

## **REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

### **Opinion**

We have audited the financial statements of T Engineering Corporation Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2019, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of T Engineering Corporation Public Company Limited as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

### **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Note 40 to the financial statements, the Company has many litigations which are currently under the process of the courts. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

Key Audit Matters	Audit Responses
<p><b>Recognition of revenues from construction contracts and costs of construction contracts</b></p> <p>The Company has revenues from construction contracts which are recognized when the Company satisfies a performance obligation according to the contract over time by transferring control of asset from construction to a customer based on input method which is calculated from the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management is required to make significant judgments in the estimation of the construction project costs.</p> <p>Therefore, the key audit matter is the accuracy of calculation and recognition of revenues from construction contracts over time based on input method and the accuracy of recognition of total relevant costs of construction.</p> <p>Accounting policies for recognition of revenues from construction contracts and costs of construction contract were disclosed in Note 3.18 to the financial statements and details of revenues from construction contracts and costs of construction contracts were disclosed in Note 33 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the revenue recognition process and internal control related to the estimation of total costs of construction, calculation and recognition of revenues from construction contracts over time based on input method which is calculated from the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.</li> <li>• Testing design and implementation and operating effectiveness of the internal control relating to the estimation of total costs of construction, calculation and recognition of revenues from construction contracts over time based on input method.</li> <li>• Performing substantive testing as follows:                             <ul style="list-style-type: none"> <li>- Testing terms and condition of the construction contract, testing supporting documents and assumptions used in the estimation of total costs of construction.</li> <li>- Testing calculation of revenues from construction contracts based on input method and performing an analysis of proportion of significant components of costs of construction contracts and the estimation of total costs of construction</li> <li>- Observing at sites of the construction projects to consider the progress of the construction projects against the progress as reported in the construction progress report</li> <li>- Testing costs of construction incurred during the year and near the year end with supporting documents.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Litigations and provisions for loss on litigations</b></p> <p>The Company has various litigations which are in the legal process. As a result, the Company uses judgments of the management and legal counsel in assessing impact of litigations and the adequacy of provision for loss from litigations. Therefore, the key audit matter is whether the accuracy and completeness of the provision for loss on litigations has been recognized and the relevant disclosures has been made in accordance with Thai Financial Reporting Standards.</p> <p>Accounting policy for provision was disclosed in Note 3.14 to the financial statements, and litigations and provision for loss on litigations were disclosed in Note 40 to the financial statements.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understanding the process to assess impact of litigations and provision for loss on litigations which included the following procedures:                             <ul style="list-style-type: none"> <li>- Auditing each litigation with the litigation progress report and correspondence between the Company and their external legal counsel</li> <li>- Inquiring of management and internal legal counsel of the Company about the progress of commercial disputes and significant litigation</li> </ul> </li> <li>• Obtaining the letter to confirm the litigation status from the Company's external legal counsel</li> <li>• Evaluating the appropriateness of the significant assumptions used by the management of the Company in assessing impact of litigations and provision for loss on litigations together with the opinion of external legal counsel</li> <li>• Requesting the representation from the management about appropriateness of key assumptions used by the management in assessing impact of litigations and provision for loss on litigations</li> <li>• Testing whether disclosure is made in accordance with Thai Financial Reporting Standards.</li> </ul>

### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.

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

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

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

Those charged with governance are responsible for oversight the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BANGKOK**  
February 28, 2020

Chavala Tienpasertkij  
Certified Public Accountant (Thailand)  
Registration No. 4301  
**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2019**

**Unit : Baht**

	Notes	2019	2018
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.3	44,797,431	42,241,305
Current investments	5	5,373,720	4,014,000
Trade and other current receivables	6	60,928,788	181,645,189
Inventories	7	418,500	155,771
Current tax assets		9,410,911	23,500,735
Deposit for business acquisition	8	-	-
Asset held for distribution to owners	9	-	854,268
Other current assets		4,343,448	3,968,887
Total Current Assets		125,272,798	256,380,155
<b>NON-CURRENT ASSETS</b>			
Deposits at financial institution with restriction of use	10	256,851,500	297,312,009
Investments held as available for sale	11	25,254,440	36,060,300
Investment in joint arrangement	12	-	-
Trade and other non-current receivables	13	17,598,231	9,447,433
Property, plant and equipment	14	83,391,365	82,762,700
Retention receivables	15	70,399,664	82,158,878
Intangible assets	16	3,641,831	5,178,209
Other non-current assets	17	67,281,386	82,071,859
Total Non-current Assets		524,418,417	594,991,388
<b>TOTAL ASSETS</b>		<b>649,691,215</b>	<b>851,371,543</b>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT DECEMBER 31, 2019**

**Unit : Baht**

	Notes	2019	2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other current payables	18	197,316,513	198,874,945
Current portion of long-term liabilities under finance lease agreements	19	311,402	282,431
Other short-term borrowing	20	12,235,690	12,235,690
Current retention payables		26,682,924	21,624,685
Unearned construction revenues and advances from customers under construction contracts	33	19,501,700	8,756,754
Short-term provisions	21	3,728,474	1,472,323
Provision for dismantling and removal of leasehold improvement		533,125	-
Provision for expected loss on construction contracts	22.1	-	192,805,344
Provision for penalty arising from delay	22.2	-	23,609,726
Short-term provisions for loss on litigations	40	139,300,898	-
Provision for current liabilities from employee benefits	25	3,647,912	-
Other current liabilities	23	11,898,468	14,363,506
<b>Total Current Liabilities</b>		<b>415,157,106</b>	<b>474,025,404</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current retention payables		19,194,279	24,605,446
Long-term liabilities under finance lease agreements	19	-	311,402
Deferred tax liabilities	24	3,804,335	2,931,335
Provisions for loss on litigations	40	38,521,637	78,460,809
Provision for non-current liabilities from employee benefits	25	5,859,125	6,663,744
<b>Total Non-current Liabilities</b>		<b>67,379,376</b>	<b>112,972,736</b>
<b>TOTAL LIABILITIES</b>		<b>482,536,482</b>	<b>586,998,140</b>

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2019**

**Unit : Baht**

	Notes	2019	2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
	27		
Authorized share capital			
10,545,938,156 ordinary shares of Baht 1 each		10,545,938,156	
13,035,049,764 ordinary shares of Baht 1 each		<u>13,035,049,764</u>	<u>13,035,049,764</u>
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	28	(8,500,747,796)	(8,500,747,796)
Capital reserve for share-based payment	29	-	-
Expired warrant surplus	29	7,859,252	7,859,252
Retained earnings (Deficit)			
Appropriated			
Legal reserve	31	5,526,839	5,526,839
Unappropriated (Deficit)		(1,445,927,630)	(1,356,022,820)
Other components of shareholders' equity		(14,494,088)	(7,180,228)
TOTAL SHAREHOLDERS' EQUITY		<u>167,154,733</u>	<u>264,373,403</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u><u>649,691,215</u></u>	<u><u>851,371,543</u></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 YEAR ENDED DECEMBER 31, 2019**

**Unit : Baht**

	Notes	Consolidated financial statements	Separate financial statements	
		2018	2019	2018
Revenues from construction contracts	33	666,579,644	299,179,447	666,579,644
Cost of construction contracts	33	-818,441,354	-288,384,719	-818,441,354
<b>Gross profit (loss)</b>		-151,861,710	10,794,728	-151,861,710
Other income	34	68,453,447	22,105,888	68,450,349
Administrative expenses	35	-123,453,060	-104,074,440	-123,530,307
Reversal from termination of construction contract	33	-	70,730,200	-
Reversal of allowance for doubtful accounts	8 and 35	-	12,358,448	-
Provisions for loss on litigations	40	-	-100,553,036	-
Reversal of provisions for loss on litigations	40.1	21,854,500	-	21,854,500
Finance costs		-4,149,470	-2,450,273	-4,149,470
<b>Loss before income tax income</b>		-189,156,293	-91,088,485	-189,236,638
Income tax income	24	2,440,012	81,000	2,440,012
<b>Loss for the years</b>		-186,716,281	-91,007,485	-186,796,626
<b>Other comprehensive income (loss)</b>				
Components of other comprehensive income (loss)				
that may be subsequently reclassified to profit or loss				
Losses on remeasuring investments				
held as available for sale	11	-215,334	-8,252,578	-215,334
Reversal of unrealized (gains) losses from				
sale of investments held as available for sale	11	8,166,504	(2,553,282)	8,166,504
Income tax relating to components of				
other comprehensive income that will be				
reclassified to profit or loss	24	-5,371,347	-	-5,371,347
Total components of other comprehensive income (loss)		2,579,823	-10,805,860	2,579,823
Components of other comprehensive income that				
will not be subsequently reclassified to profit or loss				
Gains on revaluation of assets	14	-	4,770,000	-
Gains on remeasurements of defined benefit plans	25	-	778,675	-
Income tax relating to components of				
other comprehensive income that will not be				
reclassified to profit or loss	24	-	(954,000)	-
Total components of other comprehensive income that		-	4,594,675	-
will not be subsequently reclassified to profit or loss		-	4,594,675	-
Other comprehensive income (loss)		2,579,823	-6,211,185	2,579,823
for the years - net of tax		2,579,823	-6,211,185	2,579,823
<b>Total comprehensive loss for the years</b>		-184,136,458	-97,218,670	-184,216,803

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED AND SUBSIDIARY**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Baht**

