

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

INTERIM FINANCIAL INFORMATION

MARCH 31, 2019



SP AUDIT CO.,LTD.

บริษัท เอส พี ออดิท จำกัด

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503/31 ชั้น 18(เอ) อาคาร เค.เอส.แอล. ทาวเวอร์ ถนนศรีอยุธยา แขวงถนนพญาไท เขตราชเทวี กรุงเทพมหานคร 10400 โทร. +66 2 642-6172-4 แฟกซ์. +66 2 642-6253

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Hydrotek Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position as at March 31, 2019 and the related consolidated and separate statements of comprehensive income for the three-month period ended March 31, 2019, changes in shareholders' equity and cash flows for the three-month period ended March 31, 2019, and the condensed notes to financial statements of Hydrotek Public Company Limited and its subsidiaries and of Hydrotek Public Company Limited. The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my reviews in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter

Without qualifying my opinion, I draw attention to the Note to financial statement, as follows

(1) As mentioned in the notes to financial statements No.31.1 explaining the uncertainty over the outcome of the case that the Company has filed a lawsuit to the Administrative Court demanding of construction service fees to be paid to the Company, The Counterparty has filed a counterclaim to the Administrative Court demanding compensation from the Company, Currently such case is under consideration by the Administrative Court, and

(2) As mentioned in Note to financial statements No.32 explaining the business acquisition by the Group during the year ended December 31, 2018, whereby the Group engaged an independent appraiser to perform valuation for the fair value of the identifiable assets acquired and liabilities assumed on the acquisition date which has not yet been completed. And the Group will retrospectively adjust the financial statements for the three-month period ended March 31, 2019 and for the year ended December 31, 2018 regarding the estimation of the identifiable assets acquired and liabilities assumed, which the management has estimated and recognized on the acquisition date when the independent appraiser has completed the valuation for the fair value of the identifiable assets acquired and liabilities assumed.

SP Audit Company Limited



(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok

May 13, 2019

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Baht)

	Notes	Consolidated			Separate financial statements		
		March 31, 2019	December 31, 2018	January 1, 2018	March 31, 2019	December 31, 2018	January 1, 2018
		Unaudited	Audited (Adjusted and reclassified)	Audited (Adjusted and reclassified)	Unaudited	Audited (Adjusted and reclassified)	Audited (Reclassified)
<u>ASSETS</u>							
Current Assets							
Cash and cash equivalents		31,612,472.80	38,151,209.46	172,758,733.17	341,099.00	18,474,424.95	171,645,023.77
Trade and other current receivables - third parties	7	196,928,615.26	167,477,865.06	28,277,560.16	123,219,216.50	79,235,570.94	25,598,000.67
Other current receivables - related person and parties	6.1	300,000.00	24,660,747.67	-	26,335,948.53	47,029,213.38	-
Contract assets	8	158,118,651.41	184,641,585.19	97,651,316.68	88,173,153.34	102,906,137.03	97,651,316.68
Retention receivables		10,330,809.24	2,719,209.66	-	-	-	-
Suspend input vat		2,820,095.30	3,404,498.36	3,941,768.85	770,965.76	2,227,482.72	3,872,306.80
Short-term loan to person and related parties	6.1	-	-	-	13,527,636.99	17,500,000.00	-
Total Current Assets		400,110,644.01	421,055,115.40	302,629,378.86	252,368,020.12	267,372,829.02	298,766,647.92
Non-Current Assets							
Deposits at banks pledged as collateral	9	58,962,565.49	54,207,472.34	53,738,901.77	58,962,565.49	54,207,472.34	53,738,901.77
Investment in subsidiaries	10	-	-	-	428,336,626.00	428,336,626.00	17,643,626.00
Receivables under the concession agreement		13,916,043.43	13,901,586.80	12,801,424.88	-	-	-
Investments property		2,973,750.00	2,973,750.00	2,973,750.00	2,973,750.00	2,973,750.00	2,973,750.00
Land and equipment	11	82,788,900.80	172,329,471.05	152,912,056.84	57,479,479.84	144,954,638.94	152,912,417.88
Goodwill		155,193,601.31	155,193,601.31	-	-	-	-
Intangible assets	12	566,951,918.15	509,274,165.61	5,930,823.80	87,486,744.17	483,844.19	619,007.63
Withholding tax deducted at source		5,497,091.63	5,041,243.24	32,762,782.83	1,414,537.67	1,159,721.68	32,762,697.09
Other non-current assets		5,895,068.02	10,336,775.91	1,014,595.28	991,495.28	991,095.28	1,014,595.28
Total Non-Current Assets		892,178,938.83	923,258,066.26	262,134,335.40	637,645,198.45	633,107,148.43	261,664,995.65
Total Assets		1,292,289,582.84	1,344,313,181.66	564,763,714.26	890,013,218.57	900,479,977.45	560,431,643.57

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Baht)

