trading Co.,Ltd	205,000.00
Piyachart Co.,Ltd	990,000.00
Gear 2 Corporation Co., Ltd.	240,000.00
Mitra Corporation Co.,Ltd.	240,000.00
PG&C 5714 Co., Ltd.	300,000.00
K.B.M. Construction Co., Ltd.	110,000.00
Tang Corporation Co., Ltd.	110,000.00
Total Audit fees	3,779,000.00

2. Non-Audit Fee

The Company has not received any other services from the office of the auditor or person or entity that related the auditor and the office of the auditor during the latest accounting period.

Person or entity that related to the auditor and the office of the auditor includes:

- 1) Spouse and children under support of the auditor
- 2) Juristic person that has control over the office of auditor, juristic person that is under control of the office of auditor and juristic person that is under the same control of the office of auditor both direct and indirect control
- 3) Juristic person that is significantly controlled by the office of auditor
- 4) Partner or equivalent of the office of auditor
- 5) Spouse and children under support of person in (4)
- 6) Juristic person that the auditor, person in (1), (4) or (5) has significant control power over both direct and indirect control

Report of Audit Committee

Dear Shareholders

The Audit Committee of TWZ Corporation Public Company Limited as appointed by the Board of Directors is entirely made of three independent members who meet the qualification as prescribed by the Stock Exchange of Thailand namely:

- | | | |
|----|------------------------------------|-----------------------------|
| 1. | General Dr. Surapan Poomkaew | Chairman of Audit Committee |
| 2. | Assoc. Prof. Pachara Pacharavanich | Member of Audit Committee |
| 3. | Mr. Bundal Udol | Member of Audit Committee |

In fiscal year 2019, the Audit Committee attended 4 meetings with the Company's management and Internal Audit Department according to the relevant agendas to review the operation performed within the scope of duties and responsibilities assigned by the Board of Directors. All minutes of the meetings were submitted to the Board of Directors for acknowledgement. The duties and responsibilities could be summarized as follows:

1. To review the accuracy of the quarterly and annual financial statements as well as the information disclosure in the notes to financial statements.
2. To evaluate the adequacy of the internal control system and acknowledge the audit report according to the annual audit plan of Internal Audit Department.
3. To review and ensure that the Company is operated in accordance with the laws, regulations of the Stock Exchange of Thailand or any regulations related to the Company's business.
4. To consider the Company's information disclosure to comply with the related laws including the connected transactions and any transactions that might cause any conflicts of interest.
5. To provide comments with regards to all aspects of business operation to its management through the Board of Directors in order to increase efficiency in business operation.

The Audit Committee was of the opinion that in 2019 the Company performed in accordance with the laws or related regulations with adequate and proper internal control system as well as no material weaknesses. The Company's financial statements were prepared with accuracy, completeness and sufficiency in accordance with the general accepted accounting principles.

On behalf of the Audit Committee

General Dr. Surapan Poomkaew
Chairman of the Audit Committee

February 28, 2020

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of TWZ Corporation Public Company Limited

Opinion

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of TWZ Corporation Public Company Limited and its subsidiaries as at December 31, 2019, the consolidated and separate operating results and cash flows for the year then ended, in accordance with financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Acquisitions of Businesses and Recognition of Intangible Assets

Risk

As discussed in Note 11.1 to the financial statements, in 2019 the group of company has acquired a plasma energy business unit from a group of company. The acquisition has been assessed whether a business acquisition or asset acquisition. In accordance with TFRS 3 practical expedient, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. On February 15, 2020, the Company completed the business assessment and recognized variance between purchasing price and net book value as goodwill. The business acquisition has intangible assets as follow :

1. Raw material purchase agreement with three suppliers, of Baht 255 million
2. Electricity purchase agreement with The Electricity Generating Authority of Thailand, of Baht 192 million
3. Goodwill, of Baht 15.52 million

Due to the intangible assets was significantly increased in the statement of financial position, these contracts are required judgmental exercise to its valuation. I considered accounting for business combination as a key audit matter.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- I examined the business acquisition if it is complied to a group of business that was approved by the annual general meeting of shareholders.
- I assessed this transaction by reviewed minute of meeting and inquired the management regarding description and objective of the business acquisition.
- I reviewed a business acquisition agreement, analyzed the contract with the related Thai finance reporting standard.
- I evaluated the asset appraisal report of independent appraisal of the competence, qualification, fairness, and independent including assumptions those are given by the appraisal.
- During the year I observed the group of company that were purchased, in order to understand the electricity producing from plasma energy. And evaluated progress of the project and operating plan, and
- Reviewed the presentation and disclosure according to the related Thai financial reporting standard.

Allowance to Reduce Inventory to Net Realizable Value

Risk

As discussed in Note 8 to the financial statements, The Group's main business is a mobile phone dealer including parts and accessories. The majority of products are affected by technological change since consumers tend to change rapidly, so this is why the Company had a risk of obsolete inventory or product deterioration. As at December 31, 2019, the consolidated financial statements shown that the Company had inventories amounted to Baht 1,607 million with an allowance for impairment of inventory amounted Baht 24.40 million, the recognition of such matter had significant impact and risk to the financial statements since the estimated value depended upon judgement of the Group's management by considering assumptions or information to decide adequacy and appropriateness which include;

- Tracking information on the selling price of each model closely
- Duration of storage and inventory life cycle
- Slow moving inventory that exceed the Company's policy
- Comparison report between cost and net realizable value and/or analysis of aging inventory report

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- Analyzing and evaluating the gross profit (loss) from sales transaction
- Understanding and reviewing policies, procedures, and assumptions of allowance for impairment of inventory of the Group

- Observing the inventory count to ensure whether they are existent and the Company has a proper inventory process, especially, the separation of slow-moving or obsolete inventory
- Testing the accuracy of the report used to reserve allowance for impairment of inventory
- Reviewing the policy of allowance for devaluation of inventory of the Group whether it complies with Financial Reporting Standard

Allowance for doubtful debts

Risk

As discussed in Note 4.2 to the financial statements, “Accounting estimates and Judgement” of allowance for doubtful accounts and the note to financial statements 9.1 “Account receivables of real estate project under financial lease agreement”,

As at December 31, 2019, the Group had account receivables of real estate project under financial lease agreement amounted to Baht 135.74 million and allowance for doubtful accounts amounted to Baht 19.03 million which the recognition of these items is material to the financial statements and is subject to risks. As a result, the management is required to make judgments in estimates of expected losses that may be incurred in the collection of receivables. Thus, the above estimated loss required management to consider the past collection experience, the age of outstanding debt, and the economic condition at that time including other evidence and reasons in order to consider the ability of repayment of the debtor.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- To understand and review the criteria and policies used to determine the allowance for doubtful accounts and the write-off of specific receivables.
- To test the accuracy of the aging report of receivables.
- To analyze the age of the debtor to identify the group of receivables that are indicative of late payment
- To examine received vouchers and other documents that occurred during the year and after the end of the fiscal period.
- To verify the accuracy of the allowance for doubtful accounts.
- To examine the approval in the voucher that setup allowance for doubtful accounts.

Valuation of investment property

Risk

As discussed in Note 12 to the financial statements, As at December 31, 2019, the Group had investment property amounted to Baht 104.80 million, which represents 1.93% of total assets. During the year, the Group recognized gain from fair value adjustment on investment property of Baht 5 million in the consolidated statements of comprehensive income. The recognition of such material transaction was material to the financial statements and was subjected to risk since the Group’s management used judgment in evaluating the reliability of assumptions using in estimation of fair value by an independent appraiser. However, in estimating fair value, the management considered the following information:

- Competency and independence/experiences of appraiser .
- Reasonableness of information, assumptions about current market price for rent, tenancy agreement, revenue growth and a discount rate etc. and fair value method using in the valuation process of investment property.

Risk Responses of Auditor

My audit procedures responded to the risk referred to above are as follows:

- To review qualification and certificate of independent appraiser issued by Stock Exchange Commission (SEC).
- To review independence of appraiser with related documents i.e. Certificate and Bor.Mor.Jor.6 including other sources
- To assess the methodologies used and appropriateness of the key assumptions based on my knowledge in business and the available evidence. This included an assessment of the market price for rent with the comparable property in the similar locations and conditions, include reviewing the appropriateness of the discount rate with the comparable rate used in the same industry.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control if I identify during my audit.

I certify to those charged with governance that I have complied with the code of conduct related to independence and communicate with those responsible for overseeing all relationships as well as other matters. I believe that there are reasons that outsiders may consider affecting my independence and the measures I take to prevent me from being lack of independent. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances. I consider that the matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to have a greater negative impact than the public interest of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruerk



Mr. Jadesada Hungsapruerk
Certified Public Accountant (Thailand)

Registration No. 3759

Karin Audit Company Limited

Bangkok, Thailand.

February 28, 2020

STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
ASSET					
Current assets					
Cash and cash equivalents	6	411,616,748	442,577,207	403,201,356	418,940,100
Current Investments		289,135	224,269	-	-
Trade and other current receivables	7	1,583,065,880	1,423,173,582	1,584,314,888	1,456,348,541
Short - term loans	5.1	-	-	199,000,000	48,000,000
Inventories	8	1,606,878,102	1,523,813,464	1,526,017,939	1,519,133,008
Other current financial assets					
- Account receivables of real estate project under financial lease agreement	9.1	2,436,619	995,660	1,050,923	191,747
- Real estate development project for rental under financial lease agreement	9.2	21,080,002	37,027,165	-	-
Other current assets		68,690,770	-	-	-
Asset held for sale					
- Real estate development project for sale	10	447,607,604	453,859,646	192,349,734	198,601,775
Total current assets		4,141,664,860	3,881,670,993	3,905,934,840	3,641,215,171
Non-current assets					
Investments in subsidiaries	11.1	-	-	329,958,069	426,957,769
Investments property	12	104,800,000	70,400,000	16,400,000	17,600,000
Property, plant and equipment	13	177,349,005	274,244,192	92,463,803	95,129,617
Goodwill	14	42,705,168	25,978,362	-	-
Intangible assets					
- Leasehold land	15.1	20,384,484	40,200,545	-	-
- Leasehold rights	15.2	1,535,069	2,020,998	1,535,069	2,020,998
- Other intangible assets	15.3	450,328,268	89,797,739	3,322,180	140,749
Deferred tax assets	16	1,907,513	3,285,783	-	-
Other non - current financial assets	9.1	67,911,668	68,871,967	42,995,723	43,450,710
Other non - current assets					
- Restricted bank deposit	17.1	385,852,643	378,419,749	350,604,281	360,860,400
- Land held for development		23,625,000	23,625,000	-	-
- Other non-current assets	17.2	18,459,636	157,097,236	15,940,146	116,601,299
Total non - current assets		1,294,858,454	1,133,941,571	853,219,271	1,062,761,542
Total assets		5,436,523,314	5,015,612,564	4,759,154,111	4,703,976,713

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	18	1,704,333,437	1,834,093,525	1,694,486,527	1,824,589,929
Trade and other current payables	19	261,455,442	103,133,098	130,268,382	96,193,199
Current portion of long - term liabilities	22	62,512,474	13,280,593	62,512,474	-
Short term loan from related parties	5.1	84,558,313	-	-	-
Short term loan from unrelated parties					
- Bill of exchange	21.1	96,920,880	-	96,920,880	-
- Promissory note	21.2	25,000,000	-	-	-
- Other short term loan	21.3	81,471,886	6,709,137	30,000,000	-
Current income tax payables		3,880,069	1,567,121	2,736,152	823,218
Other current financial liabilities					
- Financial lease - Chattel	23.1	3,008,071	1,471,600	3,008,071	1,471,600
- Financial lease - Real Estate	23.2	880,697	850,840	199,691	413,137
Total current liabilities		2,324,021,269	1,961,105,914	2,020,132,177	1,923,491,083
Non - current liabilities					
Long-term borrowings	22	-	199,261,079	-	74,506,267
Deferred tax liabilities	16	118,086,513	45,821,988	7,652,998	8,232,974
Non - Current provisions for employee benefits	24	12,624,197	11,724,024	10,584,914	10,115,912
Other non - current financial liabilities					
- Financial lease - Chattel	23.1	8,946,618	4,662,654	8,946,618	4,662,654
- Financial lease - Real Estate	23.2	99,967,038	100,847,736	48,768,319	48,968,010
Other non-current liabilities		427,400	427,400	246,600	246,600
Total non - current liabilities		240,051,766	362,744,881	76,199,449	146,732,417
Total liabilities		2,564,073,035	2,323,850,795	2,096,331,626	2,070,223,500

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Authorized share capital					
16,482,246,820 ordinary shares of Baht 0.10 each	25.1	1,648,224,682	1,648,224,682	1,648,224,682	1,648,224,682
Issued and paid-up share capital					
8,548,952,743 ordinary shares of Baht 0.10 each		854,895,274	854,895,274	854,895,274	854,895,274
Share premium on ordinary shares		1,215,168,242	1,215,168,242	1,215,168,242	1,215,168,242
Retained earnings					
Appropriated					
- Legal reserve	26.1	53,367,186	50,640,625	53,367,186	50,640,625
- Treasury stock		3,600,000	-	3,600,000	-
Unappropriated		501,255,131	485,535,127	539,391,783	513,049,072
Treasury stock		(3,600,000)	-	(3,600,000)	-
Other components of shareholders' equity		58,506	354,374	-	-
Total shareholders' equity of parent company		2,624,744,339	2,606,593,642	2,662,822,485	2,633,753,213
Non - Controlling interests		247,705,940	85,168,127	-	-
Total shareholders' equity		2,872,450,279	2,691,761,769	2,662,822,485	2,633,753,213
Total liabilities and shareholders' equity		5,436,523,314	5,015,612,564	4,759,154,111	4,703,976,713

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
Revenues from sales or revenues from services	5.2	3,692,676,966	3,366,250,530	3,601,497,369	3,302,119,796
Other income	27				
- Sales promotion income		39,905,109	85,600,594	38,665,109	83,336,461
- Others income	5.2, 27	56,229,739	28,353,328	49,996,205	25,770,241
Total revenues		3,788,811,814	3,480,204,452	3,690,158,683	3,411,226,498
Cost of sales and services		(3,358,975,067)	(3,032,165,666)	(3,282,200,168)	(2,981,247,607)
Selling expenses		(89,945,722)	(92,088,868)	(89,945,722)	(92,088,868)
Administrative expenses		(169,912,059)	(173,019,522)	(143,506,365)	(153,394,184)
Finance cost	30	(112,726,808)	(111,113,016)	(106,134,619)	(107,275,508)
Total expenses		(3,731,559,656)	(3,408,387,072)	(3,621,786,874)	(3,334,006,167)
Profit before income tax expenses		57,252,158	71,817,380	68,371,809	77,220,331
Income (Expense) tax	31	(15,502,576)	(12,880,619)	(13,840,583)	(16,178,597)
Net profit for the year from continuing prerations		41,749,582	58,936,761	54,531,226	61,041,734
Net Profit for the year		41,749,582	58,936,761	54,531,226	61,041,734
Discontinuing operations	11				
Profit (loss) for the period from discontinued operations					
- Net income tax		4,253,737	5,331,348	-	-
Net Profit (loss) for the year		46,003,319	64,268,109	54,531,226	61,041,734
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gains arising from post-employment benefit obligations		2,588,051	-	2,588,051	-
Total items that will not be reclassified to profit or loss		2,588,051	-	2,588,051	-
Items that will be reclassified to profit or loss					
Exchange differences on translating financial statement		(295,868)	(45,927)	-	-
Other comprehensive income (loss) for the year		2,292,183	(45,927)	2,588,051	-
Total comprehensive income (loss) for the year		48,295,502	64,222,182	57,119,277	61,041,734

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
Profit (loss) attributable to :					
Equity holders of the Company					
Profit (loss) for the year from continuing operations		42,118,874	58,936,761	54,531,226	61,041,734
Profit (loss) for the year from discontinuing operations		1,789,645	4,675,118	-	-
Profit (loss) attributable to equity holders of the Company		43,908,519	63,611,879	54,531,226	61,041,734
Non-controlling interests					
Profit (loss) for the year from continuing operations		(369,292)	-	-	-
Profit (loss) for the year from discontinuing operations		2,464,092	656,230	-	-
Total		46,003,319	64,268,109	54,531,226	61,041,734
Total comprehensive income (loss) attributable to:					
Equity holders of the Company					
Comprehensive income (loss)					
for the year from continuing operations		44,411,057	58,890,834	57,119,277	61,041,734
Comprehensive income (loss)					
for the year from discontinuing operations		1,789,645	4,675,118	-	-
Comprehensive income (loss) attributable to equity holders of the Company		46,200,702	63,565,952	57,119,277	61,041,734
Non-controlling interests					
Comprehensive income (loss)					
for the year from continuing operations		(369,292)	-	-	-
Comprehensive income (loss)					
for the year from discontinuing operations		2,464,092	656,230	-	-
Total		48,295,502	64,222,182	57,119,277	61,041,734
Earnings per share					
Basic earnings per share					
Profit (loss) (Loss) attributable to equity holders of the Company	32	0.0051	0.00100	0.0064	0.0096
Basic earnings per share for continuing operations					
Profit (loss) from continuing operations attributable to equity holders of the Company	32	0.0049	0.0093	0.0064	0.0096