	Notes	Consolidated financial statement 2018	Separate financial statements 2019	2018
<b>Loss for attributable to</b>				
Owner of the Company		-186,716,281	-91,007,485	-186,796,626
Non-controlling interests		-	-	-
		<u>(186,716,281)</u>	<u>(91,007,485)</u>	<u>(186,796,626)</u>
<b>Total comprehensive loss for the years attributable to</b>				
Owner of the Company		-184,136,458	-97,218,670	-184,216,803
Non-controlling interests		-	-	-
		<u>(184,136,458)</u>	<u>(97,218,670)</u>	<u>(184,216,803)</u>
<b>Basic losses per share</b>				
Basic losses per share (Baht)	30	<u>(0.0185)</u>	<u>(0.0090)</u>	<u>(0.0185)</u>
Weighted average number of ordinary shares (shares)	30	<u>10,114,933,553</u>	<u>10,114,938,156</u>	<u>10,114,933,553</u>
<b>Diluted losses per share</b>				
Diluted losses per share (Baht)	30	<u>(0.0185)</u>	<u>(0.0090)</u>	<u>(0.0185)</u>
Diluted weighted average number of ordinary shares (shares)	30	<u>10,114,933,553</u>	<u>10,114,938,156</u>	<u>10,114,933,553</u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Baht**

	Notes	Consolidated financial statements											
		Issued and paid share capital	Discount on ordinary shares	Capital reserve for share-based payment		Retained earnings (Deficit)		Other components of shareholders' equity			Non- controlling interests	Total Shareholders' equity	
						Expired warrant surplus	Legal reserve	Unappropriated (Deficit)	Gain on revaluation 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	(1,420,283,513)	262,702,283	(21,485,390)	241,216,893	30	448,237,675	
Changes in shareholders' equity													
Increase in ordinary shares	27	7,636	-	-	-	-	-	-	-	-	-	7,636	
Capital reserve for share-based payment	29.1	-	-	264,550	-	-	-	-	-	-	-	264,550	
Expired warrant	29.1	-	-	-7,859,252	7,859,252	-	-	-	-	-	-	-	
Surplus on revaluation of assets	14 and 24	-	-	-	-	-	250,976,944	(250,976,944)	-	(250,976,944)	-	-	
Total comprehensive loss for the period		-	-	-	-	-	(186,716,281)	-	2,579,823	2,579,823	-	(184,136,458)	
Balances as at December 31, 2018		<u>10,114,938,156</u>	<u>-8,500,747,796</u>	<u>-</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>-1,356,022,850</u>	<u>11,725,339</u>	<u>-18,905,567</u>	<u>-7,180,228</u>	<u>30</u>	<u>264,373,403</u>	

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Baht**

	Notes	Separate financial statements									
		Issued and paid share capital	Discount on ordinary shares	Capital reserve for share-based payment	Expired warrant surplus	Retained earnings (Deficit)		Other components of shareholders' equity			Total Shareholders' equity
						Appropriated legal reserve	Unappropriated (Deficit)	Other comprehensive income (loss)		Total other components of 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	(1,420,203,138)	262,702,283	(21,485,390)	241,216,893	448,318,020
Changes in shareholders' equity											
Increase in ordinary shares	27	7,636	-	-	-	-	-	-	-	-	7,636
Capital reserve for share-based payment	29.1	-	-	264,550	-	-	-	-	-	-	264,550
Expired warrant	29.1	-	-	(7,859,252)	7,859,252	-	-	-	-	-	-
Surplus on revaluation of assets	14 and 24	-	-	-	-	-	250,976,944	(250,976,944)	-	(250,976,944)	-
Total comprehensive loss for the year		-	-	-	-	-	(186,796,626)	-	2,579,823	2,579,823	(184,216,803)
Balances as at December 31, 2018		<u>10,114,938,156</u>	<u>(8,500,747,796)</u>	<u>-</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>(1,356,022,820)</u>	<u>11,725,339</u>	<u>(18,905,567)</u>	<u>(7,180,228)</u>	<u>264,373,403</u>
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	14 and 24	-	-	-	-	-	324,000	3,492,000	-	3,492,000	3,816,000
Gains on remeasurements of defined benefit plans	25	-	-	-	-	-	778,675	-	-	-	778,675
Total comprehensive profit for the year		-	-	-	-	-	(91,007,485)	-	(10,805,860)	(10,805,860)	(101,813,345)
Balances as at December 31, 2019		<u>10,114,938,156</u>	<u>(8,500,747,796)</u>	<u>-</u>	<u>7,859,252</u>	<u>5,526,839</u>	<u>(1,445,927,630)</u>	<u>15,217,339</u>	<u>(29,711,427)</u>	<u>(14,494,088)</u>	<u>167,154,733</u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Unit : Baht**

	<b>Notes</b>	<b>Consolidated financial statement 2018</b>	<b>Separate financial statements 2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before income tax income		(189,156,293)	(91,088,485)	(189,236,638)
Adjustments :				
Depreciation and amortization expense		10,874,433	5,698,780	10,874,433
Employee benefit expenses	25	1,718,009	3,621,968	1,718,009
Write-off bad debts	13	-	932,720	-
Write-off deposits		-	100,225	-
Capital reserve for share-based payment		264,550	-	264,550
Short-term provisions		1,111,508	1,291,354	1,111,508
Doubtful accounts		500,000	-	500,000
Reversal of allowance for doubtful accounts		(962,902)	(10,000,000)	(962,902)
Reversal of allowance for doubtful accounts - withholding tax		-	(2,358,448)	-
Provisions for loss on litigations		3,251,309	100,553,036	3,251,309
Reversal of provisions for loss on litigations		(21,854,500)	-	(21,854,500)
Provision for expected loss on construction contract (reversal)	22.1 and 33	164,515,594	(185,737,428)	164,515,594
Provision for penalty arising from delay (reversal)	22.2 and 33	23,609,726	(3,232,991)	23,609,726
Reversal of unbilled construction revenues	6 and 33	-	104,040,492	-
Reversal of trade payables		(2,326,238)	(3,562,095)	(2,326,238)
Reversal retention payables		-	(155,640)	-
Gain on sales of property, plant and equipment	34	(52,179,152)	(2,423,118)	(52,179,152)
Loss (gain) on write-off of equipment		(486,317)	17,542	(486,317)
Unrealized (gain) loss on revaluation of current investment		3,532,267	(1,836,004)	3,532,267
Impairment loss on investment in subsidiary		-	-	145,702
(Gain) loss on sales of investments held as available for sale		6,912,520	(2,392,355)	6,912,520
Loss on sales of investments held for trading		460,424	320,147	460,424
Interest income	34	(550,210)	(1,581,602)	(547,112)
Interest expenses		3,185,733	45,800	3,185,733
		<u>(47,579,539)</u>	<u>(87,746,102)</u>	<u>(47,511,084)</u>
Operating assets (increase) decrease				
Current investments		479,863	156,137	479,863
Trade and other current receivables		(43,956,246)	17,345,637	(43,957,514)
Inventories		16,348,965	(262,729)	16,348,965
Other current assets		971,728	9,625,439	971,728
Deposits at financial institution with restriction of use		(212,430,137)	40,460,509	(212,430,137)
Trade and other non-current receivables		2,045,330	(9,083,518)	2,045,330
Retention receivables		(36,355,564)	11,759,214	(36,355,564)
Other non-current assets		111,564	991,393	111,555

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Unit : Baht

	Notes	Consolidated financial statement 2018	Separate financial statements 2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>				
Operating liabilities increase (decrease)				
Trade and other current payables		(17,038,085)	(2,595,253)	(16,963,085)
Current retention payables		13,600,080	5,099,875	13,600,080
Unearned construction revenues and advance from customer under construction contract		(356,622)	10,744,946	(356,622)
Short-term provisions		(466)	(1,504,203)	(466)
Provision for penalty arising from delay		-	(20,376,735)	-
Other current liabilities		(274,786)	(2,465,038)	(274,786)
Provisions for loss on litigations		-	(1,191,310)	-
Non-current retention payables		(7,170,610)	(5,297,163)	(7,170,610)
Cash paid for employee benefit obligation		(607,000)	-	(607,000)
Cash paid from operations		(332,211,525)	(34,338,901)	(332,069,347)
Cash received from interest		557,244	911,874	555,414
Cash paid for income tax		(23,500,735)	(9,410,911)	(23,500,735)
Cash received from withholding tax		-	39,558,038	-
Net cash used in operating activities		<u>(355,155,016)</u>	<u>(3,279,900)</u>	<u>(355,014,668)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash received from sales of investments held as available for sale				
		18,303,352	2,392,355	18,303,352
Asset held for distribution to owners		(854,268)	-	-
Cash received from subsidiary	9	-	854,268	-
Payment for purchase of equipment		(787,279)	(183,648)	(787,279)
Cash received from sales of property, plant and equipment		424,797,128	3,101,282	424,797,128
Net cash received provided by investing activities		<u>441,458,933</u>	<u>6,164,257</u>	<u>442,313,201</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Bank overdrafts decrease		(21,926,033)	-	(21,926,033)
Repayments for long-term borrowings from a financial institution		(40,171,401)	-	(40,171,401)
Repayments for liabilities under financial lease agreements		(420,278)	(282,431)	(420,278)
Cash received from other short-term borrowing		15,000,000	-	15,000,000
Repayments for other short-term borrowing		(15,000,000)	-	(15,000,000)
Cash received share subscription from exercising warrants		7,636	-	7,636
Cash paid for interest expenses		(3,185,733)	(45,800)	(3,185,733)
Net cash used in financing activities		<u>(65,695,809)</u>	<u>(328,231)</u>	<u>(65,695,809)</u>
Net increase in cash and cash equivalents		20,608,108	2,556,126	21,602,724
Cash and cash equivalents as at January 1,		21,633,197	42,241,305	20,638,581
<b>Cash and cash equivalents as at December 31,</b>		<u>42,241,305</u>	<u>44,797,431</u>	<u>42,241,305</u>

See the condensed notes to the financial statements

**T ENGINEERING CORPORATION PUBLIC COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**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 liquidation 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 December 31, 2019 and 2018, the Company had total current liabilities in excess of total current assets of Baht 289.88 million and Baht 217.65 million, respectively. 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 current construction projects and has a new construction project during the year. In addition, on February 27, 2020, the Extraordinary Shareholders’ Meeting No. 1/2020 passed a special resolution to increase the registered capital from Baht 10,114,938,156 to Baht 12,826,431,971 by issuing 2,711,493,815 new ordinary shares with the par value of Baht 1 each (see Note 41).