		Consolidated			Separate financial statements		
	Notes	March 31, 2019	December 31, 2018	January 1, 2018	March 31, 2019	December 31, 2018	January 1, 2018
		Unaudited	Audited	Audited	Unaudited	Audited	Audited
			(Adjusted and reclassified)	(Adjusted and reclassified)		(Adjusted and reclassified)	(Reclassified)
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current Liabilities							
Bank overdrafts and short-term loans due to financial institution	13	19,821,290.96	32,231,674.16	19,840,536.25	19,821,290.96	31,006,377.46	19,840,536.25
Trade and other current payables - third parties	14	311,988,619.40	200,953,607.58	154,815,045.66	216,712,854.93	129,472,737.42	148,376,995.86
Trade and other current payables - related person and parties	6.1	5,032,542.88	330,419.14	449,980.78	6,905,458.40	727,832.43	1,339,992.00
Contract liabilities	15	76,856,140.28	141,655,418.19	9,987,390.33	13,002,283.14	67,131,094.35	9,987,390.33
Unbilled output tax		10,897,968.87	8,928,813.46	457,729.08	6,554,585.33	2,915,858.08	457,729.08
Accrued income tax		681,303.19	-	395,282.72	-	-	-
Provision for construction losses		-	3,144,711.95	745,754.61	-	3,144,711.95	745,754.61
Short-term loan from person and related parties	6.1	10,150,000.00	10,000,000.00	10,000,000.00	39,768,506.24	29,332,462.09	33,600,000.00
Current portion							
Provision for warranty	16	5,544,128.02	7,252,200.02	5,618,180.55	5,544,128.02	6,876,601.17	5,618,180.55
Long-term loans from financial institutions	18	481,000.00	-	-	-	-	-
Obligation under finance lease	19	1,234,092.72	1,321,933.16	-	-	-	-
Total Current Liabilities		442,687,086.32	405,818,777.66	202,309,899.98	308,309,107.02	270,607,674.95	219,966,578.68
Non-Current Liabilities							
Provision for warranty	16	1,233,487.89	702,000.00	5,391,365.35	-	-	3,461,236.25
Convertible debentures - liability component	17	244,346,236.05	242,289,513.46	-	244,346,236.05	242,289,513.46	-
Long-term loans from financial institutions	18	670,296.70	-	-	-	-	-
Obligation under finance lease	19	3,088,712.50	3,456,359.38	-	-	-	-
Long-term loans due to third party	20	125,644,786.50	125,644,786.50	125,643,886.50	125,644,786.50	125,644,786.50	125,643,886.50
Employee benefit obligation	21	8,414,078.74	11,534,813.87	7,537,454.95	7,840,271.63	11,071,956.94	7,537,454.95
Deferred tax liabilities	22	98,896,319.73	105,188,152.49	-	4,130,334.10	4,541,678.62	-
Non-current liabilities		6,850,398.10	5,523,155.06	17,921,714.39	3,092,230.78	3,393,096.84	13,975,999.61
Total Non-Current Liabilities		489,144,316.21	494,338,780.76	156,494,421.19	385,053,859.06	386,941,032.36	150,618,577.31
Total Liabilities		931,831,402.53	900,157,558.42	358,804,321.17	693,362,966.08	657,548,707.31	370,585,155.99
SHAREHOLDERS' EQUITY							
Share capital	23						
Authorized share capital							
970,283,450 ordinary shares, at par value of Baht 1.00		970,283,450.00	970,283,450.00	-	970,283,450.00	970,283,450.00	-
589,968,760 ordinary shares, at par value of Baht 1.00		-	-	589,968,760.00	-	-	589,968,760.00
Paid-up share capital							
784,968,760 ordinary shares, at par value of Baht 1.00		784,968,760.00	784,968,760.00	-	784,968,760.00	784,968,760.00	-
486,484,072 ordinary shares, at par value of Baht 1.00		-	-	486,484,072.00	-	-	486,484,072.00
Premium on share capital		141,376,373.77	141,376,373.77	59,476,373.77	141,376,373.77	141,376,373.77	59,476,373.77
Convertible debentures - equity component		21,071,297.74	21,071,297.74	-	21,071,297.74	21,071,297.74	-
Share subscription received in advance		-	-	103,484,688.00	-	-	103,484,688.00
Retained earnings (deficits)							
Appropriated-legal reserve		9,620,000.00	9,620,000.00	9,620,000.00	9,620,000.00	9,620,000.00	9,620,000.00
Unappropriated		(772,473,229.31)	(703,791,563.63)	(455,923,951.90)	(760,386,179.02)	(714,105,161.37)	(469,218,646.19)
Other components of equity		(1,563,994.17)	(1,234,683.65)	(1,122,885.51)	-	-	-
Equity attributable to the owners of the company		182,999,208.03	252,010,184.23	202,018,296.36	196,650,252.49	242,931,270.14	189,846,487.58
Non-controlling interests		177,458,972.28	192,145,439.01	3,941,096.73	-	-	-
Total shareholders' equity		360,458,180.31	444,155,623.24	205,959,393.09	196,650,252.49	242,931,270.14	189,846,487.58
Total Liabilities and Shareholder's Equity		1,292,289,582.84	1,344,313,181.66	564,763,714.26	890,013,218.57	900,479,977.45	560,431,643.57

Notes to financial statements are an integral part of these financial statements.

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(Unit : Baht)

	Notes	Consolidated		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Construction income		150,237,797.04	21,629,301.75	90,891,302.49	21,629,301.75
Service income		9,701,539.25	410,000.00	8,959,519.25	410,000.00
Other income		1,757,023.29	2,592,795.51	2,984,527.35	2,306,526.09
Total Revenues		161,696,359.58	24,632,097.26	102,835,349.09	24,345,827.84
Expenses					
Cost of construction		167,080,040.32	17,542,409.15	116,535,176.76	17,542,409.15
Cost of services		10,457,417.79	207,105.00	8,182,680.93	207,105.00
Administrative expenses		64,284,580.29	13,586,007.91	16,460,640.83	13,463,265.44
Finance cost		8,060,719.50	2,588,574.43	8,349,212.74	3,002,246.30
Total Expenses		249,882,757.90	33,924,096.49	149,527,711.26	34,215,025.89
Loss before income tax expenses		(88,186,398.32)	(9,291,999.23)	(46,692,362.17)	(9,869,198.05)
Income tax income (expense)	24	4,900,593.53	(69,158.15)	411,344.52	-
Loss for the period		(83,285,804.79)	(9,361,157.38)	(46,281,017.65)	(9,869,198.05)
Other comprehensive income					
Transactions that be classified into profit or loss in the future					
Difference exchange rate from conversion of financial statements		(411,638.14)	(875,319.28)	-	-
Transactions that not be classified into profit or loss in the future					
Acturial loss		-	(3,501,282.52)	-	(3,501,282.52)
Other comprehensive loss for the period		(411,638.14)	(4,376,601.80)	-	(3,501,282.52)
Total comprehensive loss for the period		(83,697,442.93)	(13,737,759.18)	(46,281,017.65)	(13,370,480.57)
Profit (loss) attributable to					
Equity holders of the Company		(68,681,665.68)	(9,407,800.04)		
Non-controlling interests		(14,604,139.11)	46,642.66		
		(83,285,804.79)	(9,361,157.38)		
Total comprehensive income (loss) attributable to					
Equity holders of the Company		(69,010,976.20)	(13,609,337.98)		
Non-controlling interests		(14,686,466.73)	(128,421.20)		
		(83,697,442.93)	(13,737,759.18)		
Basic loss per share	25	(0.09)	(0.02)	(0.06)	(0.02)
Weighted average of ordinary shares (unit : share)		784,968,760	589,968,760	784,968,760	589,968,760

Unaudited

Notes to financial statements are an integral part of these financial statements.

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	Notes	Equity attributable to the owners of the Company							(Unit : Baht)		
		Paid-up share capital	Premium on share capital	Convertible debt/equity component	Share subscription received in advance	Retained earnings (deficits)		Total	Equity attributable to the owners of the Company	Non-controlling Interests	Total
						Appropriated- legal reserve	Unappropriated				
								Difference exchange rate from conversion of financial statements			
Balance as at January 1, 2019 (as previously reported)		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(704,170,683.79)	(1,234,086.96)	251,631,660.76	192,142,186.36	443,773,847.12
Impact of changes in accounting policy	5	-	-	-	-	-	379,120.16	(596.69)	378,523.47	3,252.65	381,776.12
Balance as at January 1, 2019 (restated)		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(703,791,563.63)	(1,234,683.65)	252,010,184.23	192,145,439.01	444,155,623.24
Changes in equity for the period		-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period		-	-	-	-	-	(68,681,665.68)	(329,310.52)	(69,010,976.20)	(14,686,466.73)	(83,697,442.93)
Balance as at March 31, 2019		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(772,473,229.31)	(1,563,994.17)	182,999,208.03	177,458,972.28	360,458,180.31
Balance as at January 1, 2018 (as previously reported)		486,484,072.00	59,476,373.77	-	103,484,688.00	9,620,000.00	(455,937,559.13)	(1,122,381.22)	202,005,193.42	3,937,820.99	205,943,014.41
Impact of changes in accounting policy	5	-	-	-	-	-	13,607.23	(504.29)	13,102.94	3,275.74	16,378.68
Balance as at January 1, 2018 (restated)		486,484,072.00	59,476,373.77	-	103,484,688.00	9,620,000.00	(455,923,951.90)	(1,122,885.51)	202,018,296.36	3,941,096.73	205,959,393.09
Changes in equity for the period		-	-	-	-	-	-	-	-	-	-
Increment of capital		103,484,688.00	-	-	(103,484,688.00)	-	-	-	-	-	-
Actuarial loss		-	-	-	-	-	(3,501,282.52)	-	(3,501,282.52)	-	(3,501,282.52)
Total comprehensive loss for the period		-	-	-	-	-	(9,407,800.04)	(700,255.42)	(10,108,055.46)	(128,421.20)	(10,236,476.66)
Balance as at March 31, 2018		589,968,760.00	59,476,373.77	-	-	9,620,000.00	(468,833,034.46)	(1,823,140.93)	188,408,958.38	3,812,675.53	192,221,633.91

