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TEAM Consulting Engineering and Management Public  
Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

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## **Independent Auditor's Report**

To the Shareholders of TEAM Consulting Engineering and Management Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TEAM Consulting Engineering and Management Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries and of TEAM Consulting Engineering and Management Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Key Audit Matters**

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



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I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter are described below.

#### *Recognition of revenue from service income*

The Company and its subsidiaries disclosed their policies on recognition of revenue from service income, estimation of project costs and provision for losses on projects in Note 4 and Note 5 to the financial statements. I identified the recognition of revenue from service income and the estimates of possible losses from service contracts to be areas of significant risk in audit. This is because the amount of revenue from service income that the Company and its subsidiaries recognise in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition and the estimates of possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion of project, the probability of loss, and the measurement of possible losses. There are therefore risks with respect to the amount and timing of the recognition of revenue from service income and the estimates of possible losses from service contracts.

I examined the recognition of revenue from service income and the provision for losses on projects by assessing and testing the effectiveness of the internal controls put in place by the Company and its subsidiaries over the procurement process, the estimation of project costs and revisions thereto, the recognition of revenue and the estimation of percentage of work completion and possible losses from projects by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also read the service contracts to consider the conditions relating to revenue recognition, made enquiry of responsible executives, gained an understanding of the Company's and its subsidiaries' process to assess the percentage of completion and cost estimates for projects, checked estimates of project costs to the project budgets. I checked actual costs against supporting documents, tested the calculation of the percentage of completion based on actual projects costs incurred, performed analytical procedures on gross margins of projects and compared the percentage of completion as evaluated by the project engineer to the percentage of completion based on actual projects costs incurred. In addition, I evaluated the possible losses on projects assessed by the management through an analysis of the ratio of actual cost incurred against cost estimates for projects for each significant cost component.



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## **Other Information**

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

*Chatchai Kasemsrithanawat*

Chatchai Kasemsrithanawat

Certified Public Accountant (Thailand) No. 5813

EY Office Limited

Bangkok: 20 February 2019

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2018	2017	2018	2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	246,026,076	99,656,298	109,991,073	25,247,439
Current investments		943,189	775,715	709,509	544,110
Trade and other receivables	8	473,203,307	329,823,326	361,823,412	242,616,259
Unbilled receivables	9	555,345,258	345,716,365	403,264,595	239,817,090
Short-term loans to related parties	6	-	-	47,900,000	9,000,000
Other current assets	10	53,252,667	55,090,824	28,060,926	28,337,356
<b>Total current assets</b>		<b>1,328,770,497</b>	<b>831,062,528</b>	<b>951,749,515</b>	<b>545,562,254</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	60,230,000	53,437,546	46,160,000	41,660,000
Investments in subsidiaries	12	-	-	113,704,940	113,704,940
Investment in associated company	13	3,276,006	3,014,593	-	-
Other long-term investments		-	118,460	-	118,460
Investment properties	14	1,260,023	1,276,312	5,672,081	5,843,057
Property, plant and equipment	15	195,078,818	209,871,561	170,760,420	183,766,708
Intangible assets - computer software	16	66,783,393	66,128,012	57,020,848	58,387,345
Deferred tax assets	25	40,126,884	35,643,880	28,069,436	27,817,571
Retention receivable as per contract	9	113,923,370	101,364,148	67,716,377	56,004,383
Other non-current assets		18,519,568	3,222,613	12,933,551	531,603
<b>Total non-current assets</b>		<b>499,198,062</b>	<b>474,077,125</b>	<b>502,037,653</b>	<b>487,834,067</b>
<b>Total assets</b>		<b>1,827,968,559</b>	<b>1,305,139,653</b>	<b>1,453,787,168</b>	<b>1,033,396,321</b>

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	17	4,623,582	80,463,932	-	61,903,788
Trade and other payables	18	212,803,296	230,126,719	164,502,711	185,562,642
Short-term loan from related party	6	-	-	-	25,000,000
Current portion of liabilities under hire purchase and finance lease agreements					
	20	14,755,403	17,854,132	11,564,887	13,603,372
Service income received in advance and advances received from employers					
	9	403,245,864	246,432,103	252,033,936	152,941,286
Income tax payable		6,382,572	4,352,216	-	-
Other current liabilities	19	51,174,815	40,291,579	31,766,632	22,639,119
<b>Total current liabilities</b>		<b>692,985,532</b>	<b>619,520,681</b>	<b>459,868,166</b>	<b>461,650,207</b>
<b>Non-current liabilities</b>					
Liabilities under hire purchase and finance lease agreements - net of current portion					
	20	19,958,495	33,805,637	13,769,234	25,334,909
Provision for long-term employee benefits	21	187,773,639	179,798,958	139,084,242	138,191,681
<b>Total non-current liabilities</b>		<b>207,732,134</b>	<b>213,604,595</b>	<b>152,853,476</b>	<b>163,526,590</b>
<b>Total liabilities</b>		<b>900,717,666</b>	<b>833,125,276</b>	<b>612,721,642</b>	<b>625,176,797</b>

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



TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Shareholders' equity</b>					
Share capital					
Registered					
680,000,000 ordinary shares of Baht 0.5 each	22	340,000,000	250,000,000	340,000,000	250,000,000
(31 December 2017: 2,500,000 ordinary shares of Baht 100 each)					
Issued and fully paid					
680,000,000 ordinary shares of Baht 0.5 each		340,000,000	250,000,000	340,000,000	250,000,000
(31 December 2017: 2,500,000 ordinary shares of Baht 100 each)					
Share premium	22	424,317,995	94,735,200	424,317,995	94,735,200
Capital reserve for share-based payment transactions		14,927,869	14,927,869	5,067,714	5,067,714
Deficit from the change in the ownership interests in subsidiaries		(22,215,349)	(22,215,349)	-	-
Deficit from the reorganisation of business of group under common control		(22,547,939)	(22,547,939)	-	-
Retained earnings					
Appropriated - statutory reserve	23	5,800,000	1,200,000	5,800,000	1,200,000
Unappropriated		181,004,702	149,711,469	65,879,817	57,216,610
Equity attributable to owners of the Company		921,287,278	465,811,250	841,065,526	408,219,524
Non-controlling interests of the subsidiaries		5,963,615	6,203,127	-	-
<b>Total shareholders' equity</b>		<b>927,250,893</b>	<b>472,014,377</b>	<b>841,065,526</b>	<b>408,219,524</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,827,968,559</b>	<b>1,305,139,653</b>	<b>1,453,787,168</b>	<b>1,033,396,321</b>

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

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Director

( )

Director

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Service income		1,654,244,231	1,590,190,150	1,060,320,328	1,118,654,040
Other income					
Interest income		1,550,708	1,009,655	2,425,674	1,885,194
Dividend income	12	-	-	57,998,390	38,698,561
Gain on sales of investment properties and equipment		116,219	7,907,225	108,430	2,138,015
Others		10,600,599	7,383,081	44,248,072	36,318,606
<b>Total revenues</b>		<b>1,666,511,757</b>	<b>1,606,490,111</b>	<b>1,165,100,894</b>	<b>1,197,694,416</b>
<b>Expenses</b>					
Cost of service		1,107,114,802	1,033,932,270	717,408,837	747,242,103
Administrative expenses		418,032,849	447,541,905	343,759,928	374,005,936
<b>Total expenses</b>		<b>1,525,147,651</b>	<b>1,481,474,175</b>	<b>1,061,168,765</b>	<b>1,121,248,039</b>
<b>Profit before share of profit from investment</b>					
in associated company, finance cost and income tax expenses		141,364,106	125,015,936	103,932,129	76,446,377
Share of profit from investment in associated company	13	1,161,353	1,472,151	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>142,525,459</b>	<b>126,488,087</b>	<b>103,932,129</b>	<b>76,446,377</b>
Finance cost		(4,409,361)	(4,236,222)	(4,434,515)	(3,807,322)
<b>Profit before income tax expenses</b>		<b>138,116,098</b>	<b>122,251,865</b>	<b>99,497,614</b>	<b>72,639,055</b>
Income tax expenses	25	(24,557,669)	(23,555,274)	(8,365,855)	(7,565,349)
<b>Profit for the year</b>		<b>113,558,429</b>	<b>98,696,591</b>	<b>91,131,759</b>	<b>65,073,706</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		10,859,402	(5,031,525)	10,631,448	(9,679,178)
<b>Other comprehensive income for the year</b>		<b>10,859,402</b>	<b>(5,031,525)</b>	<b>10,631,448</b>	<b>(9,679,178)</b>
<b>Total comprehensive income for the year</b>		<b>124,417,831</b>	<b>93,665,066</b>	<b>101,763,207</b>	<b>55,394,528</b>