**2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) “Presentation of Financial Statements” which is effective for the financial statements for the period beginning on or after January 1, 2019 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560” and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statement (No. 2) B.E. 2559” dated October 11, 2016.

The Company prepared and presented the financial statements which did not recognize its interest in a joint arrangement 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 Notes 3.8 and 12).

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. As at December 31, 2019, such joint venture is in the liquidation process.

- 2.3 On August 14, 2018, the Board of Directors’ meeting passed a resolution to approve the liquidation 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 December 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 year ended December 31, 2019.

In addition, as at December 31, 2018, the Company classified investment in such 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 Notes 3.6 and 9).

- 2.4 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements.
- 1) Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, 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 3.18. The adoption of these Thai Financial Reporting Standards does not have any significant impact on the Company’s financial statements.



- 2) 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, 2020 onwards. 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 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 material impact on the financial statements of the Company in the period of initial application, except the financial reporting standards as follows:

Thai Accounting Standard No. 12 "Income Taxes"

This revised accounting standard clarifies about recognition the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. An entity shall apply those amendments to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

Thai Accounting Standard No. 19 "Employee Benefits"

This revised accounting standard clarifies that the past service cost or of the gain or loss on settlement is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment or curtailment or settlement but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). This accounting standard requires prospective method for such amendment. It applies only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which it is first applied. Earlier application is permitted.

Thai Accounting Standard No. 23 "Borrowing Costs"

This revised accounting standard clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. This accounting standard requires prospective method for such amendment. Earlier application is permitted.

Thai Accounting Standard No. 28 “Investments in Associates and Joint Ventures”

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.

Thai Financial Reporting Standard No. 3 “Business Combinations”

This revised financial reporting standard clarifies that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Thai Financial Reporting Standard No. 11 “Joint Arrangements”

This revised financial reporting standard clarifies that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint control, the entity does not remeasure its previously held interest in the joint operation. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Group of Financial Instruments Standards

**Thai Accounting Standards (“TAS”)**

TAS 32 Financial Instruments: Presentation

**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 TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No. 17 “Leases”, Thai Accounting Standard Interpretation No. 15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No. 27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No. 4 “Determining whether an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company’s management is in the process to assess the impact of these TFRS on the financial statements of the Company in the period of initial application.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **3.1 Cash and cash equivalents**

Cash and cash equivalents are cash on hand, deposits at banks’ savings accounts and current accounts, and short-term highly liquid investments with maturities within three months, excluding deposit at bank used as collateral.

#### **3.2 Current investments**

Held-for-trading investments are presented at fair value. The fair value of equity investment which is publicly traded in the stock exchange is measured at the last bidding price of the last operating day of the year of the Stock Exchange of Thailand.

Gain or loss on the change in fair value of held-for-trading investments is recognized as unrealized gains or losses in the statement of profit or loss and other comprehensive income.

#### **3.3 Investments held as available for sale**

Investments held as available for sale are stated at fair value and less allowance for impairment (if any). The fair values of available for sale investments in equity securities which are listed securities are estimated by using the bid prices of the Stock Exchange of Thailand on the last business day of the year.

Unrealized gains or losses from fair value from remeasurement of available-for-sale investments are presented as separated items in shareholders' equity. Changes in unrealized gains or losses are recognized as part of other comprehensive income in the statements of profit or loss and other comprehensive income and will be transferred to be recognised in profit or loss when investments are sold.

In case reclassification of investments from held-for-trading investment to available-for-sale investments, the Company remeasures such investment using its fair value on the date such investments are reclassified. Difference between the carrying and the fair value on the date of reclassification are recorded in the statement of profit or loss and other comprehensive income.

#### 3.4 Trade receivables and other current receivables

Trade receivables and other current receivables are stated at the net realizable value. The Company records the allowance for doubtful account for the estimated losses that may incur in collection of receivables. The allowance for doubtful accounts is based on collection experience and current status of receivables outstanding at the statement of financial position date.

#### 3.5 Inventories

Raw materials for use in construction are stated at the lower of cost or net realizable value. Cost is determined by weighted average method. Net realizable value is the estimate of the selling price in the ordinary course of business less the estimated costs necessary to make sale.

The Company records the allowance for diminution of inventory for damaged inventories or obsolete inventories

Work in progress is recognized as described in Note 3.18.

#### 3.6 Asset held for distribution to owners

Asset classified as asset held for distribution to owners when the Company committed to distribute the asset to owners. The asset must be available for immediate distribution in their present condition and the distribution must be highly probable.

#### 3.7 Investment in a subsidiary

Investment in a subsidiary in the separate financial statements is accounted for using the cost method less allowance for impairment (if any).

In the case where impairment of investment is occurred, impairment loss of investment will be charged to the statement of profit or loss and other comprehensive income.

#### 3.8 Investment in joint arrangement

Investment in joint arrangement in the separate financial statements is accounted for using the cost method less allowance for impairment (if any).

### 3.9 Property, plant and equipment

Land is stated at the revalued amount based on valuations amount determined by an independent appraiser. The Company has policy to perform revaluation of land every 3 years or whenever the fair value of a revalued land differs materially from its carrying amount.

Building and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

The cost includes the costs of dismantling and removing the items and restoring the site on which they are located.

Depreciation is computed by the straight-line method based on the estimated useful lives of assets as follows:

Building and leasehold improvement	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture and office equipment	5 years
Vehicles	5 years

For revalued assets, a revalued amount is the fair value determined on market value at the date of revaluation.

The Company recognizes an increase in asset value as a result of a revaluation in “gain on revaluation of assets” which is presented under other components of shareholders’ equity in the statement of financial position. However, if the assets used to be decreased as a result of revaluation and the Company used to be recognize a decreased as an expense in the statement of profit or loss and other comprehensive income, the increase from new revaluation will be recognized as income not exceeding the decrease which was previously recognized as an expenses in the statement of profit or loss and other comprehensive income in prior years.

The Company recognizes a decrease in asset value as a result of a revaluation as expense in the statement of profit or loss and other comprehensive income. However, if the asset used to be increased and gain on revaluation of assets is existing in other components of shareholders’ equity, the decrease from new revaluation will be deducted from surplus on revaluation of assets not exceeding the increase of the same asset and the exceeding amount is recognized as an expense in the statement of profit or loss and other comprehensive income.

The gain on revaluation of assets cannot be used for dividend payment.

Depreciation is included in determining operating result and no depreciation is provided to land and construction in progress.

Repairs and maintenance are charged an expense to the statement of profit or loss and other comprehensive income incurred during the year. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will be more than one accounting period. Assets from major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in profit and loss from operation.

When revaluated assets are sold, the amounts included in gain on revaluation are transferred to retained earnings.

### 3.10 Intangible assets

Intangible assets representing computer program are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is computed by the straight-line method based on the estimated useful lives of assets for 5 years.

### 3.11 Impairment of assets

The Company considers the impairment of assets when there are indications or changes in the environment which indicate that recoverable amount (the higher of fair value less cost of disposal or value in use) is lower than carrying amount of such assets. The impairment review will consider the impairment of an individual asset or a cash generating unit. In the case carrying amount of the asset is higher than its recoverable amount, the Company will recognize the loss from impairment of the asset in the statement of profit or loss and other comprehensive income.

The Company will reverse the loss from impairment of assets previously recognized in prior years when there are indications that impairment no longer exist or decrease. However, increase in carrying amount as a result from reversal will not exceed the carrying amount that would have been determined (net of depreciation or amortization) if had the Company had no impairment loss been recognized for the assets in prior years.

### 3.12 Lease agreements

#### Operating lease

Long-term lease for assets which a significant portion of the risks and rewards of ownership are still retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as an expense to the statement of profit or loss and other comprehensive income on the straight-line method over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

## Finance lease

Lease in which substantially all the risk and reward of ownership, other than legal title is transferred to the Company is accounted for as a finance lease. The Company capitalized the asset and liabilities in statement of financial position in the amount at the lower of estimated present value of the underlying lease payments or at the fair value of the leased asset at the contract started date. The leased assets are depreciated using the straight-line method over their estimated useful lives. Financial charge is calculated by the effective interest rate method over the term of contracts. Financial charge and depreciation are recognized as expenses in the statement of profit or loss and other comprehensive income.

### 3.13 Foreign currency transactions

Transactions in foreign currencies occurred during the year are converted into Baht at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies outstanding at the end of the reporting period are reconverted into Baht at the exchange rates prevailing on that date as determined by the Bank of Thailand. Gains or losses on settlement and reversion are recognized as income or expense in the statement of profit or loss and other comprehensive income.

### 3.14 Provisions

3.14.1 Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### 3.14.2 Provision for dismantling and removal of leasehold improvement

The Company estimates the provision for dismantling and removal of leasehold office improvement by considering the condition for returning the leased premises as per the agreement and the cost of dismantling and removal per square meter and lease premise's space.

### 3.15 Provisions for employee benefit

#### 3.15.1 Short-term benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

#### 3.15.2 Post-employment benefits - contribution benefit plan

The Company has established a provident fund the assets of which are held separately from the Company's assets. The provident fund is funded by the contribution from employees and the Company. Contributions from the Company to the provident fund are recognized as expenses the statement of profit or loss and other comprehensive income in the period to which they relate.