Unaudited

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	Notes	Paid-up share capital	Premium on share capital	Convertible debenture equity component	Share subscription received in advance	Retained earnings (deficits)		Total
						Appropriated- legal reserve	Unappropriated	
Balance as at January 1, 2019 (as previously reported)		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(714,143,915.25)	242,892,516.26
Impact of changes in accounting policy	5	-	-	-	-	-	38,753.88	38,753.88
Balance as at January 1, 2019 (restated)		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(714,105,161.37)	242,931,270.14
Changes in equity for the period								
Total comprehensive loss for the period							(46,281,017.65)	(46,281,017.65)
Balance as at March 31, 2019		784,968,760.00	141,376,373.77	21,071,297.74	-	9,620,000.00	(760,386,179.02)	196,650,252.49
Balance as at January 1, 2018		486,484,072.00	59,476,373.77	-	103,484,688.00	9,620,000.00	(469,218,646.19)	189,846,487.58
Changes in equity for the period								
Increment of capital		103,484,688.00	-	-	(103,484,688.00)	-	-	-
Acturial loss		-	-	-	-	-	(3,501,282.52)	(3,501,282.52)
Loss for the period		-	-	-	-	-	(9,869,198.05)	(9,869,198.05)
Balance as at March 31, 2018		589,968,760.00	59,476,373.77	-	-	9,620,000.00	(482,589,126.76)	176,476,007.01

Unaudited

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOW

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(Unit : Baht)

หมายเหตุ	Consolidated		Separate financial statements	
	2019	2018	2019	2018
Cash Flow From Operating activities				
Loss before income tax expenses	(73,582,259.21)	(9,338,641.89)	(46,692,362.17)	(9,869,198.05)
Adjustments to reconcile loss before income tax expenses for cash received (used) from operations				
Share of profit(loss) attributable to non-controlling interests	(14,604,139.11)	46,642.66	-	-
Doubtful debts	533,589.47	8,800.00	33,589.47	8,800.00
Depreciation	2,555,269.20	587,306.19	416,850.11	574,182.81
Amortisation of intangible assets	29,289,644.60	93,098.36	66,388.54	93,952.15
(Gain) loss on disposal and written-off of fixed assets	13,499.90	(4,738.67)	13,499.90	(4,738.67)
Reversal of provision for warranty	(1,176,584.11)	(1,162,862.90)	(1,332,473.15)	(1,162,862.90)
Reversal of provision for construction losses	(3,144,711.95)	(745,754.61)	(3,144,711.95)	(745,754.61)
Provisions for employee benefits	457,264.87	249,752.72	346,314.69	249,752.72
Interest income	(36,377.30)	(247,458.21)	(431,654.96)	(246,560.99)
Interest expenses	8,060,719.50	2,588,574.43	8,349,212.74	3,002,246.30
Loss from operation before changes in operating assets and liabilities	(51,634,084.14)	(7,925,281.92)	(42,375,346.78)	(8,100,181.24)
Increase in trade and other current receivables - third parties	(29,388,553.90)	(5,692,164.87)	(43,908,379.77)	(5,689,629.30)
Decrease in other current receivables - related parties	24,360,747.67	-	20,472,211.92	-
(Increase) decrease in contract assets	26,522,933.78	(13,294,537.14)	14,732,983.69	(13,294,537.14)
Increase in retention receivables	(7,611,599.58)	-	-	-
Increase in suspend input vat	584,403.06	1,279,865.88	1,456,516.96	1,279,865.88
Increase in receivables under the concession agreement	(286,006.44)	(285,372.20)	-	-
(Increase) decrease in other non-current assets	3,941,707.89	38,000.00	(400.00)	38,000.00
Increase (decrease) in trade and other current payables - third parties	109,023,626.27	(37,263,925.39)	81,540,999.88	(37,015,590.88)
Increase (decrease) in trade and other current payables - related person and parties	1,096,587.56	(41,411.38)	2,451,790.80	(41,411.38)
Increase (decrease) in contract liabilities	(64,799,277.91)	941,498.94	(54,128,811.21)	941,498.94
Increase in unbilled output tax	1,969,155.41	196,184.63	3,638,727.25	196,184.63
Decrease in other non-current liabilities	(1,618,471.74)	(6,657,763.14)	(300,866.06)	(4,989,900.63)
Cash generated from operating	12,161,167.93	(68,704,906.59)	(16,420,573.32)	(66,675,701.12)
Cash paid for employee benefits	-	(2,794,800.00)	-	(2,794,800.00)
Cash paid for income tax	(1,165,784.43)	(64,773.67)	(254,815.99)	(64,773.67)
Net cash provided by (used in) operating activities	10,995,383.50	(71,564,480.26)	(16,675,389.31)	(69,535,274.79)

Unaudited

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOW
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(Unit : Baht)

		Consolidated		Separate financial statements	
	Notes	2019	2018	2019	2018
Cash Flow From Investing Activities					
Decrease in short-term loans to person and related party		-	-	3,972,363.01	-
Increase in deposits at bank pledged as collateral		(4,755,093.15)	(16,179.16)	(4,755,093.15)	(16,179.16)
Cash paid for purchase of equipment		(103,300.46)	(2,896.26)	(30,292.52)	(2,896.26)
Cash received from disposal of equipment		10,500.00	36,000.00	10,500.00	36,000.00
Cash received from interest income		36,377.30	16,342.58	544,132.63	16,342.58
Net cash provided by (used in) investing activities		(4,811,516.31)	33,267.16	(258,390.03)	33,267.16
Cash Flow From Financing Activities					
Increase (decrease) in bank overdraft and short-term loans from financial institutions		(11,185,086.50)	2,816,311.78	(11,185,086.50)	2,816,311.78
Cash received from short-term loan from related parties		1,500,000.00	-	12,000,000.00	-
Cash paid for short-term loan from related parties		(1,350,000.00)	-	(1,563,955.85)	(1,204,200.54)
Cash paid for obligation under finance lease		(455,487.32)	-	-	-
Cash paid for long-term loans due to financial institutions		(74,000.00)	-	-	-
Cash paid for interest expenses		(1,154,251.88)	(349,388.43)	(450,504.26)	(1,079,862.65)
Net cash provided by (used in) financing activities		(12,718,825.70)	2,466,923.35	(1,199,546.61)	532,248.59
Effects of exchange rate change on the balance of					
cash and cash equivalents		(3,778.15)	(2,157.97)	-	-
Net Decrease in Cash and Cash Equivalent		(6,538,736.66)	(69,066,447.72)	(18,133,325.95)	(68,969,759.04)
Cash and Cash Equivalent at the Beginning of the period		38,151,209.46	172,758,733.17	18,474,424.95	171,645,023.77
Cash and Cash Equivalent at the End of the period	26.1	31,612,472.80	103,692,285.45	341,099.00	102,675,264.73

Unaudited

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 (UNAUDITED)

1. General information

Hydrotek Public Company Limited (“Company”) is a public company and is incorporated in Thailand. The Company is listed on the Market for Alternative Investment (MAI). The address of the Company’s registered office is 14th Floor, TP&T Tower 1 Soi Vibhavadee-Rangsit 19, Chatuchak, Chatuchak, Bangkok.