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit attributable to:</b>					
Equity holders of the Company		113,533,831	98,681,677	91,131,759	65,073,706
Non-controlling interests of the subsidiaries		24,598	14,914		
		<u>113,558,429</u>	<u>98,696,591</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		124,393,233	93,650,152	101,763,207	55,394,528
Non-controlling interests of the subsidiaries		24,598	14,914		
		<u>124,417,831</u>	<u>93,665,066</u>		
			(Restated)		(Restated)
<b>Basic earnings per share</b>					
Basic earnings per share	26				
Profit attributable to equity holders of the Company		<u>0.19</u>	<u>0.23</u>	<u>0.16</u>	<u>0.15</u>
Weighted average number of ordinary shares (shares)		<u>586,794,521</u>	<u>431,461,633</u>	<u>586,794,521</u>	<u>431,461,633</u>

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
Note	Issued and fully paid share capital	Share premium	Capital reserve for share-based payment transactions	Deficit from the change in the ownership interests in subsidiaries		Retained earnings - Appropriated - statutory reserve	Unappropriated earnings	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				in subsidiaries	group under common control					
	166,052,000	94,735,200	14,927,869	(22,204,998)	(22,547,939)	1,200,000	56,081,317	286,223,449	1,399,650	289,623,099
	-	-	-	-	-	-	98,681,677	98,681,677	14,914	98,696,591
	-	-	-	-	-	-	(5,031,525)	(5,031,525)	-	(5,031,525)
	-	-	-	-	-	-	93,650,152	93,650,152	14,914	93,665,066
	-	-	-	(10,351)	-	-	-	(10,351)	(344,929)	(355,280)
22	83,948,000	-	-	-	-	-	-	83,948,000	-	83,948,000
12	-	-	-	-	-	-	-	-	5,250,000	5,250,000
	-	-	-	-	-	-	-	-	(116,508)	(116,508)
	250,000,000	94,735,200	14,927,869	(22,215,349)	(22,547,939)	1,200,000	149,711,469	465,811,250	6,203,127	472,014,377

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

TEAM Consulting Engineering and Management Public Company Limited and Its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Issued and fully paid share capital	Share premium	Capital reserve for share-based payment transactions	Deficit from the change in the ownership interests in subsidiaries	Deficit from the reorganisation of business of group under common control	Retained earnings - Appropriated - statutory reserve	Unappropriated earnings	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Note										
	250,000,000	94,735,200	14,927,869	(22,215,349)	(22,547,939)	1,200,000	149,711,469	485,811,250	6,203,127	472,014,377
Balance as at 1 January 2018										
	-	-	-	-	-	-	113,533,831	113,533,831	24,598	113,558,429
Profit for the year										
	-	-	-	-	-	-	10,859,402	10,859,402	-	10,859,402
Other comprehensive income for the year										
	-	-	-	-	-	-	124,393,233	124,393,233	24,598	124,417,831
Total comprehensive income for the year										
	90,000,000	328,582,795	-	-	-	-	-	419,582,795	-	419,582,795
Increase share capital										
Transfer unappropriated retained earnings to statutory reserve						4,600,000	(4,600,000)	-	-	-
Dividend paid						-	(88,500,000)	(88,500,000)	-	(88,500,000)
Dividend paid to non-controlling interests of the subsidiaries						-	-	-	(264,110)	(264,110)
Balance as at 31 December 2018	340,000,000	424,317,995	14,927,869	(22,215,349)	(22,547,939)	5,800,000	181,004,702	921,287,278	5,963,615	927,250,893

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						Total shareholders' equity
	Issued and fully paid share capital	Share premium	Capital reserve for share-based payment transactions		Retained earnings		
			Share premium	Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	
Note	Issued and fully paid share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity	
	166,052,000	94,735,200	5,067,714	1,200,000	1,822,082	268,876,996	
Balance as at 1 January 2017	-	-	-	-	65,073,706	65,073,706	
Profit for the year	-	-	-	-	(9,679,178)	(9,679,178)	
Other comprehensive income for the year	-	-	-	-	55,394,528	55,394,528	
Total comprehensive income for the year	83,948,000	-	-	-	-	83,948,000	
Increase share capital	250,000,000	94,735,200	5,067,714	1,200,000	57,216,610	408,219,524	
Balance as at 31 December 2017	250,000,000	94,735,200	5,067,714	1,200,000	57,216,610	408,219,524	
	250,000,000	94,735,200	5,067,714	1,200,000	57,216,610	408,219,524	
Balance as at 1 January 2018	-	-	-	-	91,131,759	91,131,759	
Profit for the year	-	-	-	-	10,631,448	10,631,448	
Other comprehensive income for the year	-	-	-	-	101,763,207	101,763,207	
Total comprehensive income for the year	90,000,000	329,582,795	-	-	-	419,582,795	
Increase share capital	-	-	-	4,600,000	(4,600,000)	-	
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	(88,500,000)	(88,500,000)	
Dividend paid	340,000,000	424,317,995	5,067,714	5,800,000	65,879,817	841,065,526	
Balance as at 31 December 2018	340,000,000	424,317,995	5,067,714	5,800,000	65,879,817	841,065,526	

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before income tax	138,116,098	122,251,865	99,497,614	72,639,055
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	39,640,726	39,038,249	31,948,331	31,267,135
Allowance for doubtful accounts	2,842,774	2,234,945	4,145,051	2,425,515
Share of profit from investment in associated company	(1,161,353)	(1,472,151)	-	-
Allowance for impairment of investments in subsidiary	-	-	-	3,500,000
Dividend income from subsidiaries	-	-	(57,998,390)	(38,698,561)
Gain on sales of other long-term investments	(23,692)	-	(23,692)	-
Gain on sales of investment properties	-	(7,830,269)	-	(2,049,473)
Loss (gains) on sales/ written-off of equipment	(63,517)	185,419	(108,430)	(88,542)
Written-off withholding tax deducted at source	197,279	-	197,279	-
Unrealised exchange losses (gains)	(120,416)	1,168,913	(249,066)	713,026
Allowance for projects loss (reversal)	(183,088)	392,644	366,763	(1,723,870)
Increase in provision for long-term employee benefits	30,865,053	26,468,070	22,054,291	17,245,288
Interest income	(1,550,708)	(1,009,655)	(2,425,674)	(1,885,194)
Interest expenses	4,409,361	4,236,222	4,434,515	3,807,322
Profit from operating activities before changes in operating assets and liabilities	212,968,517	185,664,252	101,838,592	87,151,701
Operating assets (increase) decrease				
Trade and other receivables	(146,084,978)	9,871,642	(123,080,789)	49,267,641
Unbilled receivables	(209,628,893)	(64,822,659)	(163,447,505)	(84,847,775)
Work in process	657,430	15,952,619	-	12,346,588
Other current assets	784,957	2,300,523	(1,076,150)	756,745
Retention receivable as per contract	(12,675,317)	2,583,297	(11,828,089)	3,747,016
Other non-current assets	(1,186,735)	121,589	(213,089)	298,027
Operating liabilities increase (decrease)				
Trade and other payables	(25,294,406)	(62,535,505)	(29,087,723)	(36,625,211)
Advances received from employers and services income received in advance	156,813,761	(163,572,934)	99,092,650	(190,318,685)
Other current liabilities	9,672,260	(756,564)	8,179,038	(739,601)
Provision for long-term employee benefits	(9,316,120)	(15,997,000)	(7,872,420)	(14,244,600)
Cash flows used in operating activities	(23,289,524)	(91,190,740)	(127,495,485)	(173,208,154)
Cash received from interest income	1,496,769	1,144,139	2,414,928	1,918,748
Cash paid for interest expenses	(4,409,361)	(4,236,222)	(4,434,515)	(3,807,322)
Cash paid for income tax	(38,685,838)	(38,997,324)	(17,358,081)	(20,009,571)
<b>Net cash flows used in operating activities</b>	<b>(64,887,954)</b>	<b>(133,280,147)</b>	<b>(146,873,153)</b>	<b>(195,106,299)</b>

