

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE BOARD OF DIRECTORS**

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

We have reviewed the statement of financial position of T Engineering Corporation Public Company Limited as at September 30, 2020, and the related statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020, changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2020, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

## Emphasis of Matters

We draw attention to the following Notes to the interim financial statements;

1. Note 1 to the interim financial statements, as at September 30, 2020, the Company had total current liabilities in excess of total current assets and had large deficit and had comprehensive loss for the nine-month period ended September 30, 2020. The current liabilities mainly include trade and other current payables and retention payables which are partially due and the Company negotiated for installment. However, the Company's management believes that the preparation of the interim financial statements on a going concern basis is still appropriate because the Company still has current construction at present and the management also plans to reduce expenses to manage the Company's liquidity. In addition, the Extraordinary Shareholders' Meeting No. 1/2020 dated February 27, 2020, passed the resolution to approve the increase in share capital for offering to the existing shareholders in accordance with their shareholding ratio to support its working capital and repay its debts were due. However, such situations indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.
2. Note 2.7 to the interim financial statements, the Company has initially applied the Group of Financial Instruments Financial Reporting Standards which become effective for the financial statements for the accounting periods beginning on or after January 1, 2020. The Company has elected to recognize the cumulative effect of initially adopting of the group of Financial Instruments Financial Reporting Standards as an adjustment to the opening balance of retained earnings of the reporting period.
3. Note 27 to the interim financial statements, the Company has several litigations which are currently under the process of the courts.

Our conclusion is not modified in respect of these matters.

**BANGKOK**  
November 12, 2020

Kornthong Luangvilai  
Certified Public Accountant (Thailand)  
Registration No. 7210  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30, 2020**

**Unit : Baht**

	Notes	As at September 30, 2020 “Unaudited”	As at December 31, 2019
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.3	28,252,760	44,797,431
Current investments	7.1	-	5,373,720
Trade and other current receivables	5	6,921,480	4,311,479
Current contract assets	22	7,854,304	56,617,309
Inventories	6	-	418,500
Current tax assets		2,788,307	9,410,911
Other current financial assets	7.2	6,113,580	-
Other current assets		2,708,448	4,343,448
Total Current Assets		54,638,879	125,272,798
<b>NON-CURRENT ASSETS</b>			
Deposits at financial institution with restriction of use	8	15,861,500	256,851,500
Other non-current financial assets	9.1	28,164,767	-
Available-for-sale investments	9.2	-	25,254,440
Investment in joint arrangement	10	-	-
Trade and other non-current receivables	11	4,120,235	17,598,231
Non-current contract assets	12 and 22	-	-
Property, plant and equipment	13	80,444,636	83,391,365
Right-of-use assets		117,499	-
Retention receivables	14	46,865,641	70,399,664
Intangible assets		2,549,606	3,641,831
Other non-current assets	15	75,736,797	67,281,386
Total Non-current Assets		253,860,681	524,418,417
<b>TOTAL ASSETS</b>		<b>308,499,560</b>	<b>649,691,215</b>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT SEPTEMBER 30, 2020**

**Unit : Baht**

	Notes	As at September 30, 2020 “Unaudited”	As at December 31, 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other current payables	16	48,837,492	197,316,513
Current contract liabilities	22	2,295,333	19,501,700
Current portion of lease liabilities	17	199,925	311,402
Other short-term borrowing		12,235,690	12,235,690
Current retention payables		26,063,694	26,682,924
Provision for dismantling and removal of leasehold improvement		533,125	533,125
Provision for expected loss on construction contract	18.1	-	-
Provision for penalty arising from delay	18.2	-	-
Current provisions for employee benefits		1,269,102	3,647,912
Short-term provisions for loss on litigations	27	-	139,300,898
Other current provisions		2,634,270	3,728,474
Other current liabilities		10,652,688	11,898,468
Total Current Liabilities		104,721,319	415,157,106
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	17	-	-
Non-current retention payables		18,372,146	19,194,279
Deferred tax liabilities		3,804,335	3,804,335
Non-current provisions for employee benefits		6,065,592	5,859,125
Provisions for loss on litigations	27	7,612,789	38,521,637
Total Non-current Liabilities		35,854,862	67,379,376
<b>TOTAL LIABILITIES</b>		140,576,181	482,536,482

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT SEPTEMBER 30, 2020**

**Unit : Baht**

	Notes	As at September 30, 2020 “Unaudited”	As at December 31, 2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
	19		
Authorized share capital			
12,826,431,971 ordinary shares of Baht 1 each		12,826,431,971	
10,545,938,156 ordinary shares of Baht 1 each			10,545,938,156
Issued and paid-up share capital			
10,948,438,156 ordinary shares of Baht 1 each, fully paid		10,948,438,156	-
10,114,938,156 ordinary shares of Baht 1 each, fully paid		-	10,114,938,156
Share discount on ordinary shares		(9,309,242,796)	(8,500,747,796)
Expired warrant surplus	20	7,859,252	7,859,252
Retained earnings (deficit)			
Appropriated			
Legal reserve		5,526,839	5,526,839
Unappropriated (Deficit)		(1,473,074,311)	(1,445,927,630)
Other components of shareholders' equity		(11,583,761)	(14,494,088)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>167,923,379</u>	<u>167,154,733</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>308,499,560</u>	<u>649,691,215</u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“Unaudited”**

		<b>Unit : Baht</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
Revenues from construction contracts	22	10,456,639	65,660,790
Cost of construction contracts	22	-8,269,910	-61,342,565
<b>Gross profit</b>		<u>2,186,729</u>	<u>4,318,225</u>
Other income		1,250,396	3,456,660
Administrative expenses		-26,602,210	-22,916,123
Reversal of provisions for loss on litigations	27	31,214,864	-
Other gains	7.2	700,920	-
<b>Profit (loss) from operating activities</b>		<u>8,750,699</u>	<u>-15,141,238</u>
Finance costs		-56,222	-810,596
Reversal of impairment loss determined in accordance with TFRS 9	11, 12 and 14	8,033,528	-
<b>Profit (loss) before income tax</b>		<u>16,728,005</u>	<u>-15,951,834</u>
Tax income	23	-	-
<b>Profit (loss) for the period</b>		<u>16,728,005</u>	<u>-15,951,834</u>
<b>Other comprehensive loss</b>			
Components of other comprehensive loss that will be reclassified to profit or loss			
Losses on remeasuring investments held as available for sale	9.2	-	-2,715,301
Total components of other comprehensive loss that will be reclassified to profit or loss		<u>-</u>	<u>(2,715,301)</u>
Components of other comprehensive loss that will not be reclassified to profit or loss			
Losses on investment in equity instruments designated at fair value through other comprehensive income	9.1	-710,074	-
Total components of other comprehensive loss that will not be reclassified to profit or loss		<u>(710,074)</u>	<u>-</u>
Other comprehensive loss for the period - net of tax		<u>-710,074</u>	<u>-2,715,301</u>
<b>Total comprehensive income (loss)</b>		<u><u>16,017,931</u></u>	<u><u>-18,667,135</u></u>

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“Unaudited”**

		<b>Unit : Baht</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>Basic earnings (losses) per share</b>			
Basic earnings (losses) per share (Baht)	21	0.0015	(0.0016)
Weighted average number of ordinary shares (shares)	21	10,948,438,156	10,114,938,156
<b>Diluted earnings (losses) per share</b>			
Diluted earnings (losses) per share (Baht)	21	0.0015	(0.0016)
Diluted weighted average number of ordinary shares (shares)	21	10,948,438,156	10,114,938,156

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“Unaudited”**

		<b>Unit : Baht</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
Revenues from construction contracts	22	57,778,857	191,532,920
Cost of construction contracts	22	-48,924,771	-179,959,836
<b>Gross profit</b>		<u>8,854,086</u>	<u>11,573,084</u>
Other income		3,921,980	17,320,840
Reversal from termination of construction contract	22	-	70,730,200
Administrative expenses	27.2	-83,526,742	-68,831,010
Reversal of provisions for loss on litigations	27	31,253,556	-
Other gains	7.2	739,860	-
<b>Profit (loss) from operating activities</b>		<u>-38,757,260</u>	<u>30,793,114</u>
Finance costs		-355,997	-2,555,074
Reversal of impairment loss determined in accordance with TFRS 9	11, 12 and 14	22,181,133	-
<b>Profit (loss) before income tax</b>		<u>-16,932,124</u>	<u>28,238,040</u>
Tax income	23	-	81,000
<b>Profit (loss) for the period</b>		<u>-16,932,124</u>	<u>28,319,040</u>
<b>Other comprehensive income (loss)</b>			
Components of other comprehensive loss that will be reclassified to profit or loss			
Losses on remeasuring investments held as available for sale	9.2	-	-4,632,174
Reversal of gains from sale of investments held as available for sale	9.2	-	-2,553,282
Total components of other comprehensive loss that will be reclassified to profit or loss		<u>-</u>	<u>(7,185,456)</u>
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains on investment in equity instruments designated at fair value through other comprehensive income	9.1	2,910,327	-
Total components of other comprehensive income that will not be reclassified to profit or loss		<u>2,910,327</u>	<u>-</u>
Other comprehensive income (loss) for the period - net of tax		<u>2,910,327</u>	<u>-7,185,456</u>
<b>Total comprehensive income (loss)</b>		<u>-14,021,797</u>	<u>21,133,584</u>