The principal business operations of the Company and subsidiaries (“the Group”) are construction and management of water treatment and wastewater treatment system, waste management system and selling of related supplies.

2. Basis of preparation of interim financial statements

These interim consolidated and separate financial statements are prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Account Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of Capital Market Supervisory Board. The primary financial statements (i.e. statement of financial position, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows) are prepared in the full format as required by Capital Market Supervisory Board. The notes to the financial statements are prepared in a condensed format according to Thai Accounting Standard 34 “Interim Financial Reporting (revised 2018)” and additional notes are presented as required by Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The interim consolidated and separate financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2018. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2018.

The interim consolidated and separate financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

(Unaudited)

The Federation of Accounting Profession (TFAC) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2019.

TFRS No. 1 First-time Adoption of International Financial Reporting Standards
 TFRS No. 2 Share-based Payment (revised 2018)
 TFRS No. 3 Business Combinations (revised 2018)
 TFRS No. 4 Insurance Contracts (revised 2018)
 TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2018)
 TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2018)
 TFRS No. 8 Operating Segments (revised 2018)
 TFRS No. 10 Consolidated Financial Statements (revised 2018)
 TFRS No. 11 Joint Arrangements (revised 2018)
 TFRS No. 12 Disclosure of Interests in Other Entities (revised 2018)
 TFRS No. 13 Fair Value Measurement (revised 2018)
 TFRS No. 15 Revenue from Contracts with Customers
 TAS No. 1 Presentation of Financial Statements (revised 2018)
 TAS No. 2 Inventories (revised 2018)
 TAS No. 7 Statement of Cash Flows (revised 2018)
 TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)
 TAS No. 10 Events after the Reporting Period (revised 2018)
 TAS No. 12 Income Taxes (revised 2018)
 TAS No. 16 Property, Plant and Equipment (revised 2018)
 TAS No. 17 Leases (revised 2018)
 TAS No. 19 Employee Benefits (revised 2018)
 TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)
 TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)
 TAS No. 23 Borrowing Costs (revised 2018)
 TAS No. 24 Related Party Disclosures (revised 2018)
 TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)
 TAS No. 27 Separate Financial Statements (revised 2018)
 TAS No. 28 Investments in Associates and Joint Ventures (revised 2018)
 TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2018)
 TAS No. 33 Earnings per Share (revised 2018)
 TAS No. 34 Interim Financial Reporting (revised 2018)
 TAS No. 36 Impairment of Assets (revised 2018)
 TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)
 TAS No. 38 Intangible Assets (revised 2018)
 TAS No. 40 Investment Property (revised 2018)
 TAS No. 41 Agriculture (revised 2018)
 TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2018)
 TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018)
 TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)
 TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies (revised 2018)
 TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2018)
 TFRIC No. 12 Service Concession Arrangements (revised 2018)

(Unaudited)

TFRIC No. 14 TAS 19 (revised 2018) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2018)

TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2018)

TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)

TFRIC No. 21 Levies (revised 2018)

TFRIC No. 22 Foreign Currency Transactions and Advance Consideration

TSIC No. 10 Government Assistance - No Specific Relation to Operating Activities (revised 2018)

TSIC No. 15 Operating Leases - Incentives (revised 2018)

TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)

TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)

TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2018)

TSIC No. 32 Intangible Assets - Web Site Costs (revised 2018)

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period except the implementation of TFRS No.15 Revenue from Contracts with Customers as described in notes to financial statement no.5.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	Effective date
TFRS No. 7 Financial Instruments: Disclosures	January 1, 2020
TFRS No. 9 Financial Instruments	January 1, 2020
TFRS No. 16 Leases	January 1, 2020
TAS No. 32 Financial Instruments: Presentation	January 1, 2020
TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020
Guide on Accounting : Financial Instruments and Disclosures for Insurance Business	January 1, 2020

The Group has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Group's financial statements.

(Unaudited)

3. Principles of interim consolidation financial statements

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred for acquisition is measured at the sum of the fair value of the assets given, the liabilities incurred, and equity instruments issued by the Group at the date of exchange. Acquisition-related costs are accounted as expenses in the period in which the costs are incurred. The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the net identifiable assets of the subsidiary acquired is recognized as goodwill and to be tested for impairment annually. If, after reassessment, the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase gain.

The interim consolidated financial statements for the three-month periods ended March 31, 2019 and 2018 have been prepared by including the financial statements of Hydrotek Public Company Limited and its subsidiaries after eliminate the significant related party balances and transactions. The Company holds shares at the percentage of:

<u>Companies</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2019</u>	<u>2018</u>
Hydrotek-Chaisarit Joint Venture	Construction of water treatment	Thailand	100.00	100.00
Hydrotek Utilities Co., Ltd.	Investment project, which produce and supply water and related businesses	Thailand	100.00	100.00
Hydrotek Supreme Mandalay Co., Ltd.	Production and management wastewater treatment and wastewater collection system.	Myanmar	80.00	80.00
Sahahydro Joint Venture	Construction of the expansion of water	Thailand	100.00	100.00
SUT Global Co., Ltd.	Operate a business as construction contractor, provision of service regarding the operation and maintenance, and a consultancy services regarding waste management engineering	Thailand	66.00	66.00
SUT Hydro Co., Ltd.*	Service of treatment wastewater	Thailand	79.60	79.60

*The Company directly holds the shares at 40.00% of SUT Hydro Co., Ltd.'s share capital and indirectly holds the share at 39.60% via SUT Global Co., Ltd

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

Non-controlling interests measured at net asset value of the proportion of shares held by non-controlling interest in it.

(Unaudited)

The assets and liabilities in the financial statements of overseas subsidiaries company is translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of “Exchange differences on translation” in the statements of changes in shareholders’ equity.

4. Accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended December 31, 2018, except the change in accounting policy as mentioned in the note to financial statement no. 5.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

5. Change in accounting policy

From January 1, 2019 onward, the Group applied TFRS No.15 Revenue from Contracts with Customers. The financial reporting standard requires that the Group shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services whereby setting the core principle concerning the revenue recognition by applying the five steps consisting of : Identify the contract with a customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contract and Recognize revenue when (or as) the entity satisfies a performance obligation, instead of the previous revenue recognition principle. The Group applied the retrospective adjustment to the comparative financial information.