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

TEAM Consulting Engineering and Management Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	(167,474)	372,419	(165,399)	375,758
Decrease (increase) in restricted bank deposits	(6,792,454)	47,969	(4,500,000)	-
Decrease (increase) in short-term loans to related parties	-	-	(38,900,000)	12,500,000
Dividend received from subsidiaries	-	-	57,998,390	38,698,561
Cash paid for acquisitions of investment in subsidiary	-	-	-	(4,500,000)
Cash received from sales of investment in subsidiaries	-	920	-	920
Dividend received from investment in associated company	899,940	449,970	-	-
Cash received from sales of other investments	142,152	-	142,152	-
Cash paid for acquisitions of plant and equipment	(11,779,648)	(14,539,995)	(8,517,923)	(16,646,645)
Cash paid for acquisitions of intangible assets - computer software	(5,178,808)	(25,100,465)	(1,822,260)	(23,443,741)
Cash received from sales of investment properties	-	15,300,000	-	2,150,000
Cash received from sales of equipment	749,199	303,268	689,399	299,803
<b>Net cash flows from (used in) investing activities</b>	<b>(22,127,093)</b>	<b>(23,165,914)</b>	<b>4,924,359</b>	<b>9,434,656</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(75,840,350)	62,308,495	(61,903,788)	61,903,788
Increase (decrease) in short-term loans from related parties	-	-	(25,000,000)	25,000,000
Cash paid under hire purchase and finance lease agreements	(17,846,229)	(19,121,700)	(13,472,910)	(14,370,405)
Acquisition of non-controlling interests	-	(356,200)	-	(356,200)
Dividend paid	(88,498,282)	(119,557,440)	(88,498,282)	(119,557,440)
Dividend paid to non-controlling interests of the subsidiaries	(1,609)	(1,440)	-	-
Cash receipt from issuing preference share	-	5,250,000	-	-
Cash paid for direct cost related to the share offering	(20,021,506)	-	(20,021,506)	-
Cash receipt from increase in share capital	435,600,000	83,948,000	435,600,000	83,948,000
<b>Net cash flows from financing activities</b>	<b>233,392,024</b>	<b>12,469,715</b>	<b>226,703,514</b>	<b>36,567,743</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>(7,199)</b>	<b>(309,647)</b>	<b>(11,086)</b>	<b>(8,053)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>146,369,778</b>	<b>(144,285,993)</b>	<b>84,743,634</b>	<b>(149,111,953)</b>
Cash and cash equivalents at the beginning of year	99,656,298	243,942,291	25,247,439	174,359,392
<b>Cash and cash equivalents at the end of year</b>	<b>246,026,076</b>	<b>99,656,298</b>	<b>109,991,073</b>	<b>25,247,439</b>

**Supplemental cash flow information:**

Non-cash transactions

Accounts payable from purchase of plant and equipment and intangible assets	9,823,658	1,509,715	8,262,031	485,426
Purchases of equipment and vehicles under hire-purchase and finance lease agreements	1,031,608	22,496,381	-	18,379,512
Dividend payable	379,287	115,068	1,718	-

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



**TEAM Consulting Engineering and Management Public Company Limited  
and its subsidiaries**

**Notes to consolidated financial statements**

**For the year ended 31 December 2018**

**1. General information**

TEAM Consulting Engineering and Management Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Five major shareholders are as follows: Dr. Prasert Patramai, Mr. Peerawat Premchun, Dr. Thanasarn Khuayjarernpanishk, Mr. Amnat Prommasutra and Mr. Chawalit Chantararat. The Company is principally engaged in the integrated engineering, environment, management consultancy services and preparation of Environmental Impact Assessment Reports (EIA). The registered office of the Company is at No. 151, TEAM Building, Nuan Chan Road, Nuan Chan, Bueng Kum, Bangkok.

On 12 March 2018, a meeting of the Company’s Annual General Meeting of the shareholders passed a resolution to transform the limited company to public limited company under the public company law. The Company has registered and changed its name from “TEAM Consulting Engineering and Management Company Limited” to “TEAM Consulting Engineering and Management Public Company Limited” with the Ministry of Commerce on 20 March 2018.

The Stock Exchange of Thailand (“SET”) has approved the listing of the Company’s ordinary shares as securities to be traded on the SET, effective from 12 July 2018.

**2. Basis of preparation**

**2.1** The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TEAM Consulting Engineering and Management Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			Percent	Percent
ATT Consultants Company Limited	Consulting services in the fields of power, energy, oil, gas and petroleum as well as related industries including port and utilities	Thailand	100.00	100.00
Geotechnical & Foundation Engineering Company Limited	Consulting services in the fields of geotechnical engineering, foundation, and underground structure	Thailand	100.00	100.00
Management Solutions International Ltd.	A full range of consulting services in the areas of strategic management, finance and investment, accounting, marketing, project management and project development	Thailand	100.00	100.00
SQ Architects and Planners Company Limited	Planning and design of building architecture, interior design, landscape architecture, and urban development	Thailand	100.00	100.00
TEAM Construction Management Company Limited	Consulting services in construction management and construction supervision for various types of buildings	Thailand	100.00	100.00
TEAM Consulting International Company Limited	A full range of consulting services in various fields of engineering, environmental management, and related businesses internationally especially in ASEAN	Thailand	100.00	100.00
TLT Consultants Company Limited	Environmental management services including Environmental Impact Assessment (EIA)	Thailand	48.77	48.77

Company	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
TEAM Quality Management Company Limited	Consulting services in the fields of energy engineering including energy conservation, energy utilisation, energy management system, energy measurement, energy utilisation inspection and analysis for government and private sectors	Thailand	83.75	83.75
TWI Consultants Company Limited	A full range of consulting services in the areas of water resources and public utility system engineering	Thailand	93.73	93.73
LTEAM Sole Company Limited	Consulting services in the fields of engineering, environment, and related businesses in Lao PDR	The Lao People's Democratic Republic	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The financial statements of TLT Consultants Company Limited is included in the consolidated financial statements even though the Company's shareholding is 48.77 percent. This is because the Company has voting rights that is more than half of shares and voting rights over of such company, therefore regarded as subsidiary.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The difference between the net proceeds paid or received from the change in the percentage of shareholding in the Company's subsidiaries and the interest of the non-controlling interests of the subsidiaries in the net book value of the subsidiaries as of the date of such change it is included in the consolidated statement of changes in shareholders' equity under caption of "Deficit from the change in the ownership interests in subsidiaries".

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which were effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that the most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

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

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

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

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenues and expenses recognition**

###### *Service income*

Service income is recognised when services have been rendered on the basis of the percentage of completion. The percentage of completion is measured based on comparison of actual service costs incurred up to the end of the period and total anticipated cost of service to be incurred to completion. The recognised revenue that is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position, while revenue received before it is earned or before service is rendered is presented as "Service income received in advance" in the statement of financial position.

### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### *Other revenues and expenses*

Other revenues and expenses are recognised on an accrual basis.

The Company and its subsidiaries recognise a loss provision for a project in full when it is highly likely that the total cost of the project will exceed total service income.

## **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **4.4 Work in process**

Work in process is valued at the lower of cost or net realisable value. Work in process comprises the costs of equipment, labor, subcontractor charges, cost of service and other related expenses.

## **4.5 Investments**

- a) Investments in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years and 40 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land classified as investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20 - 40	years
Buildings improvement	5 - 20	years
Furniture, fixtures and office equipment	5 - 10	years
Motor vehicles	5 - 10	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Intangible assets**

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets of the Company and its subsidiaries with finite useful lives comprise computer software, and have useful lives of 5 - 10 years.



#### **4.9 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the operations of the Company and its subsidiaries.

#### **4.10 Long-term leases**

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.11 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's and its subsidiaries' functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.13 Employee benefits**

##### **Short-term employee benefits**

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### **Post-employment benefits**

###### *Defined contribution plans*

The Company and its subsidiaries and their employees have jointly established provident funds. The funds are monthly contributed by employees and by the Company and the subsidiaries. The fund's assets are held in separate trust funds and the Company's and subsidiaries' contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.14 Equity-settled share-based payment transactions**

The Company and its subsidiaries recognise the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

#### **4.15 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.16 Income tax**

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

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **Deferred tax**

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

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **4.17 Fair value measurement**

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

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

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

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

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

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

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over TLT Consultants Company Limited, even though the Company holds 48.77 of shares that is less than half of share. This is because the Company has a voting right that is more than half of shares and has the ability to direct the significant activities, while other shareholders are only minor shareholders. As a result, TLT Consultants Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Leases**

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

### **Allowance for doubtful accounts**

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

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Estimated project costs**

The Company and its subsidiaries estimate costs of service projects based on details of the service, taking into account the labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

