

**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 March 31, 2019, and the related statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended March 31, 2019, 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 Matter

Without modifying our conclusion on the aforementioned interim financial information, we draw attention to Note 29 to the interim financial statements, the Company has many litigations which are currently under the process of the courts.

BANGKOK
May 14, 2019

Nantawat Sumraunhant
Certified Public Accountant (Thailand)
Registration No. 7731
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

Unit : Baht

	Notes	As at March 31, 2019 “Unaudited”	As at December 31, 2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.2	17,006,579	42,241,305
Current investments	5	4,984,320	4,014,000
Trade and other current receivables	6	87,681,222	181,645,189
Inventories	7	651,169	155,771
Current tax assets		1,388,256	23,500,735
Deposit for business acquisition	8	-	-
Asset held for distribution to owners	9	-	854,268
Non-current assets classified as held for sale	10	675,003	-
Other current assets		3,393,060	3,968,887
Total Current Assets		115,779,609	256,380,155
NON-CURRENT ASSETS			
Deposits at financial institution with restriction of use	11	285,796,637	297,312,009
Investments held as available for sale	12	31,341,779	36,060,300
Investment in joint arrangement	13	-	-
Trade and other non-current receivables	14	9,082,483	9,447,433
Property, plant and equipment	15	81,043,727	82,762,700
Retention receivables	16	67,196,105	82,158,878
Intangible assets		4,798,579	5,178,209
Other non-current assets	17	105,850,874	82,071,859
Total Non-current Assets		585,110,184	594,991,388
TOTAL ASSETS		700,889,793	851,371,543

See the condensed notes to the financial statements

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2019

Unit : Baht

	Notes	As at March 31, 2019 “Unaudited”	As at December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other current payables	18	197,246,762	198,874,945
Current portion of long-term liabilities under finance lease agreements	19	289,407	282,431
Other short-term borrowing		12,235,690	12,235,690
Current retention payables		24,006,328	21,624,685
Unearned construction revenues	24	3,511,195	8,756,754
Short-term provisions		3,712,938	1,472,323
Provision for expected loss on construction contract	20.1	-	192,805,344
Provision for penalty arising from delay	20.2	20,376,735	23,609,726
Other current liabilities		14,446,551	14,363,506
Total Current Liabilities		275,825,606	474,025,404
NON-CURRENT LIABILITIES			
Non-current retention payables		22,354,675	24,605,446
Long-term liabilities under finance lease agreements	19	236,381	311,402
Deferred tax liabilities		2,931,335	2,931,335
Provisions for loss on litigations	29	78,460,809	78,460,809
Non-current provisions for employee benefits		7,089,329	6,663,744
Total Non-current Liabilities		111,072,529	112,972,736
TOTAL LIABILITIES		386,898,135	586,998,140

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT MARCH 31, 2019

Unit : Baht

	Notes	As at March 31, 2019 “Unaudited”	As at December 31, 2018
LIABILITIES AND SHAREHOLDERS’ EQUITY			
(CONTINUED)			
SHAREHOLDERS’ EQUITY			
SHARE CAPITAL			
	21		
Authorized share capital			
13,035,049,764 ordinary shares of Baht 1 each		13,035,049,764	13,035,049,764
Issued and paid-up share capital			
10,114,938,156 ordinary shares of			
Baht 1 each, fully paid		10,114,938,156	10,114,938,156
Discount on ordinary shares		(8,500,747,796)	(8,500,747,796)
Retained earnings (deficit)			
Appropriated			
Legal reserve		5,526,839	5,526,839
Unappropriated		(1,301,686,044)	(1,356,022,820)
Expired warrant surplus	22	7,859,252	7,859,252
Other components of shareholders’ equity		(11,898,749)	(7,180,228)
TOTAL SHAREHOLDERS’ EQUITY		313,991,658	264,373,403
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		700,889,793	851,371,543

See the condensed notes to the financial statements

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“Unaudited”

Unit : Baht

	Notes	Consolidated	Separate	
		financial statement	financial statements	
		2018	2019	2018
Revenues from construction contracts	24	186,989,967	58,740,904	186,989,967
Cost of construction contracts	24	-172,197,538	-55,800,434	-172,197,538
Gross profit		<u>14,792,429</u>	<u>2,940,470</u>	<u>14,792,429</u>
Other income		6,357,693	8,695,226	6,357,693
Reversal from termination of construction contract	24	-	70,730,200	-
Administrative expenses		-29,889,467	-27,161,691	-29,870,517
Finance costs		-1,959,391	-867,429	-1,959,391
Profit (loss) before income tax expense		<u>-10,698,736</u>	<u>54,336,776</u>	<u>-10,679,786</u>
Income tax expense	25	-	-	-
Profit (loss) for the period		<u>-10,698,736</u>	<u>54,336,776</u>	<u>-10,679,786</u>
Other comprehensive income (loss)				
Components of other comprehensive income that will be subsequently reclassified to profit or loss				
Gains (losses) on remeasuring investments				
held as available for sale	12	2,551,114	-2,165,239	2,551,114
Reversal of (gains) losses from sale of investments				
held as available for sale	12	3,287,190	-2,553,282	3,287,190
Income tax related to items that will be subsequently reclassified to profit or loss				
		<u>-1,167,661</u>	<u>-</u>	<u>-1,167,661</u>
Other comprehensive income (loss) for the period - net of tax		<u>4,670,643</u>	<u>-4,718,521</u>	<u>4,670,643</u>
Total comprehensive profit (loss)		<u><u>-6,028,093</u></u>	<u><u>49,618,255</u></u>	<u><u>-6,009,143</u></u>