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Notes	Consolidated										
		Retained earnings					Total other components					
		Share capital issued and paid-up	Premium on ordinary shares	Treasury Stock	Appropriated Legal reserve	Appropriated Treasury stock	Unappropriated	Gains (losses) on remeasurements of defined benefits	Exchange differences on translation of financial statements	shareholders' equity of the Company	Non Controlling Interests	Total
Beginning balance as at January 1, 2018		625,907,306	1,169,366,003	-	46,736,084	-	432,334,165	-	400,301	2,274,743,859	84,511,897	2,359,255,756
Ordinary shares issued	25.1	228,987,968	45,802,239	-	-	-	-	-	-	274,790,207	-	274,790,207
Paid dividends	26.2	-	-	-	-	(6,506,376)	(6,506,376)	-	-	(6,506,376)	-	(6,506,376)
Comprehensive income for the year		-	-	-	-	63,611,879	63,611,879	(45,927)	(45,927)	63,565,952	656,230	64,222,182
Other - Legal reserve	26.1	-	-	-	3,904,541	(3,904,541)	-	-	-	-	-	-
Ending balance as at December 31, 2018		854,895,274	1,215,168,242	-	50,640,625	-	485,535,127	-	354,374	2,606,593,642	85,168,127	2,691,761,769
Change in ownership interest in subsidiaries of controlling interest with a change in control - form sale of investment		-	-	-	-	-	-	-	-	-	(87,632,219)	(87,632,219)
Paid dividends	26.2	-	-	-	-	(24,450,005)	(24,450,005)	-	-	(24,450,005)	-	(24,450,005)
Comprehensive income for the year		-	-	-	-	43,908,519	43,908,519	2,588,051	(295,868)	46,200,702	2,094,800	48,295,502
Surplus (deficit) from the changes in the ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	124,650	124,650
Increase from purchase in subsidiaries	11	-	-	-	-	-	-	-	-	-	247,950,582	247,950,582
Transfer to treasury stock		-	-	(3,600,000)	-	3,600,000	(3,600,000)	-	-	-	-	-
Increase (decrease) in treasury stock	25.2	-	-	(3,600,000)	-	3,600,000	(3,600,000)	-	-	(3,600,000)	-	(3,600,000)
Transfer to retained earnings (loss)		-	-	-	-	-	2,588,051	(2,588,051)	-	-	-	-
Other - Legal reserve	26.1	-	-	-	2,726,561	(2,726,561)	-	-	-	-	-	-
Ending balance as at December 31, 2019		854,895,274	1,215,168,242	(3,600,000)	53,367,186	3,600,000	501,255,131	-	58,506	2,624,744,339	247,705,940	2,872,450,279

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

Separate

Notes	Share capital		Premium on ordinary shares	Retained earnings			Gains (losses) on remeasurements of defined benefits	Other components of shareholders' equity	Total
	issued and paid-up	Treasury Stock		Appropriated Legal reserve	Appropriated Treasury stock	Unappropriated			
Beginning balance as at January 1, 2018	625,907,306	-	1,169,366,003	46,736,084	-	462,418,255	-	2,304,427,648	
25.1 Ordinary shares issued	228,987,968	-	45,802,239	-	-	-	-	274,790,207	
26.2 Paid dividends	-	-	-	-	-	(6,506,376)	-	(6,506,376)	
Comprehensive income for the year	-	-	-	-	-	61,041,734	-	61,041,734	
26.1 Other - Legal reserve	-	-	-	3,904,541	-	(3,904,541)	-	-	
Ending balance as at December 31, 2018	854,895,274	-	1,215,168,242	50,640,625	-	513,049,072	-	2,633,753,213	
26.2 Paid dividends	-	-	-	-	-	(24,450,005)	-	(24,450,005)	
Comprehensive income for the year	-	-	-	-	-	54,531,226	2,588,051	57,119,277	
Transfer to treasury stock	-	(3,600,000)	-	-	3,600,000	(3,600,000)	-	-	
25.2 Increase (decrease) in treasury stock	-	-	-	-	-	-	-	-	
Transfer to retained earnings (loss)	-	-	-	-	-	2,588,051	(2,588,051)	-	
26.1 Other - Legal reserve	-	-	-	2,726,561	-	(2,726,561)	-	-	
Ending balance as at December 31, 2019	854,895,274	(3,600,000)	1,215,168,242	53,367,186	3,600,000	539,391,783	-	2,662,822,485	

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cash flows from operating activities				
Net Profit (loss) for the year	46,003,319	64,268,109	54,531,226	61,041,734
Adjustment of profit (loss) on cash received (paid)				
Adjustment on income (expense) tax	15,310,482	10,442,092	13,840,583	16,178,597
Adjustment on financial cost				
- Real estate development project for rental under financial lease agreement	7,825,328	6,919,469	3,569,442	3,590,097
- Others	106,412,288	111,390,175	102,565,177	103,685,410
Adjustment on Trade and other current receivables (increase) decrease	(157,732,044)	(11,855,067)	(126,220,994)	(58,546,953)
Adjustment on Inventories (increase) decrease	4,626,858	(209,838,332)	2,969,618	(212,095,172)
Adjustment on other assets (increase) decrease	(5,914,100)	(84,266,077)	113,023,631	(46,625,116)
Adjustment on Trade and other payable increase (decrease)	162,562,277	(24,864,800)	33,867,140	(10,859,570)
Adjustment on Other liabilities (increase) decrease	(705,568)	(8,234,801)	(740,751)	26,600
Depreciation depletion and amortization charge				
- Depreciation	18,090,457	23,290,125	15,314,847	13,234,403
- Amortization of leasehold land	1,746,956	5,810,174	-	291,522
- Amortization of leasehold rights	485,926	485,926	485,926	485,926
- Amortization of other intangible assets	1,243,908	4,059,926	276,247	157,496
Adjustment loss impairment of asset (reversal)				
- Loss from diminution values of inventories (reversal)	(4,875,273)	(734,374)	(4,232,962)	(687,424)
- Loss from obsolete inventories	(2,203,122)	(151,581)	(2,208,486)	(82,017)
- Provision cost of goods return	(3,413,101)	(1,355,405)	(3,413,101)	(1,355,405)
Adjustment on Provisions liabilities (reversal)				
- Employee benefit expenses	4,273,354	2,781,783	3,704,065	2,325,399
- Provision liabilities of lawsuit	-	8,261,401	-	-
Adjustment on loss (gain) fair value	(548,032)	(6,270,183)	1,200,000	(4,631,208)
Adjustment on Bad debts and allowance for doubtful accounts (reversal)				
- Allowance for doubtful accounts	(214,149)	(864,023)	(983,285)	104,508
- Provision refund liabilities	(4,816,740)	148,629	(4,816,740)	148,629
Adjustment on Unrealized loss (gain) on exchange rate	-	(34,701)	-	(34,701)
Other adjustments with non cash	592,173	-	429,648	-
Adjustment on Cash generated from investments or loans				
- Interest income	(10,902,524)	(5,391,265)	(11,459,247)	(6,171,341)
- Interest income from financial lease agreement	(6,327,179)	(5,585,213)	(4,145,683)	(4,142,080)
- Loss (gain) Disposal of investment	(18,711,953)	500,000	(22,002,597)	500,000
Net cash provided by (used in) operating activities	152,809,541	(121,088,013)	165,553,704	(143,460,666)

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Cash flows from operating activities (Cont.)				
Interest expenses	(110,927,275)	(115,519,642)	(105,926,576)	(106,826,889)
Interest income	10,173,179	9,321,652	8,302,593	8,893,618
Income Tax expense refund (paid)	(16,770,676)	(19,248,248)	(13,771,615)	(17,507,451)
Other cash (paid) received from operating activities				
- Provision for employee benefits	11,246	-	-	-
Net cash flows provided from (used in) operating activities	35,296,015	(246,534,251)	54,158,106	(258,901,388)
Cash flows from investing activities				
Cash received from disposal of investment in subsidiaries	134,000,000	3,277,573	134,000,000	3,277,573
Cash paid for purchase of subsidiaries	(161,878,530)	-	(3,000,000)	-
Cash paid for purchase of equity or debt instruments unrelated parties	-	(224,269)	-	-
Cash paid for purchase of land property, plant and equipment	(17,244,159)	(1,439,017)	(361,643)	(2,263,460)
Cash paid for purchase intangible assets	(3,457,678)	-	(3,457,678)	-
Other cash (paid) form investing activities - financial assets	-	(545,000)	-	-
Other cash received from investing activities - financial assets	5,846,518	5,394,551	3,741,494	3,392,793
Loans to unrelated parties or related parties	-	-	(151,000,000)	-
Cash received from loans to unrelated parties or related parties	100,425,222	-	-	-
Net cash flows provided from (used in) investing activities	57,691,373	6,463,838	(20,077,827)	4,406,906
Cash flows from financing activities				
Cash paid for purchase of treasury stock	(3,600,000)	-	(3,600,000)	-
Cash received from issue of ordinary share	-	274,790,207	-	274,790,207
Cash received from loans	162,683,628	97,400,000	126,920,880	97,400,000
Cash paid for loans	(241,628,841)	(161,617,977)	(142,097,196)	(147,668,900)
Cash received from repayment of finance lease payable	(7,030,405)	(1,213,869)	(6,592,702)	(993,627)
Dividends paid	(24,450,005)	(6,506,376)	(24,450,005)	(6,506,376)
Net cash flows provided from (used in) financing activities	(114,025,623)	202,851,985	(49,819,023)	217,021,304

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit : Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Net Increase (decrease) in cash and cash equivalents				
before effect from exchange rates	(21,038,235)	(37,218,428)	(15,738,744)	(37,473,178)
Effect from foreign exchange in cash and cash equivalents	(295,868)	(45,927)	-	-
Net Increase (decrease) in cash and cash equivalents	(21,334,103)	(37,264,355)	(15,738,744)	(37,473,178)
Cash decrease form non controlling interests	(9,626,356)	-	-	-
Cash and cash equivalents at the beginning of the year (Note 6)	442,577,207	479,841,562	418,940,100	456,413,278
Cash and cash equivalents at the ending of the year (Note 6)	411,616,748	442,577,207	403,201,356	418,940,100

Supplemental disclosures of cash flows information :

- For the purpose of preparing the statement of cash flows, cash and cash equivalents items include cash in hand and cash at banks and short-term investment in promissory notes which are due within 3 months.
- During the year 2019, The Company has commitment on account receivables of real estate project under financial lease agreement in consolidated and separate financial statements amount of Baht 70.35 and 44.05 million, respectively.(2018 : Baht of 69.87 and 43.64 million, respectively).
- During the year 2019, The Company has commitment on real estate development project for rental under financial lease agreement in consolidated and separate financial statements amount of Baht 100.85 and 48.97 million, respectively.(2018 : Baht of 101.70 and 49.38 million, respectively).
- During the year 2019, The Company disposal of investment in a subsidiary the following statement of cash flows:

(Unit : Million Baht)

Cash and cash equivalents	9.63
Trade and other current receivables	43.35
Property, plant and equipment	176.68
Goodwill	7.40
Intangible assets - Power purchase agreement	88.68
Deferred tax assets	1.68
Other non-current assets	25.70
Trade and other current payables	(9.52)
Long - term loan	(134.72)
Provisions for employee benefits	(0.15)
Deferred tax liabilities	(17.74)
Net - disposal of assets	190.99
Non - controlling interests	(87.63)
Net - disposal of assets of parent company	103.36
The consideration received from the disposal of investment in a subsidiary	134.00
Less Advance payment	(12.62)
Gain on sale of investment in a subsidiaries in the consolidated financial statements	18.02

- During the year 2019, The Company purchased 1 vehicle by entering into a financial lease agreement amout of Baht 12.00 million. (2018: 2 vehicles amount of Baht 6.92 million).
- During the year 2019, The Subsidiary has transferring the real estate development project for rental under financial lease agreement and leasehold land to investment property amount of Baht 33.85 million.
- During the year 2018, The Company has transferring the real estate development project for rental under financial lease agreement and leasehold land to investment property amount of Baht 17.93 million in consolidated financial statements and of Baht 12.97 million in separate financial statement.
- During the year 2018, the Company received payment of land and building from a subsidiary company offsetting with inter-company loan accounts, which the value of land to Baht 74 million.

The accompanying notes are an integral part of the financial statements.

NOTE TO THE FINANCIAL STATEMENT

TWZ CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
DECEMBER 31, 2019

1. General information

The Company was registered as a juristic entity in accordance with the civil and commercial code on December 22, 1993, with registration no. (1) 2785/2536. Under the name of P.C. Communication and Transport Co., Ltd. Later, on July 8, 2004, the Company changed its name to TWZ Corporation Co., Ltd. and became a public company limited on April 12, 2005, with the registered no.0107548000285 (formerly no. 0107574800285). Its head quarter is located at 269 Ratchadapisek, Din Daeng, Bangkok.

The Group conducts business as an distribution agent of mobile phones, spare parts and related accessories, as a service center of telecommunication equipment and as counter service for payment of service fee of GSM Cellular 900 and GSM 1800 system mobile phones. Project development real estate and the Company are the investing in companies, whose objectives are to generate and sell electricity.

On February 16, 2012, the Company has register representative office in Shenzhen, People's Republic of China. The representative office will assist the Company in managing cost and controlling quality of products.

For reporting purposes, the Company and its subsidiaries are referred as "The Group".

2. Basis for financial statement preparation and principles of consolidation

2.1. Basis for financial statement

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2. New financial reporting standards

2.2.1. Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes 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 Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

2.2.2. Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at January 1, 2020 to be to increase the Group's assets by approximately Baht 10.15 million and the Company only approximately Baht 9.86 million, and the Group's liabilities by approximately Baht 10.80 million and the Company only approximately Baht 10.50 million.

2.3. Principle of consolidation

The consolidated financial statements include the financial statements of TWZ Corporation Public Company Limited and its subsidiaries which are under its control with more than 50 percent voting rights as follows:

Company's name	Type of business	Percentage of holding (%)		Country of incorporation
		December 31, 2019	December 31, 2018	
Direct shareholding				
TWZ INTERNATIONAL LIMITED	Supplier and distributor of mobile phone and all kinds of communication device	100	100	Hong Kong
TZ Trading Co., Ltd.	Supplier and distributor of mobile phone and all kinds of communication device	100	100	Thailand
Piyachart Co., Ltd.	Project development real estate for sale and rent	100	100	Thailand
Gear Corporation Co., Ltd.***	Investing in the generating and selling electricity	-	100	Thailand
Gear 2 Corporation Co., Ltd.*	Investing in the generating and selling electricity	100	-	Thailand
Indirect shareholding through by Gear Corporation Co., Ltd.				
Mastech Tool and Service Co., Ltd. by Gear 2 Corporation Co., Ltd.	Generating and selling electricity Indirect shareholding through	-	49	Thailand
Mitra Corporation Co., Ltd.**	Investing in the generating and selling electricity	52.63	-	Thailand
Indirect shareholding through by Mitra Corporation Co., Ltd.				
PG&C 5714 Co., Ltd.	Generating and selling electricity	49	-	Thailand
Tang Corporation Co., Ltd.	Municipal solid waste (MSW) and industrial waste sorting plant	99	-	Thailand
K.B.M.Construction Co., Ltd.	Investing in the generating and selling electricity	99	-	Thailand
Indirect shareholding through by K.B.M.Construction Co., Ltd.				
PG&C 5714 Co., Ltd.	Generating and selling electricity	50	-	Thailand

Significant transactions with subsidiaries have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

The total assets of subsidiaries as at December 31, 2019 and 2018 and total revenues for the year ended December 31, 2019 and 2018, as included in the consolidated financial statements presented in term of percentages are as follow:

Subsidiaries company	Percentage of subsidiaries's total assets to consolidated total assets		Percentage of subsidiaries's total revenues to consolidated total revenues	
	December 31,	December 31,	For the year ended December 31,	
	2019	2018	2019	2018
TWZ INTERNATIONAL LIMITED	0.08	0.10	-	-
TZ Trading Co., Ltd.	0.84	0.62	2.28	1.64
Piyachart Co., Ltd.	8.19	8.71	0.68	2.61
Gear 2 Corporation Co., Ltd.*	14.15	-	0.07	-
Gear Corporation Co., Ltd.***	-	2.20	0.01	0.04
Mastech Tool and Service Co., Ltd.	-	4.87	0.29	1.15

3. Significant accounting policies

3.1. Revenue and expenses recognition

Revenue from sales

Sales of goods are recognised at the point in time when control of the asset is transferred to the customer. Sales income are presented as an invoice value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Revenue arrangements with multiple deliverables are allocated between the element in proportion to the delivered products and the obligations to be performed in providing services that are included in the contract using the basis of standalone selling prices of different products or services as obligated in the contract.