### 3.15.3 Post-employment benefits - defined benefit plan

The provisions for employee benefit for severance payment according to the labour law is recognized as expense over the employee's service period which is the estimated amount of future benefit earned by employees in return for service provided to the Company until their retirement. Such benefit is discounted to be the present value. Discount rate is based on the yield rate of government bond as the initial reference rate. The calculation is performed by actuarial techniques using the Projected Unit Credit Method.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) in other comprehensive income.

Past service cost related to plan amendment is recognized as an expense in the income statement and other comprehensive income when the plan amendment is effective.

### 3.16 Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the Company receives services from employees compensates in part through equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The grant by the Company of options over its equity instruments to the employees is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period.

### 3.17 Recognition of revenues and expenses

Revenue excludes value-added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Revenues from construction contract is recognized as described in Note 3.18.

Interest income, other income and expenses are recognized on an accrual basis.



### 3.18 Construction contracts

#### Revenues from construction contract

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims or 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 when the Company satisfies a performance obligation according to the contract over time by transferring control of asset from construction to a customer. Revenues from construction contract will be recognized on an input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Such method is appropriated to reflect service transfer.

When the outcome of a construction contract cannot be estimated reliably, revenue from construction contract is recognized not exceed 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 receive 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. And such amount will be classified as trade receivables when it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date under the input 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.

### 3.19 Income tax

Income tax consists of the tax currently payable and deferred tax.

### 3.19.1 Current tax

The current tax is the amount of income tax pay on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated by using tax rates at the end of reporting period.

### 3.19.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Company recognized deferred tax liabilities for all temporary difference and recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statements profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in shareholders' equity in the same or different period.

## 3.20 Fair value measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers based on the characteristics of the asset or liability which market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.21 Losses per share

Basic losses per share are calculated by dividing net loss for the year by the weighted average number of ordinary shares issued during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscriptions received. In case of a capital decrease, the number of ordinary shares is weighted according to time of registration of capital reduction. Diluted losses per share is calculated from weighted average number of ordinary shares assumed that dilutive ordinary shares equivalents is totally converted to ordinary shares.

### 3.22 Use of management's judgments and significant accounting estimations

In the application of the Company's accounting policies described above, the management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Significant accounting estimates are as follows:

#### 3.22.1 Estimated construction project costs and provision for expected loss on construction contract

The Company estimates costs of each construction project based on details of the construction work taking into account the volume and value of construction materials to be used in the project, including labour costs and other miscellaneous costs to be incurred to complete construction service with consideration of trend of changes in construction materials price, labour and other expenses. The Company reviews estimated construction cost on a regularly basis and whenever actual costs significantly differ from estimated cost of each construction contract. In addition, the Company considers contract loss on each project by comparing total construction costs by contract revenue of each project.

### 3.22.2 Impacts on litigation

The Company has commercial disputes and litigation. The Company's management have used judgment to assess of the results of the commercial disputes and litigation based on the causes of the commercial disputes and litigation and other evidence documents including consulting with legal counsel for significant commercial disputes and litigation.

### 3.22.3 Allowance for doubtful accounts

The Company has provided allowance for doubtful accounts based on management's estimate losses that may incur in collection of receivables by considering receivable's financial status and the result of lawsuit against each receivable.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

4.1 Non-cash items for the years ended December 31, consisted of the following:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
Unrealized losses on remeasuring investments held as available for sale	215,334	8,252,578	215,334
Reversal of unrealized losses (gains) on remeasuring investments held as available for sale	8,166,504	(2,553,282)	8,166,504
Unrealized gains (losses) on revaluation of current investment	(3,532,267)	1,836,004	(3,532,267)
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)	-
Payable from investing in capital expenditure from purchases of intangible assets	2,220,000	-	2,220,000
Provision for dismantling and removal of leasehold improvement	-	533,125	-
Gains on remeasurements of defined benefit plans	-	778,675	-
Gains on revaluation of assets	-	4,770,000	-

4.2 Change in liabilities from financing activities for the years ended December 31, are as follows:

<b>As at December 31, 2019</b>	<b>Balance as at January 1, 2019 Baht</b>	<b>Financing cash flows</b>		<b>Balance as at December 31, 2019 Baht</b>
		<b>Cash received Baht</b>	<b>Cash paid Baht</b>	
Liabilities under finance lease agreements	593,833	-	(282,431)	311,402
Other short-term borrowing	12,235,690	-	-	12,235,690
<b>Total</b>	<b>12,829,523</b>	<b>-</b>	<b>(282,431)</b>	<b>12,547,092</b>

As at December 31, 2018	Balance as at January 1, 2018 Baht	Financing cash flows		Balance as at December 31, 2018 Baht
		Cash received Baht	Cash paid Baht	
Bank overdraft	21,926,033	52,355,053	(74,281,086)	-
Long-term borrowing from a financial institution	40,171,401	-	(40,171,401)	-
Liabilities under finance lease agreements	1,014,111	-	(420,278)	593,833
Other short-term borrowing	12,235,690	15,000,000	(15,000,000)	12,235,690
<b>Total</b>	<b>75,347,235</b>	<b>67,355,053</b>	<b>(129,872,765)</b>	<b>12,829,523</b>

4.3 Cash and cash equivalents as at for December 31, consisted of the following:

	2019 Baht	2018 Baht
Cash on hand	520,660	567,665
Cash at banks		
- Current accounts	41,340,403	4,470,648
- Savings accounts	2,836,991	36,632,309
- Fixed accounts (maturity less than 3 months)	99,377	570,683
<b>Total</b>	<b>44,797,431</b>	<b>42,241,305</b>

As at December 31, 2019 and 2018, savings accounts carry interest at the rate of 0.38% to 0.65% per annum and 0.38% to 0.40% per annum, respectively.

As at December 31, 2019 and 2018, fixed deposits at banks (maturity less than 3 months) carry interest at the rate of 0.65% to 1.63% per annum and 0.75% to 1.38% per annum, respectively.

## 5. CURRENT INVESTMENTS

Current investments as at December 31, consisted of the following:

	2019 Baht	2018 Baht
Current investments		
Held-for-trading securities - equity securities	14,739,788	15,216,072
Unrealized loss	(9,366,068)	(11,202,072)
<b>Total</b>	<b>5,373,720</b>	<b>4,014,000</b>

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

As at December 31, 2019 and 2018, the Company has unrealized loss on revaluation of current investments in held-for-trading securities of Baht 9.37 million and Baht 11.20 million, respectively, which changing in unrealized gain on revaluation of current investments in held-for-trading securities are recognized as other income in the statements of profit or loss and other comprehensive income for the year ended December 31, 2019 of Baht 1.84 million and recognized changing in unrealized loss on revaluation of current investments in held-for-trading securities as expense in the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2018 of Baht 3.53 million.

Trading of held-for-trading securities

For the years ended December 31, 2019 and 2018, the Company sold held-for-trading securities of Baht 0.16 million and Baht 0.48 million, respectively.

For the year ended December 31, 2019 and 2018, the Company did not purchase any held-for-trading securities.

**6. TRADE AND OTHER CURRENT RECEIVABLES**

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

	<b>2019 Baht</b>	<b>2018 Baht</b>
Trade receivables		
- Other parties	-	33,036,551
Trade receivables	<u>-</u>	<u>33,036,551</u>
Unbilled construction revenues (see Note 33)	56,617,309	143,436,032
Other current receivables		
Other current receivables		
- Other parties	1,034,463	1,479,169
- Revenue Department	552,251	-
Advance payments for construction	1,519,010	1,697,165
Advance payments	283,335	188,957
Prepaid expenses	922,420	1,807,315
Other current receivables	<u>4,311,479</u>	<u>5,172,606</u>
Total	<u><u>60,928,788</u></u>	<u><u>181,645,189</u></u>

The aging of trade receivables as at December 31, is as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Within credit term	-	33,036,551
Total	<u>-</u>	<u>33,036,551</u>

**7. INVENTORIES**

Inventories as at December 31, consisted of the following:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Work in progress	418,500	155,771
Total	<u>418,500</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 Company still has the allowance for doubtful debt as at December 31, 2018 amounting to Baht 10 million.

Subsequently, on July 25, 2019, the Supreme Court rendered its judgement to reverse the Appeal Court's judgement and ordered the counterparty to pay Baht 10 million with interest from the date of prosecution until payment completion to the Company. On October 2, 2019, the counterparty agreed to make payment totally 3 installments. The Company had already received the first and second payments in October 2019 and the third payment in November 2019 in full amount. Therefore, as at December 31, 2019, the Company separates reversal of allowance for doubtful accounts of Baht 10 million in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019.

## **9. ASSET HELD FOR DISTRIBUTION TO OWNERS**

On August 14, 2018, the Board of Directors' meeting passed a resolution to approve the liquidation 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 received money from liquidation of the subsidiary in February 2019 already.

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 (as at December 31, 2019: Nil), 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. 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 2.3).

## **10. DEPOSITS AT FINANCIAL INSTITUTION WITH RESTRICTION OF USE**

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 38.1).

As at December 31, 2018, deposits at financial institution with restriction of use amounting to Baht 297.31 million are savings deposit and fixed deposits with the maturity of 3 months, carrying interest rate at 0.38% to 1.38% per annum, which the Company used as collateral for facility of letters of guarantee issued by the financial institutions (see Note 38.1).

## 11. INVESTMENTS HELD AS AVAILABLE FOR SALE

Investments held as available for sale as at December 31, consisted of the following:

	<b>2019</b> <b>Baht</b>	<b>2018</b> <b>Baht</b>
Investments held as available for sale		
Equity securities	54,965,867	54,965,867
Unrealized loss	<u>(29,711,427)</u>	<u>(18,905,567)</u>
Total	<u><u>25,254,440</u></u>	<u><u>36,060,300</u></u>

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

As at December 31, 2019 and 2018, the Company has unrealized loss on change in fair value of investments held as available for sale of Baht 29.71 million and Baht 18.91 million, respectively. The Company recognized unrealized loss on change in fair value of investment held as available for sale as other comprehensive loss of Baht 8.25 million in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019, and recognized unrealized loss on change in fair value of investment held as available for sale of Baht 0.22 million as other comprehensive income in the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2018.