The amount of adjustment, which effects to the prior period financial statements on applying the financial reporting standard, as follows:

(Unit : Baht)

	Consolidated statement of financial position		Separate statement of financial position	
	As at			
	<u>December 31, 2018</u>	<u>January 1, 2018</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Increase in contract assets	16,747,639.76	-	3,322,733.88	-
Increase in receivables under the concession agreement	1,616,204.15	1,627,714.38	-	-
Increase in intangible assets	754,292.03	759,663.60	-	-
Decrease in construction in progress	(18,736,359.82)	(2,370,999.30)	(3,283,980.00)	-
Decrease in deficits	(379,120.16)	(13,607.23)	(38,753.88)	-
Decrease in other components of the shareholders' equity	596.69	504.29	-	-
Increase in non-controlling interests	(3,252.65)	(3,275.74)	-	-

(Unaudited)

6. Related party transactions

The Company's major shareholders are the group of Mr.Slib Soongswang, held at 4.95% of share, Mr. Kittti Jivacate, held at 5.03% of share, Mr. Surachet Chaipatamanont, held at 5.44% of share, and Mr. Somprasong Panjalak, held at 10.76% of share and SUTG Holding Co., Ltd held at 24.84% of share (The principal shareholder of SUTG Holding Co.,Ltd. Na Songkla family and Phonin family) (December 31, 2018 : The group of Mr.Slib Soongswang, held at 4.95% of share, Mr. Kittti Jivacate, held at 5.03% of share, Mr. Surachet Chaipatamanont, held at 5.44% of share, and Mr. Somprasong Panjalak, held at 10.76% of share and SUTG Holding Co., Ltd held at 24.84% of share) of the share capital of the Company. Transactions related to the principal shareholders or directors are recognized as related parties to the Company.

The transactions with related parties for the three-months period ended March 31, 2019 and 2018 are as follows:

6.1 Inter-assets and liabilities

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Other current receivable				
SUT Global Co.,Ltd.	-	-	25,164,839.65	46,377,840.75
Hydrotek-Utilities Co., Ltd.	-	-	1,377.50	427.50
Hydrotek-Chaisarit Joint Venture	-	-	117,114.85	79,453.13
Sahahydro Joint Venture	-	-	752,616.53	571,492.00
Navajessada Construcion and Supply Co.,Ltd	-	24,660,747.67	-	-
Director	300,000.00	-	300,000.00	-
Total	300,000.00	24,660,747.67	26,335,948.53	47,029,213.38
Short-term loans to person and related parties				
SUT Global Co.,Ltd.				
Beginning balance	-	-	17,500,000.00	-
Loans in during the period	-	-	-	17,500,000.00
Repayment in during the period	-	-	(3,972,363.01)	-
Ending balance	-	-	13,527,636.99	17,500,000.00

(Unaudited)

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Director				
Beginning balance	-	-	-	-
Increased from business acquisition	-	21,300,000.00	-	-
Loans in during the period	-	-	-	-
Repayment in during the period	-	(21,300,000.00)	-	-
Ending balance	-	-	-	-
Total	-	-	13,527,636.99	17,500,000.00
Trade payables				
SUT Global Co.,Ltd.	-	-	1,000,000.00	-
Total trade payables	-	-	1,000,000.00	-
Other current payables				
Accrued expenses				
Directors	4,886,000.87	277,481.98	4,886,000.87	194,210.07
Accrued interest				
Hydrotek-Chaisarit Joint Venture	-	-	823,600.45	480,685.20
Sahahydro Joint Venture	-	-	49,315.07	-
Directors	146,542.01	52,937.16	146,542.01	52,937.16
Total other current payables	5,032,542.88	330,419.14	5,905,458.40	727,832.43
Total	5,032,542.88	330,419.14	6,905,458.40	727,832.43
Short-term loans from person and related parties				
Directors				
Beginning balance	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Additional in during the period	1,500,000.00	-	-	-
Repayment in during the period	(1,350,000.00)	-	(1,350,000.00)	-
Ending balance	10,150,000.00	10,000,000.00	8,650,000.00	10,000,000.00
Hydrotek-Chaisarit Joint Venture				
Beginning balance	-	-	19,332,462.09	23,600,000.00
Additional in during the period	-	-	-	-
Repayment in during the period	-	-	(213,955.85)	(4,267,537.91)
Ending balance	-	-	19,118,506.24	19,332,462.09

(Unaudited)

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Sahahydro Joint Venture				
Beginning balance	-	-	-	-
Additional in during the period	-	-	12,000,000.00	-
Repayment in during the period	-	-	-	-
Ending balance	-	-	12,000,000.00	-
Total	10,150,000.00	10,000,000.00	39,768,506.24	29,332,462.09

As at March 31, 2019 and December 31, 2018, short-term loans from director in the form of promissory notes, at call and interest are carried by the rate of 6.25% per annum.

As at March 31, 2019, short-term loans from related party in the form of promissory notes, at call and interest are carried by the rate of 6.25 - 7.25% per annum (December 31, 2018 : 7.25% per annum).

6.2 Inter-revenue and expenses

	Consolidated		Separate financial statements	
	For the three-month periods ended March 31,			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other income				
Hydrotek-Chaisarit Joint Venture	-	-	30,000.00	-
Sahahydro Joint Venture	-	-	1,006,560.55	-
SUT Global Co.,Ltd.	-	-	388,900.00	-
	-	-	1,425,460.55	-
Interest income				
SUT Global Co.,Ltd.	-	-	306,584.06	-
Subcontraction Cost				
SUT Global Co.,Ltd.	-	-	31,039,325.50	-
Interest expense				
Hydrotek-Chaisarit Joint Venture	-	-	342,915.25	413,671.87
Sahahydro Joint Venture	-	-	49,315.07	-
Director	146,542.01	153,688.52	146,542.01	153,688.52
	146,542.01	153,688.52	538,772.33	567,360.39

(Unaudited)

6.3 Management benefit expenses

(Unit : Baht)

	Consolidated	
	For the three-month periods ended March 31,	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	3,110,542.00	2,587,180.00
Post-employment benefits	92,810.47	99,540.38
Total	3,203,352.47	2,686,720.38

(Unit : Baht)

	Separate financial statements	
	For the three-month periods ended March 31,	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	4,895,542.00	2,587,180.00
Post-employment benefits	179,097.34	99,540.38
Total	5,074,639.34	2,686,720.38

6.4 Pricing policies

<u>Transaction</u>	<u>Pricing Policies</u>
Other income	Based on the agreed price
Purchase of assets	Based on the agreed price
Construction	Based on the agreed price
Design Fee	Based on the agreed price
Interest income	Based on interest rate of financial institutions+ 1.00%
Interest expense	Based on interest rate of a financial institution MLR +1.00%

(Unaudited)