Revenue from service

Service income is recognized when the Company and its subsidiaries have provided the service. By considering the ratio of work completed. Which is calculated in accordance with the total cost of service incurred to the total estimated cost that will be used in providing the service under the contract.

Revenues from interest are recognized by timing which concern the effective interest rate.

Interest Income under Financial Lease Agreement is recognized on effective interest rate method in accordance with the lease period of contract.

In determining the cost of real estate development project for sale sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to real estate development project for sale sold on the basis of the salable area and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction and related interest (if any.)

Cost of sales and expenses are recognized by accrual basis of accounting.

3.2. Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost. Cash and cash equivalents comprise of cash on hand, deposits held at call at banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and are not used as collateral.

3.3. Trade accounts receivable and allowance for doubtful debt

Trade accounts receivable are carried at the original invoice amount and subsequently measured the value with the remaining amount less allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. Allowance for Doubtful Debt is estimated from aging evaluation of trade accounts receivable in proportion of debt settlement received after the date of accounting closing as follows:

<u>Aging of Account Receivable Overdue</u>	<u>Rate of Allowance for Doubtful Debt</u>
1 - 90 Days	50 %
Over 90 Days	100 %

3.4. Account receivables of real estate project under financial lease agreement

Account receivables of real estate project under financial lease agreement are showed at net realizable value and unearned interest income shown as a deduction from a finance lease receivables.

3.5. Inventories

Inventory of financial statement are valued at lower of moving average cost or net realizable value.

The net realizable value is from estimate of selling price in the ordinary course of business, minus the costs of completion and selling expenses.

The cost of purchase comprises both the purchase price and direct cost which related to that purchasing expenses, such as transportation charge less all attributable discounts and rebates from purchase goods (if any).

The Company shall set aside allowance for obsolete inventories by calculating at the higher of mark-to-market price or inventory aging value. Allowance for obsolete inventories shall be established according to following criteria:

<u>Aging of inventory</u>	<u>Rate of Allowance for obsolete inventory</u>
181-270 Days	25 %
271-365 Days	50 %
over 365 Days	100 %

3.6. Real estate development project for sale

Real estate development project for sale in consist of land and cost of real estate development project progress are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

Land, The cost of land is recorded by separating the sale area of each project.

Cost of real estate development consist of cost of construction, public utility costs and interest capitalised to cost of projects (if any) by records cost of construction and public utilities based on the actual cost incurred.

3.7. Real Estate Development Project for Rental under Financial Lease Agreement

Real estate development project for rental under financial lease agreement is showed at cost, which consisted of cost of land development, costs of constructions of building and rental under financial lease agreement.

3.8. Investments

Investments in subsidiaries undertaking der takings are accounted for in the separate financial statements by using the cost method of accounting less an allowance for impairment in value. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

Purchase and sales of investment are recognized on the trade date, which is the date that the Company commits to purchase or sell the investment, cost of investment includes transaction costs.

A test for impairment in carried out when there is a indicating factor that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of comprehensive income. When disposing of part of the Company of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.

3.9. Land held for development

Land held for development is stated at cost. It is consisted of cost of land and related expenses.

3.10. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the parent company is land held for a currently undetermined future use. The parent company has not determined that it will use the land as owner-occupied property or for short-term sales.

Investment property is measured initially at its cost including related transaction costs. After initial recognition, investment property is carried at cost deduct with accumulated impairment losses (if any).

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred.

3.11. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of each asset, to their residual values over their estimated useful lives as follows :

	<u>Year</u>
Building (Except office building depreciation that will be calculated base on the right of railway lease agreement)	20
Building Improvement	5
Tool and Equipment	5
Office Equipment	5
Office Equipment	5
Vehicle	5
Equipment of electric from solar power	10-20

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

The Company recognizes borrowing costs which are interest or other financial expenses that are directly related to the acquisition of assets resulting from the construction or production of assets with specified qualifications. In order to make the assets available for use as objectives, recorded as cost of assets.

3.12. Leasehold rights

Leasehold rights is recorded at cost and deducted by accumulated amortization and leasehold rights shall be amortized in accordance with the lease period of each contract.

3.13. Intangible assets

Computer software

Acquired computer software licences are capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life 5 years.

Electricity supply contract

Electricity supply contract which came from the business combination initially recorded at fair value at acquisition date. This fair value considered as initial cost and depreciated by using straight-line method over the period stated in the contract netting with impairment (if any).

3.14. Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In the impairment test of goodwill, goodwill is allocated to the units that generate to cash flows, that unit may be the same unit or multiple units combined, which is expected to get benefit from the business combination. Goodwill arises from the identified operating section.

3.15. Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.16. Long - term lease

In case of the Company is the lessor

The lease agreement was classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. And assets held under finance leases are recognized in the statements of financial position as account receivables of real estate project under financial lease agreement.

Revenue from real estate project under financial lease agreement recognized at the commencement of the lease agreement by a lessor is the fair value of the assets, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. The cost of real estate project under financial lease agreement recognized at the commencement of the lease agreement is the cost, or carrying amount (if carrying amount different from cost of real estate project) The difference between estate project under financial lease agreement is the profit from real estate project under financial lease agreement, which is recognized in accordance with the accounting policy for normal sales.

In case of the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

3.17. Employee benefitShort term employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognized as expenses when incurred Post-employment benefits.

Defined contribution plans

The parent company and its employee have jointly established a provident fund. The fund is monthly contributed by employee and by the Company. The fund's assets are separate from trust fund and the Company and recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments which paid to employees when their retirement have incurred under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all. Expenses related to defined benefit plans in profit or loss

3.18. Borrowing costs

Borrowing costs of loans obtained for construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalization rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects. (If any)

3.19. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements and separate financial statements are presented in Thai Baht, which is the Group's functional and presentation currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

The Group

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities in both monetary and non-monetary items are all converted at the prevailing closing exchange rates at the end of the relevant accounting periods.
- Share capital is converted at the prevailing exchange rate on the date such capital fund is received.
- Revenues and expenses are converted at the average exchange rate of each month.
- All resulting exchange differences are recognised in statements of comprehensive income

3.20. Income tax

Income tax

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

Current tax

The Group record current tax at the amount expected to be paid to the government's taxation authority, by calculating tax profits in accordance with the criterion prescribed in the tax laws of each country.

Deferred tax

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

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.21. Earnings (loss) per share

Primary earnings (loss) per share

Primary earnings (loss) per share is calculated by dividing net profit (loss) with weighted average the number of issued and paid-up shares.

Diluted earning (loss) per share

The diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares are warrants for existing shareholder. The convertible share is assumed to have been converted into ordinary shares. For the warrant, a calculation is made to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. (Determine from average price of ordinary shares of the Company shares in these periods.) The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrant. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings.

3.22. Share Capital

Ordinary shares is classified as equity.

3.23. Legal reserve

Parent company

Section 116 of the public companies Act B.E. 2535 requires that the Company shall allocate not less than 5 percent of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10 percent of the registered authorized capital. The legal reserve is not available for dividend distribution.

Subsidiary company in Thailand

The subsidiary companies shall allocate not less 5 percent of its annual net profit each time a dividend is declared, to a reserve account (“legal reserve”) until the reserve reaches 10 percent of authorized share capital. The legal reserve is not available for dividend distribution

3.24. Dividends

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s financial statements in the period in which the dividends are approved by the Company’s shareholders.

3.25. Executive benefit expenses

Executive benefit expenses represents the benefits paid to the Company’s executive such as salaries and related benefit including the benefit paid by other means. The Company’s executive is the persons who are defined under the law on Securities and resources to those segments.

3.26. Operating segments

Operating Segments is requires the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company’s chief operating decision maker in order to assess each segment’s performance and to allocate resources to those segments.

3.27. Provision

Provision are recognized when the Group has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimation of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

3.28. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1- Use of quoted market prices in an observable active market for such assets or liabilities

Level 2- Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3- Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis

3.29. Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”.)

Business combinations

The group applies the acquisition method for all business combinations accounting record, when control is transferred to the group.

Control means the power to control. The group must take the voting rights into the consideration. The acquisition date is the date that the controlling authority is transferred to the buyer. Determining the acquisition date and specifying the transfer of control from the acquiree to the buyer, requires discretion to get involved.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest (NCI) at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

Non controlling interests

Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

4. Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the effect on the amount recognised in the financial statements is included in the following notes:

4.1. Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

4.2. Allowance for doubtful account

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

4.3. Allowance for impairment of real estate development project for sale

The Company estimates allowance for impairment of real estate development project for sale to reflect the impairment of real estate development project for sale based on net realisable value.

4.4. Allowance for obsolete, slow-moving and defective inventories

The Company maintains an allowance for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category.

4.5. Impairment of assets

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

4.6. Building improvement and equipments and Depreciation

In determining depreciation of building improvement and equipments, management is required to make estimates of the useful lives and residual values of the Company’s building improvement and equipments and to review estimate useful lives and residual values when there are any changes.

4.7. Deferred tax assets

A deferred tax assets is recognised to the extend that it is probably the future taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

4.8. Retirement employee benefits

The Company has commitments on retirement benefits to employees under the Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation, employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Company determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company considers the current yields on long-term government bonds.

5. Related party transactions

The followings are relationships with enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

<u>Company’s name and related persons</u>	<u>Relationship</u>
TWZ International Limited	Subsidiary company by direct holding
TZ Trading Co., Ltd.	Subsidiary company by direct holding
Piyachart Co., Ltd.	Subsidiary company by direct holding
Gear 2 Corporation Co., Ltd.*	Subsidiary company by direct holding
Mitra Corporation Co., Ltd.**	Subsidiary company, by indirect hold in Gear 2 Corporation Co., Ltd.
PG&C 5714 Co., Ltd.	Subsidiary company, by indirect hold in Mitra Corporation Co., Ltd.
Tang Corporation Co., Ltd.	Subsidiary company, by indirect hold in Mitra Corporation Co., Ltd.
K.B.M.Construction Co., Ltd.	Subsidiary company, by indirect hold in Mitra Corporation Co., Ltd.
Gear Corporation Co., Ltd.***	Subsidiary company by direct holding

<u>Company's name and related persons</u>	<u>Relationship</u>
Mastech Tool and Service Co., Ltd.	Subsidiary company, by indirect hold in Gear Corporation Co., Ltd.
Mr. Puttachat Rungkasiri	Director and shareholder
Ms. Piyanuj Kositwuth	Director (Ending of being a director on November 14, 2018.)
Mr. Suthee Luangrattanacharoen	Director and shareholder of subsidiaries
Sutee Holding Co., Ltd.	Mr. Suthee Luangrattanacharoen is director and Shareholder in Mitra group

The pricing policies for particular types of transactions were as follows:

<u>Transactions</u>	<u>Pricing policy</u>
Revenue from sales	Cost plus pricing
Purchases	With reference to market prices
Management income	5% of revenues from sales and services
Acquisition of properties	Determined by an independent appraiser amount of Bath 74 million

* During the year 2019, The Parent Company established a subsidiary company, Gear2 Corporation Co., Ltd. As a result, the control on May 31, 2019.

** During the year 2019, the subsidiary (Gear2 Corporation Co., Ltd.) purchased the investment in Mitra Corporation Co., Ltd. As a result, the control on May 31, 2019.

*** As at March 31, 2019, the parent company was sold investment of Gear Corporation Co., Ltd. As a result, the lost control on March 29, 2019.

The Group had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those companies. The summary of those transactions are as follows:

5.1. Asset and liabilities

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Transactions with subsidiaries</u>				
TWZ International Limited				
Advance receipts	-	-	26,018	27,794
TZ Trading Co., Ltd.				
Accrued income	-	-	5,575,319	1,730,697
Account payable	-	-	1,478,735	859,760
Advance receipts	-	-	35,007,115	14,148,242
Piyachart Co., Ltd.				
Advance payment	-	-	224,046	22,964,980
Accrued interest income	-	-	30,339,537	27,699,537
Loan	-	-	48,000,000	48,000,000
Accrued expenses	-	-	2,177,160	1,047,240
Gear Corporation Co., Ltd.***				
Advance payment	-	-	-	13,470,050

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Gear2 Corporation Co., Ltd.*				
Advance payment	-	-	582,100	-
Accrued interest income	-	-	4,929,808	-
Loan	-	-	151,000,000	-
<u>Transactions with related companies</u>				
Sutee Holding Co., Ltd.				
Loan	84,558,313	-	-	-
Accrued interest expenses	1,086,705	-	-	-
Accrued expenses	137,000,000	-	-	-
<u>Transactions with related persons</u>				
Ms. Piyanuj Kositwuth				
Loan	-	6,709,137	-	-
Mr. Suthee Luangrattanacharoen				
Advance payment	31,048,967	-	-	-
Accrued interest income	2,815,716	-	-	-

As at December 31, 2018, The Company has an acquisition of properties for investment instead of repayment loans to related party amount of Baht 74 million, which the value is such as appraised by an independent appraiser "N&A Appraisal Co., Ltd.", dated January 15, 2018, and determined by using cost and income approach.

As at December 31, 2019, short-term loan from related party represents loan under a loan agreement. The loan is due for repayment on call with on interest.

5.2. Revenue and expenses transactions as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
<u>Transactions with subsidiaries</u>				
TZ Trading Co., Ltd.				
Purchases	-	-	578,481	803,514
Revenues from sales	-	-	7,944	-
Management fee	-	-	3,844,622	2,749,866
Piyachart Co., Ltd.				
Interest income	-	-	2,640,000	2,890,890
Rental	-	-	1,129,920	1,047,240
Gear Corporation Co., Ltd.*				
Interest income	-	-	4,929,808	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Transactions with related companies				
Sutee Holding Co., Ltd.				
Interest expenses	1,086,705	-	-	-
Transactions with related persons				
Mr. Suthee Luangrattanacharoen				
Interest income	753,435	-	-	-

5.3. Management remunerations

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31,			
	2019	2018	2019	2018
Short term employee benefits	13,278,910	18,725,762	13,278,910	18,725,762
Post-employment benefits	529,628	911,118	529,628	911,118
Total	13,808,538	19,636,880	13,808,538	19,636,880

6. Cash and cash equivalents

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Cash	1,051,834	1,618,713	682,225	1,266,966
Bank - current accounts	209,018,068	268,053,116	206,817,559	265,547,345
Bank - saving accounts	142,572,846	116,387,253	136,727,572	95,607,664
Cheque on hand	58,974,000	56,518,125	58,974,000	56,518,125
Total	411,616,748	442,577,207	403,201,356	418,940,100

Cash at banks earn interest at the rate determined by the banks.

7. Trade and other current receivables

Outstanding trade accounts receivables can be aged as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Trade account receivables	1,237,613,374	1,089,536,431	1,234,740,142	1,075,619,970
<u>Less</u> Allowance for doubtful debt	(5,373,907)	(4,604,771)	(2,619,843)	(2,619,843)
Estimated goods return	(1,473,037)	(6,289,777)	(1,473,037)	(6,289,777)
Trade account receivables - net	1,230,766,430	1,078,641,883	1,230,647,262	1,066,710,350
Other current receivables				
Advance payment for goods	289,612,550	291,284,717	289,612,550	291,284,717
<u>Less</u> Allowance for doubtful debt	(729,048)	(729,048)	(729,048)	(729,048)
Net	288,883,502	290,555,669	288,883,502	290,555,669
Other receivables	10,956,386	21,321,765	8,708,181	18,796,664
Prepaid expenses	2,007,807	2,615,685	1,623,271	1,617,401
Accrued income	11,337,463	11,106,502	15,682,873	12,081,998
Accrued interest income	4,428,861	1,832,259	36,565,099	29,262,761
Advance	32,782,849	1,821,371	2,106,793	38,133,075
Account receivable - Revenue department	1,859,584	16,142,735	-	-
Deposits and guarantee	152,908	228,908	152,907	228,908
Total	352,409,360	345,624,894	353,722,626	390,676,476
<u>Less</u> Allowance for doubtful debt	(109,910)	(1,093,195)	(55,000)	(1,038,285)
Total other receivables	352,299,450	344,531,699	353,667,626	389,638,191
Total trade and other current receivables	1,583,065,880	1,423,173,582	1,584,314,888	1,456,348,541
Recourse trade account receivables	1,585,970	7,666,854	1,585,970	7,666,854
Trade account receivables :				
In due	1,165,139,235	906,604,205	1,166,354,560	903,679,457
Over due :				
1 - 30 Days	66,949,209	162,340,580	65,788,669	157,860,644
31 - 60 Days	762,457	5,549,880	657,757	5,134,152
61 - 90 Days	137,510	722,257	67,139	87,100
More than 91 Days	3,038,993	6,652,655	286,047	1,191,763
Total	1,237,613,374	1,089,536,431	1,234,740,142	1,075,619,970
<u>Less</u> Allowance for doubtful debt	(5,373,907)	(4,604,771)	(2,619,843)	(2,619,843)
Estimated goods return	(1,473,037)	(6,289,777)	(1,473,037)	(6,289,777)
Net	1,230,766,430	1,078,641,883	1,230,647,262	1,066,710,350

Parent company

As at December 31, 2019 and 2018 the Company sold the partial of trade receivables under the factoring agreement in the amount Baht 372.65 million. And Baht 224.95 million. Respectively, Advance payment for goods was the payment in advance according to normal commercial condition, which the Company agreed with manufacturers and distributors of mobile phones and accessories.