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“Unaudited”

Unit : Baht

	Notes	Consolidated financial statement 2018	Separate financial statements 2019	2018
Profit (loss) for the periods attributable to				
Owner of the Company		-10,698,736	54,336,776	-10,679,786
Non-controlling interests		-	-	-
		<u>(10,698,736)</u>	<u>54,336,776</u>	<u>(10,679,786)</u>
Total comprehensive gain (loss) for the periods attributable to				
Owner of the Company		-6,028,093	49,618,255	-6,009,143
Non-controlling interests		-	-	-
		<u>(6,028,093)</u>	<u>49,618,255</u>	<u>(6,009,143)</u>
Basic earnings (losses) per share				
Basic earnings (losses) per share (Baht)	23	<u>(0.0011)</u>	<u>0.0054</u>	<u>(0.0011)</u>
Weighted average number of ordinary shares (shares)	23	<u>10,114,930,520</u>	<u>10,114,938,156</u>	<u>10,114,930,520</u>
Diluted earnings (losses) per share				
Diluted earnings (losses) per share (Baht)	23	<u>(0.0011)</u>	<u>0.0054</u>	<u>(0.0011)</u>
Diluted weighted average number of ordinary shares (shares)	23	<u>10,114,930,520</u>	<u>10,114,938,156</u>	<u>10,114,930,520</u>

See the condensed notes to the financial statements

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

Unit : Baht

	Note	Consolidated financial statement									
		Issued and paid-up share capital	Discount on ordinary shares	Capital reserve for share-based payment	Retained earnings (deficit)		Other components of shareholders' equity				
					Appropriated Legal reserve	Unappropriated	Other comprehensive income (loss)		Total other components of shareholders' equity	Non- controlling interests	Total Shareholders' equity
							Gain on revaluation of assets	Gains (losses) on remeasuring investments held as available-for-sale			
Balances as at January 1, 2018		10,114,930,520	(8,500,747,796)	7,594,702	5,526,839	(1,420,283,513)	262,702,283	(21,485,390)	241,216,893	30	448,237,675
Changes in shareholders' equity											
Capital reserve for share-based payment	22.1	-	-	264,550	-	-	-	-	-	-	264,550
Total comprehensive loss for the period		-	-	-	-	(10,698,736)	-	4,670,643	4,670,643	-	(6,028,093)
Balances as at March 31, 2018		<u>10,114,930,520</u>	<u>-8,500,747,796</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>-1,430,982,249</u>	<u>262,702,283</u>	<u>-16,814,747</u>	<u>245,887,536</u>	<u>30</u>	<u>442,474,132</u>

See the condensed notes to the financial statements

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

Unit : Baht

	Note	Separate financial statements								Total Shareholders' equity	
		Retained earnings (deficit)				Other components of shareholders' equity					
		Issued and paid-up share capital	Discount on ordinary shares	Capital reserve for share-based payment	Appropriated legal reserve	Unappropriated	Expired warrant surplus	Gain on reevaluation of assets	Gains (losses) on remeasuring investments held as available-for-sale		Total other components of shareholders' equity
Balances as at January 1, 2018		10,114,930,520	(8,500,747,796)	7,594,702	5,526,839	(1,420,203,138)	-	262,702,283	(21,485,390)	241,216,893	448,318,020
Changes in shareholders' equity											
Capital reserve for share-based payment	22.1	-	-	264,550	-	-	-	-	-	-	264,550
Total comprehensive loss for the period		-	-	-	-	(10,679,786)	-	-	4,670,643	4,670,643	(6,009,143)
Balances as at March 31, 2018		<u>10,114,930,520</u>	<u>(8,500,747,796)</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>(1,430,882,924)</u>	<u>-</u>	<u>262,702,283</u>	<u>(16,814,747)</u>	<u>245,887,536</u>	<u>442,573,427</u>
Balances as at January 1, 2019		10,114,938,156	(8,500,747,796)	-	5,526,839	(1,356,022,820)	7,859,252	11,725,339	(18,905,567)	(7,180,228)	264,373,403
Changes in shareholders' equity											
Total comprehensive profit for the period		-	-	-	-	54,336,776	-	-	(4,718,521)	(4,718,521)	49,618,255
Balances as at March 31, 2019		<u>10,114,938,156</u>	<u>(8,500,747,796)</u>	<u>-</u>	<u>5,526,839</u>	<u>(1,301,686,044)</u>	<u>7,859,252</u>	<u>11,725,339</u>	<u>(23,624,088)</u>	<u>(11,898,749)</u>	<u>313,991,658</u>