6.5 Nature of relationship

<u>Name</u>	<u>Relationship</u>
Hydrotek-Chaisarit Joint Venture	Shares held by Company
Hydrotek-Utilities Co., Ltd.	Shares held by Company
Hydrotek Supreme Mandalay Co.,Ltd.	Shares held by Company
Sahahydro Joint Venture	Shares held by Company
SUT Global Co.,Ltd.	Shares held by Company
SUT Hydro Co., Ltd.	Shares held by Company
Navajessada Construcion and Supply Co.,Ltd	Shares held by close relative of director
UAC Global Public Co., Ltd.	The majority shareholder
S.P.C. Design Co., Ltd.	Shares held by close relative of director

7. Trade and other current receivables - third parties

Outstanding trade receivable-third parties can be aged as follows:

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Trade accounts receivable				
Within credit term	66,891,263.66	56,849,590.36	66,891,263.66	46,803,273.20
Overdue 1 – 3 Months	24,586,228.77	511,200.00	23,362,550.02	511,200.00
Overdue 3 – 6 Months	1,516,960.42	749,000.00	511,200.00	-
Overdue 6 – 12 Months	3,377,893.70	346,174.96	-	-
Overdue over 12 Months	83,235,554.82	87,192,926.29	7,401,168.00	7,401,168.00
Total	179,607,901.37	145,648,891.61	98,166,181.68	54,715,641.20
<u>Less</u> Allowance for doubtful debts	(28,350,426.29)	(28,350,426.29)	(7,401,168.00)	(7,401,168.00)
Net	151,257,475.08	117,298,465.32	90,765,013.68	47,314,473.20
Others receivable	33,155,968.74	34,966,673.38	11,823,360.96	10,912,473.47
Deposit for purchase of goods	14,929,695.47	15,323,955.47	14,901,589.47	15,283,015.47
Advances to subcontractors	21,799,605.82	24,069,311.27	15,761,542.24	15,724,309.18
Total	69,885,270.03	74,359,940.12	42,486,492.67	41,919,798.12
<u>Less</u> Allowance for doubtful debts	(24,214,129.85)	(24,180,540.38)	(10,032,289.85)	(9,998,700.38)
Net	45,671,140.18	50,179,399.74	32,454,202.82	31,921,097.74
Total trade and other current receivables	196,928,615.26	167,477,865.06	123,219,216.50	79,235,570.94

(Unaudited)

The movement of allowance for doubtful debts – trade account receivable - third parties for the three-month period ended March 31, 2019 are as follows:

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Beginning balance	(28,350,426.29)	(7,401,168.00)
Allowance increased in during the period	-	-
Collected in during the period	-	-
Ending balance	<u>(28,350,426.29)</u>	<u>(7,401,168.00)</u>

The movement of allowance for doubtful debts – other current receivable – third parties for the three-month period ended March 31, 2019 are as follows:

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Beginning balance	(24,180,540.38)	(9,998,700.38)
Allowance increased in during the period	(33,589.47)	(33,589.47)
Collected in during the period	-	-
Ending balance	<u>(24,214,129.85)</u>	<u>(10,032,289.85)</u>

8. Contract assets

Consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Unbilled receivable-construction contract	158,118,651.41	184,641,585.19	88,173,153.34	102,906,137.03
Total	158,118,651.41	184,641,585.19	88,173,153.34	102,906,137.03

9. Deposits at bank pledged as collateral

As at March 31, 2019 and December 31, 2018, deposit at bank in amount of Baht 1.56 million and Baht 1.55 million, respectively of the Group has pledged to the Electricity Generating Authority of Thailand (EGAT) as the guarantee for the construction work under Idreco S.P.A. Co.,Ltd. and Idreco Asia Corporation Ltd. since 1991. The said amount of bank deposit is not yet cleared of the obligation and the Group has not yet redeemed the said bank deposit since the Electricity Generating Authority of Thailand (EGAT) has sued for the compensation from Idreco S.P.A. Co.,Ltd. Now the lawsuit is ended, The Company is in the process of detach the guarantee from the bank.

(Unaudited)

As at March 31, 2019 and December 31, 2018, the Group has additionally pledged the remaining Baht 52.66 million and Baht 52.66 million, respectively, as the collateral against the issuance of the letter of guarantee from a commercial bank for the construction project and guarantee against the short-term loan granted by a commercial bank (notes to financial statements No. 30.2).

As at March 31, 2019, the Company's deposit at bank in amount of Baht 4.74 million was filed a request to freeze claims under the Civil Court's order by a subcontractor.

10. Investment in subsidiaries

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows:-

(Unit : '000 Baht)

Name of Company	Paid-up capital('000 Baht)		% of holding		Cost Method		Dividened	
	March 31.	December 31.	March 31.	December 31.	March 31.	December 31.	March 31.	March 31.
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Subsidiaries don't having non-controlling interests</u>								
Hydrotek-Chaisarit Joint Venture *	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Hydrotek Utilities Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Sahahydro Joint Venture **	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Total					3,000	3,000	-	-
<u>Subsidiaries having material non-controlling interests</u>								
SUT Global Co.,Ltd.	20,000	20,000	66.00	66.00	541,900	541,900	-	-
(Less) Allowance for impairment					(133,000)	(133,000)	-	-
					408,900	408,900	-	-
<u>Subsidiaries having immaterial non-controlling interests</u>								
SUT Hydro Co., Ltd.	1,000	1,000	40.00	40.00	400	400	-	-

(Unit : '000 Baht)

Name of Company	Paid-up capital(USD)		% of holding		Cost Method		Dividened	
	March 31.	December 31.	March 31.	December 31.	March 31.	December 31.	March 31.	March 31.
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Subsidiaries having immaterial non-controlling interests</u>								
Hydrotek Supreme Mandalay Co.,Ltd. ***	281,250	281,250	80.00	80.00	16,037	16,037	-	-

*October, 2014, the first amendment to the agreement has been entered into, which both parties agreed to, Hydrotek would be solely responsible for the operation of the said joint venture, where Chaisarit no longer be held responsible or require to pay indemnity. Thys, Hydrotek Public Company Limited is the sole venturer in Hydrotek-Chaisarit joint venture with the 100.00% shareholding.

(Unaudited)

**July, 2018, the first amendment to the agreement has been entered into, which both parties agreed to, Hydrotek would be solely responsible for the operation of the said joint venture, where Chaisarit no longer be held responsible or require to pay indemnity. Thys, Hydrotek Public Company Limited is the sole venturer in Hydrotek-Chaisarit joint venture with the 100.00% shareholding.

*** July, 2015, the Company has incorporated Hydrotek Supreme Mandalay Co., Ltd. in Republic of the Union of Myanmar. The Company holds 80% of the registered capital of USD 500,000.00. This company has been incorporated to obtain permit for the investment to construct the waste water treatment plant and waste collection system in Mandalay industrial zone.

11. Land and equipment

The movement of land and equipment during the three-month period ended March 31, 2019 are as follows:

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening net book value balance	172,329,471.05	144,954,638.94
Purchase in during the period	107,300.46	34,292.52
Disposal in during the period	(23,312.99)	(23,312.99)
Transfer out for the period	(87,069,288.52)	(87,069,288.52)
Depreciation charge for the period	(2,555,269.20)	(416,850.11)
Ending net book value balance	82,788,900.80	57,479,479.84

As at March 31, 2019, certain equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 17.88 million (December 31, 2018 : Baht 17.62 million).