**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“Unaudited”**

		<b>Unit : Baht</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>Basic earnings (losses) per share</b>			
Basic earnings (losses) per share (Baht)	21	(0.0016)	0.0028
Weighted average number of ordinary shares (shares)	21	10,504,310,419	10,114,938,156
<b>Diluted earnings (losses) per share</b>			
Diluted earnings (losses) per share (Baht)	21	(0.0016)	0.0028
Diluted weighted average number of ordinary shares (shares)	21	10,504,310,419	10,114,938,156

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“UNAUDITED”**

**Unit : Baht**

	Notes	Retained earnings (deficit)				Other components of shareholders' equity				Total Shareholders' equity	
		Issued and paid-up share capital	Share discount on ordinary shares	Expired warrant surplus	Appropriated legal reserve	Unappropriated (Deficit)	Other comprehensive income (loss)				Total other components of shareholders' equity
							Gain on revaluation of assets	Losses on remeasuring investments held as available for sale	Gains (Losses) on investment in equity instruments designated at fair value through other comprehensive income		
Balances as at January 1, 2019		10,114,938,156	(8,500,747,796)	7,859,252	5,526,839	(1,356,022,820)	11,725,339	(18,905,567)	-	(7,180,228)	264,373,403
Changes in shareholders' equity											
Surplus on revaluation of assets		-	-	-	-	324,000	(324,000)	-	-	(324,000)	-
Total comprehensive income for the period		-	-	-	-	28,319,040	-	(7,185,456)	-	(7,185,456)	21,133,584
Balances as at September 30, 2019		<u>10,114,938,156</u>	<u>(8,500,747,796)</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>(1,327,379,780)</u>	<u>11,401,339</u>	<u>(26,091,023)</u>	<u>-</u>	<u>(14,689,684)</u>	<u>285,506,987</u>
Balances as at January 1, 2020		10,114,938,156	(8,500,747,796)	7,859,252	5,526,839	(1,445,927,630)	15,217,339	(29,711,427)	-	(14,494,088)	167,154,733
Accumulated from changes in accounting policies due to the adoption of new financial reporting standards	2.7	-	-	-	-	(10,214,557)	-	29,711,427	(29,711,427)	-	(10,214,557)
Balances as at January 1, 2020 - new Financial Reporting Standards		10,114,938,156	(8,500,747,796)	7,859,252	5,526,839	(1,456,142,187)	15,217,339	-	(29,711,427)	(14,494,088)	156,940,176
Changes in shareholders' equity											
Increase in ordinary shares	19.2.2	833,500,000	(808,495,000)	-	-	-	-	-	-	-	25,005,000
Total comprehensive loss for the period		-	-	-	-	(16,932,124)	-	-	2,910,327	2,910,327	(14,021,797)
Balances as at September 30, 2020		<u>10,948,438,156</u>	<u>(9,309,242,796)</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>(1,473,074,311)</u>	<u>15,217,339</u>	<u>-</u>	<u>(26,801,100)</u>	<u>(11,583,761)</u>	<u>167,923,379</u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“UNAUDITED”**

	Notes	2020	2019
<b>Unit : Baht</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) for the period		-16,932,124	28,238,040
Adjustments for			
Depreciation and amortization		4,276,522	4,100,353
Employee benefit expenses		1,295,814	2,807,393
Reversal of provision for expected loss on construction contract	18.1	-	-185,737,428
Reversal of provision for penalty arising from delay	18.2	-	-3,232,991
Reversal of contract assets	22	-	104,040,492
Provisions for loss on litigations (reversal)		-31,253,556	198,073
Other current provisions		816,867	976,697
Written-off financial assets		15,089,495	932,720
Written-off deposits		-	100,225
Reversal of impairment loss in accordance with TFRS 9 which recognized in profit or loss		-22,181,133	-5,676,167
Reversal of allowance for impairment - withholding tax		-	-2,358,448
Written-off investment in joint arrangement		-510,000	-
Reversal of impairment loss of investment in joint arrangement		510,000	-
Reversal of trade and other payables		-30,406	-3,562,095
Reversal of retention payables		-	-155,640
Gain on sales of property, plant and equipment		-	-2,399,916
Loss on write-off of equipment		9	17,542
Gain on remeasuring current investments in held-for-trading securities		-	-1,758,124
Gain on financial assets mandatorily measured at fair value through profit or loss		-739,860	-
Gain on sales of investments held as available for sale		-	-2,392,355
Loss on sales of current investments in held-for-trading securities		-	320,147
Reversal of accrued interest income		187,611	-
Dividend income		-1,742,140	-
Interest income		-258,699	-1,956,873
Interest expenses		27,214	36,972
		<u>-51,444,386</u>	<u>-67,461,383</u>
Operating assets (increase) decrease			
Current investments		5,373,720	156,137
Trade and other current receivables		-3,343,633	-4,076,643
Current contract assets		48,763,005	3,305,282
Inventories		418,500	155,771
Other current financial assets		-5,373,720	-
Other current assets		1,635,000	1,761,887
Deposits at financial institution with restriction of use		240,990,000	39,960,509
Trade and other non-current receivables		10,821,784	210,016
Retention receivables		23,067,316	10,742,428
Other non-current assets		955,500	205,837

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020**  
**“UNAUDITED”**

		<b>Unit : Baht</b>	
	<b>Notes</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>			
Operating liabilities increase (decrease)			
Trade and other current payables		-149,026,987	-30,466,501
Current contract liabilities		-17,206,367	26,944,358
Current retention payables		-619,230	4,663,262
Other current provisions		-1,911,071	-753,212
Provision for penalty arising from delay		-	-20,376,735
Other current liabilities		-1,245,780	10,140,067
Non-current retention payables		-822,133	-3,582,844
Provision for employee benefits paid during the period		-3,468,157	-
Provision for loss on litigations		-138,377,818	-993,237
Cash paid from operations		-40,814,457	-29,465,001
Cash received from interest		804,720	887,534
Cash paid for income tax		-2,788,307	-6,737,575
Net cash used in operating activities		-42,798,044	-35,315,042
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash received from liquidation of subsidiary		-	854,268
Cash received from sales of investments held as available for sale		-	2,392,355
Dividend income		1,742,140	-
Payment for purchase of equipment		-9,144	-171,648
Cash received from sales of land, building and equipment		-	3,077,917
Net cash provided by investing activities		1,732,996	6,152,892
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments for lease liabilities	4.2	-457,409	-209,219
Proceeds from increase in ordinary shares		25,005,000	-
Cash paid for interest expenses		-27,214	-36,972
Net cash provided by (used in) financing activities		24,520,377	-246,191
Net decrease in cash and cash equivalents		-16,544,671	-29,408,341
Cash and cash equivalents as at January 1,		44,797,431	42,241,305
<b>Cash and cash equivalents as at September 30,</b>		<b>28,252,760</b>	<b>12,832,964</b>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED  
CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020  
“UNAUDITED”**

**1. OPERATIONS AND GENERAL INFORMATION OF THE COMPANY**

T Engineering Corporation Public Company Limited (the “Company”) was incorporated in Thailand under the Civil and Commercial Code on April 10, 1981 and engages as a plant and building construction and other related services.

On July 14, 2005, the Company was registered under the Public Limited Company Act. On September 28, 2006, the Company was listed in the Market for Alternative Investment (“MAI”) on the Stock Exchange of Thailand.

The registered office of the Company is located at 15<sup>th</sup> floor, Rajanakarn Building, 3 South Sathorn Road, Yannawa, Sathorn District, Bangkok.