See the condensed notes to the financial statements

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

Unit : Baht

	Notes	Consolidated financial statement 2018	Separate financial statements 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax expense		(10,698,736)	54,336,776	(10,679,786)
Adjustments :				
Depreciation and amortization		2,761,553	1,426,042	2,761,553
Employee benefit expenses		499,918	425,585	499,918
Reversal of provision for expected loss on construction contract	20.1	-	(185,737,428)	-
Provision for penalty arising from delay	20.2	-	(3,232,991)	-
Reversal of unbilled construction revenues	24	-	104,040,492	-
Capital reserve for share-based payment		264,550	-	264,550
Short-term provisions (reversal)		(132,288)	102,999	(132,288)
Reversal of trade payables		(2,326,238)	(2,318,790)	(2,326,238)
Reversal of retention payable		-	(41,636)	-
Gain on sales of equipment		(6,678)	(1,158,188)	(6,678)
Loss on write-off of equipment		4,030	627	4,030
Unrealized loss (gain) on revaluation of current investment		923,167	(1,446,604)	923,167
Loss (gain) on sales of investments held as available for sale		2,808,499	(2,392,355)	2,808,499
Loss on sales of held-for-trading investments		460,424	320,147	460,424
Interest income		(134,154)	(436,272)	(134,154)
Interest expenses		1,055,457	14,064	1,055,457
		<u>(4,520,496)</u>	<u>(36,097,532)</u>	<u>(4,501,546)</u>
Operating assets (increase) decrease				
Current investments		479,863	156,137	479,863
Trade and other current receivables		(27,501,409)	(9,823,796)	(27,501,409)
Inventories		10,351,855	(495,398)	10,351,855
Other current assets		383,566	575,827	383,566
Deposits at financial institution with restriction of use		15,119,863	11,515,372	15,119,863
Trade and other non-current receivables		(271,783)	364,950	(271,783)
Retention receivables		(13,270,424)	14,962,773	(13,270,424)
Other non-current assets		(17,001)	(278,280)	(17,001)

T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

Unit : Baht

	Notes	Consolidated financial statement 2018	Separate financial statements 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Operating liabilities increase (decrease)				
Trade and other current payables		6,231,140	(3,891,424)	6,212,390
Current retention payables		2,755,658	2,423,279	2,755,658
Unearned construction revenues		5,290,687	(5,245,559)	5,290,687
Short-term provisions		-	(331,384)	-
Other current liabilities		3,054,998	83,045	3,054,998
Non-current retention payables		(4,906,010)	(2,250,771)	(4,906,010)
Cash paid from operations		(6,819,493)	(28,332,761)	(6,819,293)
Cash received from interest		191,654	166,658	191,654
Cash paid for income tax		(5,014,866)	(1,388,256)	(5,014,866)
Net cash used in operating activities		<u>(11,642,705)</u>	<u>(29,554,359)</u>	<u>(11,642,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from subsidiary		-	854,268	-
Cash received from sales of investments held as available for sale		6,906,153	2,392,355	6,906,153
Payment for purchase of equipment		(436,807)	(6,067)	(436,807)
Cash received from sales of equipment		8,411	1,161,186	8,411
Net cash received in investing activities		<u>6,477,757</u>	<u>4,401,742</u>	<u>6,477,757</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank overdraft decrease		(43,255)	-	(43,255)
Repayments for long-term borrowing from a financial institution		(6,338)	-	(6,338)
Repayments for liabilities under financial lease agreements		(147,999)	(68,045)	(147,999)
Cash paid for interest expenses		(1,048,579)	(14,064)	(1,048,579)
Net cash used in financing activities		<u>(1,246,171)</u>	<u>(82,109)</u>	<u>(1,246,171)</u>
Net decrease in cash and cash equivalents		(6,411,119)	(25,234,726)	(6,410,919)
Cash and cash equivalents as at January 1,		21,633,197	42,241,305	20,638,581
Cash and cash equivalents as at March 31,		<u><u>15,222,078</u></u>	<u><u>17,006,579</u></u>	<u><u>14,227,662</u></u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY
CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”**

1. OPERATION AND GENERAL INFORMATION OF THE COMPANY AND SUBSIDIARY

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 15th 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 (see Note 9).

As at March 31, 2019, the Company had total current liabilities in excess of total current assets of Baht 160.05 million. However, the Company’s management believes that the preparation of the financial statements in accordance with the ongoing concern basis is still appropriate because the Company still has a current construction project and has a new construction project during the period resulting that the Company to have liquidity for continuing operations at least 12 months from March 31, 2019.

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 (Revised 2018) “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, 2018, 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 period ended March 31, 2019 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 period ended March 31, 2019 should be read in conjunction with the audited financial statements for the year ended December 31, 2018.
- 2.5 The preparation of interim financial statement in conformity with Thai Accounting Standard No. 34 (Revised 2018) “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 (Revised 2018) “Joint Arrangements” because such joint arrangement ceased its operation since 2014 and such investment in a joint operation has no material impact to the financial statements (see Note 13).
- 2.7 The consolidated interim financial statements for the three-month period ended March 31, 2018 included the accounts of the Company and its subsidiary. This subsidiary is detailed as follow:

Subsidiary	Incorporation country	Type of Business	Percentage of Investments (%)
			March 31, 2018
T Asset Management Company Limited	Thailand	Property development and asset management	99.99%

The consolidated interim financial statements for the three-month period ended March 31, 2018 have included the subsidiary’s interim financial statements for the three-month period ended March 31, 2018 which were reviewed. Material intercompany transactions between the Company and its subsidiary have been eliminated from these consolidated interim financial statements.

On August 14, 2018, the Board of Directors’ meeting passed a resolution to approve the closure of a subsidiary and the subsidiary already registered the dissolution with the Department of Business Development on November 5, 2018 and registered the liquidation on January 28, 2019 (see Notes 1 and 9). Therefore, the Company did not prepare the consolidated statement of financial position as at March 31, 2019 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the period ended March 31, 2019

In addition, as at December 31, 2018, the Company classified investment in a subsidiary as non-current asset classified as held for sale or as held for distribution to owners but did not present discontinued operations according to Thai Financial Reporting Standard No. 5 (Revised 2018) “Non-current Asset Held for Sale and Discontinued Operations” because such subsidiary’s operation results have no material impact to the financial statements (see Note 9).