The Company recognized reversal of unrealized gain from sales of investments held as available for sale as other comprehensive loss in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019 of Baht 2.55 million, and reversal of unrealized loss from sales of investments held as available for sale as other comprehensive income in the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2018 of Baht 8.17 million.

### Trading of investments held as available for sale

For the years ended December 31, 2019 and 2018, the Company sold available for sale investments of Baht 2.39 million and Baht 18.30 million, respectively.

For the years ended December 31, 2019 and 2018, the Company did not purchase investments held as available for sale.

## 12. INVESTMENT IN JOINT ARRANGEMENT

Investment in joint arrangement as at December 31, is as follows:

Name of joint arrangement	Type of business	Ownership interest (%)		Cost (Baht)	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at 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				<u>(510,000)</u>	<u>(510,000)</u>
Total investment in joint arrangement				<u><u>-</u></u>	<u><u>-</u></u>

The Company did not include the interest in a joint arrangement in Thai Industrial Service and Reaung Narong Joint Venture in preparation and presentation of the financial statements since it is not material to the financial statements (see Note 2.2).



The unaudited financial information of the joint arrangement are summarized as follows:

	<b>Baht</b>
<b>As at December 31, 2019</b>	
Current assets	5,298,700
Non-current assets	3,195,491
Current liabilities	4,185,837
Venturers' equity	4,308,354
<b>For the year ended December 31, 2019</b>	
Revenues	17,007
Expenses	765,393
Loss for the year	748,386

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. As at December 31, 2019, such joint venture is in the liquidation process.

### 13. TRADE AND OTHER NON-CURRENT RECEIVABLES

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

	<b>2019 Baht</b>	<b>2018 Baht</b>
Trade receivables		
- Other parties	157,837,786	147,850,268
<u>Less</u> Allowance for doubtful accounts	<u>(147,850,268)</u>	<u>(147,850,268)</u>
Trade receivables	<u>9,987,518</u>	<u>-</u>
Unbilled construction revenues	39,619,782	39,619,782
<u>Less</u> Allowance for doubtful accounts	<u>(39,619,782)</u>	<u>(39,619,782)</u>
Unbilled construction revenues (see Note 33)	<u>-</u>	<u>-</u>
Other non-current receivables		
Other receivables		
- Related party (see Note 36)	-	435,392
- Other parties	6,314,352	6,646,117
- Other receivable - bank (see Note 40.1)	5,334,318	5,334,318
<u>Less</u> Allowance for doubtful accounts	<u>(6,314,352)</u>	<u>(6,314,352)</u>
Other receivables	<u>5,334,318</u>	<u>6,101,475</u>
Advance payments	-	207,490
Advance payments for construction	2,276,395	3,044,164
Prepaid expenses	-	94,304
Other non-current receivables	<u>7,610,713</u>	<u>9,447,433</u>
Total	<u>17,598,231</u>	<u>9,447,433</u>
Write-off bad debts for the year	<u>932,720</u>	<u>-</u>

The aging of trade receivables as at December 31, are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Overdue		
Over 12 months	157,837,786	147,850,268
Total	<u>157,837,786</u>	<u>147,850,268</u>

For the years ended December 31, the movement of allowance for doubtful accounts are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balances	193,784,402	202,824,854
<u>Add</u> Allowance for doubtful accounts during the year	-	500,000
<u>Less</u> Reversal of doubtful accounts during the year	-	(881,648)
<u>Less</u> Write off doubtful accounts during the year	-	(8,658,804)
Ending balances	<u>193,784,402</u>	<u>193,784,402</u>

#### 14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, consisted of the following:

As at December 31, 2019

	<b>Balances as at</b>	<b>Additions</b>	<b>Deductions/</b>	<b>Balances as at</b>
	<b>December 31,</b>		<b>Disposal</b>	<b>December 31,</b>
	<b>2018</b>			<b>2019</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cost</b>				
Land				
Cost	54,216,326	-	(270,000)	53,946,326
Surplus from land revaluation	14,656,674	4,770,000	(405,000)	19,021,674
Building and leasehold improvement	13,452,050	533,125	(1,308,000)	12,677,175
Machinery and equipment	32,683,683	162,605	(4,480)	32,841,808
Furniture and office equipment	13,774,287	21,043	(1,695,839)	12,099,491
Vehicles	20,304,661	-	(3,312,150)	16,992,511
Total at cost	<u>149,087,681</u>	<u>5,486,773</u>	<u>(6,995,469)</u>	<u>147,578,985</u>
<b>Accumulated depreciation</b>				
Building and leasehold improvement	(9,049,135)	(2,131,985)	1,307,997	(9,873,123)
Machinery and equipment	(26,673,328)	(938,487)	1,487	(27,610,328)
Furniture and office equipment	(11,154,399)	(1,036,399)	1,678,134	(10,512,664)
Vehicles	(19,448,119)	(55,531)	3,312,145	(16,191,505)
Total accumulated depreciation	<u>(66,324,981)</u>	<u>(4,162,402)</u>	<u>6,299,763</u>	<u>(64,187,620)</u>
<b>Total property, plant and equipment</b>	<u>82,762,700</u>			<u>83,391,365</u>

As at December 31, 2018

	<b>Balances as at December 31, 2017 Baht</b>	<b>Additions  Baht</b>	<b>Deductions/ Disposal  Baht</b>	<b>Balances as at December 31, 2018 Baht</b>
<b>Cost</b>				
Land				
Cost	98,555,145	-	(44,338,819)	54,216,326
Surplus from land revaluation	328,377,855	-	(313,721,181)	14,656,674
Building and leasehold improvement	32,608,100	-	(19,156,050)	13,452,050
Machinery and equipment	63,753,155	622,447	(31,691,919)	32,683,683
Furniture and office equipment	16,291,045	124,832	(2,641,590)	13,774,287
Vehicles	21,798,713	40,000	(1,534,052)	20,304,661
Total at cost	<u>561,384,013</u>	<u>787,279</u>	<u>(413,083,611)</u>	<u>149,087,681</u>
<b>Accumulated depreciation</b>				
Building and leasehold improvement	(11,621,178)	(3,561,315)	6,133,358	(9,049,135)
Machinery and equipment	(53,456,706)	(4,288,470)	31,071,848	(26,673,328)
Furniture and office equipment	(12,050,470)	(1,694,448)	2,590,519	(11,154,399)
Vehicles	(20,319,226)	(285,120)	1,156,227	(19,448,119)
Total accumulated depreciation	<u>(97,447,580)</u>	<u>(9,829,353)</u>	<u>40,951,952</u>	<u>(66,324,981)</u>
<b>Total property, plant and equipment</b>	<u>463,936,433</u>			<u>82,762,700</u>
<b>Depreciation for the years ended December 31,</b>				
2019			<b>Baht</b>	<u>4,162,402</u>
2018			<b>Baht</b>	<u>9,829,353</u>

As at December 31, 2019 and 2018, costs of building and equipment which are fully depreciated, but still in use are Baht 48.62 million and Baht 50.20 million, respectively.

In year 2019, the Company revalued its land by using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Market Approach Method according to the appraisal reports dated May 23, 2019 and February 5, 2020.

Vehicles under finance lease agreements, which the Company is a lease as at December 31, consisted of the following:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Cost of assets under finance lease agreements	3,400,000	3,400,000
<u>Less</u> Accumulated depreciation	(3,399,999)	(3,399,999)
Net carrying amount	<u>1</u>	<u>1</u>

## 15. RETENTION RECEIVABLES

Retention receivables as at December 31, consisted of the following:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Retention receivables	128,437,317	140,762,100
<u>Less</u> Allowance for doubtful accounts	(58,037,653)	(58,603,222)
Total	<u>70,399,664</u>	<u>82,158,878</u>

For the years ended December 31, the movement of allowance for doubtful accounts are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Beginning balances	58,603,222	58,684,476
<u>Add</u> Writing-off during the year	(565,569)	(81,254)
Ending balances	<u>58,037,653</u>	<u>58,603,222</u>

## 16. INTANGIBLE ASSETS

Intangible assets as at December 31, consisted of the following:

### As at December 31, 2019

	<b>Balances as at December 31, 2018 Baht</b>	<b>Additions Baht</b>	<b>Deductions/ Disposal Baht</b>	<b>Transfer in/ (Transfer out)</b>	<b>Balances as at December 31, 2019 Baht</b>
<b>Computer program</b>					
Cost	13,810,262	-	(3,472,182)	-	10,338,080
<u>Less</u> Accumulated amortization	(8,632,053)	(1,536,378)	3,472,182	-	(6,696,249)
<b>Total intangible assets</b>	<u>5,178,209</u>				<u>3,641,831</u>

### As at December 31, 2018

	<b>Balances as at December 31, 2017 Baht</b>	<b>Additions Baht</b>	<b>Deductions/ Disposal Baht</b>	<b>Transfer in/ (Transfer out)</b>	<b>Balances as at December 31, 2018 Baht</b>
<b>Computer program</b>					
Cost	9,810,262	-	-	4,000,000	13,810,262
<u>Less</u> Accumulated amortization	(7,586,973)	(1,045,080)	-	-	(8,632,053)
Total	2,223,289				5,178,209
Computer program under installation	1,780,000	2,220,000	-	(4,000,000)	-
<b>Total intangible assets</b>	<u>4,003,289</u>				<u>5,178,209</u>