On August 14, 2018, the Board of Directors’ meeting passed a resolution to approve the closure of a subsidiary. The subsidiary already registered the dissolution with the Department of Business Development on November 5, 2018 and registered the liquidation on January 28, 2019.

As at September 30, 2020, the Company had total current liabilities in excess of total current assets of Baht 50.08 million and had deficit of Baht 1,473.07 million and had comprehensive loss for the nine-month period ended September 30, 2020, of Baht 14.02 million.

The current liabilities mainly include trade and other current payables and retention payables which are partially due and the Company negotiated for installment. However, the Company’s management believes that the preparation of the interim financial statements on a going concern basis is still appropriate because the Company still has current construction project at present and the management plans to reduce expenses to manage the Company’s liquidity. In addition, on February 27, 2020, the Extraordinary Shareholders’ Meeting No 1/2020 passed the resolution to approve the increase in share capital for offering to in the existing shareholders in accordance with their shareholding ratio to support its working capital and repay its debts were due.

**Coronavirus Disease 2019 Pandemic**

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company’s operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

## **2. BASIS OF PREPARATION AND PRESENTATION OF INTERIM FINANCIAL STATEMENTS**

- 2.1 The interim financial statements is prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission.
- 2.2 The statement of financial position as at December 31, 2019, presented herein for comparison, have been derived from the financial statement of the Company for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the three-month and nine-month periods ended September 30, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.4 Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statement for the three-month and nine-month periods ended September 30, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.
- 2.5 The preparation of interim financial statement in conformity with Thai Accounting Standard No. 34 “Interim Financial Reporting” also require the Company’s managements to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on managements’ reasonable consideration of current events, actual results may differ from these estimates.
- 2.6 The Company prepared and presented the interim financial statement which did not recognize its interest in a joint operation in Joint Venture between Thai Industrial & Engineering Service Plc. and Reungnarong Co., Ltd. according to Thai Financial Reporting Standard No. 11 “Joint Arrangements” because such joint arrangement ceased its operation since 2014 and such investment in a joint operation has no material impact to the interim financial statements (see Note 10).

However, on November 13, 2019, the Board of Directors’ meeting of the Company passed a resolution to approve the closure of Joint Venture between Thai Industrial & Engineering Service Plc. and Reungnarong Co., Ltd. On April 1, 2020, this joint venture has already submitted the statement for its liquidation and tax payment to the Revenue Department.

2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become 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 revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except the following financial reporting standards.

Group of Financial Instruments Standards

In the current period, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of Thai Financial Reporting Standard No. 9 "Financial Instruments" ("TFRS 9") as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

(a) Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of TFRS 9) is January 1, 2020. Accordingly, the Company has applied the requirements of TFRS 9 to instruments that continue to be recognized as at January 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have not been restated.

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically. All equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income.

The management of the Company reviewed and assessed the Company's existing financial assets as at January 1, 2020 based on the facts and circumstances that existed at that date and concluded that the initial application of TFRS 9 has the following impact on the Company's financial assets as regards their classification and measurement:

- The Company's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as investments held as available-for-sale and were measured at fair value at each reporting date under TAS 105 "Accounting for Investments in Debt and Equity Securities" have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve.
- There is no change in the measurement of the Company's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
- Investments classified as held-to-maturity under TAS 105 "Accounting for Investments in Debt and Equity Securities" and loans and receivables as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on trade receivables and contract assets.

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Company has elected to recognize the cumulative effect as an adjustment of retained earnings at the date of initial application, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial asset that remain recognized on the date of initial application of TFRS 9 is January 1, 2020.



The result of the assessment is as follows:

	<b>Unit: Baht</b>
<b>Items existing as at January 1, 2020 that are subject to the impairment provisions of TFRS 9</b>	<b>Cumulative additional allowance recognized</b>
Trade and other non-current receivables (see Note 11)	<u>10,214,557</u>
	<u>10,214,557</u>

The additional credit loss allowance of Baht 10.21 million as at January 1, 2020 has been recognized against retained deficit, resulting in a net decrease in retained deficit of Baht 10.21 million as at January 1, 2020. The additional loss allowance is charged against the respective asset.

(c) Classification and measurement of financial liabilities

A significant change introduced by TFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

Apart from the above, the application of TFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

Please refer to (d) below for further details regarding the change in classification upon the application of TFRS 9.

(d) Disclosure in relation to the initial application of TFRS 9

There were no financial assets or financial liabilities which the Company has elected to designate as at FVTPL at the date of initial application of TFRS 9.

The table below shows information relating to financial assets that have been reclassified as a result of transition to TFRS 9.

	(Unit: Baht)				
	Carrying amounts as at December 31, 2019	Reclassifications	Remeasurement	Carrying amounts as at January 1, 2020	Category
<b>Financial assets</b>					
<b>FVTPL</b>					
Current investment (Held-for-trading securities-equity securities)	5,373,720	(5,373,720)	-	-	Held-for-trading securities
Other current financial asset	-	5,373,720	-	5,373,720	FVTPL
<b>FVTOCI</b>					
Investments held as available for sale - equity securities	25,254,440	(25,254,440)	-	-	Held as available for sale
Other non-current financial asset	-	25,254,440	-	25,254,440	FVTOCI

The tables below show impact on the beginning balance of the year 2020 to assets and shareholders' equity due to the adoption of these standards.

	(Unit: Baht)		
Impact on assets and shareholders' equity	As at December 31, 2019	Effect from Group of financial instruments	As at January 1, 2020
<b>Assets</b>			
Current investment	5,373,720	(5,373,720)	-
Other current financial assets	-	5,373,720	5,373,720
Investments held as available for sale	25,254,440	(25,254,440)	-
Other non-current financial assets	-	25,254,440	25,254,440
Trade and other non-current receivables	17,598,231	(10,214,557)	7,383,674
Total effect on net assets		<u>(10,214,557)</u>	
<b>Shareholders' Equity</b>			
Retained earnings (deficit)	(1,445,927,630)	(10,214,557)	(1,456,142,187)
Total effect on shareholders' equity		<u>(10,214,557)</u>	

The application of TFRS 9 has had no impact on the cash flows of the Company.

#### Thai Financial Reporting Standards No. 16 "Leases"

The Company has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Company to recognize the cumulative effect of initially applying TFRS 16 at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under Thai Accounting Standards No. 17 "Leased" ("TAS 17") and TFRIC Interpretations No. 4 "Determining whether an Arrangement Contains a Lease" ("TFRIC 4").

a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on “risk and rewards” in TAS 17 and TFRIC 4.

The Company applies the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or changed on or after January 1, 2020. In preparation for the first-time application TFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

b) Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Company accounts for lease previously classified as operating leases under TAS 17, which were off statement of financial position.

Applying TFRS 16, for all leases (except as noted below), the Company:

- 1) Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with TFRS 16.
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income.
- 3) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with TAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes photocopier, tablets, personal computers, small items of office furniture and telephones) the Company has opted to recognize a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented as expenses in profit or loss and other comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying TAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognized under TAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term end within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

#### Former finance leases

For leases that were classified as finance leases applying TAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying TAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

The right-of-use asset and the lease liability are accounted for applying TFRS 16 from January 1, 2020.

#### Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 4.26% - 4.41%.

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	<b>Baht</b>
Operating lease commitments at December 31, 2019	9,943,225
Short-term leases and leases of low-value assets	(9,453,225)
Effect of discounting the above amounts	(16,844)
Finance lease liabilities recognized under TAS 17 at December 31, 2019	<u>311,402</u>
Lease liabilities recognized at January 1, 2020	<u>784,558</u>

The Company has recognized Baht 473,156 of right-of-use assets and Baht 473,156 of lease liabilities upon transition to TFRS 16.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on 22 April 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be complied with all relief measures specified in this accounting treatment guidance.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Company has not adopted such accounting treatment guidances in the preparation of the interim financial statements for the three-month and nine-month periods ended September 30, 2020 because the Company does not have any conditions in accordance with such guidances.

2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

### Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

### Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 “Presentation of Financial Statements” and Thai Accounting Standards No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

### The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019, except the adoption of new and revised Thai Financial Reporting Standards as described in Note 2.7. Accounting policies which significantly changed are as follows:

### **3.1 Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## **Financial assets**

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### *Classification of financial assets*

The Company may make the following irrevocable election/designation at initial recognition of a financial asset;

The Company may irrevocable elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (i) below).

#### (i) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination, if any.

A financial asset is held for trading if;

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be classified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “finance income” line item in profit or loss, if any.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of TFRS 9 (see Note 2.7).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) above) are measured at FVTPL. Specifically, Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (i) above), if any.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item. Fair value is determined in the manner described in Note 28.