Allowance for doubtful accounts receivable have changed during the year as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Beginning balance	(12,716,791)	(12,448,900)	(10,676,953)	(9,440,531)
Increase	(769,136)	(1,236,422)	-	(1,236,422)
Decrease	5,800,025	968,531	5,800,025	-
Ending balance	(7,685,902)	(12,716,791)	(4,876,928)	(10,676,953)

During the year 2019, The Company has reversed the allowance for doubtful accounts of Bath 5.80 million. Since, due to payment from account receivable. (During the periods 2018, The Company has reversed the allowance for doubtful accounts of Bath 0.97 million. Since, due to payment from account receivable.)

8. Inventories

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Mobile phones and accessories	1,545,287,823	1,539,048,800	1,541,110,931	1,533,214,668
Spare part for repairing	7,418,802	11,458,481	7,418,802	11,458,481
Raw material	77,200,000	-	-	-
Total	1,629,906,625	1,550,507,281	1,548,529,733	1,544,673,149
<u>Add</u> Estimated cost for goods return	1,372,805	4,785,906	1,372,805	4,785,906
Total	1,631,279,430	1,555,293,187	1,549,902,538	1,549,459,055
<u>Less</u> Allowance for diminution value of inventories	(23,672,319)	(28,547,592)	(23,160,954)	(27,393,916)
Allowance for obsolete inventories	(729,009)	(2,932,131)	(723,645)	(2,932,131)
Net	1,606,878,102	1,523,813,464	1,526,017,939	1,519,133,008

Allowance for declining in value of inventories have changed during the year as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Beginning	(31,479,723)	(32,365,678)	(30,326,047)	(31,095,488)
Increase	(2,192,950)	(7,156,364)	(2,949,876)	(7,543,053)
Decrease	9,271,345	8,042,319	9,391,324	8,312,494
Ending	(24,401,328)	(31,479,723)	(23,884,599)	(30,326,047)

During the year 2019, the Group reverse allowance for value of inventories in the consolidated and separate statements of comprehensive income amounting to Baht 9.27 million and Baht 9.39 million, respectively, since the sale of inventories. (During the year 2018, amounting to Baht 8.04 million and Baht 8.31 million.)

9. Financial asset

9.1. Account receivables of real estate project under financial lease agreements.

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Account receivables of real estate				
Project under financial lease agreement	135,736,422	141,582,941	95,944,522	99,686,017
<u>Less</u> Deferred interest income from financial lease agreement	(46,359,245)	(52,686,424)	(32,868,986)	(37,014,670)
Current portion of account receivables of real estate project under financial lease agreement	(2,436,619)	(995,660)	(1,050,923)	(191,747)
Total	86,940,558	87,900,857	62,024,613	62,479,600
<u>Less</u> Allowance doubtful debt	(19,028,890)	(19,028,890)	(19,028,890)	(19,028,890)
Net	67,911,668	68,871,967	42,995,723	43,450,710

The aggregate minimum lease receives under long-term lease agreements were as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Less than 1 year	12,062,782	11,110,323	8,884,939	8,025,763
More than 1 year but less than 5 years	36,247,023	33,313,908	25,288,516	23,264,995
More than 5 year	87,426,617	97,158,710	61,771,067	68,395,259
Total	135,736,422	141,582,941	95,944,522	99,686,017

9.2. Real estate development project for rental under financial lease agreement

(Unit : Baht)

	Consolidated financial statement				
	As at				As at
	December 31,	Increase	Decrease	Transfer in / Transfer out	December 31,
	2018				2019
Building	28,542,614	-	-	(7,683,510)	20,859,104
Rental under financial lease agreement	13,375,344	-	-	(8,263,653)	5,111,691
Total	41,917,958	-	-	(15,947,163)	25,970,795
Less Allowance for impairment in real estate development project for rental under financial lease agreement	(4,890,793)	-	-	-	(4,890,793)
Net	37,027,165	-	-	(15,947,163)	21,080,002

The Company / subsidiary

As at December 31, 2019, the Company transferred assets in the real estate development project for rent under the financial lease agreement to investment property amount to Baht 15.95 million.

As at December 31, 2018, the Company transferred assets in the real estate development project for rent under the financial lease agreement to investment property amount to Baht 13.17 million and transferred amount to Baht 47.17 million instead the repayment of related loan.

10. Asset held for sale - Real estate development project for sale

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Land	278,860,637	281,590,146	26,740,423	29,469,932
Cost of development project (Construction expenses)	172,088,482	188,667,944	167,342,089	183,921,550
Capitalised interest and financial costs	4,519,263	4,519,263	4,519,263	4,519,263
Total	455,468,382	474,777,353	198,601,775	217,910,745
Add Cost of development project	-	1,378,910	-	1,378,910
Total Cost of goods sold	455,468,382	476,156,263	198,601,775	219,289,655
Less Accumulated cost of sales recognized as cost of sales	(6,252,041)	(20,687,880)	(6,252,041)	(20,687,880)
Total	449,216,341	455,468,383	192,349,734	198,601,775
Less Allowance for loss on decline in value of projects	(1,608,737)	(1,608,737)	-	-
Net	447,607,604	453,859,646	192,349,734	198,601,775

For the year end December 31, 2019 and 2018, the Company has capitalized borrowing costs in the real estate development project for sale amounting to Baht 4.52 million and the Company has pledged its land for short-term loans from financial institutions (Note.18) and long-term loans from institutions (Note.21)

For the year end December 31, 2019, and 2018 the real estate development expenses recognize as cost of sales in the statement of income amounted to Baht 6.25 million and Baht 20.69 million respectively.

11. Investments in subsidiaries and non controlling interests

11.1. Investments in subsidiaries

	Separate financial statements							
	Percentage of		Thousand Baht					
	Investment (%)		Issue and paid up capital		Cost		Dividend received	
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	Dec
31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018	31, 2019	31, 2018	
TWZ INTERNATIONAL LIMITED	100	100	1,000	1,000	3,958	3,958	-	-
TZ Trading Co., Ltd.	100	100	3,000	3,000	3,000	3,000	-	-
Piyachart Co., Ltd.	100	100	250,000	250,000	320,000	320,000	-	-
Gear Corporation Co., Ltd.***	-	100	-	100,000	-	100,000	-	-
Gear 2 Corporation Co., Ltd.*	100	-	3,000	-	3,000	-	-	-
Total					329,958	426,958	-	-

Piyachart Co., Ltd.

TWZ Corporation Public Company Limited (TWZ) purchased ordinary shares of Piyachart Company Limited (PYC) from old shareholder amounted to Baht 120 million and both parties entered into a share repurchase agreement on May 13, 2013. With the terms of the contract, in case PYC's total net profit for the year of 2013-2016 is less than Baht 150 million, TWZ has the right to sell the shares back to old shareholder. If TWZ chooses to exercise the right, old shareholder are obliged to repurchase by agreeing to pay PYC's shares of Baht 120 million.

According to the minutes of the Board of Directors Meeting No. 1/2017, dated February 27, 2017, the Company unanimously resolved not to exercise the right to sell PYC shares to old shareholder at the price of Baht 120 million under the above share repurchase agreement since the Company compared the value of PYC by adjusting its book value. The valuation was prepared by a financial advisor approved by the Securities and Exchange Commission in accordance with the appraisal report dated March 24, 2017 that the appraised value was higher than resell value.

Gear Corporation Co., Ltd.

As the resolution of the Board of Directors No. 2/2019 on March 21, 2019 approved the sale of a subsidiary as Gear Corporation Company Limited which invests in solar power generation project. The sale of ordinary shares of Gear Corporation Company Limited, which holds 80 % of the paid-up shares of Mastech Tool and Service Company Limited in the amount of Baht 134 million resulting in profit from the sale of investment in the said subsidiary in the consolidated financial statements and the separate statements of Baht 18.02 million and Baht 22.00 million, respectively, which has been recorded in the statements of comprehensive income.

Discontinued operation

Gear Corporation Co., Ltd. and subsidiaries. The Group investing in the generating and selling electricity. This segment as classified as discontinued segment. The Company separately presented the operating results of the discontinued segment from normal operating profits and presented it as profit (loss) from discontinued operations - net of tax in the consolidated statement of income and other comprehensive income (loss) from discontinued operations in the consolidated statement of comprehensive income. The Group has represented transactions of this segment for the year 2019 as discontinued operation to compare with the current year financial statements.

(Unit : Baht)

For year ended December 31,	Consolidated financial statements	
	2019	2018
Results of discontinued operation		
Revenue	11,132,592	40,619,386
Expenses	(7,070,949)	(37,726,566)
Results from discontinued operating activities	4,061,643	2,892,820
Income (Expense) tax	192,094	2,438,528
Results from discontinued operating activities, net of income tax	4,253,737	5,331,348
Earning per share (in Baht):		
Basic earning (Loss) per share from discontinued operation	0.0005	0.0006

(Unit : Baht)

For year ended December 31,	Consolidated financial statements	
	2019	2018
Cash flows from (used in) discontinued operation		
Net cash from (used in) operating activities	10,273,872	19,284,927
Net cash from (used in) investing activities	(11,384,820)	(125,189)
Net cash from (used in) financing activities	(3,318,452)	(13,759,219)
Net cash from (used in) discontinued operation	4,429,400	5,400,519

Gear 2 Corporation Co., Ltd.

According to the meeting of the Executive Committee No. 3/2019 on April 5, 2019, The Board of Director has approved the establishment of 1 subsidiary company, Gear 2 Corporation Co., Ltd., which investments and operate in alternative energy business by held in 100% of shares and has a registered capital of Bath 3,000,000.

Mitra Corporation Co., Ltd

As at the minutes of Board of Directors Meeting No.4/2019 held on August 14, 2019, to approved the increase of PG&C 5714 Co., Ltd.'s registered capital and approved the reservation to purchase the increase share capital to Mitra Corporation. Co., Ltd. (Indirect subsidiary company) which the current registered capital of Baht 133,000,000 divided into the ordinary share 1,330,000 shares at a par value of Baht 100, representing a capital paid-up total of Baht 133,000,000. The increasing of registered capital

for existing shareholders amount 498,750 shares divided into the ordinary share 498,750 share at a par value of Baht 100, representing a total of Baht 49,875,000. To paid-in capital refer to 25% of the registered capital. The total after registering is amount of Baht 182,875,000 divided into the ordinary share 1,828,750 shares at a par value of Baht 100 in order to reinforce in RDF power plant business and expansion to invest in alternative energy industry.

In this regard, the capital increasing has been increased for existing shareholders in 8 current shares to 3 new shares, hereby Mitra Corporation Co., Ltd. and K.B.M Construction Co., Ltd. will be reserve to purchase ordinary in order to keep the proportion of voting which it shall be equal to the former number of shareholder. The details and proportion of shareholders are below :

Ratio of the increase capital is 8 current shares : 3 new shares

Shareholders	Before increase (Share)	% Of registered capital	Increased capital	% Of registered capital	After increase (Share)	% Of registered capital
MITRA	651,700	49.00%	244,389	49.00%	896,089	49.00%
KBM	665,000	50.00%	249,375	50.00%	914,375	50.00%
Other Minor Shareholders	13,300	1.00%	4,986	1.00%	18,286	1.00%
Total	1,330,000	100%	498,750	100%	1,828,750	100%

According to the minutes of the Board of Directors' Meeting No. 2/2019 on March 21, 2019, the Board of Directors has approved the company to buy an 1,368,304 ordinary shares in Mitra Corporation Co., Ltd. ("MITRA"), with a par value of Bath 100 per share, 52.63% of paid-up shares. The seller and buyer as an unrelated person. By entering the transaction, the Company acquired 52.63% of Mitra Corporation Limited's shares, which the company operates both direct and indirect shareholding in PG&C 5714 Co., Ltd ("PGC") in the proportion of 99%. PG&C 5714 Co., Ltd ("PGC") engages in power plant business industrial waste is located at Saha Rattana Nakorn Industrial Estate, Ayutthaya, which is a gasification power plant in burning and producing electricity. The total electricity production capacity is 3 MW and can eliminate up to 60 tons of waste per day and can expand the business to be an industrial waste disposal facility, By the Provincial Electricity Authority (PEA) will purchase special electricity from industrial waste in the form of Feed-in Tariff (FiT). Mitra Corporation Co., Ltd. ("MITRA") holding shares in Tang Corporation Co., Ltd. ("TC") in the proportion of 99% as well to operate the waste separation plant and RDF production plant by converting waste into recyclable materials and RDF fuel, located in Uthai District, Ayutthaya, able to eliminate industrial waste and community waste by sorting and converting and selling materials waste from operations, having the capacity to perform a full capacity of 300 tons per day, which is a related and on going business for each other to send raw materials to the power plant in production electricity. By determining the total value of the purchase of shares not exceeding Baht 291 million. Details of the net asset value arising from the purchase of investment in Mitra Corporation., Ltd.

(Unit : Baht)

	Fair value		
	Book value	adjustment	Fair value
Cash and cash equivalents	29,121,470	-	29,121,470
Trade and other current receivables	31,413,117	-	31,413,117
Short - term loans	22,300,000	-	22,300,000
Inventories	77,200,000	-	77,200,000
Other current assets	68,690,770	-	68,690,770
Long term loan	78,125,223	-	78,125,223
Building improvement and equipment	60,572,241	8,490,325	69,062,566
Intangible assets	-	447,000,000	447,000,000
Goodwill	8,610,382	-	8,610,382
Other non - current assets	96,050	-	96,050
Trade and other current payables	(1,972,913)	-	(1,972,913)
Short term loans	(171,897,675)	-	(171,897,675)
Long term loans	(43,217,145)	-	(43,217,145)
Deferred tax liabilities	-	(91,098,065)	(91,098,065)
Total net assets	159,041,520	364,392,260	523,433,780
Noncontrolling interests (47.37%)	(75,337,968)	172,612,614	(247,950,582)
Book value of net assets acquired (52.63%)	83,703,552	191,779,646	275,483,198
Total consideration paid	291,000,000	-	(291,000,000)
Goodwill	207,296,448	(191,779,646)	15,516,802

In accordance with TFRS3, administrator is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisation of the fair values for certain acquisitions of businesses acquired during 2019 is dependent on determination of the ultimate purchase price and result of the purchase price allocation.

The Company has assessed the fair value of assets which transferred from the business acquisition of Mitra Corporation Company Limited and appointing an independent external appraiser certified by the Securities and Exchange Commission (SEC), which has Assess the fair value of identifiable assets, by considering the measurement of assets and considering the possibility that the group will reliably receive economic benefits from the assets. It is found that each identified asset has no significant difference between the book value and the fair value at the acquisition date. Except for the following assets list :

Property, Plant and Equipment

The fair value of Property, Plant and Equipment is determined by Cost Approach method according to The Current Replacement Cost, to estimate the residual value of the future economic benefits for assets of a similar nature and use in an entity's operation. Which this method is higher than the book value in amount of Baht 8 million.

Intangible assets

The fair value of the intangible assets that received from the business acquisition consists of the Power Purchasing Agreement (PPA) for power generation capacity of 2.5 MW throughout 20 years with Provincial Electricity Authority (PEA) in amount of Baht 192 million. The PG&C 5714 Co., Ltd. expected to start the Commercial Operation Date (COD) on January 1, 2020 to December 31, 2039, which it is the expiration date of agreement including Refuse Derived Fuel Agreement (RDF) to the PG&C5714 Co., Ltd. By the way Tang Corporation Co., Ltd. has received income from waste segregation and product of Refuse Derived Fuel (RDF) of Baht 255 million for a period of approximately 20 years, ending on December 31, 2039, as PG&C 5714 Co., Ltd.'s the Power Purchasing Agreement (PPA) expiration date.