### Amortization for the years ended December 31,

2019	<b>Baht</b>	<u>1,536,378</u>
2018	<b>Baht</b>	<u>1,045,080</u>

## 17. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, consisted of the following:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Guarantees and deposits	2,927,273	4,018,891
Withholding tax	65,473,501	81,899,342
Total	<u>68,400,774</u>	<u>85,918,233</u>
<u>Less</u> Allowance for doubtful accounts	(1,119,388)	(3,846,374)
Total	<u>67,281,386</u>	<u>82,071,859</u>

**18. TRADE AND OTHER CURRENT PAYABLES**

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

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Trade payables		
- Other parties	108,128,422	103,361,498
Trade payables	<u>108,128,422</u>	<u>103,361,498</u>
Other current payables		
Other current payables		
- Related parties (see Note 36)	-	1,200,000
- Other parties	75,797,585	78,913,514
Accrued expenses	<u>13,390,506</u>	<u>15,399,933</u>
Other current payables	<u>89,188,091</u>	<u>95,513,447</u>
Total	<u><u>197,316,513</u></u>	<u><u>198,874,945</u></u>

**19. LIABILITIES UNDER FINANCE LEASE AGREEMENTS**

Liabilities under finance lease agreements as at December 31, consisted of the following:

<b>Payment periods</b>	<b>The minimum amount to be paid in the future</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Within 1 year	328,164	328,164
1 - 5 years	-	328,164
	<u>328,164</u>	<u>656,328</u>
<u>Less</u> Deferred interest under finance lease agreements	<u>(16,762)</u>	<u>(62,495)</u>
Total	<u><u>311,402</u></u>	<u><u>593,833</u></u>
<b>Payment periods</b>	<b>Present value of the minimum amount to be to be paid in the future</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Within 1 year	311,402	282,431
1 - 5 years	-	311,402
Total	<u><u>311,402</u></u>	<u><u>593,833</u></u>

**20. OTHER SHORT-TERM BORROWING**

As at December 31, 2019 and 2018, other short-term borrowing is a borrowing from the Company's former director amounting of Baht 12.24 million without a written agreement and no collateral, and is repayable at call with the interest rate of minimum loan rate (MLR) or approximately 6.25% per annum.

During the year 2018, the Company has short-term borrowing from the other company of Baht 15 million with the credit facility of Baht 30 million, carrying interest rate at 8.5% per annum, and is payable on a monthly basis. The Company has to make full repayment within January 31, 2019. However, the Company made full repayment on December 27, 2018.

## 21. SHORT-TERM PROVISION

For the years ended December 31, the movements of short-term provision are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Beginning balances as at January 1,	1,472,323	361,281
<u>Add</u> Short-term provision increased in the year	4,320,715	1,472,789
<u>Less</u> Payment during the year	(1,504,203)	(466)
<u>Less</u> Reversal of provision during the year	(560,361)	(361,281)
Ending balances as December 31,	<u>3,728,474</u>	<u>1,472,323</u>

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

22.1 For the years ended December 31, the movements of provision for expected loss on construction contract are as follows:

	<b>Consolidated</b>	<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Beginning balances as at January 1,	28,289,750	192,805,344	28,289,750
<u>Add</u> Provision for expected loss on construction contract increased during the year - recognized as cost of construction contract	164,515,594	-	164,515,594
<u>Less</u> Transfer to provision for warranty (*)	-	(2,469,000)	-
<u>Less</u> Transfer to accrued expenses (**)	-	(4,598,916)	-
<u>Less</u> Reversal from termination of construction contract during the year (see Note 33)	-	(185,737,428)	-
Ending balances as at December 31,	<u>192,805,344</u>	<u>-</u>	<u>192,805,344</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

22.2 For the year ended December 31, the movements of provision for penalty arising from delay are as follows:

	<b>Consolidated</b>	<b>Separate</b>	
	<b>financial statements</b>	<b>financial statement</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Beginning balances as at January 1,	-	23,609,726	-
<u>Add</u> Provision for penalty arising from delay which is recognized as a deduction from revenue from construction contract during the year	23,609,726	-	23,609,726
<u>Less</u> Reversal from termination of construction contract during the year (see Note 33)	-	(3,232,991)	-
<u>Less</u> Payment during the year	-	(20,376,735)	-
Ending balances as at December 31,	<u>23,609,726</u>	<u>-</u>	<u>23,609,726</u>

### 23. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, consisted of the following:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Undue output tax	10,795,427	12,362,386
Others	1,103,041	2,001,120
Total	<u>11,898,468</u>	<u>14,363,506</u>

### 24. INCOME TAX

Deferred tax assets and deferred tax liabilities as at December 31, consisted of the following:

As at December 31, 2019

	<b>Balances as at December 31, 2018 Baht</b>	<b>Realized in profit or loss Baht</b>	<b>Realized in other comprehensive income Baht</b>	<b>Balances as at December 31, 2019 Baht</b>
Deferred tax assets				
Allowance for doubtful accounts	-	-	-	-
Unrealized loss on remeasuring investments held as available for sale	-	-	-	-
Provisions	-	-	-	-
Provisions for employee benefits	-	-	-	-
Share-based payment	-	-	-	-
Total deferred tax assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities				
Gain on revaluation of assets	(2,931,335)	81,000	(954,000)	(3,804,335)
Total deferred tax liabilities	<u>(2,931,335)</u>	<u>81,000</u>	<u>(954,000)</u>	<u>(3,804,335)</u>
Total deferred tax liabilities - net	<u>(2,931,335)</u>			<u>(3,804,335)</u>

As at December 31, 2018

	<b>Balances as at December 31, 2017 Baht</b>	<b>Realized in profit or loss Baht</b>	<b>Realized in other comprehensive income Baht</b>	<b>Balances as at December 31, 2018 Baht</b>
Deferred tax assets				
Allowance for doubtful accounts	52,227,295	(52,227,295)	-	-
Unrealized loss on remeasuring investments held as available for sale	5,371,347	-	(5,371,347)	-
Provisions	5,447,442	(5,447,442)	-	-
Provisions for employee benefits	1,110,547	(1,110,547)	-	-
Share-based payment	1,518,940	(1,518,940)	-	-
Total deferred tax assets	<u>65,675,571</u>	<u>(60,304,224)</u>	<u>(5,371,347)</u>	<u>-</u>
Deferred tax liabilities				
Gain on revaluation of assets	(65,675,571)	62,744,236	-	(2,931,335)
Total deferred tax liabilities	<u>(65,675,571)</u>	<u>62,744,236</u>	<u>-</u>	<u>(2,931,335)</u>
Total deferred tax liabilities - net	<u>-</u>			<u>(2,931,335)</u>

Tax income for the years ended December 31, are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2019 Baht	2018 Baht	2018 Baht
<b>Current income tax</b>				
Current tax expense	-	-	-	-
<b>Deferred tax</b>				
Deferred tax income relating to temporary differences recognized during the years	2,440,012	81,000	2,440,012	2,440,012
<b>Total</b>	<u>2,440,012</u>	<u>81,000</u>	<u>2,440,012</u>	<u>2,440,012</u>

The reconciliation of income tax at application tax rate for the years ended December 31, are as follows:

	Consolidated financial statements		Separate financial statements	
	2018 Baht	2019 Baht	2018 Baht	2018 Baht
Loss before income tax expense	(189,156,293)	(91,088,485)	(189,236,638)	(189,236,638)
Current income tax expense at 20%	(37,831,258)	(18,217,697)	(37,847,327)	(37,847,327)
Effect of tax losses not recognized as deferred tax asset	-	14,776,709	-	-
Utilisation of tax loss carried forward which was not recognized as deferred tax asset	(59,947,747)	-	(59,960,818)	(59,960,818)
Reversal of prior year deferred tax asset	(2,440,012)	-	(2,440,012)	(2,440,012)
Effect of the non-taxable income and non-deductible expense	97,779,005	3,359,988	97,808,145	97,808,145
<b>Income tax income</b>	<u>(2,440,012)</u>	<u>(81,000)</u>	<u>(2,440,012)</u>	<u>(2,440,012)</u>

The Company used tax rate of 20% for the corporate income tax calculation for the years ended December 31, 2019 and 2018 and for deferred tax calculation as at December 31, 2019 and 2018.

Effect from income tax relating to components of other comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

	Consolidated financial statements		
	Before tax Baht	2018 Income tax relating to components of other comprehensive income Baht	Net of tax Baht
<b>Components of other comprehensive income that will be subsequently reclassified to profit or loss</b>			
Losses on remeasuring investments held as available for sale	(215,334)	43,067	(172,267)
Reversal of losses from sale of investments held as available for sale	8,166,504	(1,633,301)	6,533,203
Reversal of deferred tax asset from losses on remeasuring investments held as available for sale	-	(3,781,113)	(3,781,113)
<b>Components of other comprehensive income that will not be subsequently reclassified to profit or loss</b>			
Gain on remeasurements of defined benefit plans	-	-	-
<b>Total</b>	<u>7,951,170</u>	<u>(5,371,347)</u>	<u>2,579,823</u>



	Separate financial statements					
	Before tax	2019 Income tax relating to components of other comprehensive income	Net of tax	Before tax	2018 Income tax relating to components of other comprehensive income	Net of tax
	Baht	Baht	Baht	Baht	Baht	Baht
<b>Components of other comprehensive income that will be subsequently reclassified to profit or loss</b>						
Losses on remeasuring investments held as available for sale	(8,252,578)	-	(8,252,578)	(215,334)	43,067	(172,267)
Reversal of (gains) losses from sale of investments held as available for sale	(2,553,282)	-	(2,553,282)	8,166,504	(1,633,301)	6,533,203
Reversal of deferred tax asset from losses on remeasuring investments held as available for sale	-	-	-	-	(3,781,113)	(3,781,113)
<b>Components of other comprehensive income that will not be subsequently reclassified to profit or loss</b>						
Gain on remeasurements of defined benefit plans	778,675	-	778,675	-	-	-
Gain on revaluation of assets	4,770,000	(954,000)	3,816,000	-	-	-
Total	<u>(5,257,185)</u>	<u>(954,000)</u>	<u>(6,211,185)</u>	<u>7,951,170</u>	<u>(5,371,347)</u>	<u>2,579,823</u>

The Company has not recognized deferred tax assets for unused tax losses because they expect no certain future taxable profit to be utilized. As at December 31, 2019, the Company has unused tax losses carried forward amounting to Baht 206.04 million. Some tax losses will expire in 2021. As at December 31, 2018, the Group and the Company have unused tax losses carried forward amounting to Baht 434.54 million and Baht 434.48 million, respectively. Such tax losses will expire in 2019.