*Impairment of financial assets*

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

1) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.



## 2) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

### *Derecognition of financial assets*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings (deficit).

## **Financial liabilities**

All financial liabilities are measured subsequently at amortized cost.

### *Derecognition of financial liabilities*

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

## 3.2 Leases

The Company has applied TFRS 16 using the cumulative catch-up approach at the date of initial application and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows:

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (i.e. photocopied, tablets, personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever, if any:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

#### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

4.1 Non-cash item for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Gains on investments in equity instruments designated at fair value through other comprehensive income	2,910,327	-
Losses on remeasuring investments held as available for sale	-	(4,632,174)
Reversal of unrealized gains on remeasuring investments held as available for sale	-	(2,553,282)
Gains on remeasuring current investments in held-for-trading securities	-	1,758,124
Gains on financial assets mandatorily measured at fair value through profit or loss	739,860	-
Transfer provision for expected loss on construction contract to provision for warranty	-	(2,469,000)
Transfer provision for expected loss on construction contract to accrued expense	-	(4,598,916)

4.2 Change in liabilities from financing activities for the nine-month periods ended September 30, are as follows:

<b>For the nine-month period ended at September 30, 2020</b>	<b>Balance as at January 1, 2020 Baht</b>	<b>Financing cash flows Cash Received Baht</b>	<b>Cash Paid Baht</b>	<b>Change from implementation of TFRS 16 Baht</b>	<b>Other changes <sup>(1)</sup> Baht</b>	<b>Balance as at September 30, 2020 Baht</b>
Lease liabilities	311,402	-	(457,409)	473,156	(127,224)	199,925
Other short-term borrowing	12,235,690	-	-	-	-	12,235,690
<b>Total</b>	<u>12,547,092</u>	<u>-</u>	<u>(457,409)</u>	<u>473,156</u>	<u>(127,224)</u>	<u>12,435,615</u>

(1) Other changes were arisen from decreased in lease liabilities from the termination of lease agreement.

<b>For the nine-month period ended at September 30, 2019</b>	<b>Balance as at January 1, 2019 Baht</b>	<b>Financing cash flows</b>		<b>Balance as at September 30, 2019 Baht</b>
		<b>Cash Received Baht</b>	<b>Cash Paid Baht</b>	
Lease liabilities	593,833	-	(209,219)	384,614
Other short-term borrowing	12,235,690	-	-	12,235,690
<b>Total</b>	<u>12,829,523</u>	<u>-</u>	<u>(209,219)</u>	<u>12,620,304</u>

4.3 Cash and cash equivalents as at September 30, 2020 and December 31, 2019 consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Cash on hand	324,095	520,660
Cash at banks		
- Current accounts	9,834,537	41,340,403
- Savings accounts	17,877,371	2,836,991
- Fixed accounts (maturity less than 3 months)	216,757	99,377
Total	<u>28,252,760</u>	<u>44,797,431</u>

As at September 30, 2020 and December 31, 2019, savings accounts carry interest rate at the rate of 0.05% to 0.65% per annum and 0.38% to 0.65% per annum, respectively.

As at September 30, 2020 and December 31, 2019, fixed deposits at banks (maturity less than 3 months) carry interest rate at the rate of 0.15% to 0.80% per annum and 0.65% to 1.63% per annum, respectively.

## 5. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at September 30, 2020 and December 31, 2019 consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Trade receivables		
- Other parties	4,496,106	-
Trade receivables	<u>4,496,106</u>	<u>-</u>
Other current receivables		
Other current receivables		
- Other parties	167,174	1,034,463
- Revenue Department	-	552,251
Advance payments for construction	-	1,519,010
Advance payments	-	283,335
Prepaid expenses	2,258,200	922,420
Other current receivables	<u>2,425,374</u>	<u>4,311,479</u>
Total	<u>6,921,480</u>	<u>4,311,479</u>

The aging of trade receivables as at September 30, 2020 and December 31, 2019, are as follows:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Within credit term	4,496,106	-
Over due		
Within 3 months	-	-
Total	<u>4,496,106</u>	<u>-</u>

## 6. INVENTORIES

Inventories as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Work in progress	-	418,500
Total	<u>-</u>	<u>418,500</u>

## 7. CURRENT INVESTMENTS AND OTHER CURRENT FINANCIAL ASSETS

7.1 Current investments as a September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Current investments		
Held-for-trading securities - equity securities	-	14,739,788
Unrealized loss	-	(9,366,068)
Total	<u>-</u>	<u>5,373,720</u>

### Unrealized loss on remeasuring current investments in held-for-trading securities

As at September 30, 2019, the Company has unrealized loss on remeasuring current investments in held-for-trading securities of Baht 9.44 million which recognized gain on remeasuring current investments in held-for-trading securities as other income in the statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2019 of Baht 0.12 million and Baht 1.76 million, respectively.

### Trading of held-for-trading securities

For the three-month period ended September 30, 2019, the Company did not purchase and sell held-for-trading securities.

For the nine-month period ended September 30, 2019, the Company did not purchase held-for-trading securities and sell held-for-trading securities of Baht 0.16 million.

As at September 30, 2020, the above current investments are classified as other current financial assets in accordance with TFRS 9 due to Note 7.2.

- 7.2 Other current financial assets as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Financial assets mandatorily measured at fair value through profit or loss		
Shares	14,739,788	-
Unrealized loss	(8,626,208)	-
Total	6,113,580	-

Losses on financial assets mandatorily measured at fair value through profit or loss

As at September 30, 2020, the Company has unrealized loss on remeasuring financial assets mandatorily measured at fair value through profit or loss of Baht 8.63 million which recognized gain on financial assets mandatorily measured at fair value through profit or loss as other gains in the statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020 of Baht 0.70 million and Baht 0.74 million, respectively.

Trading of financial assets mandatorily measured at fair value through profit or loss

For the three-month and nine-month periods ended September 30, 2020, the Company did not purchase and sell financial assets mandatorily measured at fair value through profit or loss.

**8. DEPOSITS AT FINANCIAL INSTITUTION WITH RESTRICTION OF USE**

As at September 30, 2020, deposits at financial institution with restriction of use amounting to Baht 15.86 million, were saving deposit and fixed deposits with maturity term of 3 - 12 months, carrying interest rate at 0.05% to 0.80% per annum, which the Company used as collateral for facility of letters of guarantee issued by financial institutions (see Note 25.1).

As at December 31, 2019, deposits at financial institution with restriction of use amounting to Baht 256.85 million are fixed deposits with the maturity of 3 - 12 months, carrying interest rate at 0.65% to 1.63% per annum, which the Company used as collateral for facility of letters of guarantee issued by the financial institutions (see Note 25.1).

**9. OTHER NON - CURRENT FINANCIAL ASSETS AND INVESTMENTS HELD AS AVAILABLE FOR SALE**

- 9.1 Other non - current financial assets as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	54,965,867	-
Unrealized loss	(26,801,100)	-
<b>Total</b>	<b>28,164,767</b>	<b>-</b>

Loss on investments in equity instruments designated at fair value through other comprehensive income

As at September 30, 2020, the Company has unrealized loss on remeasuring investments in equity instruments designated at fair value through other comprehensive income of Baht 26.80 million. The Company recognized loss on investments in equity instruments designated at fair value through other comprehensive income as other comprehensive loss of Baht 0.71 million in the statement of profit or loss and other comprehensive income for the three-month period ended September 30, 2020 and recognized gain on investments in equity instruments designated at fair value through other comprehensive income as other comprehensive income of Baht 2.91 million in the statement of profit or loss and other comprehensive income for the nine-month period ended September 30, 2020.

Trading of investments in equity instruments designated at fair value through other comprehensive income

For the three-month and nine-month periods ended September 30, 2020, the Company did not purchase and sell investments in equity instruments designated at fair value through other comprehensive income.

- 9.2 Investments held as available for sale as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Investments held as available for sale		
Equity securities	-	54,965,867
Unrealized loss	-	(29,711,427)
<b>Total</b>	<b>-</b>	<b>25,254,440</b>

Unrealized loss on change in fair value of investments held as available for sale

As at September 30, 2019, the Company has unrealized loss on change in fair value of investments held as available for sale of Baht 26.09 million. The Company recognized unrealized loss on change in fair value of investment held as available for sale as other comprehensive loss of Baht 2.72 million and Baht 4.63 million in the statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2019, respectively.