2.8 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 Thai Financial Reporting Standards including the Guideline on accounting issued by the Federation of Accounting Professions which become effective for the financial statements for the accounting periods beginning on or after January 1, 2019. These Thai 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 except for TFRS 15 “Revenue from Contracts with Customers” as disclosed in Note 3. The adoption of these Thai Financial Reporting Standards does not have any significant impact on the Company’s interim financial statements.

2.9 Thai Financial Reporting Standard 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 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, 2020 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 32	Financial Instruments: Presentation
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Thai Financial Reporting Standards (“TFRS”)

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

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

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

Thai Financial Reporting Standards No. 16 “Leases”

This financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances.

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 is in the process to assess the impact of these/this TFRSs 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, 2018, except for the change in the accounting policies due to the adoption of Thai Financial Reporting Standards No. 15 “Revenue from Contracts with Customers”. However, the adoption of Thai Financial Reporting Standards does not have any significant impact on the interim financial statements.

The new accounting policies superseded the previous accounting policies regarding revenue recognition and other relevant transactions are as follow:

Construction contracts

Revenues from construction contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Revenues from construction contract will be recognized over time on an input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue from construction contract is recognized only to the extent of contract costs incurred that it is probably will be recoverable.

Contract loss

When it is probable that total contract costs will exceed total contract revenue, the Company will recognize the expected loss on a contract in the statement of profit and loss and other comprehensive income.

Unbilled construction revenues and unearned construction revenues

The Company becomes entitled to invoice customers for construction based on achieving a series of performance-related milestones. When a particular milestone is reached the customer is sent a relevant statement of work signed by a third party assessor and an invoice for the related milestone payment. The Company recognizes unbilled construction revenues as part of trade and other current receivable in the statement of financial position. Such amount will be classified as trade receivables which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date under the input cost method, the Company recognizes different amount as unearned construction revenues in the statement of financial position.

Work in progress

Costs that relate to future activity on the contract are recognized as work in progress provided it is probable that they will be recovered.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

4.1 Non-cash item for the three-month periods ended March 31, 2019 and 2018 are as follows:

	Consolidated financial statement	Separate financial statements	
	2018	2019	2018
	Baht	Baht	Baht
Unrealized gains (losses) on remeasuring investments held as available for sale	2,551,114	(2,165,239)	2,551,114
Reversal of unrealized losses (gains) on remeasuring investments held as available for sale	3,287,190	(2,553,282)	3,287,190
Unrealized gains (losses) on revaluation of current investment	(923,167)	1,446,604	(923,167)
Classification of property, plant and equipment as non-current asset classified as held for sale	-	675,003	-
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 Cash and cash equivalents as at March 31, 2019 and December 31, 2018 consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Cash on hand	587,991	567,665
Cash at banks		
- Current accounts	2,173,235	4,470,648
- Savings accounts	5,303,426	36,632,309
- Fixed accounts (maturity less than 3 months)	8,941,927	570,683
Total	<u>17,006,579</u>	<u>42,241,305</u>

As at March 31, 2019 and December 31, 2018, savings accounts carry interest rate at 0.38% - 0.40% per annum.

As at March 31, 2019 and December 31, 2018, fixed deposits at banks (maturity less than 3 months) carry interest rate at 0.75% - 1.38% per annum.

5. CURRENT INVESTMENTS

Current investments as at March 31, 2019 and December 31, 2018 consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Current investments		
Held-for-trading securities - equity securities	14,739,788	15,216,072
Unrealized loss	(9,755,468)	(11,202,072)
Total	<u>4,984,320</u>	<u>4,014,000</u>

Unrealized loss on revaluation of current investments in held-for-trading securities

As at March 31, 2019 and 2018, the Company has unrealized loss on revaluation of current investments in held-for-trading securities of Baht 9.76 million and Baht 8.59 million, respectively, which unrealized gain (loss) on revaluation of current investments in held-for-trading securities are recognized as income in the separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2019 of Baht 1.45 million and expense in the consolidated and separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2018 of Baht (0.92) million.

Trading of held-for-trading securities

For the three-month periods ended March 31, 2019 and 2018, the Company did not purchase held-for-trading securities and sold held-for-trading securities of Baht 0.16 million and Baht 0.48 million, respectively.

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at March 31, 2019 and December 31, 2018 consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Trade receivables		
- Other parties	42,151,663	33,036,551
Trade receivables	<u>42,151,663</u>	<u>33,036,551</u>
Unbilled construction revenues (see Note 24)	38,377,340	143,436,032
Other current receivables		
Other current receivables		
- Other parties	2,246,100	1,479,169
- Revenue Department	448,007	-
Advance payments for construction	155,075	1,697,165
Advance payments	626,000	188,957
Prepaid expenses	3,677,037	1,807,315
Other current receivables	<u>7,152,219</u>	<u>5,172,606</u>
Total	<u>87,681,222</u>	<u>181,645,189</u>

The aging of trade receivables as at March 31, 2019 and December 31, 2018, are as follows:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within credit term	42,151,663	33,036,551
Total	<u>42,151,663</u>	<u>33,036,551</u>

7. INVENTORIES

Inventories as at March 31, 2019 and December 31, 2018, consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Work in progress	651,169	155,771
Total	<u>651,169</u>	<u>155,771</u>

8. DEPOSIT FOR BUSINESS ACQUISITION

On April 9, 2015, the Company paid deposit of Baht 10 million to a counterparty in order to inspect the business status of a local hotel. However, on September 7, 2015, the Company's Board of Directors' meeting approved not to invest in this hotel. Later, the Company sued the counterparty for refunding the deposit. On October 11, 2016, the Civil Court already rendered its judgement to dismiss the case and gave the right for the counterparty to seize such deposit. The Company appealed the case. On December 27, 2017, the Appeal Court reaffirmed the Civil Court for the cases. The Company processed petition to the Supreme Court on April 9, 2018. The case is being considered by the Supreme Court. The Company recorded the allowance for doubtful debt as at March 31, 2019 and December 31, 2018 amounting to Baht 10 million.