## 25. PROVISIONS FOR EMPLOYEE BENEFITS

The Company established the retirement benefit plan based on the requirement of Thai Labour Protection Act and the employees' retirement policy to the Company which is classified as employee benefit plan without funds.

Movements in the provisions for employee for retirement for the years ended December 31, consisted of the following:

	2019 Baht	2018 Baht
Beginning balances of provisions for employee benefits for retirement	6,663,744	5,552,735
Current service cost	2,174,535	1,613,634
Interest cost	110,994	104,375
Past service costs	1,336,439	-
Benefit paid in the year	-	(607,000)
(Gains) losses on remeasurements of defined benefit plans		
Arising from experience adjustments	(1,550,796)	-
Arising from demographic assumptions	557,142	-
Arising from financial assumptions	214,979	-
	<u>9,507,037</u>	<u>6,663,744</u>

	<b>2019</b> <b>Baht</b>	<b>2018</b> <b>Baht</b>
<u>Less</u> Provision for current liabilities from employee benefit for retirement	(3,647,912)	-
Ending balances of provisions for non-current from employee benefit for retirement	<u>5,859,125</u>	<u>6,663,744</u>

Employee benefit expenses for retirement recognized as expense in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	<b>Consolidated</b> <b>financial statements</b>	<b>Separate</b> <b>financial statements</b>	
	<b>2018</b> <b>Baht</b>	<b>2019</b> <b>Baht</b>	<b>2018</b> <b>Baht</b>
Current service costs	1,613,634	2,174,535	1,613,634
Finance costs	104,375	110,994	104,375
Past service costs	-	1,336,439	-
Total	<u>1,718,009</u>	<u>3,621,968</u>	<u>1,718,009</u>

Principal actuarial assumptions are as follows:

	<b>2019</b>	<b>2018</b>
Discount rate (% per annum)	1.33	1.88
Salary increase rate (% per annum)	5	5
Employee turnover rate	24- 44*	27- 45*
Mortality rate	TMO2017**	TMO2017**

\* Depend on the average age of employees

\*\* Reference from TMO 2017 : Thai Mortality Ordinary Tables 2017

Actuarial assumptions sensitivity analysis which had a positive (negative) impact on provisions for employee benefit as at December 31, 2019 as follows:

	<b>Non-current provisions for employee benefit</b> <b>increased /(decreased)</b> <b>Baht</b>
<b>Discount rate</b>	
Discount rate - decrease by 1%	449,769
Discount rate - increase by 1%	(411,143)
<b>Salary raise rate</b>	
Salary raise rate - decrease by 1%	(389,694)
Salary raise rate - increase by 1%	417,053
<b>Employee turnover rate</b>	
Employee turnover rate - decrease by 1%	219,524
Employee turnover rate - increase by 1%	(469,701)

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

The maturity date analysis of the post-employment benefit payments as at December 31, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Within 1 year	3,647,912	-
Over 1 year to 3 years	2,990,253	5,790,454
Over 3 years	2,868,872	873,290
Total	<u>9,507,037</u>	<u>6,663,744</u>

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 had been announced in the Royal Gazette which will be effective after 30 days from the date announced in the Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Company reflected the effect of such change by recognizing past service cost as an expense for the year ended December 31, 2019 in the statement of profit or loss and other comprehensive income in amount of Baht 1.34 million.

## **26. PROVIDENT FUND**

The Company have established a provident fund which contribution is deducted from employees' monthly salaries and contribution from the Company. This fund has registered as provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

The contribution of the Company was recorded as expense in the statements of profit or loss and other comprehensive income for the year ended December 31, 2019 in amount of Baht 1.73 million and the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2018 in amount of Baht 1.54 million.

## **27. 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.

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.

## 28. DISCOUNT ON ORDINARY SHARES

Section 52 of the Public Limited Company Act B.E. 2535, requires if the Company which has been in operation for not less than one year suffers a loss, it may offer its shares for sale at a price lower than the registered par value, provided; approval is granted at the meeting of shareholders, the fixed discount rate shall be definitely determined and specified in the prospectus.

## 29. WARRANTS

29.1 The Annual General Meeting of Shareholders held on April 25, 2013, had the resolution to 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

Holder 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.

- 29.2 The Extraordinary General Meeting of Shareholders held on September 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 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 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.

- 29.3 The Extraordinary General Meeting of Shareholders held on September 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.

### 30. BASIC LOSSES PER SHARE AND DILUTED LOSSES PER SHARE

#### Basic losses per share

Basic losses per share for the years ended December 31, 2019 and 2018 are calculated by dividing loss for the years by weighted average number of ordinary shares issued during the years.

Basic losses per share calculation for the years ended December 31, are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2019	2018	
	Baht	Baht	Baht	
Loss for the years (Baht)	(186,716,281)	(91,007,485)	(186,796,626)	
Weighted average number of ordinary shares (shares)	10,114,933,553	10,114,938,156	10,114,933,553	
Basic losses per share (Baht)	<u>(0.0185)</u>	<u>(0.0090)</u>	<u>(0.0185)</u>	

#### Diluted losses per share

Diluted losses per share for the years ended December 31, 2019 and 2018 are calculated by dividing the loss for the years of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the years plus 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 year ended December 31, 2019 and 2018 are lower than the exercise price causing the Company to exclude the losses of dilutive potential ordinary share from the calculation of loss per share.

Diluted losses per share calculation for the years ended December 31, are as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
Loss for the years (Baht)	(186,716,281)	(91,007,485)	(186,796,626)
Diluted weighted average number of ordinary share (shares)	10,114,933,553	10,114,938,156	10,114,933,553
Diluted losses per share (Baht)	<u>(0.0185)</u>	<u>(0.0090)</u>	<u>(0.0185)</u>

### 31. LEGAL RESERVE

Pursuant to Section 116 of the Public Limited Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of net profit after deducting accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered shares capital and the reserve is not available for distribution as dividends.

### 32. CAPITAL MANAGEMENT

The purpose of the Company's capital management is to maintain the operating activities continuously for generating compensation for shareholders and benefits for stakeholders.

The Company did not use any financial ratios for maintaining cost level; however, cost are managed to be enough to be used as working capital within the Company.

### 33. SIGNIFICANT INFORMATION OF CONSTRUCTION CONTRACTS

Significant information of construction contracts as at December 31, consisted of the following:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
Contract revenues	1,790,893,747	1,470,871,879	1,790,893,747
Cost incurred to date	1,607,786,160	1,475,637,176	1,607,786,160
Profit (loss) recognized to date	(130,411,058)	24,826,285	(130,411,058)
Cost and profit or loss recognized to date	1,477,375,102	1,500,463,461	1,477,375,102
<u>Less</u> Progress billings to date	(1,342,695,824)	(1,339,805,660)	(1,342,695,824)
Reversal of unbilled construction revenues	-	(104,040,492)	-
Unbilled construction revenues	(143,436,032)	(56,617,309)	(143,436,032)
Unearned construction revenues	(8,756,754)	-	(8,756,754)
<u>Add</u> Advance from customer under construction contract	-	(19,501,700)	-
Total unearned construction revenues and advance from customer under construction contract	<u>(8,756,754)</u>	<u>(19,501,700)</u>	<u>(8,756,754)</u>
Cost of construction contracts incurred during the year	818,597,125	288,803,219	818,597,125
Expected loss on construction contracts	(164,515,594)	-	(164,515,594)
Cost of construction contracts incurred recognized as expense during the year	(653,925,760)	(288,384,719)	(653,925,760)
Cost of construction contracts related to activities in the future which recognized as asset	<u>155,771</u>	<u>418,500</u>	<u>155,771</u>

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Unbilled construction revenues at the beginning of the year	91,270,070	143,436,032	91,270,070	
Unearned construction revenues at the beginning of the year	(9,113,376)	(8,756,754)	(9,113,376)	
Revenues from construction contracts recognized as revenues during the year	666,579,644	299,179,447	666,579,644	
Progress billings during the year	(614,057,060)	(273,200,924)	(614,057,060)	
Reversal of unbilled construction revenues	-	(104,040,492)	-	
Unearned construction revenues at the ending of year	8,756,754	-	8,756,754	
Unbilled construction revenues	<u>143,436,032</u>	<u>56,617,309</u>	<u>143,436,032</u>	

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Revenues from construction contracts recognized as revenues during the year	666,579,644	299,179,447	666,579,644	
Expected loss on construction contracts	(164,515,594)	-	(164,515,594)	
Cost of construction contracts incurred recognized as expense during the year	(653,925,760)	(288,384,719)	(653,925,760)	
Profit (loss) recognized during the year	<u>(151,861,710)</u>	<u>10,794,728</u>	<u>(151,861,710)</u>	

On March 22, 2019, the company which was the counter party of the contract with the Company agreed to terminate the construction contract. The Company then 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 22.1) and reversed provision for penalty arising from delay of Baht 3.23 million (see Note 22.2). 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 year ended December 31, 2019 (for the year ended December 31, 2018 : Nil).