The Company recognized reversal of unrealized gain from sales investments held as available for sale as other comprehensive loss in the statements of profit or loss and other comprehensive income for the nine-month period ended September 30, 2019 of Baht 2.55 million (for the three-month period ended September 30, 2019 : Nil).

Trading of investments held as available for sale

For the nine-month period ended September 30, 2019, the Company did not purchase investments held as available for sale and sold investments held as available for sale of Baht 2.39 million (for the three-month period ended September 30, 2019, the Company did not purchase and sell investments held as available for sale).

As at September 30, 2020, the above investments held as available for sales are classified as other non-current financial assets as TFRS 9 according to Note 9.1.

**10. INVESTMENT IN A JOINT ARRANGEMENT**

Investment in a joint arrangement as at September 30, 2020 and December 31, 2019, is as follows:

Name of joint arrangement	Type of Business	Ownership interest (%)		Cost (Baht)	
		As at September 30, 2020	As at December 31, 2019	As at September 30, 2020	As at December 31, 2019
		Joint Venture between Thai Industrial & Engineering Service Plc. And Reaungnarong Co., Ltd.	Construction Business	-	51
				<u>-</u>	<u>(510,000)</u>
				<u>-</u>	<u>-</u>
				<u>-</u>	<u>-</u>

The Company prepared and presented the consolidated financial statements, which did not include the interest in a joint arrangement in Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd. since it is not material to the financial statements (see Note 2.6).

However, on November 13, 2019, the Board of Directors' meeting of the Company passed a resolution to approve the closure of Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd. On April 1, 2020, this joint venture has already submitted the statement for its liquidation and tax payments to the Revenue Department.

**11. TRADE AND OTHER NON-CURRENT RECEIVABLES**

Trade and other non-current receivables as at September 30, 2020 and December 31, 2019, consisted of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Trade receivables		
- Other parties	144,531,513	157,837,786
<u>Less</u> Loss allowance	<u>(144,531,513)</u>	<u>(147,850,268)</u>
Trade receivables	<u>-</u>	<u>9,987,518</u>

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Other non-current receivables		
Other receivables		
- Other parties	5,480,086	6,314,352
- Other receivables - bank (see Note 27.1)	5,334,318	5,334,318
<u>Less</u> Loss allowance	<u>(8,970,564)</u>	<u>(6,314,352)</u>
Other receivables	<u>1,843,840</u>	<u>5,334,318</u>
Advance payments for construction	<u>2,276,395</u>	<u>2,276,395</u>
Other non-current receivables	<u>4,120,235</u>	<u>7,610,713</u>
Total	<u><u>4,120,235</u></u>	<u><u>17,598,231</u></u>

The aging of trade receivables as at September 30, 2020 and December 31, 2019, are as follows:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Overdue		
Over 12 months	<u>144,531,513</u>	<u>157,837,786</u>
Total	<u><u>144,531,513</u></u>	<u><u>157,837,786</u></u>

For the nine-month periods ended September 30, 2020 and 2019, the movements of loss allowance are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Beginning balances as previously reported	154,164,620	193,784,402
<u>Add</u> Impact on recognized loss allowance as TFRS 9	<u>10,214,557</u>	<u>-</u>
Beginning balances - new Financial Reporting Standards	164,379,177	193,784,402
<u>Less</u> Reversal of impairment loss during the periods	<u>(10,877,100)</u>	<u>-</u>
Ending balances	<u><u>153,502,077</u></u>	<u><u>193,784,402</u></u>

## 12. NON-CURRENT CONTRACT ASSETS

Non-current contract assets as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Non-current contract assets	38,317,650	39,619,782
<u>Less</u> Loss allowance	<u>(38,317,650)</u>	<u>(39,619,782)</u>
Non-current contract assets (see Note 22)	<u><u>-</u></u>	<u><u>-</u></u>

For the nine-month periods ended September 30, 2020 and 2019, the movements of loss allowance are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Beginning balances	39,619,782	39,619,782
<u>Less</u> Reversal of impairment loss during the periods	<u>(1,302,132)</u>	<u>-</u>
Ending balances	<u>38,317,650</u>	<u>39,619,782</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

As at September 30, 2020, property, plant and equipment in the financial statements decreased approximately Baht 2.95 million mainly due to increase in accumulated depreciation.

As at September 30, 2019, property, plant and equipment in the financial statements decreased approximately Baht 3.47 million mainly due to increase in accumulated depreciation and sales of land and buildings. The Company transferred the rights on such land and buildings to the purchaser on June 25 and 28, 2019. The Company transferred the gain on revaluation of asset from sale of asset of Baht 0.32 million to retained earnings (deficit) and recognized gain on sale of property, plant and equipment Baht 2.40 million as part of other income in the statements of profit or loss and other comprehensive income for the nine-month period ended September 30, 2019 (for the three-month period ended September 30, 2019 : Nil).

### 14. RETENTION RECEIVABLES

Retention receivables as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Retention receivables	94,901,393	128,437,317
<u>Less</u> Loss allowance	<u>(48,035,752)</u>	<u>(58,037,653)</u>
Total	<u>46,865,641</u>	<u>70,399,664</u>

For the nine-month periods ended September 30, 2020 and 2019, the movements of loss allowance are as follows:

	<b>2020 Baht</b>	<b>2019 Baht</b>
Beginning balances	58,037,653	58,603,222
<u>Less</u> Written-off during the periods	<u>-</u>	<u>(565,569)</u>
<u>Less</u> Reversal of impairment loss during the periods	<u>(10,001,901)</u>	<u>-</u>
Ending balances	<u>48,035,752</u>	<u>58,037,653</u>

## 15. OTHER NON-CURRENT ASSETS

Other non-current assets as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Guarantees and deposits	1,971,773	2,927,273
Withholding tax	74,884,412	65,473,501
Total	<u>76,856,185</u>	<u>68,400,774</u>
<u>Less</u> Allowance for impairment	<u>(1,119,388)</u>	<u>(1,119,388)</u>
Total	<u><u>75,736,797</u></u>	<u><u>67,281,386</u></u>

## 16. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at September 30, 2020 and December 31, 2019, consisted of the following:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Trade payables		
- Other parties	<u>36,306,236</u>	<u>108,128,422</u>
Trade payables	<u>36,306,236</u>	<u>108,128,422</u>
Other current payables		
Other current payables		
- Other parties	7,000,218	75,797,585
Accrued expenses	<u>5,531,038</u>	<u>13,390,506</u>
Other current payables	<u>12,531,256</u>	<u>89,188,091</u>
Total	<u><u>48,837,492</u></u>	<u><u>197,316,513</u></u>

## 17. LEASE LIABILITIES

Lease liabilities as at September 30, 2020 and December 31, 2019 consisted of the following:

<b>Payment periods</b>	<b>Present value of the minimum amount to be paid in the future</b>	
	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Within 1 year	199,925	311,402
1 - 5 years	-	-
Total	<u><u>199,925</u></u>	<u><u>311,402</u></u>

**18. PROVISION FOR EXPECTED LOSS ON CONSTRUCTION CONTRACT AND PROVISION FOR PENALTY ARISING FROM DELAY**

18.1 For the nine-month periods ended September 30, the movements of provision for expected loss on construction contract are as follows:

	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balances as at January 1,	-	192,805,344
<u>Less</u> Transfer to provision for warranty (*)	-	(2,469,000)
<u>Less</u> Transfer to accrued expense (**)	-	(4,598,916)
<u>Less</u> Reversal from termination of construction contract during the periods (see Note 22)	-	(185,737,428)
Ending balances as at September 30,	<u>-</u>	<u>-</u>

(\*) Presented as a part of other current provisions in the statement of financial position.

(\*\*) Presented as a part of trade and other current payable in the statement of financial position.

18.2 For the nine-month periods ended September 30, the movements of provision for penalty arising from delay are as follows:

	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balances as at January 1,	-	23,609,726
<u>Less</u> Reversal from termination of construction contract during the periods (see Note 22)	-	(3,232,991)
<u>Less</u> Paid during the periods	-	(20,376,735)
Ending balances as at September 30,	<u>-</u>	<u>-</u>

**19. SHARE CAPITAL**

19.1 On April 25, 2019, the Annual General Shareholders' Meeting passed a resolution to decrease the Company's authorized share capital from the amount of Baht 13,035,049,764 to Baht 10,545,938,156 by decreasing the unissued ordinary shares capital of 2,489,111,608 shares at the par value of Baht 1 each, which were the result of the remaining reserved and unsubscribed for Private Placement. The Company registered the decrease in registered share capital with the Ministry of Commerce on May 13, 2019.