9. ASSET HELD FOR DISTRIBUTION TO OWNERS

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

As at December 31, 2018, the Company classified investment in a subsidiary as asset classified as asset held for distribution to owners of Baht 0.85 million, which recognized impairment loss on investment in a subsidiary to administrative expense in the separate statement of profit or loss and other comprehensive income for the year ended December 31, 2018 of Baht 0.15 million (for the three-month period ended March 31, 2019: Nil). However, the Company did not present discontinued operations because such investment in a subsidiary and subsidiary's operation results have no material impact to the financial statements (see Note 2.7).

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On August 11, 2016, the Board of Directors' meeting no. 7/2016 passed a resolution to approve the sale of land and buildings with carrying value of Baht 0.68 million. Later, on March 11, 2019, the Company entered into the agreement to sell and to purchase land and buildings to an individual. The Company already received deposit from sale of land and buildings of Baht 0.25 million on the date of agreement. The Company expected to sell and transfer the rights on such land and buildings during June and July 2019. Therefore, the Company classified such land and buildings as non-current assets classified as held for sale and presented it as non-current assets classified as held for sale and presented under current assets in the statements of financial position as at March 31, 2019 and presented deposit received in advance under current liabilities in the statements of financial position as at March 31, 2019.

11. DEPOSITS AT FINANCIAL INSTITUTION WITH RESTRICTION OF USE

As at March 31, 2019 and December 31, 2018, deposits at financial institution with restriction of use amounting to Baht 285.80 million and Baht 297.31 million, respectively, were fixed deposits with maturity term of 3 months, carrying interest rate at 0.38% - 1.38% per annum, which the Company used as collateral for facility of letters of guarantee issued by financial institutions (see Note 27.1).

12. INVESTMENTS HELD AS AVAILABLE FOR SALE

Investments held as available for sale as at March 31, 2019 and December 31, 2018, consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Investments held as available for sale		
Equity securities	54,965,867	54,965,867
Unrealized loss	(23,624,088)	(18,905,567)
Total	<u>31,341,779</u>	<u>36,060,300</u>

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

As at March 31, 2019 and 2018, the Company has unrealized loss on change in fair value of investments held as available for sale of Baht 23.62 million and Baht 21.02 million, respectively.

The Company recognized unrealized gain (loss) on change in fair value of investment held as available for sale as other comprehensive income in the separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2019 of Baht (2.17) million and other comprehensive income in the consolidated and separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2018 of Baht 2.55 million.

The Company recognized reversal of (gain) loss from sales investments held as available for sale as other comprehensive income in the separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2019 of Baht (2.55) million and other comprehensive income in the consolidated and separate statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2018 of Baht 3.29 million.

Trading of investments held as available for sale

For the three-month periods ended March 31, 2019 and 2018, the Company did not purchase investments held as available for sale and sold investments held as available for sale of Baht 2.39 million and Baht 7.34 million, respectively.

13. INVESTMENT IN A JOINT ARRANGEMENT

Investment in a joint arrangement as at March 31, 2019 and December 31, 2018, is as follows:

Name of joint arrangement	Type of business	Ownership interest (%)		Cost (Baht)	
		As at	As at	As at	As at
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	Construction business	51	51	510,000	510,000
<u>Less</u> Allowance for impairment				(510,000)	(510,000)
Total investment in joint arrangement				-	-

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).

14. TRADE AND OTHER NON-CURRENT RECEIVABLES

Trade and other non-current receivables as at March 31, 2019 and December 31, 2018, consisted of the followings:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Trade receivables		
- Other parties	147,850,268	147,850,268
<u>Less</u> Allowance for doubtful accounts	(147,850,268)	(147,850,268)
Trade receivables	-	-
Unbilled construction revenues	39,619,782	39,619,782
<u>Less</u> Allowance for doubtful accounts	(39,619,782)	(39,619,782)
Unbilled construction revenues (see Note 24)	-	-
Other non-current receivables		
Other receivables		
- Related party (see Note 26)	435,392	435,392
- Other parties	6,646,117	6,646,117
- Other receivable - bank (see Note 29.1)	5,334,318	5,334,318
<u>Less</u> Allowance for doubtful accounts	(6,314,352)	(6,314,352)
Other receivables	6,101,475	6,101,475
Advance payments	1,490	207,490
Advance payments for construction	2,955,942	3,044,164
Prepaid expenses	23,576	94,304
Other non-current receivables	9,082,483	9,447,433
Total	9,082,483	9,447,433

The aging of trade receivables as at March 31, 2019 and December 31, 2018, are as follows:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Overdue		
Over 12 months	147,850,268	147,850,268
Total	<u>147,850,268</u>	<u>147,850,268</u>

For the three-month periods ended March 31, 2019 and 2018, the movements of allowance for doubtful accounts are as follows:

	Consolidated financial statement 2018 Baht	Separate financial statements 2019 Baht	2018 Baht
Beginning balances	202,824,854	193,784,402	202,824,854
<u>Less</u> Reversal of doubtful accounts during the periods	-	-	-
Ending balances	<u>202,824,854</u>	<u>193,784,402</u>	<u>202,824,854</u>

15. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2019, property, plant and equipment in the financial statements decreased approximately Baht 1.72 million mainly due to increase in accumulated depreciation and classification of certain land and buildings to be non-current assets classified as held for sale (see Note 10).