11.2. Non controlling interests

Information about subsidiary companies in which the Group does not hold all of the shares which have significant non-controlling interests to the Group as at December 31, 2019 and 2018 are as follows:

(Unit : Million Baht)

Company	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2019	2018	2019	2018	2019	2018	2019	2018
	Mastech Tool and Service Co., Ltd.	51%	51%	-	85.17	2.46	0.66	-
Mitra Corporation Co., Ltd.*	48%	-	247.70	-	(0.37)	-	-	-

Summarized financial information before eliminating inter-company transactions of each subsidiary in which the Group does not hold all shares with significant non-controlling interests for the years ended December 31, 2019 and 2018 are as follows:

Statement of financial position as at December 31, 2019 and 2018, Statement of comprehensive income and statement of cash flow for the year ended December 31, 2019 and 2018

(Unit : Baht)

	Mitra Corporation Co., Ltd.*		Mastech Tool and Service Co., Ltd.	
	2019	2018	2019	2018
Statements of financial position indirect method as at December 31,				
Current assets	182,646,062	-	-	37,286,454
Non - current assets	115,426,604	-	-	206,829,182
Current liabilities	(139,660,633)	-	-	(23,172,970)
Non - current liabilities	-	-	-	(124,892,930)
Net assets	158,412,033	-	-	96,049,736

(Unit : Baht)

	Mitra Corporation Co., Ltd.*		Mastech Tool and Service Co., Ltd.	
	2019	2018	2019	2018
Statements of comprehensive income				
- indirect method for the year ended december 31,				
Total revenues	2,668,927	-	-	40,565,746
Net Profit (loss) for the year	(754,737)	-	-	8,304,658
Total comprehensive income	(754,737)	-	-	6,648,778
Statement of cash flow - indirect method				
Net cash from (used in) operating activities	(26,797,225)	-	-	23,723,819
Net cash used in investing activities	(113,591,163)	-	-	(125,189)
Net cash from (used in) financing activities	140,706,284	-	-	(17,549,493)
Net cash increase (decrease)	317,896	-	-	6,049,137

*Mitra Corporation Co., Ltd. Was established on January 9, 2019

12. Investment property

(Unit : Baht)

	Consolidated	Separate
	financial statements	financial statements
Investment property at January 1, 2019	70,400,000	17,600,000
Transfer from		
- Real estate development project for rental under financial lease agreement (Note 9.2)	15,947,163	-
- Leasehold land (Note 15.1)	17,904,805	-
Total	104,251,968	17,600,000
Gain (loss) from fair value adjustments	(5,000,000)	-
Gain (loss) from transfer asset	5,548,032	(1,200,000)
Investment property at December 31, 2019	104,800,000	16,400,000

During the year 2019, subsidiary brought commercial buildings in 4 units out of a total of 13 units to lease to a client which have entered into 3 year long-term lease agreements. Originally, all buildings were recognized under real estate development project for rental under financial lease agreement which the objective is for sale and uses the lower of cost or net realizable value either is lower as its value. Therefore, in preparing the financial statements commercial buildings were reclassified from the real estate development project for rental under financial lease agreement which the objective is for sale to investment property which the objective is the benefits from rental income under the contract in accordance with Thai Accounting Standards 40 about Investment Property.

As at December 31, 2019 and 2018, the fair value of investment properties, by using the appraiser's report of value According to the market price comparison method by bringing the land price, which can be compared at the nearby area, to adjust which is the fair value in level 2 of the fair value hierarchy. (Note 3.28)

13. Property, plant and equipment

(Unit : Baht)

Consolidated financial statements

	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor Vehicles	Work in Construction	Equipment of electricity from solar power	Total
Cost:										
January 1, 2019	4,380,108	77,192,792	35,155,679	4,451,101	21,475,401	48,359,915	28,915,363	-	198,000,000	417,930,359
Addition	-	-	209,060	271,607	87,811	34,147	12,000,000	16,641,534	-	29,244,159
Increase from acquisition of subsidiaries (Note 11.1)	57,682,745	-	-	-	-	-	821,526	10,683,651	-	69,187,922
Disposal/Write-off	-	-	(19,524,026)	(2,577,584)	(18,938,903)	(44,840,549)	-	-	-	(85,881,062)
Decrease from disposal in subsidiaries	-	-	(20,619)	(209,629)	-	(9,771)	-	-	(198,000,000)	(198,240,019)
Transfer-In/(Out)	-	-	97,346	(969,200)	(97,346)	969,200	-	-	-	-
December 31, 2019	62,062,853	77,192,792	15,917,440	966,295	2,526,963	4,512,942	41,736,889	27,325,185	-	232,241,359
Accumulated Depreciation:										
January 1, 2019	-	5,959,166	27,371,552	3,141,242	20,318,212	46,502,662	21,258,548	-	19,134,785	143,686,167
Depreciation for the year	-	5,698,146	3,976,079	284,530	532,189	1,171,786	4,067,638	-	2,360,089	18,090,457
Increase from acquisition of subsidiaries (Note 11.1)	-	-	-	-	-	-	125,356	-	-	125,356
Depreciation on disposals/write-off	-	-	(19,099,952)	(2,577,380)	(18,934,811)	(44,841,051)	-	-	-	(85,453,194)
Decrease from disposal in subsidiaries	-	-	(7,818)	(50,971)	-	(2,769)	-	-	(21,494,874)	(21,556,432)
Transfer-In/(Out)	-	-	31,044	(318,465)	(31,044)	318,465	-	-	-	-
December 31, 2019	-	11,657,312	12,270,905	478,956	1,884,546	3,149,093	25,451,542	-	-	54,892,354
Net Book Value:										
January 1, 2019	4,380,108	71,233,626	7,784,127	1,309,859	1,157,189	1,857,253	7,656,815	-	178,865,215	274,244,192
December 31, 2019	62,062,853	65,535,480	3,646,535	487,339	642,417	1,363,849	16,285,347	27,325,185	-	177,349,005

Depreciation are recognized in statements of comprehensive income for the year ended December 31,

2019

18,090,457

2018

23,290,125

(Unit : Baht)

Consolidated financial statements

	Land	Building	Building improvement	Machineries and equipment	Office Equipment	Office Furniture	Motor Vehicles	Work in Construction	Equipment of		Total
									electricity from	solar power	
Cost:											
January 1, 2018	4,380,108	4,499,892	36,856,758	4,075,137	21,407,356	48,222,014	20,925,363	-	198,000,000	-	338,366,628
Addition	-	72,692,900	1,094,206	375,964	68,045	137,901	7,990,000	-	-	-	82,359,016
Disposal/Write-off	-	-	(2,795,285)	-	-	-	-	-	-	-	(2,795,285)
December 31, 2018	4,380,108	77,192,792	35,155,679	4,451,101	21,475,401	48,359,915	28,915,363	-	198,000,000	-	417,930,359
Accumulated Depreciation:											
January 1, 2018	-	564,027	25,985,910	2,705,943	19,686,442	44,834,274	19,844,202	-	9,570,529	-	123,191,327
Depreciation for the year	-	5,395,139	4,180,927	435,299	631,770	1,668,388	1,414,346	-	9,564,256	-	23,290,125
Depreciation on disposals/write-off	-	-	(2,795,285)	-	-	-	-	-	-	-	(2,795,285)
December 31, 2018	-	5,959,166	27,371,552	3,141,242	20,318,212	46,502,662	21,258,548	-	19,134,785	-	143,686,167
Net Book Value:											
January 1, 2018	4,380,108	3,935,865	10,870,848	1,369,194	1,720,914	3,387,740	1,081,161	-	188,429,471	-	215,175,301
December 31, 2018	4,380,108	71,233,626	7,784,127	1,309,859	1,157,189	1,857,253	7,656,815	-	178,865,215	-	274,244,192

Depreciation are recognized in statements of comprehensive income for the year ended December 31,

2018

23,290,125

2017

19,836,057

(Unit : Baht)

Separate financial statement

	Machineries							Total
	Land	Building	Building improvement	and equipment	Office Equipment	Office Furniture	Motor Vehicles	
Cost:								
January 1, 2019	4,380,108	78,499,892	35,135,061	2,938,632	21,021,624	47,834,001	26,794,802	216,604,120
Addition	-	-	209,060	56,513	73,437	22,633	12,000,000	12,361,643
Transfer-In/(Out) form subsidiary	-	-	66,302	-	-	650,735	-	717,037
Disposal/Write-off	-	-	(19,492,982)	(2,577,584)	(18,938,903)	(44,840,549)	-	(85,850,018)
December 31, 2019	4,380,108	78,499,892	15,917,441	417,561	2,156,158	3,666,820	38,794,802	143,832,782
Accumulated Depreciation:								
January 1, 2019	-	5,902,295	27,364,750	2,735,313	20,049,716	46,284,441	19,137,988	121,474,503
Depreciation for the year	-	5,698,146	3,975,062	137,682	464,602	1,068,049	3,971,306	15,314,847
Depreciation on disposals/write-off	-	-	(19,068,908)	(2,577,380)	(18,934,811)	(44,839,272)	-	(85,420,371)
December 31, 2019	-	11,600,441	12,270,904	295,615	1,579,507	2,513,218	23,109,294	51,368,979
Net Book Value:								
January 1, 2019	4,380,108	72,597,597	7,770,311	203,319	971,908	1,549,560	7,656,814	95,129,617
December 31, 2019	4,380,108	66,899,451	3,646,537	121,946	576,651	1,153,602	15,685,508	92,463,803

Depreciation are recognized in statements of comprehensive income for the year ended December 31,

2019	15,314,847
2018	13,234,403

(Unit : Baht)

Separate financial statement

	Building		Machineries and equipment				Total	
	Land	Building	improvement	and equipment	Office Equipment	Office Furniture		Motor Vehicles
Cost:								
January 1, 2018	4,380,108	4,499,892	36,836,140	2,923,434	20,366,548	47,805,020	18,804,802	136,215,944
Addition	-	74,000,000	1,094,206	15,198	55,076	28,981	7,990,000	83,183,461
Disposal/Write-off	-	-	(2,795,285)	-	-	-	-	(2,795,285)
Transfer-In/(Out)	-	-	-	-	-	-	-	-
December 31, 2018	4,380,108	78,499,892	35,135,061	2,938,632	21,021,624	47,834,001	26,794,802	216,604,120
Accumulated Depreciation:								
January 1, 2018	-	564,028	25,983,232	2,564,807	19,499,136	44,700,540	17,723,642	111,035,385
Depreciation for the year	-	5,338,267	4,176,803	170,506	550,580	1,583,901	1,414,346	13,234,403
Depreciation on disposals/write-off	-	-	(2,795,285)	-	-	-	-	(2,795,285)
December 31, 2018	-	5,902,295	27,364,750	2,735,313	20,049,716	46,284,441	19,137,988	121,474,503
Net Book Value:								
January 1, 2018	4,380,108	3,935,864	10,852,908	358,627	1,467,412	3,104,480	1,081,160	25,180,559
December 31, 2018	4,380,108	72,597,597	7,770,311	203,319	971,908	1,549,560	7,656,814	95,129,617
Depreciation are recognized in statements of comprehensive income for the year ended December 31,								
2018								13,234,403
2017								10,157,222

As of December 31, 2019 and 2018, the Company has assets that have been fully depreciated but are still in operation at the book value before deducting accumulated depreciation in the amount of Baht 16.96 million and Baht 95.26 million respectively.

As at December 31, 2019 and 2018, the assets under financial lease which the Company is the lessee included in the above list consist of vehicles, with net book value of Baht 15.50 million (cost price Baht 19.99 million and accumulated depreciation Baht 4.49 million) (2018: net book value of Baht 7.08 million (cost price of Baht 7.99 million and accumulated depreciation in the amount of Baht 0.91 million).

Subsidiaries Company

As at December 31, 2019 and 2018, the subsidiaries had assets with the depreciation fully calculated but still in use which had a cost of Baht 2.20 million and Baht 2.20 million, respectively.

14. Goodwill

(Unit : Baht)

	Consolidated financial statements	
	As at December	As at December
	31, 2019	31, 2018
Goodwill	25,978,362	25,978,362
Decrease from disposal in subsidiaries	(7,400,378)	-
Increase from acquisition of subsidiaries (Note 11.1)	24,127,184	-
Net	42,705,168	25,978,362

Goodwill which increased during the year as a result of buying an ordinary shares in Mitra Corporation Co., Ltd., The management expects that the such acquisition will be able to add a value to the Company, because of power plants from such industrial waste will bring more revenue and effect in better performance of the Company (Note 11.1).

15. Intangible asset

1.5.1. Leasehold Land

(Unit : Baht)

	Consolidated financial statement				
	As at	Increase	Decrease	Transfer in/ Transfer out	As at
	December				December
	31, 2018				31, 2019
Lasehold Land	74,249,744	-	(164,300)	(29,241,423)	44,844,021
<u>Less</u> Accumulated amortization	(34,049,199)	(1,746,956)	-	11,336,618	(24,459,537)
Net	40,200,545	(1,746,956)	(164,300)	(17,904,805)	20,384,484

During the year 2019, the Company and its subsidiary transferred leasehold land to investment property amount to Baht 17.90 million. Because the Company commercial buildings in 4 units out of a total of 13 units, which has a 3 years lease agreement to be rented to customers (Note 12).

As at December 31, 2019 and 2018, the subsidiaries has pledged a leaseholder land as collateral for the credit facility from commercial banks and financial institute. (Note 20).

Parent company

According to the resolution of Board of Director meeting No. 2/2008, dated February 27, 2008, has approved the investment plan in real estate project by acquiring a leasehold rights from a non-related company in order to entering a contract with State Railway Thailand to lease 6,126 square meters land. Later in the Board of Director meeting No. 3/2008, dated March 24, 2008, has provided the ratification to approve the lease.

The Company entered into an aforesaid direct leasehold contract with State Railway of Thailand and the rights of leasehold has been completely transferred to the Company since March 11, 2008. The value of transferred rights is not higher than the official appraisal value which is evaluated by market comparison approach and income approach according to leasehold appraisal report in 2005 by an independent appraiser, providing by the rights transferred company.

Leasehold rights consists of 2 leasehold agreements as follows;

Agreements No.1 Land leasehold agreement for construction, commenced from March 10, 2008 until October 31, 2010 for the period of 2 years 7 months and 21 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009, State Railway of Thailand has approved the extension of construction period for another 1 year and 6 months, starting from November 1, 2010 to April 30, 2012.

On July 24, 2012, State Railway of Thailand has approved the extension of construction period for 8 months, starting from May 1, 2012 to December 31, 2012.

The Company recognized rental from Land leasehold agreement for construction is expenses with the lease period of contract.

Agreements No.2 Land and property leasehold agreement, commenced from November 1, 2010 to August 14, 2031 for the period of 20 years 9 months and 14 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009; State Railway of Thailand has approved the extension of construction period for another 1 year and 6 months, this leasehold agreement shall also be postponed to start from May 1, 2012 to August 14, 2031 for the period of 19 years 3 months and 14 days.

On July 24, 2012; State Railway of Thailand has approved the extension of construction period for 8 months, this leasehold agreement shall also be postponed to start from January 1, 2013 to August 14, 2031 for the period of 18 years 7 months and 14 days.

The Company recognized rental from Land and property leasehold agreement in account Real estate development project for rental under financial lease agreement.

Subsidiary company

Leasehold rights consists of 2 leasehold agreements as follows;

Agreements No.1 Land leasehold agreement for construction, commenced from March 10, 2008 until October 31, 2010 for the period of 2 years 7 months and 21 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009, State Railway of Thailand has approved the extension of construction period for another 2 year starting from November 1, 2010 to October 31, 2012. The Company recognized rental from Land leasehold agreement for construction is expenses with the lease period of contract.

Agreements No.2 Land and property leasehold agreement, commenced from November 1, 2010 to August 14, 2031 for the period of 20 years 9 months and 14 days. Next time State Railway of Thailand has approved the extension of construction period as follows:

On November 9, 2009, State Railway of Thailand has approved the extension of construction period for another 2 year this leasehold agreement shall also be postponed to start from November 1, 2012 to August 14, 2031 for the period of 18 years 9 months and 14 days.

The Company recognized rental from Land and property leasehold agreement in account Real estate development project for rental under financial lease agreement.

15.2. Leasehold right

(Unit : Baht)

Consolidated and Separate financial statement					
	As at December 31, 2018		Tranfer in/ Tranfer out	As at December 31, 2019	
	Increase	Decrease		Increase	Decrease
Lasehold Land	27,535,771	-	(17,640,000)	-	9,895,771
Less Accumulated amortization	(25,514,773)	(485,926)	17,639,997	-	(8,360,702)
Net	2,020,998	(485,926)	(3)	-	1,535,069

As at December 31, 2019 and 2018, the Company pledged a leasehold rights which has original value of Baht 9.90 million with book value of Baht 1.54 million and original value of Baht 9.90 million with book value of Baht 2.51 million, respectively, which as collateral for the credit facility from commercial banks and finance institutions (Note.20).