On February 27, 2020, the Extraordinary General Shareholders' Meeting passed a resolution to decrease the Company's authorized share capital from the amount of Baht 10,545,938,156 to Baht 10,114,938,156 by decreasing the unissued ordinary shares capital of 431,000,000 shares at the par value of Baht 1 each which were the result of the remaining reserved and unsubscribed for Private Placement. The Company registered the decrease in registered share capital with the Ministry of Commerce on March 6, 2020.

19.2 On February 27, 2020, the Extraordinary General Shareholders' Meeting passed a special resolution to approve the increase of the registered share capital from the amount of Baht 10,114,938,156 to Baht 12,826,431,971 by issuing new ordinary shares of 2,711,493,815 shares at the par value of Baht 1 each. The Company registered the increase in registered share capital with the Ministry of Commerce on March 10, 2020. The allotment of new ordinary shares are as follows:

19.2.1 The shareholders passed a solution to approve the allocation of increased ordinary shares of 1,011,493,815 shares for offering to existing shareholders in accordance with their shareholding ratio (Rights offering) at the price of Baht 0.03 each, totally Baht 30.34 million with the ratio of 10 existing ordinary shares to 1 increased ordinary share. On July 1, 2020, the Annual General Shareholders' Meeting passed a solution to approve the authorization to Managing director to postpone and fix the date for subscription and payment of newly issued ordinary shares for offering to existing shareholders because of the situation of the Coronavirus disease 2019 ("COVID-19") pandemic and capital market fluctuation which may affect to the consideration for subscription of the new ordinary shares of the existing shareholders. As a result, the Company has postponed the date of subscription and payment for the subscription of increased ordinary shares to be sold to the existing shareholders.

19.2.2 The shareholders passed a solution to approve the allocation of increased ordinary shares of 1,700,000,000 shares by way of Private Placement to non-related person of the Company in the amount of Baht 51.00 million at the price of Baht 0.03 each. The Company received the payment of such increased ordinary shares of 833,500,000 shares of Baht 0.03 each, totally Baht 25.01 million on May 26, 2020 and registered the increase in paid-up share capital with the Ministry of Commerce on June 9, 2020.

## 20. WARRANTS

20.1 The Annual General Meeting of Shareholders held on April 25, 2013, had the resolution approve the issuance of Warrants No. 1 (TIES-WA) in the number of 22,000,000 units to the management and employees and the Extraordinary General Meeting of Shareholders held on November 17, 2014 has a resolution to approve the allotment and offering of newly issued ordinary shares of the Company to the existing shareholders of the Company in proportion to their respective shareholdings (Right Offering) and adjustment of right which specified that the Company is obliged to adjust the exercise price and exercise ratio. The preliminary details of the warrants are described below:

Type of Warrants : Warrants purchasing ordinary shares of Thai Industrial & Engineering Service Public Company Limited allocated to the management and employees

Type : Specified warrant's holder and non-transferable.

Term of Warrants : 5 years from the issuing date of warrants.

Number of issued and : 22,000,000 units  
offered warrants

Offering Price : 0 Baht per unit

Allocation method	: 17,000,000 units directly allocated to management and employees 5,000,000 units allocated by the appointed person from the Board of Directors and/or Managing Director in order to allocate to new management and employees who will work for the Company within 1 year from the date of the shareholders' meeting approve this offering
Exercise Ratio	: 1 warrant to 11.971 ordinary shares (Formerly: 1 warrant to 1 ordinary share)
Exercise Price	: Baht 1 (Formerly: Baht 2.50)
Exercise Period	: The first: 1 year after the Company issued warrants, and not exceed 25% of the allocated warrants The second: 2 years after the Company issued warrants, and not exceed 50% of the allocated warrants The third: 3 years after the Company issued warrants, and not exceed 75% of the allocated warrants The forth: 4 years after the Company issued warrants, and not exceed 100% of the allocated warrants

Holders of warrants are able to exercise the warrants to ordinary shares on the last business day of March, June, September and December throughout the term of the warrants. The unexercised warrants as at May 14, 2018 which was the last exercised date were 8,140,000 units and the Company transferred expired share capital from share-based payment of Baht 7.86 million to be a separate item under retained earnings (deficit) in the statement of financial position.

20.2 The Extraordinary General Meeting of Shareholders held on June 5, 2015, had the resolution to approve the issuance of Warrants No. 4 (T-W4) in the amount of not exceeding 3,000,000,000 units to whom subscribe and pay for the newly ordinary shares issued and offered via Private Placement at the ratio of 10 newly shares to 1 warrant. The preliminary details of the warrants are described below:

Type of Warrants	: Warrants purchasing ordinary shares of Thai Industrial & Engineering Service Public Company Limited No.4 (T-W4)
Type	: Specified warrant's holder and transferable
Term of Warrants	: 3 years from the issuing date of warrants
Number of issued and offered warrants	: 3,000,000,000 units
Offering Price	: 0 Baht per unit
Exercise Ratio	: 1 warrant to 1 ordinary share (subject to change in case of the adjustment exercise ratio to the terms and conditions)

Exercise Price : Baht 1 per share (subject to change in case of the adjustment exercise price to the terms and conditions).

On September 13, 2019 which was the last warrants exercised date, the unexercised warrants as at September 13, 2019 were 431,000,000 units.

## 21. BASIC EARNINGS (LOSSES) PER SHARE AND DILUTED EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share for the three-month and nine-month periods ended September 30, 2020 and 2019 are calculated by dividing profit (loss) for the periods by weighted average number of ordinary shares issued during the periods.

For the three-month and nine-month periods ended September 30, are as follows:

	<b>For the three-month periods ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Profit (loss) for the periods (Baht)	16,728,005	(15,951,834)
Ordinary shared - beginning balance (shares)	10,114,938,156	10,114,938,156
Effect from issue shared capital during the periods	833,500,000	-
Weighted average number of ordinary shares (shares) as at September 30,	10,948,438,156	10,114,938,156
Basic earning (loss) per share (Baht)	0.0015	(0.0016)
	<b>For the nine-month periods ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Profit (loss) for the periods (Baht)	(16,932,124)	28,319,040
Ordinary shared - beginning balance (shares)	10,114,938,156	10,114,938,156
Effect from issue shared capital during the periods	389,372,263	-
Weighted average number of ordinary shares (shares) as at September 30,	10,504,310,419	10,114,938,156
Basic earning (loss) per share (Baht)	(0.0016)	0.0028

## DILUTED EARNINGS (LOSSES) PER SHARE

Diluted earnings (losses) per share for the three-month and nine-month periods ended September 30, 2020 and 2019 are calculated by dividing the profit (loss) for the periods of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the periods and the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary share into ordinary shares when the exercise price is lower than fair value of ordinary shares. However, for the three-month and nine-month periods ended September 30, 2020, there is no warrants which are able to exercise to ordinary shares and fair value of the Company's ordinary shares for the three-month and nine-month periods ended September 30, 2019 were lower than the exercise price causing the Company to exclude the effect of dilutive potential ordinary share from the calculation of diluted earnings (losses) per share.



## 22. SIGNIFICANT INFORMATION OF CONSTRUCTION CONTRACTS

Significant information of construction contracts as at September 30, 2020 and December 31, 2019, are as follows:

	<b>As at September 30, 2020 Baht</b>	<b>As at December 31, 2019 Baht</b>
Contract revenues	353,204,004	1,470,871,879
Cost incurred to date	318,524,697	1,475,637,176
Profit recognized to date	7,779,307	24,826,285
Cost and profit recognized to date	326,304,004	1,500,463,461
<u>Less</u> Progress billings to date	(318,449,700)	(1,339,805,660)
Reversal of contract assets	-	(104,040,492)
Contract assets	(7,854,304)	(56,617,309)
Unearned construction revenues	-	-
<u>Add</u> Advance from customer under construction contract	(2,295,333)	(19,501,700)
Total contract liabilities	(2,295,333)	(19,501,700)
Cost of construction contracts incurred during the period/year	48,924,771	288,803,219
Cost of construction contracts incurred recognized as expense during the period/year	(48,924,771)	(288,384,719)
Cost of construction contracts related to activities in the future which recognized as asset	-	418,500
Contract assets beginning of the period/year	56,617,309	143,436,032
Unearned construction revenues at the beginning of the period/year	-	(8,756,754)
Revenues from construction contracts recognized as revenues during the period/year	57,778,857	299,179,447
Progress billings during the period/year	(106,541,862)	(273,200,924)
Reversal of contract assets	-	(104,040,492)
Unearned construction revenues at the ending of period/year	-	-
Contract assets	7,854,304	56,617,309
	<b>For the three-month periods ended September 30, 2020 Baht</b>	<b>2019 Baht</b>
Revenues from construction contracts recognized as revenues during the periods	10,456,639	65,660,790
Cost of construction contracts incurred recognized as expense during the periods	(8,269,910)	(61,342,565)
Profit recognized during the periods	2,186,729	4,318,225
	<b>For the nine-month periods ended September 30, 2020 Baht</b>	<b>2019 Baht</b>
Revenues from construction contracts recognized as revenues during the periods	57,778,857	191,532,920
Cost of construction contracts incurred recognized as expense during the periods	(48,924,771)	(179,959,836)
Profit recognized during the periods	8,854,086	11,573,084