16. RETENTION RECEIVABLES

Retention receivables as at March 31, 2019 and December 31, 2018, consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Retention receivables	125,233,758	140,762,100
<u>Less</u> Allowance for doubtful accounts	<u>(58,037,653)</u>	<u>(58,603,222)</u>
Total	<u>67,196,105</u>	<u>82,158,878</u>

For the three-month periods ended March 31, the movements of allowance for doubtful accounts are as follows:

	Consolidated financial statement 2018 Baht	Separate financial statements 2019 Baht	2018 Baht
Beginning balances	58,684,476	58,603,222	58,684,476
<u>Less</u> Writing-off during the periods	-	<u>(565,569)</u>	-
Ending balances	<u>58,684,476</u>	<u>58,037,653</u>	<u>58,684,476</u>

17. OTHER NON-CURRENT ASSETS

Other non-current assets as at March 31, 2019 and December 31, 2018, consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Guarantees and deposits	4,297,171	4,018,891
Withholding tax	105,400,077	81,899,342
Total	<u>109,697,248</u>	<u>85,918,233</u>
<u>Less</u> Allowance for doubtful accounts	<u>(3,846,374)</u>	<u>(3,846,374)</u>
Total	<u><u>105,850,874</u></u>	<u><u>82,071,859</u></u>

18. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at March 31, 2019 and December 31, 2018, consisted of the following:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Trade payables		
- Other parties	97,741,802	103,361,498
Trade payables	<u>97,741,802</u>	<u>103,361,498</u>
Other current payables		
Other current payables		
- Related parties (see Note 26)	1,200,000	1,200,000
- Other parties	76,930,974	78,913,514
Accrued expenses	21,373,986	15,399,933
Other current payables	<u>99,504,960</u>	<u>95,513,447</u>
Total	<u><u>197,246,762</u></u>	<u><u>198,874,945</u></u>

19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

Liabilities under finance lease agreements as at March 31, 2019 and December 31, 2018 consisted of the following:

Payment periods	The minimum amount to be paid in the future	
	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within 1 year	328,164	328,164
1 - 5 years	246,123	328,164
	<u>574,287</u>	<u>656,328</u>
<u>Less</u> Deferred interest under finance lease agreements	<u>(48,499)</u>	<u>(62,495)</u>
Total	<u><u>525,788</u></u>	<u><u>593,833</u></u>

Payment periods	Present value of the minimum amount to be paid in the future	
	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within 1 year	289,407	282,431
1 - 5 years	236,381	311,402
Total	<u>525,788</u>	<u>593,833</u>

Movements of liabilities under finance lease agreements arising from financing activities for the three-month periods ended March 31, are as follows:

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2019	2018
	Baht	Baht	Baht
Liabilities under finance lease agreements			
as at January 1,	1,014,111	593,833	1,014,111
Repayments	(147,999)	(68,045)	(147,999)
Total cash flows items	<u>(147,999)</u>	<u>(68,045)</u>	<u>(147,999)</u>
Liabilities under finance lease agreements			
as at March 31,	<u>866,112</u>	<u>525,788</u>	<u>866,112</u>

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

20.1 For the three-month periods ended March 31, the movements of provision for expected loss on construction contract are as follows:

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2019	2018
	Baht	Baht	Baht
Beginning balances as at January 1,	28,289,750	192,805,344	28,289,750
<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 period (see Note 24)	-	(185,737,428)	-
Ending balances as at March 31,	<u>28,289,750</u>	<u>-</u>	<u>28,289,750</u>

(*) Presented as a part of short-term provisions in the statement of financial position.

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

20.2 For the three-month periods ended March 31, the movements of provision for penalty arising from delay are as follows:

	Consolidated	Separate	
	financial statement	financial statement	
	2018	2019	2018
	Baht	Baht	Baht
Beginning balances as at January 1,	-	23,609,726	-
<u>Less</u> Reversal from termination of construction contract during the period (see Note 24)	-	(3,232,991)	-
Ending balances as at March 31,	-	20,376,735	-

21. SHARE CAPITAL

On August 9, 2018, the warrants (T-W3) were exercised to 7,636 ordinary shares totalling Baht 7,636 and the Company registered the capital increase with the Ministry of Commerce on August 21, 2018.

22. WARRANTS

22.1 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 offered warrants : 22,000,000 units

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.

22.2 The Extraordinary General Meeting of Shareholders held on June 5, 2015, had the resolution to issue Warrants No. 3 (T-W3) in the number of not exceeding 1,451,232,630 units to the existing shareholders at the ratio of 4 existing ordinary 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. 3 (T-W3)
Type	: Specified warrant's holder and transferable
Term of Warrants	: 3 years from the issuing date of warrants
Number of issued and offered warrants	: 1,451,232,630 units
Offering Price	: 0 Baht per unit
Exercise Ratio	: 1 warrant to 1.594 ordinary shares (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 August 9, 2018 which was the last warrants exercised date, warrants of 4,791 units were exercised to ordinary share of 7,636 ordinary shares. The unexercised warrants as at August 9, 2018 were 1,451,227,839 units.