As at March 31, 2019, the Group has vehicles and office equipment, net book value of Baht 6.61 million, which are assets under finance leases which the Company is a lessee, which is included in the above list. The ownership of such assets will be transferred to the Company after the final payment is made. (December 31, 2018 : Baht 7.07 million).

As at March 31, 2019 and December 31, 2018, the Group has pledged the land as collateral for short-term loan from financial institutions as mentioned in the notes to financial statements No. 30.2

(Unaudited)

12. Intangible assets

The movement of intangible assets during the three-month period ended March 31, 2019 are as follows:-

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening balance	509,274,165.61	483,844.19
Purchase in during the period	-	-
Transfer in during the period	87,069,288.52	87,069,288.52
Amortization charge for the period	(29,289,644.60)	(66,388.54)
Effect from exchange rate	(101,891.38)	-
Ending balance	566,951,918.15	87,486,744.17

During the year 2015, the Company entered into an agreement with a Tambon government sector for the construction of the water treatment plant and distribution of the tap water to water consumers in municipal area for the period of 9 years. At present, the said water treatment plant is in construction process and were presented under property, plant and equipment.

Afterward, in January 2019, the Ministry of Natural Resources and Environment entered into the concession agreement for water distribution. It awarded an agreement to Hydrotek Public Company Limited with the commitment to construct the water treatment plant within 24 month from the date the permission has been granted by the Ministry of Natural Resources and Environment, and distribute the tap water to the water consumers in the concession area, which the water tariffs can be charged at the rate stipulated in the said concession agreement, for the period of 25 years. Furthermore, the said concession agreement included the additional conditions for the government sectors to have the option to purchase the entire water supply business from the Company when the concession term expired. The Group Companies recognized the compensation that the Company received from the construction of the water treatment plant under the said concession agreement as intangible asset in the financial statement.

For the three-month period ended 31 March 2019, the Company transferred the asset-in-construction under property, plant and equipment to be presented under intangible asset under the said concession agreement.

(Unaudited)

13. Bank overdrafts and short-term loans due to financial institution

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Bank overdrafts	19,821,290.96	19,693,113.76	19,821,290.96	19,693,113.76
Short-term loans	-	12,538,560.40	-	11,313,263.70
Total	19,821,290.96	32,231,674.16	19,821,290.96	31,006,377.46

As at March 31, 2019, the Group held bank overdraft and short – term loans from financial institutions amounting of Baht 76.46 million (December 31, 2018 : Baht 76.46 million). Interest rate is MOR, MLR per annum (December 31, 2018 : interest rate is MOR, MLR per annum).

Such the line of bank overdrafts and short-term borrowings from financial institutions are secured by bank deposits described in Note 9 to the financial statements, land and buildings described in Note 11 .

14. Trade and other current payables – third parties

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Trade accounts payable	204,967,507.13	103,768,462.37	129,978,609.01	44,464,793.91
Other payables	21,953,961.19	18,285,538.76	6,556,450.37	10,760,322.04
Retention payables	33,041,603.40	32,568,283.67	28,822,685.08	28,349,365.35
Advances received	10,937,500.00	10,937,500.00	10,937,500.00	10,937,500.00
Accrued interest	40,319,002.79	34,956,654.78	40,312,805.50	34,956,654.78
Others	769,044.89	437,168.00	104,804.97	4,101.34
Total	311,988,619.40	200,953,607.58	216,712,854.93	129,472,737.42

(Unaudited)

15. Contract liabilities

Consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Advance revenue from construction	-	45,169,291.94	-	45,169,291.94
Advance revenue from rendering of service	787,881.82	9,747,401.09	787,881.82	9,747,401.09
Advance revenue from construction contracts	76,068,258.46	86,738,725.16	12,214,401.32	12,214,401.32
Total	76,856,140.28	141,655,418.19	13,002,283.14	67,131,094.35

16. Provision for warranty

The movement of provision for warranty for the three-month period ended March 31, 2019 are as follows:-

(Unit : Baht)

	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening balance	7,954,200.02	6,876,601.17
Increase in during the period	531,487.89	-
Utilized in during the period	(395,465.31)	(215,560.00)
Unused amount reversed during the period	(1,312,606.69)	(1,116,913.15)
Ending balance	6,777,615.91	5,544,128.02

Long-term provision for warranty – minimum payments:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Within 1 years	5,544,128.02	7,252,200.02	5,544,128.02	6,876,601.17
Within 2 year – 5 years	1,233,487.89	702,000.00	-	-
Total	6,777,615.91	7,954,200.02	5,544,128.02	6,876,601.17

(Unaudited)

17. Convertible debentures

The movements of convertible debentures for the three-month periods ended March 31, 2019 are as follows:-

	(Unit : Baht)
	Consolidated /Separate financial statements
Opening balance	242,289,513.46
Interest based on effective rate	3,895,124.28
Interest paid to bearer	(1,838,401.69)
Ending balance	<u>244,346,236.05</u>

Details of convertible debenture which are as follows:

Type of Debenture	Type specify the unit holder, the conversion right to the Company's ordinary shares, no securities , no debentures representative. Maturity in 2021
Limit	Baht 265,000,000.00
Offering Price	THB 1,000 per Unit
Unit Offered	265,000 Units
Conversion Term	3 Years
Interest rate and interest payment	2.80 percent per year, due every 6 months
Conversion Ratio	1 unit of Convertible Debenture to 699.30071 of Company's ordinary shares (fraction of shares from the digit shall be round up)
Conversion Price	THB 1.43
Conversion Period	Two years after the date of issuance until the 15th business day prior to the Redemption Period.
The Early Redemption Option	Company holds the rights in early redemption of the debentures at any specific time from now after the 2nd anniversary of convertible debentures issuance. The rights to early redeem shall equal the amount of outstanding amount of convertible debentures either entire or partial amount as the Company deem appropriate with the price equal to the principal of convertible debenture plus the accrued interest calculated until the redemption date but prior to the end of period.

18. Long-term loans from financial institution

As at March 31, 2019, the Group held long – term loans from financial institutions, The interest was charged at 6.775% per annum and commenced payment in November 2018 for 36 installments, due in 2021.