**Provision for losses on projects**

Management applied judgement in estimating the loss they expect to be realised on each project, based on estimates of anticipated costs, taking into account the progress of the project and actual costs incurred to date, together with fluctuations in cost of labour and the current situation.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management have used judgement to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Service income	-	-	27.3	39.3	Contract price or cost plus margin
Dividend income	-	-	58.0	38.7	As declared
Management fee income	-	-	31.4	27.5	Contract price or cost plus margin
Building rental income	-	-	2.0	2.0	Contract price
Interest income	-	-	1.5	1.2	Interest rates of 6.65 and 6.67 per annum (2017: Interest rates of 5.26 to 7.39 per annum)
Other income	-	-	2.4	1.2	Cost plus margin or as agreed
Cost of service	-	-	58.7	78.1	Contract price or cost plus margin
Interest expense	-	-	1.3	0.9	Interest rates of 6.65 and 6.67 per annum (2017: Interest rates of 5.26 to 7.39 per annum)
Other expenses	-	-	0.1	0.2	Cost plus margin or as agreed
<b><u>Transactions with associated company</u></b>					
Cost of service	6.5	1.6	1.1	0.1	Contract price
Dividend income	0.9	0.4	-	-	As declared
<b><u>Transactions with related parties</u></b>					
Service income	0.1	1.1	0.1	0.6	Contract price
Management fee income	-	0.4	-	0.4	Contract price
Building rental income	-	0.2	-	0.2	Contract price
Other income	0.1	0.4	0.1	0.4	Contract price or cost plus margin
Cost of service	5.7	6.3	5.6	6.1	Contract price
Other expenses	2.7	2.4	2.7	2.4	Contract price or market price

The balances of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade and other receivables - related parties</u></b>				
<b><u>Service contract receivables (Note 8)</u></b>				
Subsidiaries	-	-	41,908	36,716
Related companies (common shareholders and director)	71	167	71	167
<b>Total service contract receivables</b>	<b>71</b>	<b>167</b>	<b>41,979</b>	<b>36,883</b>
<b><u>Other receivables (Note 8)</u></b>				
Subsidiaries	-	-	17,086	8,198
Related companies (common shareholders and director)	8	87	8	87
<b>Total other receivables</b>	<b>8</b>	<b>87</b>	<b>17,094</b>	<b>8,285</b>
<b>Total trade and other receivables - related parties</b>	<b>79</b>	<b>254</b>	<b>59,073</b>	<b>45,168</b>

**Short-term loans to related parties**

As at 31 December 2018 and 2017, the balances of short-term loans to related parties between the Company and its subsidiaries and the movement of those loans to are as follows:

		(Unit: Thousand Baht)			
		Separate financial statements			
		Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Loans to related parties	Related by				
<b>ATT Consultants</b>					
Company Limited	subsidiary	9,000	55,000	(21,100)	42,900
<b>SQ Architects and Planners Company Limited</b>					
Limited	subsidiary	-	5,000	-	5,000
<b>Total</b>		<b>9,000</b>	<b>60,000</b>	<b>(21,100)</b>	<b>47,900</b>

This loan is repayable on demand and unsecured, and carries interest at the rate of 6.65 percent per annum (2017: 6.67 percent per annum).

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade and other payables - related parties</u></b>				
<b><u>Trade payables - related parties (Note 18)</u></b>				
Subsidiaries	-	-	41,620	39,779
Associated company	1,889	539	221	-
Related companies (common shareholder and directors)	1,321	5,700	1,180	5,560
<b>Total trade payables - related parties</b>	<b>3,210</b>	<b>6,239</b>	<b>43,021</b>	<b>45,339</b>
<b><u>Other payables - related parties (Note 18)</u></b>				
Subsidiaries	-	-	43	5
Related companies (common shareholder and directors)	429	945	429	945
<b>Total other payables - related parties</b>	<b>429</b>	<b>945</b>	<b>472</b>	<b>950</b>
<b><u>Retention payable - related parties</u></b>				
Subsidiary	-	-	90	90
Related companies (common shareholder and directors)	163	-	163	-
<b>Total retention payable - related parties</b>	<b>163</b>	<b>-</b>	<b>253</b>	<b>90</b>
<b><u>Accrued expenses - related parties</u></b>				
Related companies (common shareholder and directors)	377	708	277	708
<b>Total accrued expenses - related parties</b>	<b>377</b>	<b>708</b>	<b>277</b>	<b>708</b>
<b>Total trade and other payables - related parties</b>	<b>4,179</b>	<b>7,892</b>	<b>44,023</b>	<b>47,087</b>



### Short-term loans from related parties

As at 31 December 2018 and 2017, the balances of short-term loans from related parties between the Company and its subsidiaries and the movement of those loans from are as follows:

(Unit: Thousand Baht)

Loans from related parties	Related by	Separate financial statements			Balance as at 31 December 2018
		Balance as at 31 December 2017	Increase during the year	Decrease during the year	
Geotechnical & Foundation Engineering Company Limited	subsidiary	25,000	49,000	(74,000)	-
TWI Consultants Company Limited	subsidiary	-	4,000	(4,000)	-
TEAM Construction Management Company Limited	subsidiary	-	3,500	(3,500)	-
Management Solutions International Ltd.	subsidiary	-	2,000	(2,000)	-
Total		25,000	58,500	(83,500)	-

These loans are repayable on demand and unsecured, and carries interest at the rate of 6.65 - 6.67 percent per annum (2017: 6.67 percent per annum).

### Directors and management's remuneration

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	60	58	37	34
Post-employment benefits	1	1	1	-
Total	61	59	38	34

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.4 to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	361	360	288	290
Bank deposits	245,665	99,296	109,703	24,957
<b>Total</b>	<b>246,026</b>	<b>99,656</b>	<b>109,991</b>	<b>25,247</b>

As at 31 December 2018, bank deposits in saving accounts and fixed accounts carried interests between 0.05 and 1.10 percent per annum (the Company only: between 0.05 and 1.10 percent per annum) (2017: between 0.05 and 1.00 percent per annum, the Company only: between 0.05 and 0.98 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade receivables - related parties</u></b>				
Aged on the basis of due dates				
Not yet due	71	167	1,724	2,933
Past due				
Up to 3 months	-	-	18,892	6,979
3 - 6 months	-	-	1,253	-
6 - 12 months	-	-	57	192
Over 12 months	-	-	20,053	26,779
<b>Total trade receivables - related parties</b>	<b>71</b>	<b>167</b>	<b>41,979</b>	<b>36,883</b>
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	251,137	138,075	166,488	75,128
Past due				
Up to 3 months	92,571	141,612	47,799	91,976
3 - 6 months	28,180	13,788	21,633	13,120
6 - 12 months	74,326	17,776	57,058	8,614
Over 12 months	48,030	51,524	27,362	23,017
<b>Total</b>	<b>494,244</b>	<b>362,775</b>	<b>320,340</b>	<b>211,855</b>
Less: Allowance for doubtful debts	(22,717)	(33,990)	(18,875)	(14,846)
<b>Total trade receivables - unrelated parties, net</b>	<b>471,527</b>	<b>328,785</b>	<b>301,465</b>	<b>197,009</b>
<b>Total trade receivables, net</b>	<b>471,598</b>	<b>328,952</b>	<b>343,444</b>	<b>233,892</b>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Other receivables</u></b>				
Other receivables - related parties	8	87	17,094	8,285
Other receivables - unrelated parties	1,341	561	1,124	268
Accrued income - unrelated parties	4	25	4	25
Accrued interest income	252	198	157	146
Total other receivables	<u>1,605</u>	<u>871</u>	<u>18,379</u>	<u>8,724</u>
Total trade and other receivables - net	<u>473,203</u>	<u>329,823</u>	<u>361,823</u>	<u>242,616</u>

During the year 2018, the subsidiary (SQ Architects and Planners Company Limited) wrote off bad debt and reversed the related allowance for doubtful accounts amounting to Baht 14 million.

**9. Unbilled receivables / Retention receivable as per contract / Service income received in advance and advances received from employers**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Unbilled receivables</b>				
Project value as per contract	<u>5,811,869</u>	<u>5,333,382</u>	<u>4,357,325</u>	<u>3,739,352</u>
Accumulated amount recognised as revenue				
on percentage of completion basis	3,224,660	2,950,598	2,554,886	2,013,873
Less: Value of total billed	<u>(2,669,315)</u>	<u>(2,604,882)</u>	<u>(2,151,621)</u>	<u>(1,774,056)</u>
Unbilled receivables	<u>555,345</u>	<u>345,716</u>	<u>403,265</u>	<u>239,817</u>
<b>Retention receivable as per contract</b>				
Retention receivable as per contract	114,089	101,414	67,882	56,054
Less: Allowance for doubtful debts	(166)	(50)	(166)	(50)
Total receivable as per contract - net	<u>113,923</u>	<u>101,364</u>	<u>67,716</u>	<u>56,004</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Service income received in advance and advances received from employers</b>				
Project value as per contract	3,044,742	2,272,358	1,571,968	1,498,814
Value of total billed	2,411,639	1,900,953	1,298,451	1,366,522
Less: Accumulated amount recognised as revenue on percentage of completion basis	(2,212,327)	(1,743,498)	(1,211,667)	(1,285,409)
Service income received in advance	199,312	157,455	86,784	81,113
Advances received from employers	203,934	88,977	165,250	71,828
<b>Total</b>	<u>403,246</u>	<u>246,432</u>	<u>252,034</u>	<u>152,941</u>

Retention receivable as per contract were derived from the amount deducted at the agreed rate from the service fees paid to the Company and its subsidiaries by their customers for each payment that is due more than one year. These retention receivables shall be return when the Company and its subsidiaries meet conditions stipulated in service contracts.