15.3. Other intangible asset

The book value of other intangible assets as at December 31, 2019 and 2018 are as follows:

(Unit : Baht)

Consolidated financial statements					
	Program	Accounting	Electrical	Trademark	Total
		system installation fee	and RDF agreement		
Cost price					
December 31, 2018	5,523,112	360,000	97,455,656	-	103,338,768
Addition	-	-	-	3,457,678	3,457,678
Increase from acquisition of subsidiaries (Note 11.1)	-	-	447,000,000	-	447,000,000
Decrease from disposal in subsidiaries	-	-	(97,455,656)	-	(97,455,656)
December 31, 2019	5,523,112	360,000	447,000,000	3,457,678	456,340,790
Accumulated Amortization					
December 31, 2018	(5,369,085)	(359,999)	(7,811,945)	-	(13,541,029)
Amortization for the year	(97,627)	-	(960,470)	(185,811)	(1,243,908)
Decrease from disposal in subsidiaries	-	-	8,772,415	-	8,772,415
December 31, 2019	(5,466,712)	(359,999)	-	(185,811)	(6,012,522)
Net book value					
December 31, 2018	154,027	1	89,643,711	-	89,797,739
December 31, 2019	56,400	1	447,000,000	3,271,867	450,328,268

(Unit : Baht)

	Consolidated financial statements			
		Accounting system	Electrical and RDF	
	Program	installation fee	agreement	Total
Cost price				
December 31, 2017	7,415,717	360,000	97,455,656	105,231,373
Addition	-	-	-	-
Disposal	-	-	-	-
Decrease from disposal in subsidiaries	(1,892,605)	-	-	(1,892,605)
December 31, 2018	5,523,112	360,000	97,455,656	103,338,768
Accumulated Amortization				
December 31, 2017	(5,729,184)	(359,999)	(3,916,707)	(10,005,890)
Amortization for the year	(226,910)	-	(3,895,238)	(4,122,148)
Disposal	-	-	-	-
Decrease from disposal in subsidiaries	587,009	-	-	587,009
December 31, 2018	(5,369,085)	(359,999)	(7,811,945)	(13,541,029)
Net book value				
December 31, 2017	1,686,533	1	93,538,949	95,225,483
December 31, 2018	154,027	1	89,643,711	89,797,739

(Unit : Baht)

	Separate financial statements			
		Accounting system	Electrical and RDF	
	Program	installation fee	agreement	Total
Cost price				
December 31, 2018	5,436,356	360,000	-	5,796,356
Addition	-	-	3,457,678	3,457,678
December 31, 2019	5,436,356	360,000	3,457,678	9,254,034
Accumulated Amortization				
December 31, 2018	(5,295,608)	(359,999)	-	(5,655,607)
Amortization for the year	(90,436)	-	(185,811)	(276,247)
December 31, 2019	(5,386,044)	(359,999)	(185,811)	(5,931,854)
Net book value				
December 31, 2018	140,748	1	-	140,749
December 31, 2019	50,312	1	3,271,867	3,322,180

(Unit : Baht)

	Separate financial statements		
	Accounting		
	Program	system installation fee	Total
Cost price			
December 31, 2017	5,436,356	360,000	5,796,356
Addition	-	-	-
December 31, 2018	5,436,356	360,000	5,796,356
Accumulated amortization			
December 31, 2017	(5,138,112)	(359,999)	(5,498,111)
Amortization for the year	(157,496)	-	(157,496)
December 31, 2018	(5,295,608)	(359,999)	(5,655,607)
Net book value			
December 31, 2017	298,244	1	298,245
December 31, 2018	140,748	1	140,749

16. Deferred tax assets (deferred tax liabilities)

(Unit : Baht)

	Consolidated financial statements					
	As at December 31, 2019			As at December 31, 2018		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax assets	1,907,513	-	1,907,513	3,285,783	-	3,285,783
Deferred tax liabilities	46,884,230	(164,970,743)	(118,086,513)	56,237,940	(102,059,928)	(45,821,988)
Net	48,791,743	(164,970,743)	(116,179,000)	59,523,723	(102,059,928)	(42,536,205)

(Unit : Baht)

	Separate financial statements					
	As at December 31, 2019			As at December 31, 2018		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Deferred tax liabilities	34,177,507	(41,830,505)	(7,652,998)	37,196,054	(45,429,028)	(8,232,974)

Movement in total deferred tax assets and liabilities during the years ended December 31, 2019 and 2018 were as follows:

(Unit : Baht)

Consolidated financial statements				
	As at December 31, 2018	Changing increase/(decrease)		As at December 31, 2019
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Allowance for diminution in value of inventories	6,295,944	(1,140,482)	-	5,155,462
Allowance for diminution in value of land and improvement	428,997	-	-	428,997
Liabilities by contract of financial leased	24,095	160,838	-	184,933
Employee benefit obligations	2,344,804	827,046	(647,012)	2,524,838
Cost of real estate project for rental under financial lease agreement	42,920,627	(8,453,327)	-	34,467,300
Allowance for doubtful accounts	4,878,817	153,827	-	5,032,644
Allowance for impairment in real estate development project for rental under financial lease agreement	978,159	-	-	978,159
Provision liabilities of lawsuit	1,652,280	(1,652,280)	-	-
Estimated cost of repair	-	19,410	-	19,410
Total	59,523,723	(10,084,968)	(647,012)	48,791,743
Deferred tax liabilities				
Revenue from real estate project for rental under financial lease agreement	78,502,267	(5,862,301)	-	72,639,966
Additional assets from the acquisition of subsidiaries	23,557,661	(1,914,305)	-	112,741,421
Decrease asset from disposal in subsidiaries	-	-	-	(20,410,644)
Total	102,059,928	(7,776,606)	-	164,970,743
Net	(42,536,205)	(2,308,362)	(647,012)	(116,179,000)

(Unit : Baht)

Consolidated financial statements					
	Changing increase/(decrease)				
	As at December 31, 2017	Profit or loss	Other comprehensive income		Change of investments in subsidiaries
Deferred tax assets					
Allowance for diminution in value of inventories	6,473,135	(177,191)	-	-	6,295,944
Allowance for diminution in value of land and improvement	428,997	-	-	-	428,997
Liabilities by contract of financial leased	12,121	11,974	-	-	24,095
Employee benefit obligations	1,788,448	556,356	-	-	2,344,804
Cost of real estate project for rental under financial lease agreement	31,657,471	11,263,156	-	-	42,920,627
Allowance for doubtful accounts	4,899,537	(20,720)	-	-	4,878,817
Allowance for impairment in real estate development project for rental under financial lease agreement	978,159	-	-	-	978,159
Provision liabilities of lawsuit	-	1,652,280	-	-	1,652,280
Total	46,237,868	13,285,855	-	-	59,523,723
Deferred tax liabilities					
Revenue from real estate project for rental under financial lease agreement	66,859,464	11,642,803	-	-	78,502,267
Additional assets from the acquisition of subsidiaries	28,465,517	(4,907,856)	-	-	23,557,661
Total	95,324,981	6,734,947	-	-	102,059,928
Net	(49,087,113)	6,550,908	-	-	(42,536,205)

(Unit : Baht)

	Separate financial statements				
	As at December 31, 2018	Changing increase/(decrease)			As at December 31, 2019
		Profit or loss	Other comprehensive income	Change of investments in subsidiaries	
Deferred tax assets					
Allowance for diminution in value of inventories	6,065,210	(1,288,290)	-	4,776,920	
Liabilities by contract of financial leased	24,095	160,838	-	184,933	
Employee benefit obligations	2,023,183	740,812	(647,012)	2,116,983	
Cost of real estate project for rental under financial lease agreement	24,601,735	(2,004,305)	-	22,597,430	
Allowance for doubtful accounts	4,481,831	-	-	4,481,831	
Provision liabilities of lawsuit	-	19,410	-	19,410	
Total	37,196,054	(2,371,535)	(647,012)	34,177,507	
Deferred tax liabilities					
Revenue from real estate project for rental under financial lease agreement	45,429,028	(3,598,523)	-	41,830,505	
Total	45,429,028	(3,598,523)	-	41,830,505	
Net	(8,232,974)	1,226,988	(647,012)	(7,652,998)	

(Unit : Baht)

	Separate financial statements				
	As at December 31, 2017	Changing increase/(decrease)			As at December 31, 2018
		Profit or loss	Other comprehensive income	Change of investments in subsidiaries	
Deferred tax assets					
Allowance for diminution in value of inventories	6,219,098	(153,888)	-	6,065,210	
Liabilities by contract of financial leased	12,121	11,974	-	24,095	
Employee benefit obligations	1,558,103	465,080	-	2,023,183	
Cost of real estate project for rental under financial lease agreement	26,520,572	(1,918,837)	-	24,601,735	
Allowance for doubtful accounts	4,308,845	172,986	-	4,481,831	
Total	38,618,739	(1,422,685)	-	37,196,054	
Deferred tax liabilities					
Revenue from real estate project for rental under financial lease agreement	46,247,941	(818,913)	-	45,429,028	
Total	46,247,941	(818,913)	-	45,429,028	
Net	(7,629,202)	(603,772)	-	(8,232,974)	

17. Other non-current assets

17.1. Restricted bank deposit

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Bank - saving accounts	57,287	10,472,708	-	-
Bank - fixed accounts	385,795,356	367,947,041	350,604,281	360,860,400
Total	385,852,643	378,419,749	350,604,281	360,860,400

As at December 31, 2019 and 2018, the Company pledged a fixed deposit as collateral for the credit facility from commercial banks and finance institutions. (Note.20)

Fix accounts has year 3 - 12 months, by interest rate 0.09 - 1.25% per annum.

17.2. Other non-current assets

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Guarantee for leasehold rights and services	18,343,833	17,142,876	15,824,343	16,512,276
Advance payment of share	-	124,000,000	-	100,000,000
Other non-current assets	115,803	124,223	115,803	89,023
Total	18,459,636	141,267,099	15,940,146	116,601,299
Revenue sharing under the Electricity				
Generating Agreement	-	18,000,000	-	-
<u>Less</u> Accumulated amortization	-	(2,169,863)	-	-
Net	-	15,830,137	-	-
Total	18,459,636	157,097,536	15,940,146	116,601,299

Subsidiary

On September 28, 2016, Mastech Tools and Services Co., Ltd. (the project sponsor) made a memorandum of understanding for the agreement to support the solar power plant project on the ground for government agencies and agricultural cooperatives 2015 with Hin Son Dairy farms cooperative Co., Ltd. (The owner of the project) as follows;

- Project contributor will be an investor in solar power projects in order to distribute to the Electricity Generating Authority and will be the project administrator.
- Project owner will receive a revenue sharing on primary project amounting to Baht 18,000,000. The project sponsor will pay the entire amount within 30 days from the contract signing date.

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Bank overdrafts	54,480,873	28,905,014	44,633,963	19,401,418
Short-term loans from trust receipt	851,735,017	1,075,231,071	851,735,017	1,075,231,071
Short-term loans from promissory note	798,117,547	729,957,440	798,117,547	729,957,440
Total	1,704,333,437	1,834,093,525	1,694,486,527	1,824,589,929

The parent company entered into a factoring agreement which has trade receivables as collateral, with interest rate of MOR-1 per annum.

19. Trade and other current payables

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Trade payables				
Trade payables	68,484,195	54,940,079	64,917,687	51,991,677
Total	68,484,195	54,940,079	64,917,687	51,991,677
Other payables				
Advance received from real estate project	14,620,356	10,541,982	10,039,856	9,400,482
Accrued expense	158,816,517	15,410,475	13,541,138	13,590,372
Accrued interest expense	4,525,866	4,991,446	4,251,093	4,043,048
Account payable of retention	5,178,989	3,932,929	825,981	1,310,481
Witholding tax payable	365,595	409,618	292,481	358,526
Other payable - Revenue Department	557,135	421,241	450,020	412,198
Other	8,906,789	12,485,328	35,950,126	15,086,415
Total	192,971,247	48,193,019	65,350,695	44,201,522
Total trade and other current payables	261,455,442	103,133,098	130,268,382	96,193,199

20. Credits received from commercial banks and financial institutions

Parent company

As at December 31, 2019, the Company has received credit facilities from 6 commercial banks, consisted of credit facility for letter of credit and trust receipt of Baht 1,315 million, for promissory note of Baht 500 million, for foreign exchange forward contract of Baht 265 million and Dollar 5 million, for bank guarantee of Baht 50 million, for bank overdraft account of Baht 50 million, for factoring of Baht 300 million, Loan 140 Million and credit card from management Baht 1 million. These credit facilities were guaranteed by the collateral as specified in notes to financial statement no.15.1, 15.2 and no.17.1

As at December 31, 2018, the Company has received credit facilities from 6 commercial banks, consisted of credit facility for letter of credit and trust receipt of Baht 1,265 million, for promissory note of Baht 550 million, for foreign exchange forward contract of Baht 265 million and Dollar 5 million, for bank guarantee of Baht 50 million, for bank overdraft account of Baht 50 million, for factoring of Baht 200 million, Loan 140 million and credit card from management Baht 1 million. These credit facilities were guaranteed by the collateral as specified in notes to financial statement no.15.1, 15.2 and no.17.1

As of December 31, 2019 the Company has credit facilities Fleet Card. Received from financial institutions in the amount of Baht 1.40 million, with collateral as noted in Note 17.1 (2018 :Baht 1.40 million)

Subsidiaries Company

As at December 31, 2019, the subsidiaries has received credit facilities from 3 commercial banks, consisted of credit facility for letter of credit of Euro 2.56 million, for bank guarantee of Baht 75.86 million and bank overdrafts of Baht 10 million. These credit facilities were guaranteed by the collateral as specified in note to financial statement no.15.1, 15.2 and 17.1 and TWZ Corporation Public Company Limited has participated in the guarantee credit of the amount Baht 10 million.

As at December 31, 2018, the subsidiaries has received credit facilities from 4 commercial banks, consisted of credit facility for promissory note of Baht 9 million, letter of guarantee of Baht 11.50 million, bank overdrafts of Baht 11 million and loan Baht 172 million. These credit facilities were guaranteed by the collateral as specified in note to financial statement no.15.1, 15.2 and no.17.1 and TWZ Corporation Public Company Limited has participated in the guarantee credit of the amount Baht 182 million.

21. Short-term borrowing - related parties

21.1. Bill of exchange

During the year 2019, The Company has issued a bill of exchange of Baht 100 million to other person to be a short-term financing, In the amount not exceeding Baht 200 million.

Issuer	:	TWZ Corporation Public Company Limited
Purpose	:	For working capital and manage the liquidity of the Company
Maturity period	:	Within 183 days after the issue of the bill of exchange (Due within April 2020)
Interest rate	:	7.50% per annum
Selling fee	:	3.50% per annum
Principal repayment	:	One-time payment at the maturity date
Collaterals	:	Vacant land owned by the subsidiary - Piyachat Co.,Ltd. at Mu Si Subdistrict, Pak Chong District, Nakhon Ratchasima (Note 10)

Movements in Bills of exchange during the year ended December 31, 2019 were summarized below:

(Unit : Baht)

	Consolidated financial statements / Separate financial statements
Balance as at January 1, 2019	-
Issued during the year	100,000,000
Amortization of deferred interest	2,285,337
Less: Deferred interest	(5,364,457)
Balance as at December 31, 2019	96,920,880

On January 2020, the Company has repayment for 3 Bills of Exchange and redeem all relevant collateral.

21.2. Promissory note

During the year 2019, The Company has issued a promissory note of Baht 25 million to the finance company to be a short-term financing.

Issuer	: Piyachat Co.,Ltd.
Purpose	: For working capital of the Company
Maturity period	: At call
Interest rate	: 15% per annum
Repayment	: One-time payment at the maturity date
Collaterals	: Vacant land owned by the subsidiary - Piyachat Co.,Ltd. Total 6 Title Deeds at Mu Si Subdistrict, Pak Chong District, Nakhon Ratchasima (Note 10)

Movements in promissory note during the year ended December 31, 2019 were summarized below:

(Unit : Baht)

	Consolidated financial statements			
	As at January 1, 2019	Increase during the year	Decrease during the year	As at December 31, 2019
Promissory note	-	25,000,000	-	25,000,000

In the period of January 2020, the Subsidiary has repayment for promissory note and redeem all relevant collateral.

21.3. Other - short term loan

Movements in other - short term loan during the year ended December 31, 2019 were summarized below:

(Unit : Baht)

	Consolidated financial statements			
	As at			As at
	January 1,	Increase	Decrease	December 31,
	2019	during the year	during the year	2019
Short term loan	6,709,137	74,762,749	-	81,471,886

(Unit : Baht)

	Separate financial statements			
	As at			As at
	January 1,	Increase	Decrease	December 31,
	2019	during the year	during the year	2019
Short term loan	-	30,000,000	-	30,000,000

During the year 2019, the parent company has short-term loans from unrelated parties, Interest rate at 7% per annum, due in February 2020, guaranteed by Mr. Phuttachat Rangkasiri director of the Company.