On March 22, 2019, a company which was the counter party of the contract with the Company agreed to terminate the construction contract. The Company then reversed contract assets of Baht 104.04 million, reversed provision for expected loss on construction contract of Baht 185.74 million (see Note 18.1) and reversed provision for penalty arising from delay of Baht 3.23 million (see Note 18.2). The Company recorded the result of termination of the construction contract totaling Baht 70.73 million as “reversal from termination of construction contract” in the statement of profit or loss and other comprehensive income for nine-month period ended September 30, 2019 (For the nine-month period ended September 30, 2020 : Nil).

### 23. INCOME TAX EXPENSE

Reconciliations of income tax expense for the three-month and nine-month periods ended September 30, are as follows:

	<b>For the three-month periods ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Profit (loss) before income tax	16,728,005	(15,951,834)
Income tax expense (income) at 20%	3,345,601	(3,190,367)
Effect of tax losses not recognized as deferred tax asset	4,384,975	2,775,291
Effect of the non-taxable income and non-deductible expense	(7,730,576)	415,076
<b>Tax income</b>	<u>-</u>	<u>-</u>
	<b>For the nine-month periods ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Baht</b>	<b>Baht</b>
Profit (loss) before income tax	(16,932,124)	28,238,040
Income tax expense (income) at 20%	(3,386,425)	5,647,608
Effect of tax losses not recognized as deferred tax asset	11,869,545	10,081,806
Effect of the non-taxable income and non-deductible expense	(8,483,120)	(15,810,414)
<b>Tax income</b>	<u>-</u>	<u>(81,000)</u>

The Company has not recognized deferred tax assets for unused tax losses because they expects no certain future taxable profit to be utilized. As at September 30, 2020 and December 31, 2019, the Company has unused tax losses carried forward amounting to Baht 265.39 million and Baht 206.04 million, respectively. Such tax losses will expire in 2021.

### 24. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has certain transactions with related parties. These related parties are related through common shareholdings and/or directorships. Significant related party transactions included in the financial statements are determined at the normal business prices based on the general market prices or prices agreed by the agreement in case no market reference.

## Directors and key management's compensation

Directors and key management's compensation for the three-month and nine-month periods ended September 30, 2020 and 2019, consisted of the following:

	For the three-month periods ended September 30,	
	2020 Baht	2019 Baht
Short-term benefits	3,155,700	2,705,700
Post-employee benefits	5,449	42,898
Directors remuneration	445,000	-
Total directors and key management's compensation	<u>3,606,149</u>	<u>2,748,598</u>

  

	For the nine-month periods ended September 30,	
	2020 Baht	2019 Baht
Short-term benefits	8,641,150	8,117,100
Post-employee benefits	97,022	130,724
Directors remuneration	2,139,000	-
Total directors and key management's compensation	<u>10,877,172</u>	<u>8,247,824</u>

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has commitments and contingent liabilities as follows:

- 25.1 As at September 30, 2020, the Company has letters of guarantee issued by the banks of Baht 13.86 million. The Company has credit facilities for letters of guarantee issued by the banks of Baht 13.86 million which are guaranteed by the Company's deposits at banks (see Note 8).

As at December 31, 2019, the Company has letters of guarantee issued by the banks of Baht 202.71 million. The Company has credit facilities for letters of guarantee issued by the banks of Baht 229.65 million which are guaranteed by the Company's deposits at banks (see Note 8).

- 25.2 Commitments to pay rental under the lease agreements for buildings and services in the future as at September 30, 2020 and December 31, 2019, consisted of the following:

	As at September 30, 2020 Baht	As at December 31, 2019 Baht
Within 1 year	2,387,139	9,573,237
Later than 1 year and not later than 5 years	20,452	369,988

Rental under the lease agreements recognized as expenses in the statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020 are Baht 2.30 million and Baht 7.02 million, respectively.

Rental under the lease agreements recognized as expenses in the statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2019 are Baht 2.39 million and Baht 7.74 million, respectively.

- 25.3 During the year 2018, the Company proposed the bidding for construction with a domestic company and the Company won the bidding. However, the Company could not sign the construction contract within specified date. Subsequently, such domestic company announced the change of the list of bidder and such construction had already completed in May 2020. The Company's management believes that there is no material impact to the financial statements.

## **26. OPERATING SEGMENT INFORMATION**

Operating segment information is reported to comply with the internal report that is prepared for decision in the resource allocation to the segment and assess its segment performance. The Company's chief operating decision maker is Chief Executive Officer.

### **Business segment**

The Company operates only construction business. Therefore, the Company has one business segment and such business segment has recognized revenue overtime.

### **Geographical segment**

The Company operates in only domestic. Therefore, the Company has only one geographic segment.

### **Information about transactions with major customers**

The Company has revenues from construction contracts with external customers over 10% of total revenue from construction contract.

For the three-month periods ended September 30, 2020 and 2019, the Company has revenue from construction contract from 1 major customer in total amount of Baht 10.46 million and 1 major customer in total amount of Baht 55.50 million, respectively. For the nine-month periods ended September 30, 2020 and 2019, the Company has revenue from construction contract from 1 major customer in total amount of Baht 53.42 million and 3 major customers in total amount of Baht 159.82 million, respectively.

## 27. LITIGATIONS

- 27.1 On July 24, 2012, the Company sued a company (the “Contractor”) for breach of the construction contract in the amount of Baht 100.23 million and such company sued counterclaim the Company in the same lawsuit in amount of Baht 281.02 million. However, as the Company has disclosed information to the Electronic Listed Companies Information Disclosure (ELCID). The Supreme Court has made the final judgment. The Contractor has to pay the Company to net of Baht 65.01 million with interest since the next date of prosecution until payment completion and the Contractor has to return the letter of guarantee (contract collateral) and the letter for advance receipt guarantee in total of 4 copies to the Company.

The brief information of the case before the final judgment by the Supreme Court can be summarized as follows:

On April 28, 2016, the Civil Court already rendered its judgment ordered the Company to pay the Contractor in amount of Baht 105.31 million.

On May 25, 2018, the Appeal Court rendered its judgement to reverse the Civil Court’s judgement and ordered the Contractor to pay the Company net of Baht 43.69 million with interest since the next date of prosecution until payment completion which is the amount after deducted compensation to the Contractor of Baht 30.80 million, resulting in provision for loss on litigations as at December 31, 2019 amount of Baht 30.80 million.

Later, on October 28, 2020, the Supreme Court rendered its judgment to order the Contractor to pay the Company net of Baht 65.01 million with interest since the next date of prosecution until payment completion which is the amount after deducted compensation to the Contractor of Baht 3.62 million. Therefore, the Company recorded the reversal of provision for loss on litigations of Baht 30.22 million in the statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020 and transferred provision for loss on litigations to other payables of Baht 0.58 million as part of compensation to the Contractor according to Supreme Court’s judgment. The remaining compensation of Baht 3.04 million was recorded as liabilities in the related accounts in the financial statements. Consequently, the Company has no provision for loss on litigation outstanding as at September 30, 2020.

Moreover, during 2017, the bank which issued letters of guarantee to such contractor on behalf of the Company deducted the Company’s deposit at bank of Baht 5.33 million to repay the obligations for such letters of guarantee. The Company recognized such transaction as other receivable - bank and presented as part of trade and other non-current receivables (see Note 11) as the Company believes that the bank had no rights to deduct the Company’s deposit at bank because the case has not resolved.