#### 10. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Prepaid expenses	14,293	15,402	11,583	10,661
Value added tax refundable	14,313	14,550	197	52
Purchase vat awaiting tax invoices	8,795	8,636	3,635	4,166
Withholding tax at deducted source	13,714	14,321	10,836	12,189
Others	2,138	2,182	1,810	1,269
<b>Total other current assets</b>	<u>53,253</u>	<u>55,091</u>	<u>28,061</u>	<u>28,337</u>

#### 11. Restricted bank deposits

The outstanding balances represent bank deposit accounts which have been pledged with banks to secure the issuance of bank guarantees for electricity utilisation, other guarantee from banks and credit facilities of the Company and its subsidiaries.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss on investments		Carrying amount based on cost method - net		Dividend received during the years	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Unit: Million Baht)											
ATT Consultants Company Limited	20	20	100.00	100.00	46	46	-	-	46	46	5	-
Geotechnical & Foundation Engineering Company Limited	10	10	100.00	100.00	12	12	-	-	12	12	32	6
Management Solutions International Ltd.	10	10	100.00	100.00	15	15	(5)	(5)	10	10	-	-
SQ Architects and Planners Company Limited	5	5	100.00	100.00	7	7	-	-	7	7	9	12
TEAM Construction Management Company Limited	10	10	100.00	100.00	15	15	-	-	15	15	12	3
TEAM Consulting International Company Limited	10	10	100.00	100.00	10	10	(3)	(3)	7	7	-	-
TLT Consultants Company Limited	10.25	10.25	48.77	48.77	6	6	-	-	6	6	-	18
TEAM Quality Management Company Limited	10	10	83.75	83.75	6	6	(3)	(3)	3	3	-	-
TWI Consultants Company Limited	15	15	93.73	93.73	14	14	(11)	(11)	3	3	-	-
LTEAM Sole CO., LTD. (paid-in capital LAK 1,000 million)	5	5	100.00	100.00	5	5	-	-	5	5	-	-
<b>Total investments in subsidiaries</b>	<b>136</b>	<b>136</b>			<b>136</b>	<b>136</b>	<b>(22)</b>	<b>(22)</b>	<b>114</b>	<b>114</b>	<b>58</b>	<b>39</b>

Movements of the investments in subsidiaries for the year ended 31 December 2017 was summarised below.

#### Investment in TLT Consultants Company Limited

On 11 July 2017, the Extraordinary General Meeting of the shareholders of TLT Consultants Company Limited, a subsidiary, passed a special resolution to increase the registered share capital of the subsidiary from Baht 5 million to Baht 10.25 million by issuing of 52,500 preferred shares with a par value of Baht 100 per share to be offered to the existing shareholders. Under the Articles of Association of the subsidiary, the preferred shareholders are entitled to receive dividends before the ordinary shareholders at the rate of 5% per annum of the paid-up share capital. In any year where the subsidiary company is unable to pay dividends to the preferred shareholders, or if the dividend is not paid in the amount to which the preferred shareholders are entitled each year, the amount of dividend or the remaining dividend to be received by the preferred shareholders for the year is to be retained by the subsidiary. In case of dissolution of the subsidiary, the preferred shareholders are to receive a cash refund of their investment in the shares before the ordinary shareholders. In addition, the preferred shareholders have voting rights that are not equivalent to those of the ordinary shareholders, with the voting rights of 50 preferred shares equal to that of one ordinary share. The subsidiary registered the capital increase with the Ministry of Commerce on 25 July 2017. As the Company waived its right to purchase the newly issued preferred shares of the subsidiary, the Company's shareholding in the subsidiary company represented a 48.77% interest. However, the Company still has the control over the subsidiary because its voting rights represent more than half of the total voting rights.

As at 31 December 2018, the subsidiary has the balance of a dividend payment for preferred shares of Baht 0.4 million (2017: Baht 0.1 million).

### 13. Investments in associated company

#### 13.1 Details of associate held through Geotechnical & Foundation Engineering Company Limited which is the Company's subsidiary

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding		Cost		Carrying amounts based on equity method	
			percentage		2018	2017	2018	2017
			(percent)	(percent)				
Krungthep Geotechnique Company Limited	Provides geological and prospecting	Thailand	30	30	1,500	1,500	3,276	3,015

### 13.2 Share of comprehensive income

During the years, the Company has recognised its share of profit from investments in associated company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of profit from investments in associated company during the years	
	<u>2018</u>	<u>2017</u>
Krungthep Geotechnique Company Limited	1,161	1,472

### 13.3 Summarised financial information of associated company

Summarised information about financial position

(Unit: Thousand Baht)

	Krungthep Geotechnique Company Limited	
	<u>2018</u>	<u>2017</u>
Current assets	9,359	8,538
Non-current assets	3,166	2,691
Current liabilities	1,059	825
Non-current liabilities	545	354

Summarised information about comprehensive income

(Unit: Thousand Baht)

	Krungthep Geotechnique Company Limited	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenues	21,256	16,847
Profit	3,871	4,907
Total comprehensive income	3,871	4,907

#### 14. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	Consolidated financial statements			Separate financial statements			(Unit: Thousand Baht)
	Land and office buildings for rent	Others	Total	Land and office buildings for rent	Others	Total	
As at 31 December 2018:							
Cost	133	3,880	4,013	22,737	3,880	26,617	
<u>Less: Accumulated depreciation</u>	(107)	(2,646)	(2,753)	(18,299)	(2,646)	(20,945)	
Net book value	26	1,234	1,260	4,438	1,234	5,672	
As at 31 December 2017:							
Cost	133	3,880	4,013	22,737	3,880	26,617	
<u>Less: Accumulated depreciation</u>	(107)	(2,630)	(2,737)	(18,144)	(2,630)	(20,774)	
Net book value	26	1,250	1,276	4,593	1,250	5,843	



A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	1,276	10,134	5,843	8,079
Transfers to property, plant and equipment	-	(1,371)	-	(1,964)
Less: Disposal during year - net book value at disposal date	-	(7,470)	-	(101)
Depreciation for the year	(16)	(17)	(171)	(171)
Net book value at end of year	<u>1,260</u>	<u>1,276</u>	<u>5,672</u>	<u>5,843</u>

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and office buildings for rent	119	119	20,226	20,226
Others	5,480	5,480	5,480	5,480

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and others investment properties have been determined based on market prices, while that of land and the office buildings for rent has been determined using the replacement cost approach.

The Company has pledged investment properties amounting to approximately Baht 4 million (2017: Baht 5 million) as collateral against credit facilities received from financial institutions, as described in Note 17 to the financial statements.

## 15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost</b>						
As at 1 January 2017	73,217	184,065	87,575	80,357	14,338	439,552
Additions	-	1,572	13,398	8,616	3,247	26,833
Disposals/write off	-	(154)	(6,179)	(12,176)	(166)	(18,675)
Transfer in (out)	-	1,900	13,778	-	(16,458)	(780)
Transfer from investment properties	409	6,155	-	-	-	6,564
As at 31 December 2017	73,626	193,538	108,572	76,797	961	453,494
Additions	-	2,873	11,958	428	1,408	16,667
Disposals/write off	-	(46)	(1,663)	(6,958)	-	(8,667)
Transfer in (out)	-	526	799	-	(1,325)	-
As at 31 December 2018	73,626	196,891	119,666	70,267	1,044	461,494
<b>Accumulated depreciation</b>						
As at 1 January 2017	-	142,765	47,697	35,828	-	226,290
Depreciation for the year	-	1,975	13,677	14,674	-	30,326
Depreciation on disposals/write off	-	(95)	(5,939)	(12,153)	-	(18,187)
Transfer from investment properties	-	5,193	-	-	-	5,193
As at 31 December 2017	-	149,838	55,435	38,349	-	243,622
Depreciation for the year	-	2,063	15,394	13,186	-	30,643
Depreciation on disposals/write off	-	(10)	(1,312)	(6,528)	-	(7,850)
As at 31 December 2018	-	151,891	69,517	45,007	-	266,415
<b>Net book value</b>						
31 December 2017	73,626	43,700	53,137	38,448	961	209,872
31 December 2018	73,626	45,000	50,149	25,260	1,044	195,079
<b>Depreciation for the year</b>						
2017 (Baht 5 million included in cost of services and the balance in administrative expenses)						30,326
2018 (Baht 4 million included in cost of services and the balance in administrative expenses)						30,643