In the period of February 2020, the Company has repayment for Short term loan and redeem all relevant collateral.

22. Long-term loans

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
Loans from financial institutions	62,512,474	212,541,672	62,512,474	74,506,267
<u>Less</u> Current portion of long-term loans	(62,512,474)	(13,280,593)	(62,512,474)	-
Net	-	199,261,079	-	74,506,267

During the year, movements of loans from financial institutions are as follows:

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Balance as at January 1, 2019	212,541,672	74,506,267
<u>Add</u> Received loans	-	-
<u>Less</u> Repayment loans	(15,422,205)	(11,993,793)
Amortization of borrowing expenses	109,959	-
Decrease form sale of subsidiary	(134,716,952)	-
Balance as at December 31, 2019	62,512,474	62,512,474

The parent company has a long-term loan from financial institution amounting to Baht 140 million. The loan is a 36 month loan as of the date of the first drawdown and when the mortgage of condominium is released and ready to transfer to the buyer. The borrower will pay the principal 70% of the selling price of each condominium unit. Interest is paid every month at MLR per annum, which the Company pledged land and building as collaterals.

23. Financial liabilities

23.1. Financial lease - Chattel

(Unit : Baht)

	Consolidated and Separate financial statements	
	As at December 31, 2019	As at December 31, 2018
Financial lease liabilities	13,206,315	6,745,325
<u>Less</u> deferred interest	(1,251,626)	(611,071)
Total	11,954,689	6,134,254
<u>Less</u> Current portion due within one year	(3,008,071)	(1,471,600)
Financial lease liabilities - net of current portion	8,946,618	4,662,654

The Company has made the financial lease liabilities for leasing vehicles to use in company's operating. The lease payment is determined as on lease agreements with monthly payment throughout the term of lease about 4 to 6 years.

23.2. Financial lease - Real Estate

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rental for real estate recognized under financial lease agreement	160,041,816	168,266,921	77,710,514	81,704,327
<u>Less</u> Deferred interest expenses	(59,194,081)	(66,568,345)	(28,742,504)	(32,323,180)
Current portion of rental for real estate recognized under financial lease agreement	(880,697)	(850,840)	(199,691)	(413,137)
Net	99,967,038	100,847,736	48,768,319	48,968,010

The aggregate minimum lease payments under non-cancelable leases agreements as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Less than 1 year	8,636,361	8,225,105	4,193,504	3,993,813
More than 1 year but less than 5 years	44,089,479	40,081,346	21,408,256	19,462,051
More than 5 years	107,315,976	119,960,470	52,108,754	58,248,463
Net	160,041,816	168,266,921	77,710,514	81,704,327

24. Employee benefit obligations

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Employee benefit obligations at beginning of year	11,585,906	8,942,241	10,115,912	7,790,513
<u>Add</u> Service cost	4,014,831	2,488,626	3,477,333	2,073,419
Interest cost	258,523	293,157	226,732	251,980
<u>Less</u> Payments employee benefit				
During the year	-	-	-	-
<u>Add (Less)</u> Re-measurement - actuarial loss (gain) from changes in financial assumptions	(3,235,063)	-	(3,235,063)	-
Employee benefit obligations at end of year	12,624,197	11,724,024	10,584,914	10,115,912

The cumulative amount of actuarial gains recognised in the other comprehensive income for the year ended December 31, 2019 of the consolidate and separate financial statements amounted to Baht 3.24 million.

The principal actuarial as assumptions used were as follows:

(Unit : percent)

	Consolidated financial statement		separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Discount rate	2.05 - 2.72	2.05 - 2.70	2.72	2.70
Future salary increases rate	5	5	5	5
Turnover Rate	0 - 48	0 - 48	0 - 43	0 - 42
Retirement age	60	60	60	60

The result of sensitivity analysis

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

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1,269,846)	1,489,629	(1,171,897)	1,377,647
Future salary increases rate	1,642,443	(1,418,782)	1,490,972	(1,283,626)
Turnover rate	(1,386,838)	632,421	(1,278,222)	588,541
Life Expectancy	61,964	(61,612)	57,417	(57,079)

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2019, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Within 1 year	1,704,172	-
Over 1 and up to 5 year	3,190,704	3,190,704
Over 5 year	392,233,880	375,865,398

On December 13, 2018, the National Legislative Assembly has passed an amendment to the labour protection law, Which the law is in the process of being announced in the Government Gazette. This new Labor Protection Act stipulates additional compensation rates for employers to terminate employment. For employees who serving more than 20 years, they are entitled to 400 days of pay. Such change is considered a project amendment for post-employment benefits, the Company and subsidiaries record the effect of such change by recognizing the past service cost as an expense immediately in the Consolidated and Separate Income Statements, of the period in which such law is effective for the amount of Baht 1.67 million and Baht 1.54 million respectively.

25. Share capital and warrants

25.1. Ordinary share

(Unit : Baht)

	Consolidated financial statement		Separate financial statements	
	As at December 31, 2019		As at December 31, 2018	
	Number of shares (shares)	Amount (Baht)	Number of shares (shares)	Amount (Baht)
Registered share capital				
Beginning ordinary share	16,482,246,820	1,648,224,682	11,415,887,162	1,141,588,716
<u>Add</u> Increased ordinary shares	-	-	10,223,165,749	1,022,316,575
<u>Less</u> Decreased ordinary share	-	-	(5,156,806,091)	(515,680,609)
Ending ordinary shares	16,482,246,820	1,648,224,682	16,482,246,820	1,648,224,682
Issued and paid-up share capital				
Beginning ordinary shares	8,548,952,743	854,895,274	6,259,073,061	625,907,306
<u>Add</u> Increased ordinary shares	-	-	2,289,879,682	228,987,968
<u>Less</u> Decreased ordinary share	-	-	-	-
Ending ordinary shares	8,548,952,743	854,895,274	8,548,952,743	854,895,274

25.1.1. The Company held the Extraordinary General Meeting 1/2018 on November 5, 2018 to resolutions are as follows:

- 1) Approved of the decrease of registered capital of the company from Baht 1,141,588,716.20 to Baht 625,908,107.10 by cancelling all 515,680,609.10 undistributed shares, at a par value of Baht 0.10, totaling Baht 5,156,806,091 which is not reserved for the exercise of warrants to purchase common shares of the Company (TWZ-W4) which the last exercise was May 31, 2018.
- 2) Approval of the issuance of warrants to purchase common stock of the Company (TWZ-W5) to be offered to the existing shareholders to subscribe for new ordinary shares of the Company according the proportion to subscribed are 4,172,720,714 units, the ratio of 1 ordinary shares subscribed to 1 unit of the warrant, Exercise Price Baht 0.10 per share. The warrants holders will be able to exercise rights only 1 time falling on one year.
- 3) Approval of the increase of the Company share registered 10,223,165,749 at par value of Baht 0.10 per share, which it effects to increase in The registered capital from Baht 625,908,107 to Baht 1,648,224,682 Consists of common share 16,482,246,820 shares at par value of Baht 0.10 per share. The capital increase is as follows:
 - (1) In objective to Specific capital increasing in amount of Baht 834,544,142.80 consist of the common shares issuing 8,345,441,428 shares at par value of Baht 0.10 per share in in order to the existing shareholders proportionally and increasing the capital for accommodate the exercise of warrants (TWZ-W5).
 - (2) In objective to General Mandate in amount of Baht 187,772,432.10 consist of the new common share issuing of Baht 1,877,724,321 at par value of Baht 0.10 per share in order to the existing shareholders proportionally and Private Placement Allotment of new shares.

- 4) Approved the allocation of new ordinary shares issued by the Company of 10,223,165,749 Shares as follows.
- (1) 4,172,720,714 new shares at the par value of Baht 0.10 each are allotted to existing shareholders by way of rights issue at the subscription ratio of 3 existing share to 2 new shares at the offering price of Baht 0.12 to determine the list of shareholders entitled to subscribe for shares.
 - (2) 1,877,724,321 new shares at the par value of Baht 0.10 each are allocated to existing shareholders as General mandate. (Representing 30% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company) For Right offering proportionately to their shareholding (Rights Issue) 1,251,816,214 shares (Representing 20% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company) and be allotted to specified investors and/or institutional investors by way of private placement (Investors) 625,908,107 shares. (Representing 10% of the Company's paid-up capital as of the date of the resolution of the Board of Directors to increase the share capital of the Company).
 - (3) 4,172,720,714 new shares at the par value of Baht 0.10 each are allocated to reverse for the exercise of the warrants (TWZ-W5).

The Company has registered capital increase to the Department of Business Development Ministry of Commerce Completed in December 18, 2018.

25.2. Treasury stock

On May 22, 2019, The Board of director has unanimously approval about plan for treasury shares, with limit of repurchasing not exceed 9.94 % of outstanding shares or not exceed 850 million shares. The Company aims to manage excess liquidity efficiently. The amount was approved for repurchasing of Baht 120 million and price for repurchase shares not exceed 115% of average closing price from The Stock Exchange of Thailand (SET). The Company can repurchase shares via The Stock Exchange of Thailand (SET) on June 6, 2019 to June 26, 2019 within 15 days before date of selling-purchasing shares.

According to the letter of Securities and Exchange Commission (SEC) as no. Chor Sor. (Wor) 2/2548 on February 14, 2005 said about shares repurchasing, which the Company can conduct by less than the amount of total retained earnings and reserve retained earnings as equal as the amount of paid for shares repurchasing until all treasury shares are resold, or the company reduce paid-up capital with reducing shares unsold, as the case may be.

The company has allocated as reserve retain earnings for shares repurchasing as above in totality.

As at December 31, 2019, the Company has repurchased shares of 40 million shares or 0.47% of all outstanding shares in total of Baht 3.60 million.

25.3. Warrants

According to the resolution of the Extraordinary shareholder's meeting of 2018 held on November 5, 2018. Resolved to approve the issuance of warrants to purchase common stock of the Company (TWZ-W5) are 2,289,871,672 units as follows :

Warrant trading symbol	:	TWZ -W5
Secondary market	:	SET
Trading date	:	February 8, 2019
Number of listed warrants (unit: warrants)	:	2,289,871,672
Exercise ratio (Warrant: Common stock)	:	1 : 1
Exercise price (baht per share)	:	0.10
Term of warrants	:	1 year from the Issuance date (February 1, 2019)
Warrant price (baht per unit)	:	0.00
First exercise date	:	January 31, 2021
Last exercise date	:	January 31, 2021

As at December 31, 2018, the outstanding balance of unexercised warrants to purchase ordinary share is 2,289,871,672 unit.

26. Legal reserve allocation And dividend payment

26.1 Legal reserve allocation

According to the Public Company Limited Act. The Company must allocate a portion of its annual net profit as a legal reserve of not less than 5 percent of the annual net profit after deducting the deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. Consequently, legal reserve can not be used to pay dividends.

26.2 Dividend payment

Resolution of the 2019 Annual General Meeting of Shareholders of TWZ Corporation Public Company Limited on April 19, 2019 approval the dividend payment for the year 2018 for the performance of 2018 to the shareholders. The rate of Baht 0.00286 per share, totaling Baht 24.45 million for 40.05% The Company will pay to the shareholders who are entitled to receive dividends according to the list of names as at the record date , whereby the Company will publish the names of shareholders on May 7, 2019. The dividend payment on May 17, 2019.

The Annual General Meeting of Shareholders of 2018, held on April 30, 2018, approved the allocation of net profit to legal reserve in the amount of Baht 0.85 million and dividend payment for the year 2017 to the shareholders at Baht 0.00104 per share, total dividends payment amount of Baht 6.51 million. Dividend payment date set on May 23, 2018.

27. Other income

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Sales promotion income	39,905,109	85,600,594	38,665,109	83,336,461
Interest income from financial lease	6,327,179	5,585,213	4,145,683	4,142,080
Interest income	4,475,393	3,402,224	11,459,346	6,171,341
Gain from transfer assets	11,625,474	1,638,975	-	-
Other income	33,801,693	17,726,916	34,391,176	15,456,820
Total	96,134,848	113,953,922	88,661,314	109,106,702

28. Expenses by nature

(Unit : Baht)

	Consolidated financial statements		Separate finance statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Change in inventories	2,199,344	212,549,141	3,856,583	214,805,982
Loss from devaluation of goods	7,078,395	885,955	6,441,448	769,441
Purchases of goods	3,353,165,191	3,212,429,203	3,285,749,589	3,169,999,788
Purchase of land and project-related expenses	(6,252,041)	(22,781,151)	(6,252,041)	(20,200,152)
Salaries, wages and employee compensation	140,198,705	145,844,943	132,866,772	136,356,908
Depreciation	18,090,457	23,290,125	15,314,847	13,234,403
Amortization Leasehold Land	2,232,882	6,296,100	485,926	777,448
Amortization Intangible	1,243,908	4,059,926	276,247	157,496
Rental and Service	44,248,634	45,415,085	43,181,244	44,097,399
Promotion expenses	787,729	2,187,946	786,229	2,187,946

29. Provident fund

The Company and its subsidiaries established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company and its subsidiaries have contributed to provident fund for the years ended December 31, 2019 and 2018 were as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Contributed to provident fund	963,735	838,678	873,320	737,235

30. Finance cost

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Bank charge	8,976,238	4,163,067	8,976,238	4,163,067
Finance cost	103,750,570	106,949,949	97,158,381	103,112,441
Total	112,726,808	111,113,016	106,134,619	107,275,508

31. Income tax expense

Corporate income tax was calculated on profit before income tax for the year, using the estimated effective tax rate for the year as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Current income tax :				
Corporate income tax	17,163,926	16,992,999	15,067,571	15,574,825
Deferred tax :				
Relating to origination and reversal of temporary differences	(1,661,350)	(4,112,380)	(1,226,988)	603,772
Income tax expenses reported in the statements of comprehensive income - continuing operations	15,502,576	12,880,619	13,840,583	16,178,597
Income tax expenses reported in the statements of comprehensive income - discontinuing operations	(192,094)	(2,438,528)	-	-
Income tax expenses reported in the statements of comprehensive income	15,310,482	10,442,091	13,840,583	16,178,597

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended December 31, as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Accounting profit before tax	71,408,125	75,011,085	68,371,809	77,220,331
Add loss accounting of some subsidiary	(10,094,324)	(300,883)	-	-
Accounting profit before tax-net	61,313,801	74,710,202	68,371,809	77,220,331
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by	12,262,760	14,942,040	13,674,362	15,444,066
Effects of :				
Tax exempted revenue and tax exempted revenue	3,047,722	(1,524,688)	166,221	734,531
Promotional privileges expenses	-	(1,304,846)	-	-
Taxable profit (tax loss)	-	(1,670,415)	-	-
Income tax expenses reported in the statements of comprehensive income	15,310,482	10,442,091	13,840,583	16,178,597

As at December 31, 2019 and 2018, the Group has accumulated tax loss that have not yet been recorded as deferred tax assets amounting to Baht 13.86 Million and Baht 10.64 Million, respectively, the Company has not recognised those tax losses as deferred tax assets since the management assesses that there are economical uncertainties on future operating performance. This, the Company will recognise the deferred tax assets from tax loss when actual tax obligation incurred.

32. Earning per share

(Unit : Baht : shares)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,			
	2019	2018	2019	2018
Basic earning per share				
Net profit (loss) from continuing operations	42,118,874	58,936,761	54,531,226	61,041,734
Net profit from discontinuing operations	1,789,645	4,675,118	-	-
Net profit attributable to equity holders of the parent company	43,908,519	63,611,879	54,531,226	61,041,734
Weighted average number of ordinary shares in issue	8,527,856,853	6,340,634,545	8,527,856,853	6,340,634,545
Basic earnings per share for equity holders of the parent company (Baht : Share)	0.0051	0.0100	0.0064	0.0096
Basic earnings per share for Continuing operations (Baht : Share)	0.0049	0.0093	0.0064	0.0096

Diluted earnings (loss) per share Weighted average number of ordinary shares in issue during the year is adjusted by the number of dilutive potential ordinary shares, assuming that the dilutive potential ordinary shares are exercised. Converted to ordinary shares. The Company has diluted ordinary shares, is warrants to purchase ordinary shares. The Company calculates the equivalent of the discounted shares based on the fair value based on the par value of the share option price accompanying the warrants to purchase the ordinary shares. (The calculation is based on the weighted average number of ordinary shares in issue during the year.) The calculation is based on the weighted average number of ordinary shares in issue during the year. However, the Company does not calculate diluted earnings per share for the year ended December 31, 2019 and 2018 because the fair value of ordinary shares is less than the exercise price.