Subsequently, on May 25, 2018, the bank which issued letters of guarantee to such contractor on behalf of the Company sued the Company to make a payment according to a request for issuance the letters of guarantee of Baht 49.49 million. The Civil Court took evidence in June 2019 and on August 15, 2019, the Civil Court already rendered its judgment to dismiss the case and ordered the bank to return the money deducted from the Company’s deposit at bank of Baht 12.31 million with

interest since the date of prosecution until payment completion. In October 2019, the Company requested the Court to issue an execution warrant and meanwhile, bank appealed such case to the court. Subsequently, on September 22, 2020, the Appeal Court rendered its judgement to uphold the Civil Court's judgement. The bank currently extend to Supreme Court until November 22, 2020.

- 27.2 The Company had been requested to be co-defendant in litigation cases in which the Contractor under the construction contract (the "Contractor") had sued a company which issued the agreement for performance guarantee and the agreement for advance receipt guarantee on behalf of the Company (the "Guarantor"). The Company sued counterclaimed the Contractor and the Company and the Contractor raise such disputes in the Arbitration process.

However, as the Company has disclosed information to the Electronic Listed Companies Information Disclosure (ELCID). The Company has already settled the disputes with the Contractor which was the settlement of all disputes in the court and the Arbitration process. In which, the Company and the Contractor agreed to will not raise any issues in the future.

The brief information of the case before agreed settlement of disputes can be summarized as follows :

The Contractor sued the Guarantor to the Civil Court. The Guarantor requested the Company to be co-defendant with the claim amount of Baht 159.76 million. The Civil Court rendered the order to allow the Company to be co-defendant and the Company had sued for counterclaim to the Contractor with the claim amount of Baht 198.29 million.

On March 9, 2015, the Civil Court had ordered to strike the cases on the agreement for performance guarantee and the agreement for advance receipt guarantee out of the case-list in order to let the Company and the Contractor being into Arbitrator's process. The Contractor appealed to the Appeal Court.

On January 26, 2016, the Appeal Court reaffirmed the Civil Court for the cases on the agreement for performance guarantee and the agreement for advance receipt guarantee. The Contractor filed the petition to the Supreme Court. Later on November 2, 2016, the Supreme Court had ordered related to the agreement for performance guarantee to reverse the judgement for allowing the Company being the co-defendant and dismissed the Appeal Court's order and the Civil Court's order the struck the case out of the case-list and had ordered the Civil Court's to retry the consideration of the cases. On March 1, 2017, the Supreme Court had ordered related to the agreement for advance receipt guarantee to dismiss the Appeal Court's order and the Civil Court's order that struck the case out of the case-list and had ordered the Civil Court to retry the consideration of the case.

On June 26, 2017, the Company has submitted a dispute between the Company and the Contractor to the Arbitration process. The Company recorded provision for losses on litigations as at December 31, 2018 amount of Baht 44.41 million. The arbitrator resigned in June 2019. Later, on August 22, 2019, International Court of Arbitration of the International Chamber of Commerce ("ICC") appointed a new arbitrator for such dispute consideration.

Subsequently, on January 8, 2020, the Board of Directors' meeting No. 1/2020 passed a resolution to approve settlement of disputes between the Company and the Contractor. On February 5, 2020, the Company entered into the Settlement Agreement with such Contractor. In which, the Company and the Contractor agreed to withdraw all relevant lawsuits and will not raise any issue in the future. The Company has compromised to pay the Contractor for case settlement according to the amount of the agreement for performance guarantee and the agreement for advance receipt guarantee with agreed interest in amount of Baht 208.53 million which resulting in provision for losses on litigations as at December 31, 2019 amount of Baht 139.24 million. The Company fully paid such amount by deposit at financial institution with restriction of use (see Note 8) in February 2020. Therefore, the Company has no outstanding balance for provision for losses on litigations as at September 30, 2020 and the Company recorded write-off the related financial assets resulting from such settlement of disputes totally amount Baht 13.25 million as administrative expenses in the statement of profit or loss and other comprehensive income for the nine-month period ended September 30, 2020.

- 27.3 On July 27, 2017, the Company was sued by 2 sub-contractors for breach of the construction agreements and the guarantee agreements due to termination made by the Company on July 13, 2017 with the claim amount of Baht 14.10 million. Later, on October 11, 2017, the Company had submitted testimony and sued for counterclaim 2 sub-contractors in the amount of Baht 11.39 million. The Civil Court had ordered to accept testimony and sued for counterclaim. Later, the Court appointed the mediation of the case. On March 29, 2018, the parties could not agree together and accept to return the case to the court consideration process. The Civil Court had ordered to take evidence on October 16 - 18, 2018 and on November 27, 2018, the Civil Court rendered its judgment to order the Company to make payment to sub-contractors and return letter of guarantee.

Subsequently, during May 2019, the Company received the rights to claim sequestered notice from Legal Execution Department to sequester the rights of some cash at bank of the Company of Baht 0.99 million and the bank has already withdrawn such cash to the Legal Execution Department. Subsequently, on May 26, 2020, the Appeal Court rendered its judgement to reverse the Civil Court's judgement which ordered the sub-contractor to pay the Company of Baht 11.39 million with interest since the next date of prosecution until payment completion. The Company filed an execution under the Appeal Court's judgment and filed objection of the petition to Supreme Court of sub-contractors. The case is being considered by the Supreme Court.

Later, on June 25, 2020, the Company has submitted a petition to withdraw the execution warrant as the Appeal Court judgement. On July 1, 2020, the court ordered the withdrawal of the execution warrant. On July 21, 2020, the Company already received sequestered money from Legal Execution Department. Therefore, provision for loss on litigations as at September 30, 2020 and December 31, 2019 is Baht 2.26 million. The management believes that the resultant losses will not significantly differ from the provision that is recognized in the financial statements.

27.4 The Company has been sued by other companies as defendants for breach of contracts relating to construction, hire-of-work, purchase of goods, services, hire employee and borrowing as follows:

27.4.1 As at September 30, 2020, the cases that the Civil Court has rendered the judge compulsions to for 7 cases to order the Company to make compensation in amount of Baht 13.87 million. The Company has outstanding claim amount to be paid of Baht 4.54 million that were recorded that were recorded as liabilities in the related accounts in the financial statements (Provisions for losses on litigations : Nil).

As at December 31, 2019, the cases that the Civil Court has rendered the judge compulsions to for 8 cases to order the Company to make compensation in amount of Baht 16.09 million. The Company has outstanding claim amount to be paid of Baht 8.69 million that were recorded as liabilities in the related accounts in the financial statements (Provisions for losses on litigations : Nil).

27.4.2 As at September 30, 2020, the Company was sued for 2 cases relating to hire employee and borrowing with the claims of Baht 18.46 million, which the Company has recorded as provisions for losses on litigations and liabilities in the related accounts of Baht 5.35 million and Baht 12.24 million, respectively. The Company's management believes that the resultant losses will not significantly differ from the liabilities recognized in the financial statements.

As at December 31, 2019, the Company was sued for 3 cases relating to hire-of-work and borrowing with the claims of Baht 18.05 million, which the Company has recorded as provisions for losses on litigations and liabilities in the related accounts of Baht 5.52 million and Baht 12.25 million, respectively. The Company's management believes that the resultant losses will not significantly differ from the liabilities recognized in the financial statements.

The Company recorded provisions for losses on litigations (see Notes 27.1, 27.2, 27.3 and 27.4) as at September 30, 2020 and December 31, 2019, totaling Baht 7.61 million and Baht 177.82 million, respectively.

## **28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Some financial assets of the Company that were measured at fair value in the statement of financial position as at the reporting period as follows:

As at September 30, 2020 and December 31, 2019, the Company has financial assets which are financial assets mandatorily measured at fair value through profit or loss and investments in equity instruments designated at fair value through other comprehensive income with fair value equally to its carrying amount which is measured using fair value hierarchy level 1. The fair value is determined based on last bidding price of the Stock Exchange of Thailand at the last working date of accounting period.



**29. RECLASSIFICATIONS**

Certain reclassifications have been made to the statement of financial position as at December 31, 2019 to conform to the classification used in the statement of financial position as at September 30, 2020. Such reclassifications have no effect to previously reported net profit and shareholders' equity. The reclassifications are as follows:

<b>Accounts</b>	<b>Previous presentation</b>	<b>Current presentation</b>	<b>Amount (Baht)</b>
Unbilled construction revenues	Trade and other current receivables	Current contract assets	56,617,309
Unbilled construction revenues	Trade and other non-current receivables	Non-current contract assets	39,619,782
Allowance for doubtful accounts of unbilled construction revenues	Trade and other non-current receivables	Non-current contract assets	(39,619,782)

**30. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS**

These interim financial statements have been approved for issuing by the Company's Board of Directors on November 12, 2020.