(Unit: Thousand Baht)

	Separate financial statements					Total
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	
<b>Cost</b>						
As at 1 January 2017	71,631	157,130	65,147	59,839	12,146	365,893
Additions	-	1,364	11,679	5,844	3,247	22,134
Disposals/write off	-	-	(5,721)	(12,176)	-	(17,897)
Transfer in (out)	-	1,900	12,532	-	(14,432)	-
Transfer from investment properties	586	8,818	-	-	-	9,404
As at 31 December 2017	72,217	169,212	83,637	53,507	961	379,534
Additions	-	2,695	8,163	356	981	12,195
Disposals/write off	-	(46)	(994)	(1,153)	-	(2,193)
Transfer in (out)	-	526	799	-	(1,325)	-
As at 31 December 2018	72,217	172,387	91,605	52,710	617	389,536
<b>Accumulated depreciation</b>						
As at 1 January 2017	-	120,618	35,132	26,229	-	181,979
Depreciation for the year	-	1,668	11,113	11,253	-	24,034
Depreciation on disposals/write off	-	-	(5,534)	(12,152)	-	(17,686)
Transfer from investment properties	-	7,440	-	-	-	7,440
As at 31 December 2017	-	129,726	40,711	25,330	-	195,767
Depreciation for the year	-	1,749	12,442	10,298	-	24,489
Depreciation on disposals/write off	-	(10)	(749)	(721)	-	(1,480)
As at 31 December 2018	-	131,465	52,404	34,907	-	218,776
<b>Net book value</b>						
31 December 2017	72,217	39,486	42,926	28,177	961	183,767
31 December 2018	72,217	40,922	39,201	17,803	617	170,760
<b>Depreciation for the year</b>						
2017 (Baht 3 million included in cost of services and the balance in administrative expenses)						24,034
2018 (Baht 3 million included in cost of services and the balance in administrative expenses)						24,489

As at 31 December 2018, the Company and its subsidiaries had vehicles under hire purchase and finance lease agreements with net book values amounting to Baht 24 million (the Company only: Baht 17 million) (2017: Baht 37 million, the Company only: Baht 27 million).

As at 31 December 2018, the Company and its subsidiaries had equipments under hire purchase and finance lease agreements with net book values amounting to Baht 10 million (the Company only: Baht 8 million) (2017: Baht 13 million, the Company only: Baht 10 million).

As at 31 December 2018, certain plant, equipment and vehicle items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 40 million (the Company only: Baht 27 million) (2017: Baht 33 million, the Company only: Baht 19 million).

The Company has pledged land together with buildings constructed thereon amounting to approximately Baht 113 million (2017: Baht 112 million) as collateral against credit facilities received from financial institutions, as described in Note 17 to the financial statements.

## 16. Intangible assets

Details of intangible assets which are computer software are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost	112,676	103,039	87,694	81,772
Accumulated amortisation	(45,893)	(36,911)	(30,673)	(23,385)
Net book value	<u>66,783</u>	<u>66,128</u>	<u>57,021</u>	<u>58,387</u>
Amortisation expenses included in the profit or loss for the year	<u>8,982</u>	<u>8,695</u>	<u>7,288</u>	<u>7,062</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	66,128	67,731	58,387	60,793
Acquisitions of computer software	9,637	6,312	5,922	4,656
Transfer from assets under installation	-	780	-	-
Amortisation	(8,982)	(8,695)	(7,288)	(7,062)
Net book value at end of year	<u>66,783</u>	<u>66,128</u>	<u>57,021</u>	<u>58,387</u>

#### 17. Bank overdrafts and short-term loans from financial institutions

	Interest rate (% p.a.)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	Rate of saving deposits plus 1%, rate of fixed deposits 3 months plus 1%, rate of fixed deposits 12 months plus 1%, rate of fixed deposits 12 months plus 1.5%, rate of fixed deposits 12 months plus 1.75%, rate of fixed deposits 24 months plus 2%, MOR, MOR + 0.25	4,624	40,464	-	21,904
Promissory notes	Rate of fixed deposits 3 months plus 1%, MLR - 1.5	-	40,000	-	40,000
Total		<u>4,624</u>	<u>80,464</u>	<u>-</u>	<u>61,904</u>

Bank overdrafts and short-term loans from financial institutions of the Company and its subsidiaries are secured by certain saving deposits and fixed deposit of the Company and its subsidiaries, certain mortgaged land with constructions thereon and investment properties of the Company, and include transfer of rights over receipt of payment under certain contracts of the Company and its subsidiaries.

**18. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties	3,210	6,239	43,021	45,339
Trade payables - unrelated parties	49,386	66,458	26,745	33,036
Other payables - related parties	429	945	472	950
Other payables - unrelated parties	30,721	17,644	24,646	14,642
Retention payables	17,589	18,994	15,212	18,926
Accrued expenses	111,468	119,847	54,407	72,670
<b>Total trade and other payables</b>	<b>212,803</b>	<b>230,127</b>	<b>164,503</b>	<b>185,563</b>

**19. Other current liabilities**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred output tax	31,853	20,027	19,659	9,852
Withholding tax payable	8,356	10,165	5,612	7,653
Value added tax payable	7,060	6,402	3,959	2,319
Others	3,906	3,698	2,537	2,815
<b>Total other current liabilities</b>	<b>51,175</b>	<b>40,292</b>	<b>31,767</b>	<b>22,639</b>

**20. Liabilities under hire purchase and finance lease agreements**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under hire purchase and finance lease agreements	37,598	56,620	27,100	42,372
Less: Deferred interest expenses	(2,884)	(4,960)	(1,766)	(3,434)
<b>Total</b>	<b>34,714</b>	<b>51,660</b>	<b>25,334</b>	<b>38,938</b>
Less: Portion due within one year	(14,755)	(17,854)	(11,565)	(13,603)
<b>Liabilities under hire purchase and finance lease agreements - net of current portion</b>	<b>19,959</b>	<b>33,806</b>	<b>13,769</b>	<b>25,335</b>

### Liabilities under hire purchase agreements

Hire purchase payable consists of amounts payable under vehicles and office equipment agreements, with payments to be made in 24 - 60 monthly installments.

### Liabilities under finance lease agreements

The Company and its subsidiaries have entered into various finance lease agreements with various leasing companies for rental of vehicles and office equipment for use in its operations. Installments are paid on a monthly basis over 24 - 60 periods and at the end of the agreements, the Company and its subsidiaries have the option to purchase the vehicles and equipment at prices specified in the agreements.

As at 31 December 2018 and 2017, future minimum lease payments required under the hire purchase and finance lease agreements of the Company and its subsidiaries were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December					
	Less than 1 year		1 - 5 years		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Future minimum lease payments	16,244	20,073	21,354	36,547	37,598	56,620
Deferred interest expenses	(1,489)	(2,219)	(1,395)	(2,741)	(2,884)	(4,960)
Present value of future minimum lease payments	<u>14,755</u>	<u>17,854</u>	<u>19,959</u>	<u>33,806</u>	<u>34,714</u>	<u>51,660</u>

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December					
	Less than 1 year		1 - 5 years		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Future minimum lease payments	12,569	15,271	14,531	27,101	27,100	42,372
Deferred interest expenses	(1,004)	(1,668)	(762)	(1,766)	(1,766)	(3,434)
Present value of future minimum lease payments	<u>11,565</u>	<u>13,603</u>	<u>13,769</u>	<u>25,335</u>	<u>25,334</u>	<u>38,938</u>

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Defined benefit obligation at beginning of year</b>	179,799	163,038	138,192	123,092
Included in profit or loss:				
Current service cost	25,978	19,325	18,908	11,792
Interest cost	3,826	3,829	2,851	2,506
Settlement loss	1,061	3,314	295	2,947
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(9,330)	14,914	(5,514)	18,242
Financial assumptions changes	(7,938)	(26)	(5,355)	1,389
Experience adjustments	3,694	(8,598)	(2,421)	(7,531)
Benefits paid during the year	(9,316)	(15,997)	(7,872)	(14,245)
<b>Provisions for long-term employee benefits at end of year</b>	<u>187,774</u>	<u>179,799</u>	<u>139,084</u>	<u>138,192</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of service	24,819	22,972	17,197	14,223
Administrative expenses	6,046	3,496	4,857	3,022
Total expenses recognised in profit or loss	<u>30,865</u>	<u>26,468</u>	<u>22,054</u>	<u>17,245</u>

The Company and its subsidiaries expect to pay Baht 21 million of long-term employee benefits during the next year (the Company only: Baht 20 million) (2017: Baht 22 million, the Company only: Baht 21 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 8 - 15 years (the Company only: 8 years) (2017: 8 - 14 years, the Company only: 8 years).



Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.43 - 2.93	2.16 - 2.67	2.43	2.16
Salary increase rate	5.25	5.50	5.25	5.50

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

As at 31 December 2018

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(14)	16	(9)	10
Salary increase rate	15	(13)	10	(9)

(Unit: Million Baht)

As at 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(14)	16	(10)	11
Salary increase rate	15	(14)	11	(10)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour 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 at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 46 million (the Company only: Baht 33 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 22. Share capital and share premium

Movements of share capital and share premium for the year ended 31 December 2018 are summarised below.

On 12 March 2018, the Annual General Meeting of the shareholders of the Company passed the following resolutions:

- a) Approved the change of the par value of the Company's ordinary shares from Baht 100 per share to Baht 0.5 per share, the new ordinary shares will be increased from 2.5 million shares to 500 million shares after the change. The change in the par value was registered with the Ministry of Commerce on 20 March 2018.
- b) Approved an increase of the Company's registered share capital from the amount of Baht 250 million (500 million ordinary shares of Baht 0.5 each) after the change in the par value mentioned above to Baht 340 million (680 million ordinary shares of Baht 0.5 each) by issuing 180 million new ordinary shares with a par value of Baht 0.5 per share order to accommodate a public offering of the Company's share. The Company registered the increase in its registered share capital with the Ministry of Commerce on 20 March 2018.

During 4 - 6 July 2018, the Company made Initial Public Offering of 180 million ordinary shares, with a par value of Baht 0.50 each, at a price of Baht 2.42 per share, or for Baht 436 million. The Company received payment of this share capital increment and registered the increase of its issued and paid-up share capital from Baht 250 million (500 million ordinary shares with a par value of Baht 0.50 per each) to Baht 340 million (680 million ordinary shares with a par value of Baht 0.50 per each) with the Ministry of Commerce on 9 July 2018. The Stock Exchange of Thailand approved the 680 million ordinary shares with a par value of Baht 0.50 each as listed securities to be traded, effective from 12 July 2018.

Direct costs attributable to the share offering net of income tax, amounting to Baht 16 million and the Company recorded this as a deduction from share premium.

Movements of share capital and share premium for the year ended 31 December 2017 was summarised below.

On 27 April 2017, the Annual General Meeting of the Company's shareholders passed a resolution approving the increase of the registered share capital from Baht 166 million (1,660,520 ordinary shares of Baht 100 each) to Baht 250 million (2,500,000 ordinary shares of Baht 100 each) by issuing new 839,480 ordinary shares with a par value of Baht 100 per share to be offered to the existing shareholders in proportion to their current shareholding (Rights Offering), where the existing shareholders are allowed to purchase 0.505552 new ordinary share for one existing share held at a price of Baht 100 each. The purpose of the capital increase is to prepare the Company for listing on the Stock Exchange of Thailand. The Company registered the increase of its paid up share capital with the Ministry of Commerce on 6 June 2017.

### 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve equal to at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend payment.

According to Section 1202 of the Thai Civil and Commercial Code, the subsidiaries (incorporated under Thai Laws) are required to set aside a statutory reserve equal to at least 5 percent of its net profit each time the company pays out a dividend, until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend payment.

### 24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	1,032,722	988,519	685,151	692,379
Survey expenses and subcontractors costs	128,792	120,575	123,813	155,454
Depreciation and amortisation	39,641	39,038	31,948	31,267

### 25. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax charge	27,751	24,257	7,271	7,821
Deferred tax relating to origination and reversal of temporary differences	(3,193)	(702)	1,095	(256)
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>24,558</u>	<u>23,555</u>	<u>8,366</u>	<u>7,565</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain (loss)	2,715	(1,258)	2,658	(2,420)

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	138,116	122,252	99,498	72,639
Income tax at the Company's corporate income tax rate of 20%	27,623	24,450	19,900	14,528
Difference in tax rate in group companies	(32)	118	-	-
Effects of:				
Non-deductible expenses	1,723	1,135	1,289	1,986
Exemption of income	-	(35)	(11,600)	(7,740)
Additional expense deductions allowed	(4,467)	(2,016)	(1,223)	(1,209)
Unused tax loss in the current year	5	680	-	-
Utilisation of previously unrecognised tax losses	(332)	(483)	-	-
Share of profit from investment in associated company	(232)	(294)	-	-
Other	270	-	-	-
Total	(3,033)	(1,013)	(11,534)	(6,963)
Income tax expenses reported in the statement of comprehensive income	24,558	23,555	8,366	7,565

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets (liabilities)</b>				
Provision for long-term employee benefits	37,555	35,960	27,817	27,638
Unused tax losses	1,512	-	-	-
Effect on elimination of intercompany transactions	807	(453)	-	-
Others	253	137	252	180
<b>Total</b>	<u>40,127</u>	<u>35,644</u>	<u>28,069</u>	<u>27,818</u>

As at 31 December 2018, the subsidiaries have unused tax losses totaling Baht 15 million (2017: Baht 21 million), on which deferred tax assets have not been recognised as the subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
31 December 2018	-	146
31 December 2019	340	3,644
31 December 2020	12,495	12,906
31 December 2021	2,229	2,229
31 December 2022	40	1,575
31 December 2023	29	-
	<u>15,133</u>	<u>20,500</u>

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The Company adjusted the number of ordinary shares in proportion to the change in par value of ordinary shares resulting from the change in par value from Baht 100 per share to Baht 0.5 per share, as discussed in Note 22 to the financial statements as if the changes in the number of shares and par value have occurred since the beginning of the first reporting period.

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	113,534	98,682	91,132	65,074
Weighted average number of ordinary shares (Thousand shares)	586,795	431,462	586,795	431,462
Earnings per share (Baht per share)	0.19	0.23	0.16	0.15

## 27. Operating segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Executive Committee.

For management purposes, the Company and its subsidiaries are organised into business units based on its customer and geographic and have four reportable segments as follows:

- (1) Project government segment
- (2) Project private domestic segment
- (3) Project international segment
- (4) Related business segment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The basis of pricing policies for the inter-segment transfer are at the prices as described in Note 6 to the financial statements.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

	(Unit: Million Baht)												
	Project government segment		Project private domestic segment		Project international segment		Related business segment		Total		Elimination of inter-segment revenues	Consolidated financial statement	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017			
Revenues from external customers	856	790	449	389	231	339	118	72	1,654	1,590	-	1,654	1,590
Segment profit	299	303	140	112	86	124	22	18	547	557	-	547	557
Other income												12	16
Share of profit from investment in associated company												1	1
Administrative expenses												(418)	(447)
Finance cost												(4)	(4)
Profit before income tax expenses												138	123
Income tax expenses												(24)	(24)
Profit for the year												114	99

## Geographic information

Revenues from external customers set up by customer location.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Revenues from external customers		
Project domestic segment	1,423	1,251
Project international segment	231	339
Total	<u>1,654</u>	<u>1,590</u>

## Major customers

In 2018, the Company and its subsidiaries had revenues from major customers services, which consisted of a group of government and state enterprise and a private customer, amounting to Baht 875 million and Baht 178 million, respectively (For the year 2017, the Company and its subsidiaries had revenues to major customers services included a group of government and state enterprise, amounting to Baht 814 million).

## 28. Provident funds

The Company and some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and their employees contribute to the funds monthly at the rate of 3 to 5 percent of basic salary. The funds, which are managed by Krungsri Asset Management Company Limited will be paid to employees upon termination in accordance with the fund rules. The contribution for the years 2018 were recognised as expenses amounting to Baht 24 million (the Company only: Baht 17 million) (2017: Baht 22 million, the Company only: Baht 17 million).

## 29. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Number of ordinary shares</u> (Million shares)	<u>Dividend per share</u> (Baht per share)
Dividend for year 2017	Annual General Meeting of the shareholders on 12 March 2018	37.5	2.5	15.000
Interim dividend for year 2018	Board of Directors Meeting of the Company on 9 August 2018	<u>51.0</u>	680	0.075
Total dividend for year 2018		<u>88.5</u>		



### 30. Commitments and contingent liabilities

#### 30.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitment of approximately Baht 2 million (the Company only: Baht 1 million) (2017: Baht 1 million, the Company only: Nil) relating to the acquisition of equipment and computer software.