### 34. OTHER INCOME

Other income for the years ended December 31, are as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Interest income	550,210	1,581,602	547,112	
Gain on sales asset	52,179,152	2,423,118	52,179,152	
Revenue from sales scrap	10,233,532	3,459,554	10,233,532	
Gain on sales of investments held as available for sale	-	2,392,355	-	
Unrealized gain on revaluation of current investment	-	1,836,004	-	
Other	5,490,553	10,413,255	5,490,553	
Total	<u>68,453,447</u>	<u>22,105,888</u>	<u>68,450,349</u>	



### 35. EXPENSES BY NATURE

Expenses by nature for the years ended December 31, consisted of the following items:

	<b>Consolidated financial statement</b>	<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
Construction materials	158,879,876	78,734,932	158,879,876
Subcontractor	334,057,554	137,505,163	334,057,554
Employee and workers benefits expenses	174,432,844	107,651,641	174,432,844
Depreciation and amortization	10,874,433	5,698,780	10,874,433
Professional and service fees	14,435,343	9,075,181	14,435,343
Doubtful accounts	500,000	-	500,000
Reversal of allowance for doubtful accounts	(962,902)	(12,358,448)	(962,902)
Provision for loss on litigations	3,251,309	100,553,036	3,251,309
Reversal of provision for loss on litigations	(21,854,500)	-	(21,854,500)
Bank fees	963,737	2,404,473	963,737
Transportation expenses	2,599,609	1,890,451	2,599,609
Insurance premium	455,306	314,344	455,306
Other fees	6,703,999	5,632,660	6,703,999
Rental	30,252,691	18,743,064	30,252,691
Directors remuneration	2,822,000	1,935,000	2,822,000
Utilities expenses	9,553,613	4,267,412	9,553,613
Repair and maintenance expenses	1,133,805	495,149	1,133,805
Advertising expenses	451,053	60,694	451,053
Entertainment expenses	1,320,271	966,663	1,320,271

### 36. 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 consolidated and separate 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 December 31, are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Other non-current receivables (see Note 13)		
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	-	435,392
Other current payables (see Note 18)		
Joint Venture between Thai Industrial & Engineering Service Plc. and Reaungnarong Co., Ltd.	-	1,200,000

## Directors and key management personnel's compensation

Directors and key management personnel's compensation for the years ended December 31, are as follows:

	<b>Consolidated financial statement</b>	<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2019 Baht</b>	<b>2018 Baht</b>
Short-term benefits	14,861,300	10,822,800	14,861,300
Post-employee benefits	1,777,971	157,349	1,777,971
Directors remuneration	2,822,000	1,935,000	2,822,000
Total directors and key management's compensation	<u>19,461,271</u>	<u>12,915,149</u>	<u>19,461,271</u>

## Relationships

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

## 37. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

### 37.1 Credit risk

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company.

As at December 31, 2019 and 2018, the Company may have credit concentration risk because 88% and 76% of trade receivables represent trade receivables with 3 major clients and 3 major clients, respectively. To mitigate credit risks, the management has established the credit risk policy and has reviewed impact arising from credit risk on a regularly basis. The Company enters into a contract with the project owners with strict terms of payments of receivables of each project. In addition, the Company evaluates the financial viability of potential clients prior to accepting projects.

The managements believes that the maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful accounts as stated in the statement of financial position.

### 37.2 Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to have an effect on the operation of the Company in the current reporting period and in future years. In case the interest rate is higher, it will have an impact to the Company's operation since most of the Company's borrowings bear the floating interest rates. However, as at December 31, 2019 and 2018, the Company does not have any interest rate risk because the Company has only short-term borrowing which was sued (see Note 40.4).

37.3 Exchange rate risk

There is no exchange rate risk from foreign exchange rate because the Company has no outstanding assets and liabilities balance dominated in foreign currency.

37.4 Liquidity risk

As at December 31, 2019 and 2018, the Company has liquidity risk because the Company's total current assets are lower than total current liabilities. However, the Company monitors its liquidity risk by maintaining its working capital sufficient for the Company's operation and to mitigate the effects of fluctuations in cash flows. In addition, the Company has future operation plans to ensure that the Company will have continuing cash inflow from its operation sufficiently. In addition, on February 27, 2020 and the Extraordinary Shareholders' Meeting No. 1/2020 passed a special resolution to increase the registered capital from Baht 10,114,938,156 to Baht 12,826,431,971 by issuing 2,711,493,815 new ordinary shares with the par value of Baht 1 each (see Note 41) resulting in sufficient liquidity for continuing its operations at least 12 months from December 31, 2019.

37.5 Fair value of financial instruments

For the fair value disclosures, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein are not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair value of financial instruments.

**Financial assets and financial liabilities measured at fair value**

Investments held as available for sale investments - equity securities and held-for-trading investments - equity securities have fair value equal 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.

**Financial assets and financial liabilities not measured at fair value**

Cash and cash equivalents, trade and other current receivables, trade and other non-current receivables, unbilled revenue, asset held for distribution to owners, deposits at financial institution with restriction of use, deposit for business acquisition, retention receivables, bank overdraft, trade and other current payables, current retention payables, non-current retention payables, unearned construction revenue and other current liabilities has approximated fair value equal to carrying amount. The fair value measurement is based on fair value hierarchy level 3 using net present value of expected cash inflow or cash outflow.

Other borrowing with the floating interest rate and liabilities under finance lease agreement approximated fair value equal to carrying amount. The fair value measurement is based on fair value hierarchy level 3 using net present value of expected cash inflow or cash outflow.

**Non-financial assets measured at fair value**

Land has fair value equal to its carrying amount which is measured using fair value hierarchy level 3 using value appraised by the independent appraiser licensed by the Securities and Exchange Commission which is determined by using the Market Approach method.

**38. COMMITMENTS AND CONTINGENT LIABILITIES**

The Company has commitments and contingent liabilities as follows:

38.1 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 10).

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 10).

38.2 As at December 31, 2018, the Company had postdated cheque of Baht 11.80 million which was pledged as collateral for a construction contract. (As at December 31, 2019: Nil)

38.3 Commitments for payments under the office rental and service agreement in the future as at December 31, are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Within 1 year	9,573,237	9,496,478
Later than 1 year but not later than 5 years	369,988	846,777

Rental under the lease agreements recognized as expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2019 in amount of Baht 10.10 million and the consolidated and separate statements of profit or loss and other comprehensive income for the year ended December 31, 2018 in amount of Baht 11.01 million.

38.4 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 December 31, 2019, the Company was on process to negotiate with such company which the result of negotiation has not yet acknowledged at this time. The Company's management believes that there is no material impact to the financial statements.

### **39. OPERATING SEGMENT INFORMATION**

Operating segment information is reported to comply with the internal report that is prepared for decision in the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

#### **Business segment**

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

#### **Geographical segment**

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

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

The Company has revenues from construction contracts with external customers over 10% of the Company's total revenue. For the years ended December 31, 2019 and 2018, the Company had revenue from construction contracts from 2 major customers amounting to Baht 247.75 million and from 3 major customers amounting to Baht 508.74 million, respectively.

### **40. LITIGATIONS**

40.1 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 net of Baht 43.69 million with interest since the date of prosecution until payment completion after deducted 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 December 31, 2019 and 2018 amount 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 13) 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 judgement to dismiss the case. In October 2019, the Company is currently requesting the court to issue an execution warrant and the bank appealed such case to the court. Subsequently, the Company submitted the appeal amendment on February 21, 2020.

- 40.2 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, 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. And 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 which under consideration the dispute. 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. In October 2019, the dispute is currently being considered by the arbitrator.

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 and paid such amount by deposit at financial institution with restriction of use (see Note 10) at the same date. The Company recorded additional provision for losses on litigations amount of Baht 94.83 million in the financial statements for the year ended

December 31, 2019. As a result, provisions for losses on litigation as at December 31, 2019 is Baht 139.24 million.

- 40.3 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 court rendered its judgement to order the Company to make payment to sub-contractors and return letter of guarantee. The Company recorded provisions for losses on litigations as at December 31, 2018 amount of Baht 3.25 million.

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. The case is currently being considered by the Appeal Court. The Court appointed hearing judgement on May 26, 2020, resulting in provision for loss on litigations as at 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.

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

40.4.1 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. As at December 31, 2019, 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.

40.4.2 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 as at December 31, 2019 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.

Accordingly, the Company recorded provisions for losses on litigations (see Notes 40.1, 40.2, 40.3 and 40.4.2) as at December 31, 2019 and 2018, totaling Baht 177.82 million and Baht 78.46 million, respectively.

#### **41. EVENTS AFTER THE REPORTING PERIOD**

On February 27, 2020, the Extraordinary Shareholders' Meeting No. 1/2020 passed a special resolution as follows:

- 41.1 To approve the reduction of the Company's registered share capital from Baht 10,545,938,156 to Baht 10,114,938,156 by cancelling unsold or unissued registered shares of 431,000,000 shares with par value of Baht 1 per share.
- 41.2 To approve the increase of the Company's registered share capital from Baht 10,114,938,156 to Baht 12,826,431,971 by issuing 2,711,493,815 new ordinary shares with par value of Baht 1 per share. The allotment of new ordinary shares are as follows:
  - 41.2.1 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 per share, totally Baht 30.34 million with the ratio of 10 existing ordinary shares to 1 increased ordinary share. The existing shareholders may subscribe new ordinary shares in excess of their entitlements.
  - 41.2.2 The shareholders passed a solution to approve the allocation of increased ordinary shares of 1,700,000 shares by way of private placement to non-related person of the Company in the amount of Baht 51.00 million with par value of Baht 0.03 per share.

#### **42. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved for issuance by the Company's Board of Directors on February 28, 2020.