22.3 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).

23. BASIC EARNINGS (LOSSES) PER SHARE AND DILUTED EARNINGS (LOSSES) PER SHARE

Basic earnings (losses) per share for the three-month periods ended March 31, 2019 and 2018 are calculated by dividing profit (loss) for the periods by weighted average number of ordinary shares issued during the periods.

For the three-month periods ended March 31, are as follows:

	Consolidated financial statement 2018 Baht	Separate financial statements 2019 Baht	2018 Baht
Profit (loss) for the periods (Baht)	(10,698,736)	54,336,776	(10,679,786)
Weighted average number of ordinary shares (shares)	<u>10,114,930,520</u>	<u>10,114,938,156</u>	<u>10,114,930,520</u>
Basic earnings (losses) per share (Baht)	<u>(0.0011)</u>	<u>0.0054</u>	<u>(0.0011)</u>

DILUTED EARNINGS (LOSSES) PER SHARE

Diluted earnings (losses) per share for the three-month periods ended March 31, 2019 and 2018 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, fair value of the Company's ordinary shares for the three-month periods ended March 31, 2019 and 2018 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.

24. SIGNIFICANT INFORMATION OF CONSTRUCTION CONTRACTS

Significant information of construction contracts as at March 31, 2019 and December 31, 2018, are as follows:

	Consolidated financial statement	Separate financial statements	
	As at December 31, 2018 Baht	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Contract revenues	1,790,893,747	1,467,821,252	1,790,893,747
Cost incurred to date	1,607,786,160	1,243,052,890	1,607,786,160
Profit (loss) recognized to date	(130,411,058)	16,972,026	(130,411,058)
Cost and profit or loss recognized to date	1,477,375,102	1,260,024,916	1,477,375,102
<u>Less</u> Progress billings to date	(1,342,695,824)	(1,121,118,279)	(1,342,695,824)
Reversal of unbilled construction revenues	-	(104,040,492)	-
Unbilled construction revenues	(143,436,032)	(38,377,340)	(143,436,032)
Unearned construction revenues	(8,756,754)	(3,511,195)	(8,756,754)
Cost of construction contracts incurred during the period/year	818,597,125	56,451,603	818,597,125
Expected loss on construction contracts	(164,515,594)	-	(164,515,594)
Cost of construction contracts incurred recognized as expense during the period/year	(653,925,760)	(55,800,434)	(653,925,760)
Cost of construction contracts related to activities in the future which recognized as asset	155,771	651,169	155,771
Unbilled construction revenues at the beginning of the period/year	91,270,070	143,436,032	91,270,070
Unearned construction revenues at the beginning of the period/year	(9,113,376)	(8,756,754)	(9,113,376)
Revenues from construction contracts recognized as revenues during the period/year	666,579,644	58,740,904	666,579,644
Progress billings during the period/year	(614,057,060)	(54,513,545)	(614,057,060)
Reversal of unbilled construction revenues	-	(104,040,492)	-
Unearned construction revenues at the ending of period/year	8,756,754	3,511,195	8,756,754
Unbilled construction revenues	143,436,032	38,377,340	143,436,032

	For the three-month periods ended March 31,		
	Consolidated	Separate	
	financial statement	financial statements	
	2018	2019	2018
	Baht	Baht	Baht
Revenues from construction contracts recognized as revenues during the periods	186,989,967	58,740,904	186,989,967
Expected loss on construction contracts	(423,253)	-	(423,253)
Cost of construction contracts incurred recognized as expense during the periods	(171,774,285)	(55,800,434)	(171,774,285)
Profit recognized during the periods	<u>14,792,429</u>	<u>2,940,470</u>	<u>14,792,429</u>

On March 22, 2019, a company which was another party of contract with the Company agreed to terminate construction contract. The Company reversed unbilled construction revenues of Baht 104.04 million (see Note 6), reversed provision for expected loss on construction contract of Baht 185.74 million (see Note 20.1) and reversed provision for penalty arising from delay of Baht 3.23 million (see Note 20.2). 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 the three-month period ended March 31, 2019.

25. INCOME TAX EXPENSE

Reconciliations of income tax expense for the three-month periods ended March 31 are as follows:

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2019	2018
	Baht	Baht	Baht
Profit (loss) before income tax expense	(10,698,736)	54,336,776	(10,679,786)
Income tax income (expense) at 20%	(2,139,747)	10,867,355	(2,135,957)
Effect of tax losses not recognized as deferred tax asset	1,821,620	5,872,911	1,817,830
Effect of the non-taxable income and non-deductible expense	318,127	(16,740,266)	318,127
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>

For the three-month period ended March 31, 2019, the Company has profit for the period but there is no income tax expense due to the accumulated loss brought forward from the previous year.

26. 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.