#### 30.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building spaces, equipment and motor vehicles. The terms of the agreements are generally between one to five years.

As at 31 December 2018 and 2017, future minimum lease payments required under these operating lease contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable within:				
In up to 1 year	9	7	7	6
In over 1 and up to 5 years	13	8	10	5

#### 30.3 Service commitments

As at 31 December 2018, the Company and its subsidiaries have the following service commitments:

- a) The Company and its subsidiaries have commitments totaling Baht 51 million (the Company only: Baht 27 million) (2017: Baht 47 million, the Company only: Baht 32 million) in respect of cost of service, for which the Company and its subsidiaries had already entered into agreements.
- b) The Company and its subsidiaries have commitments totaling Baht 8 million (the Company only: Baht 8 million) (2017: Baht 11 million, the Company only: Baht 11 million) in respect of other service commitments, for which the Company and its subsidiaries had already entered into agreements.

#### 30.4 Related party guarantees

As at 31 December 2018, the Company has provided guarantees totaling Baht 648 million (2017: Baht 500 million) for bank credit facilities on behalf of its subsidiaries.

### 30.5 Bank guarantees

As at 31 December 2018 and 2017, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Guarantee of service contracts, advance payment and bidding	644	490	479	342
Guarantee of retention	42	44	24	27
Other guarantees	2	3	2	3
	<u>688</u>	<u>537</u>	<u>505</u>	<u>372</u>

### 30.6 Litigation

#### The Company

In 2013, an employer was filed a lawsuit against the Company with the Central Administrative Court for its breach of a hire of work contract, seeking damages totaling approximately Baht 8 million. On 21 August 2017, the Central Administrative Court ordered the Company to pay damages, together with interest in total amount of approximately Baht 0.7 million. The Company recorded the whole amount as an expense in the income statement for the third quarter of 2017.

Subsequently, on 19 September 2017, the plaintiff and the Company appealed to the Supreme Administrative Court, and the Company requested an amendment to its appeal on 8 December 2017. Currently, the Company is awaiting a judgment from the Supreme Administrative Court. However, the management of the Company expects no material losses to be incurred as a result of the case.

#### Subsidiaries

On 23 February 2016, a lawsuit was filed against TEAM Construction Management Company Limited, a subsidiary with the Civil Court on the grounds related to breach of a hire of work contract with the plaintiff, who sought damages of Baht 31 million from the subsidiary. The contract value was Baht 0.9 million, with a maximum fine of 10 percent of the contract value specified in the contract. Although the final outcome of the suit cannot be determined at this stage, it is the management of the Company and such subsidiary's opinion that the resolution of these matters will not have any material adverse effect on the financial statements as a whole.

On 18 March 2017, ATT Consultants Company Limited, a subsidiary of the Company, was sued as a defendant. The petitioner filed the complaint with the Civil Court against three defendants, namely the contractor group (Defendants 1 and 2) and the employer (Defendant 3), demanding the three defendants jointly pay, or pay on behalf of each other, damages arising from the performance of work amounting to approximately Baht 1.6 million. Defendant 3 filed a petition with the Court to include the subsidiary as a co-defendant in this case because the subsidiary was in charge of work performance on behalf of the employer. Subsequently, on 31 January 2018, the Civil Court dismissed the case on the grounds that the defendants did not commit a violation. On 20 September 2018, the plaintiff filed the appeal. The case is currently under the consideration of the appeal Court. However, the management of the Company and its subsidiaries expect no material losses to be incurred as a result of the case.

### 31. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were disclosed the fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	As at 31 December							
	Level 1		Level 2		Level 3		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets for which fair value are disclosed</b>								
Investment properties	-	-	-	-	6	6	6	6

(Unit: Million Baht)

	Separate financial statements							
	As at 31 December							
	Level 1		Level 2		Level 3		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets for which fair value are disclosed</b>								
Investment properties	-	-	-	-	26	26	26	26

## 32. Financial instruments

### 32.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise the following:

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Bank overdrafts and short-term loans
- Current investments	from financial institutions
- Trade and other receivables	- Trade and other payables
- Short-term loans to related parties	- Short-term loans from related parties
- Restricted bank deposits	- Liabilities under hire purchase and finance lease agreements
- Retention receivables as per contract	

The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, short-term loans to related parties and retention receivable as per contract. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables, short-term loans to related parties and retention receivable as per contract as stated in the statement of financial position.

#### ***Interest rate risk***

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loans to related parties, restricted bank deposits, bank overdrafts and short-term loans from financial institutions, short-term loans from related parties and liabilities under hire purchase and finance lease agreements. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidated financial statements											
As at 31 December											
Fixed interest rates											
	Within 1 year		1 - 5 years		Floating interest rate		Non-interest bearing		Total		Effective interest rate (% p.a.)
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
<b>Financial assets</b>											
Cash and cash equivalents	363	352	-	-	204,312	54,860	41,351	44,444	246,026	99,656	0.05 - 1.10
Current investments	943	776	-	-	-	-	-	-	943	776	0.55 - 1.30
Trade and other receivables	-	-	-	-	-	-	473,203	329,823	473,203	329,823	-
Restricted bank deposits	55,230	48,438	5,000	5,000	-	-	-	-	60,230	53,438	0.25 - 1.30
Retention receivable as per contract	-	-	-	-	-	-	113,923	101,364	113,923	101,364	-
	56,536	49,566	5,000	5,000	204,312	54,860	628,477	476,631	894,325	585,057	
<b>Financial liabilities</b>											
Bank overdrafts and short-term loans											
from financial institutions	-	-	-	-	4,624	80,464	-	-	4,624	80,464	Note 17
Trade and other payables	-	-	-	-	-	-	212,803	230,127	212,803	230,127	-
Liabilities under hire purchase and finance lease agreements	14,755	14,643	19,959	32,034	-	-	-	4,983	34,714	51,660	0 - 24.39
	14,755	14,643	19,959	32,034	4,624	80,464	212,803	235,110	252,141	362,251	

(Unit: Thousand Baht)

## Separate financial statements

As at 31 December

	Fixed interest rates						Total	Effective interest rate (% p.a.)	Effective interest rate (% p.a.)		
	Within 1 year		1 - 5 years		Floating interest rate					Non-interest bearing	
	2018	2017	2018	2017	2018	2017				2018	2017
<b>Financial assets</b>											
Cash and cash equivalents	-	-	-	-	79,491	1,368	30,500	23,879	25,247	0.05 - 1.10	
Current investments	710	544	-	-	-	-	-	710	544	0.55 - 1.30	
Trade and other receivables	-	-	-	-	-	-	361,823	242,616	242,616	-	
Short-term loans to related parties	47,900	9,000	-	-	-	-	-	-	47,900	6.65	
Restricted bank deposits	46,160	41,660	-	-	-	-	-	-	46,160	0.38 - 1.30	
Retention receivable as per contract	-	-	-	-	-	-	67,716	56,004	67,716	-	
	94,770	51,204	-	-	79,491	1,368	460,039	322,499	634,300	375,071	
<b>Financial liabilities</b>											
Bank overdrafts and short-term loans											
from financial institutions	-	-	-	-	-	61,904	-	-	-	61,904	Note 17
Trade and other payables	-	-	-	-	-	-	164,503	185,563	164,503	185,563	-
Short-term loans from related parties	-	25,000	-	-	-	-	-	-	-	25,000	6.67
Liabilities under hire purchase and finance lease agreements	11,565	12,291	13,769	24,724	-	-	-	1,923	25,334	38,938	0 - 24.39
	11,565	37,291	13,769	24,724	-	61,904	164,503	187,486	189,837	311,405	

### Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from consulting contracts and advances received from employers that are denominated in foreign currencies.

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.9	0.9	0.2	0.2	32.4498	32.6809
LAK	107.2	266.9	-	-	0.0038	0.0039

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.3	0.7	0.1	0.1	32.4498	32.6809

### 32.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

### 33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2018 and 2017, the Group's debt-to-equity ratio are summarised below:

Debt-to-equity ratio	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	0.97	1.77	0.73	1.53

**34. Events after the reporting period**

On 20 February 2019, the meeting of the Company's Board of Directors No. 1/2019 passed a resolution to propose to the 2019 Annual General Meeting of the Company's shareholders a dividend of Baht 0.075 in respect of the Company's net profit in addition to the interim dividend to be paid to the Company's shareholders who hold 680 million shares, or a total of Baht 51 million, for approval by the 2019 Annual General Meeting of the Company's shareholders.

**35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.