33. Segment financial information

Segment information is presented in respect of the Company's business segment. The primary format, business segments is based on the Company's management and internal reporting structure.

Segment assets and revenues include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Company comprises of five business segments that are communication equipment trading segment, real estate development segment, Investment property segment, generating and selling electricity plasma segment and generate and selling electricity segment (discontinued segment).

(Unit : Baht)

Consolidated financial statements

For the year ended December 31, 2019

	Communication equipment trading segment	Real estate Development segment	Investment property segment	Generating and selling electricity plasma segment	Generating and selling electricity segment (discontinued segment)	Total
Revenues domestic	3,733,201,143	33,005,841	9,623,500	2,178,601	10,996,248	3,789,005,333
Interest income	3,904,430	6,406,680	-	491,619	136,344	10,939,073
Finance costs	(98,470,642)	(13,238,076)	-	(1,018,090)	(1,510,809)	(114,237,617)
Depreciation and amortization	(16,167,808)	(1,918,010)	-	(97,660)	(3,383,769)	(21,567,247)
Profit from continuing operations	63,138,295	(9,531,407)	4,623,500	(978,230)	4,061,643	61,313,801
Income (Expense) tax	(15,148,069)	1,366,701	(1,686,024)	(35,184)	192,094	(15,310,482)
Net book value of segment assets	3,991,893,683	570,361,804	104,800,000	769,467,826	-	5,436,523,313

Information about main client

For year ended December 31, 2019 and the Group has revenues from client of communication equipment trading segment amounts 2 clients representing 71.70 percent of the total revenues of the Group.

(Unit : Baht)

Consolidated financial statements

For the year ended December 31, 2018

	Communication equipment trading segment	Real estate Development segment	Investment property segment	Generating and selling electricity plasma segment	Generating and selling electricity segment (discontinued segment)	Total
Revenues domestic	3,399,678,945	61,309,162	10,255,064	-	40,592,940	3,511,836,111
Interest income	3,299,786	5,661,495	-	-	26,446	8,987,727
Finance costs	(98,672,246)	(12,440,770)	-	-	(7,196,628)	(118,309,644)
Depreciation and amortization	(14,031,880)	(5,959,589)	-	-	(13,654,682)	(33,646,151)
Profit from continuing operations	59,866,624	8,939,548	3,011,209	-	2,892,820	74,710,201
Income (Expense) tax	(13,963,087)	758,468	324,000	-	2,438,528	(10,442,091)
Net book value of segment assets	3,966,277,481	612,732,695	70,400,000	-	366,202,388	5,015,612,564

Information about main client

For year ended December 31, 2018 and the Group has revenues from client of communication equipment trading segment amounts 2 clients representing 52.87 percent of the total revenues of the Group.

34. Obligations commitment and contingent liabilities

Obligations commitment and contingent liabilities are as follows:

34.1. Contingent Liability

	Consolidated financial statement		separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Credit facility for letter of guarantee of Baht 61.85 million and Baht 50 million				
- Unused credit facility (Bath)	6,394,005	6,594,005	6,394,005	6,594,005
Credit facility for letter of credit trust receipt and promissory note of Baht 1,315 million (2018 : Baht 1,265 million)				
- Unused credit facility (Bath)	437,241,828	137,393,146	437,241,828	137,393,146
Credit facility for letter of credit of Euro 2.56 million				
- Unused credit facility (Euro)	2,560,000	-	-	-

34.2. Foreign exchange forward contract

The company had obligations under foreign exchange forward contract from financial institutions as follows:

(Unit : Million)

	Currency	Consolidated financial statements / separate financial statements	
		As at December 31, 2019	As at December 31, 2018
Value of foreign exchange forward contract	USD	1.60	0.76
Gain (loss) of fair value of foreign exchange contract	Baht	(0.09)	(0.03)

	Consolidated financial statements/ Separate financial statements					
	Foreign currency contract amount		Contract rate		(Unit : Million Baht)	
Foreign Currency	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
USD (Million)	1.60	0.76	30.19-30.61	32.49 - 32.57	48.65	24.72

The Company does not recognize derivatives on currency future in its financial statements. Derivatives on foreign exchange contracts (Fair value level 2) will be evaluated by valuation model. The variables are obtained from comparison with existing variables in the market with respect to information on relationship of foreign exchange, discount rate, time to maturity, and volatility. The fair value is calculated by counter parties which are financial institutions.

Fair value

The net fair value of currency future as at December 31, 2019 and 2018 are liabilities in amount of Baht 0.15 million and asset in amount of Baht 0.10 million respectively.

34.3. Obligations as long-term lease agreement

Parent company

As at December 31, 2019 and 2018 the Company entered into 45 and 53 long-term lease agreements, respectively with various durations from 1 to 25 years whereas the Company holds rights to renew such contract.

Subsidiary company

As at December 31, 2019 and 2018, the Company entered into 4 long-term lease agreements with durations from 1 to 2 years.

The minimum of payment in the future in under non-cancellable leases agreements and services agreements are as follows:

(Unit : Baht)

	Consolidated financial statement		separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Less than 1 year	24,343,729	23,921,603	23,883,269	23,432,203
More than 1 year but less than 5 years	6,760,304	12,987,827	6,510,704	12,172,147
More than 5 years	-	950,000	-	-
Total	31,104,033	37,859,430	30,393,973	35,604,350

34.4. Obligations about capital expenditure

As at December 31, 2019, the subsidiaries company had capital expenditures in amount of Baht 40.20 million and 19.51 million approximately that relate with cost of waste separation plants construction and cost of the power plant construction respectively. Furthermore, there are an obligation for machinery payment and cost of controlling the installation of the machines and inspecting the system approximately in amount of Euro 12.11 million and Euro 0.90 million respectively.

35. Financial instrument

35.1. Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

35.2. Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

35.3. Credit risk

Credit risk means the risk that the party of the one part will be unable to execute according to commitments, which is specified with financial instruments and it makes the party of other part damage in term of finance.

The Company has the credit risk related to account receivable which the company has several and various customers. However, The Company has a comprehensive loan policy which required guarantee for large loans, thus the Company expects no significant damage from collecting debt of such account receivable. The Company also estimate the allowance for doubtful accounts based on the management appraisal regarding the account receivables debt service ability in the past which the management believes it is sufficient.

35.4. Interest rate risk

Interest rate risk means the risk that the value of financial instruments will change because the changes of interest rate. The Company is exposed to interest rate risk relating primarily to its deposits, short term loans and loans from financial institutions. So the Company is exposed to the risk of the fluctuation in the future market rate.

Significant financial assets and liabilities as at December 31, 2019 and 2018 classified by type of interest rates are summarised in the table below :

(Unit: Million Baht)

Consolidated financial statements												
	Floating interest rate			Fixed interest rate			Non-interest bearing			Total		
	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	As at	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2018	
											Interest rate per annum (%)	
Financial assets												
Cash and cash equivalents	142.57	116.39	-	-	269.05	326.19	411.62	442.58	0.125-0.625			
Trade and other receivables	-	-	-	-	1,583.07	1,423.17	1,583.07	1,423.17	-			
Restricted bank deposit	77.06	107.19	308.79	271.23	-	-	385.85	378.42	0.25 - 1.35			
Short - term loans to	-	-	-	-	-	-	-	-	-			
Assets under financial lease agreements	-	-	21.08	37.03	-	-	21.08	37.03	6.57-7.61			
Financial liabilities												
Bank overdraft and short-term loans from financial institutions	54.48	28.91	1,649.85	1,805.19	-	-	1,704.33	1,834.10	3.42-7.15			
Trade and other payables	-	-	-	-	261.46	103.13	261.46	103.13	-			
Short-term loans	-	-	281.24	-	6.71	6.71	287.95	6.71	1.50-15.00			
Financial lease - Chattel	-	-	11.95	6.13	-	-	11.95	6.13	0.45-0.46			
Financial lease - Real Estate	-	-	100.85	101.70	-	-	100.85	101.70	7.25			
Long-term loans	-	-	62.51	212.54	-	-	62.51	212.54	4.50-6.25			

35.5. Foreign exchange risk

The Company has exposure to foreign exchange rate risk because the Company has assets dominated in foreign currencies. However, the management believe that the risk does not have a significant impact on the Company' financial statements as the Company has arranged foreign exchange forward contracts as disclosed Note 34.2

As at December 31, 2019 and 2018 the Group has financial assets and financial liabilities denominated in foreign currencies are as follow:

	Consolidated financial statement		separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Financial liabilities				
Advance receipts (HKD)	-	-	6,648	6,648
Accounts payable (USD)	416,200	417,100	416,200	417,000
Trust receipts (USD)	741,500	2,346,400	741,500	2,346,400
Obligation				
Letter of credit (USD)	858,850	1,610,700	858,850	1,610,700
Letter of credit (EUR)	2,560,000	-	-	-

35.6. Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The fair value of cash and cash equivalents, trade and other accounts receivable, short-term loans, other current assets, bank overdrafts, short-term borrowings, trade and other accounts payable and other current liabilities is taken to approximate the carrying value.

The fair value of investments in equity securities - available-for-sales, are determined by reference to their quoted bid prices at the reporting date.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

Fair values and the carrying values of financial assets and liabilities other than the aforementioned were as follows:

(Unit : Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
The fair value of asset disclosure								
Investment properties	-	-	104,800,000	70,400,000	-	-	104,800,000	70,400,000

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management.

(Unit : Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
The fair value of asset disclosure								
Investment properties	-	-	16,400,000	17,600,000	-	-	16,400,000	17,600,000

* Level 2 - The fair value determined by using the net asset value as published by the Asset Management.

36. Subsequent Event

36.1. According to the Annual General Meeting of Shareholders for 2017 on April 28, 2017 approved TWZ Corporation Public Company Limited to the issuance of the debentures amounting to not exceeding Baht 5,000 million. To repay the existing debts, and/or to use as the revolving capital of the Company, and/or to use for business expansion, or for other purposes as the Board of Directors may deem appropriate. The Company has issuance and offering of Secured Bond of TWZ Corporation Public Company Limited No. 1/2020, For institution investor and High Net Worth investor (II & HNWI), The details are as follows:

Securities Type	: Unsubordinated and Unsecured Debentures, there is a Debenture holders' Representative in the Name-Registered
Issue Size	: THB 420,000,000
Issue Term	: 2 years 1 day from the date of issuance
Interest Rate	: Fixed 7.00% per annum
Interest Payment	: Every 3 months, date January 23, April 23, July 23 and date October 23 each year. The first interest payment on January 23, 2020 and the final interest payment on the maturity date of the debentures. However, if the due date of interest payment is not a business day Postpone the interest payment date to the next business day.
Issue Date	: January 23,2020
Maturity Date	: January 24,2022
Lead Underwriters	: AEC Securities Public Company Limited, UOB Kay Hian Thailand Public Company Limited and KINGSFORD SECURITIES Public Company Limited
Registrar	: CIMB Thai Bank Public Company Limited

Debenture Holder : UOB Kay Hian Thailand Public Company Limited

Representatives

Collateral : Main Collateral

1. Vacant land at Mu Si Subdistrict, Pak Chong District, Nakhon Ratchasima owned by the subsidiary - Piyachat Co.,Ltd. Market valued Baht 227,800,000 and appraised at October 4, 2019 by Real Estate Appraisal Co.,Ltd.
2. Vacant land at Mu Si Subdistrict, Pak Chong District, Nakhon Ratchasima owned by the subsidiary - Piyachat Co.,Ltd. Market valued Baht 58,700,000 and appraised at October 4, 2019 by Real Estate Appraisal Co.,Ltd.

: Additional Collateral

1. Vacant land at Hat Yai Subdistrict, Hat Yai District, Songkhla owned by Suvarnabhumi Co., Ltd. And Mr.Sitichai Charoenkajonkul which are unrelated company / party Market valued Baht 344,540,000 and appraised at August 4, 2019 by Agency For Real Estate Affairs Co.,Ltd.

After that issuance and offering of debentures. The Company will have a remaining credit limit for insurance of debentures in amount of Baht 4,580 million.

- 36.2. The Board of Directors' Meeting of the Company No. 5/2019 held on October 29, 2019 has passed the resolutions to the establishment of a new subsidiary to support the expansion of the company and / or to support the Company's new business as well as to the growth of the Company in the future. The Executive Committee has already registered the establishment of such subsidiary on February 19, 2020. The details are as follows:

Name of Company : ELECTRA MOTIVE COMPANY LIMITED

Type of business : Joint venture and / or investing in new business of the Group regarding the automotive, electric power business (Electric Vehicles: EVs) which the Company may operate by itself and / or hold shares in other company (Studying the possibility). The Company will have a conclusion to invest in new businesses. The Company will evaluate the assets acquired and comply with the disclosure rules. According to the Securities and Exchange Act B.E. 2535, amended version and the Notification of the Capital Market Supervisory Board No. ThotJor. 20/2551 regarding criteria for making significant transactions that are considered as acquisition or disposition of assets.

Registered capital : Baht 80,000,000

Divided into ordinary shares 800,000 shares with a par value of Baht 100 per share

Paid-up capital : Baht 80,000,000

Source of Fund : Offering of Secured Bond of TWZ Corporation Public Company Limited No. 1/2020

Shareholding structure	Name	No. of Share
	1. TWZ Corporation Public Company Limited	799,9997
	2. Mr. Kittipong Kittipassorn	1
	3. Mr. Sakon Pawitranon	1
	4. Miss Ratchanok Supanit	1
	Total	800,000
Board of Directors	1. Mr. Kittipong Kittipassorn	
	2. Mr. Sakon Pawitranon	
	3. Miss Ratchanok Supanit	

Authorized Director Two directors sign and the company's seal

All this transaction does not qualify as related party transactions. And the transaction size is not related to rules on Entering into Material Transactions Deemed an Acquisition or Disposition of Assets, as well as under the Notification of the Securities and Stock Exchange of Thailand.

- 36.3.** On January 28,2020, TWZ Corporation Public Company Limited decreased of the Company's paid-up capital as summarized below:

Previous capital: 8,548,952,743 shares at per value of 0.10 Baht/share, totaling Baht 854,895,274.30.

New capital: 8,508,952,743 shares at per value of 0.10 Baht/share, totaling Baht 850,895,274.30.

The Company has writing 40,000,000 repurchased shares at the par value of Baht 0.10 per share which is Baht 4,000,000 in total and has registered this amendment to the paid-up capital mentioned above at the Department of Business Development, Ministry of Commerce Thailand, on January 28 , 2020.

- 36.4.** The Company's paid-up capital increasing

Original capital: at Baht of 850,895,274.30 consist of the common share 8,508,952,743 shares.

The increased capital shares of 1,397,736,507 shares.

New capital: at Baht 990,668,925.00 consist of the common share 9,906,689,250 shares at per value of 0.10 Baht/share.

To allocated for Warrants (TWZ-W5) 1,397,736,507 units exercise to 1,397,736,507 common shares.

- 36.5.** Due to TWZ Corporation Public Company Limited ("TWZ") submitted the financial statements for Q3/2019 ended September 30, 2019, which has been reviewed by a certified public accountant to the Stock Exchange of Thailand, appears information that TWZ will issue a Bank Guarantee of Baht 30 million to participate invest in the Mitt Corporation Limited ("MITT") which operates investment business in the electricity generation from waste project, to guarantee Mitt's Waste contract. After 1 year, the Company can exercise the right to purchase 10.72% of Mitt shares at Baht 30 million or wait to sell the license to share profit which must have shared a minimum profit of 15% of the amount of Baht 30 million. Which The Board of Directors Meeting No. 1/2020, dated February 28, 2020, passed a resolution to terminate the joint venture in Mitt Corporation Company Limited.

36.6. On January 30, 2020. TWZ Corporation Public Company Limited (“The Company”) entered into a Memorandum of Understanding (MOU) with Pholbun Holding Company Limited. (“Former shareholder”) In order to invest in the automotive electric power business in the proportion of 51% in Skywell (Thailand) Company Limited (“Skywell”).

Moreover, in order to invest in Skywell Succeed The Company has requested to check the status of Skywell and request various information related to business operations, During the business status examination, the Company has the exclusive right to purchase the business. By placing a deposit of Baht 50 million and entered into a share pledge agreement with former shareholder representatives As collateral under the agreement.

36.7. The Board of Directors’ Meeting No. 1/2563 on February 28, 2020 has approved to pay dividend for net profit of the year 2019 to shareholders at Baht 0.0011 per share and appropriate the net profit for a legal reserve which this matter will be presented again in The Annual General Meeting of Shareholders to consider.

37. Approval of the financial statements

These financial statements have been approved by the Company’s board of director on February 28, 2020.

บริษัท ทีดับบลิวแฮด คอร์ปอเรชั่น จำกัด (มหาชน)
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