Balances with related parties as at March 31, 2019 and December 31, 2018, are as follows:

	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Other non-current receivables (see Note 14)		
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	435,392	435,392
Other current payables (see Note 18)		
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	1,200,000	1,200,000

Directors and key management's compensation

Directors and key management's compensation for the three-month periods ended March 31, 2019 and 2018, consisted of the following:

	Consolidated financial statement	Separate financial statements	
	2018 Baht	2019 Baht	2018 Baht
Short-term benefits	3,755,600	2,705,700	3,755,600
Post-employee benefits	1,304,195	1,127,046	1,304,195
Directors remuneration	681,000	-	681,000
Total directors and key management's compensation	5,740,795	3,832,746	5,740,795

Relationships

Company	Country	Relationship	Type of relationship
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	Thailand	Joint arrangement	Jointly controlled operations

Intercompany pricing policy

Pricing policies

Interest expense	Refer to commercial bank's interest rate
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27. COMMITMENTS AND CONTINGENT LIABILITIES

The Company has commitments and contingent liabilities as follows:

- 27.1 As at March 31, 2019, the Company has letters of guarantee issued by the banks of Baht 231.66 million. The Company has credit facilities for letters of guarantee issued by the banks of Baht 290.77 million, which are guaranteed by the Company's deposits at banks (see Note 11).

As at December 31, 2018, the Company has letters of guarantee issued by the banks of Baht 243.17 million. The Company has credit facilities for letters of guarantee issued by the banks of Baht 291.07 million, which are guaranteed by the Company's deposits at banks (see Note 11).

Under the terms of such letter of guarantee, the Company has to transfer the rights to receive payment from construction contract receivables to the bank in case of borrowing or issuance of letter of guarantee for such construction contracts.

- 27.2 As at March 31, 2019 and December 31, 2018, the Company has postdated cheque of Baht 11.80 million which is pledged as collateral for a construction contract.
- 27.3 Commitments to pay rental under the lease agreements for buildings and services in the future as at March 31, 2019 and December 31, 2018, consisted of the following:

Payment Period	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Within 1 year	6,868,945	9,496,478
Later than 1 year and not later than 5 years	709,428	846,777

Rental under the lease agreements recognized as expenses in the separate statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2019 and 2018 are Baht 2.80 million and Baht 2.73 million, respectively.

Rental under the lease agreements recognized as expenses in the consolidated statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2018 is Baht 2.73 million.

- 27.4 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. As at March 31, 2019, the Company was on process to negotiate with such company which the result of negotiation has not yet acknowledged at this time.

28. 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 the directors of the Company.

Business segment

The Company operates in only one segment which is construction business. Therefore, the Company has only one business segment.

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 March 31, 2019 and 2018, the Company has revenue from construction contract from 4 major customers in total amount of Baht 47.75 million and 5 major customers in total amount of Baht 174.93 million, respectively.

29. LITIGATIONS

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

Later 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 of Baht 43.69 million with interest since the date of prosecution until payment completion. However, the Appeal Court also rendered its judgement to order the Company to pay compensation to the Contractor of Baht 30.80 million. Therefore, reversal of provision for loss on litigations of Baht 21.85 million was made, resulting in provision for loss on litigations as at March 31, 2019 and December 31, 2018 of Baht 30.80 million. The Company processed petition to the Supreme Court on April 5, 2019.

The case is being considered by the Supreme Court. The Company's management believes that the resultant losses will not significantly differ from recorded provision.

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 14) as the Company's management believes that the bank had no right to deduct the Company's bank deposit 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 had ordered to take evidence on June 27 - 28, 2019. The Company believes that the bank had no rights to sue because the Appeal Court already judged that the Company did not breach the agreement and the bank is not counter party on legal right and is not defendant who has a right to claim with the Company.

- 29.2 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") with the claim amount of Baht 159.76 million to the Civil Court. 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 and March 1, 2017, the Supreme Court had ordered 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 that struck the case out of the case-list and had ordered the Civil Court to retry the consideration of the cases on the agreement for performance guarantee and the agreement for advance receipt guarantee between the Contractor and the Guarantor, respectively.

On June 26, 2017, the Company has submitted a dispute between the Company and the Contractor to the Arbitration process.

The Company assessed that they may incur loss from such cases. Therefore, the Company recorded long-term provisions as at March 31, 2019 and December 31, 2018 amounting to Baht 44.41 million. The Company's management believes that the resultant losses will not significantly differ from the provision that is recognized in the financial statements.

29.3 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 sued 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 court rendered its judgement to order the Company to make payment to sub-contractor and return letter of guarantee. The case is currently being considered by the Appeal Court.

The Company recorded provision for resultant losses as at March 31, 2019 and December 31, 2018 of Baht 3.25 million. The management believes that the resultant losses will not significantly differ from the provision that is recognized in the financial statements.

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

29.4.1 The cases that the Civil Court has rendered the judge compulsions to for 4 cases to order the Company to make compensation in amount of Baht 13.21 million. As at March 31, 2019, the Company has outstanding claim amount to be paid of Baht 10.92 million that were recorded as liabilities in the related account in the financial statements.

29.4.2 The Company was sued for 1 case relating to services and purchase of goods with the claims of Baht 1.35 million. The Company has recorded as liabilities in the related accounts as at March 31, 2019 of Baht 1.34 million. 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 29.1, 29.2 and 29.3) as at March 31, 2019 and December 31, 2018, totaling Baht 78.46 million.

30. 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 March 31, 2019, the Company has financial assets which are investments held as available for sale - equity securities and held-for-trading investments - equity securities 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.

31. EVENTS AFTER THE REPORTING PERIOD

- 31.1 The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019. The Company will additionally recognize past service cost in the financial statements when the law is effective in the amount of Baht 1.30 million.
- 31.2 On April 25, 2019, the Annual General Shareholders' Meeting passed the 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 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.

32. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issuing by the Company's Board of Directors on May 14, 2019.