	(Unit : Baht)
	Consolidated
Long-term loan	1,151,296.70
<u>Less</u> Current portion	(481,000.00)
Net	<u>670,296.70</u>

(Unaudited)

19. Obligation under finance lease

The movements of obligation under finance lease for the three-month periods on March 31, 2019, are as follows:-

	(Unit : Baht)
	Consolidated financial statements
Opening balance	4,778,292.54
Increase contract in during the period	-
Repayment in during the period	(455,487.32)
Ending balance	4,322,805.22

Obligation under finance lease – minimum lease payment:-

(Unit : Baht)

	Consolidated financial statements					
	As at					
	March 31, 2019			December 31, 2018		
	Obligation under finance lease	Deferred finance lease charges	Net	Obligation under finance lease	Deferred finance lease charges	Net
Not later than 1 year	1,510,236.80	(276,144.08)	1,234,092.72	1,562,436.00	(240,502.84)	1,321,933.16
Later than 1 year but not later than 5 years	3,414,573.80	(325,861.30)	3,088,712.50	3,900,123.00	(443,763.62)	3,456,359.38
Total	4,924,810.60	(602,005.38)	4,322,805.22	5,462,559.00	(684,266.46)	4,778,292.54

As at March 31, 2019, a subsidiary performs the contract of long term financial leased with a leasing company so as to lease motor vehicle by number of 4 contracts (December 31, 2018 : 4 contracts). The leased contracts determine leased fee repayment as monthly installment from Baht 7,400.00 to Baht 50,733.64 per month (December 31, 2018 : Baht 7,400.00 to Baht 50,733.64 per month). The leased period is carried 4 to 5 years (December 31, 2018 : carried 4 to 5 years). Such leased contract comprises subsidiary's directors as guarantors. In addition, ownership of such vehicle will transfer to ownership of subsidiary when subsidiary pays the final installment in accordance with the leased contract.

(Unaudited)

20. Long-term loans due to third party

The movements of long-term loans due to third party for the three-month period ended March 31, 2019 are as follows:-

	(Unit : Baht)
	Consolidated /Separate financial statements
Opening balance	125,644,786.50
Change in during the period	-
Repayment in during the period	-
Ending balance	<u>125,644,786.50</u>

Long-term loans due to third party – minimum payments:-

	(Unit : Baht)	
	Consolidated /Separate financial statements	
	As at	
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Within 1 years	-	-
Within 2 year – 5 years	125,644,786.50	125,644,786.50
Total	<u>125,644,786.50</u>	<u>125,644,786.50</u>

As at March 31, 2019 and December 31, 2018, the whole amount was long term loans due to Yunnan Water (Hong Kong) Company Limited, which was incorporated in Hong Kong, in order to construct water treatment project in Chiangmai province. The interest was charged at 6.75% per annum, an annually repayment for 5 years from commercial operation date. Furthermore, such loan agreement granted the option to Yunnan Water (Hong Kong) Company Limited, to convert the loan to investment in 49% of the registered share capital of Hydrotek Utility Co., Ltd., a subsidiary, that will provide water management service when the construction of such project is completed and both parties will jointly control the subsidiary.

(Unaudited)

21. Employee benefit obligation

Changes in the present value of the employee benefit obligation for the three-month period ended March 31, 2019 are as follows:

	(Unit : Baht)	
	<u>Consolidated</u>	<u>Separate financial statement</u>
Opening balance	11,534,813.87	11,071,956.94
Current service cost	413,888.06	307,022.59
Interest cost	43,376.81	39,292.10
Actuarial loss	-	-
Benefit obligation paid	(3,578,000.00)	(3,578,000.00)
Ending balance	8,414,078.74	7,840,271.63

22. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the three-month periods on March 31, 2019, are as follows:-

	(Unit : Baht)		
	January 1, 2019	Consolidated Recognized in profit or loss	March 31, 2019
Innovative waste disposal	(100,495,674.65)	5,835,232.72	(94,660,441.93)
Convertible debenture	(4,541,678.62)	411,344.52	(4,130,334.10)
Employee benefit obligation	92,571.39	-	92,571.39
Obligation under finance lease	(243,370.61)	45,255.52	(198,115.09)
Total	(105,188,152.49)	6,291,832.76	(98,896,319.73)

	(Unit : Baht)		
	Separate financial statements		
	January 1, 2019	Recognized in profit or loss	March 31, 2019
Convertible debenture	(4,541,678.62)	411,344.52	(4,130,334.10)
Total	(4,541,678.62)	411,344.52	(4,130,334.10)

(Unaudited)

The Group offsets the deferred tax assets and the deferred tax liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	-	-	-	-
- Deferred tax liabilities	(98,896,319.73)	(105,188,152.49)	(4,130,334.10)	(4,541,678.62)
Total	(98,896,319.73)	(105,188,152.49)	(4,130,334.10)	(4,541,678.62)

The deferred tax assets is not recognized in the statement of financial position consisted of:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Unused tax losses				
- Expire in next 1 year	22,062,566.27	20,917,612.65	22,051,489.43	20,917,612.65
- Expire in next 2 – 5 years	71,826,544.45	81,329,967.75	58,980,185.02	72,161,203.77
Temporary differences	36,778,177.46	37,450,983.70	43,343,070.19	44,169,244.27
Total	130,667,288.18	139,698,564.10	124,374,744.64	137,248,060.69

(Unaudited)

23. Share capital

	Number of shares (Unit : Share)	Amount (Unit : Baht)
Registered share capital (Baht 1.00 per share)		
As at January 1, 2019	970,283,450	970,283,450.00
Increment of capital	-	-
As at March 31, 2019	970,283,450	970,283,450.00
	Number of shares (Unit : Share)	Amount (Unit : Baht)
Paid-up capital (Baht 1.00 per share)		
As at January 1, 2019	784,968,760	784,968,760.00
Increment of capital	-	-
As at March 31, 2019	784,968,760	784,968,760.00

24. Income tax (income) expense

The income tax (income) expenses recognized in profit or loss for the three-month periods ended March 31, 2019 and 2018 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	For the three-month periods ended March 31,			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current tax expense	1,391,239.23	69,158.15	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(6,291,832.76)	-	(411,344.52)	-
Total income tax (income) expense	(4,900,593.53)	69,158.15	(411,344.52)	-

(Unaudited)

The relationship between income tax expense and accounting loss for the three-month periods ended March 31, 2019 and 2018 are as follows:-

	(Unit : Baht)			
	Consolidated	Separate financial statement		
	For the three-month periods ended March 31,			
	2019	2018	2019	2018
Accounting loss	(88,186,398.32)	(9,291,999.23)	(46,692,362.17)	(9,869,198.05)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(17,637,279.66)	(1,858,399.85)	(9,338,472.43)	(1,973,839.61)
Temporary difference not recognized as a deferred tax asset	1,197,530.82	251,710.54	969,043.20	251,710.54
Previous temporary difference not recognized as a deferred tax asset	(996,405.89)	(1,170,668.35)	(921,247.65)	(1,167,596.62)
Income that are not be taxable	(47,196.79)	(46,642.66)	-	-
Expenses that are not deductible in determining taxation profit	23,615.02	9,628.47	8,861.68	9,628.47
Expenses that are deductible at greater amount in taxation profit	-	(6,000.00)	-	(6,000.00)
Loss from operation for period-subsiaries	3,688,672.29	3,432.78	-	-
Loss from operation for period	8,870,470.68	2,886,097.22	8,870,470.68	2,886,097.22
Income tax (income) expense recognized in profit or loss	(4,900,593.53)	69,158.15	(411,344.52)	-

25. Basic loss per share

Basic loss per share are calculated by dividing the loss for the period attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

No disclosure of diluted earnings per share is required for three-month period ended March 31, 2019 after the issue of convertible debentures (as described in Note 17) since the calculated earnings per share assuming the conversion of all convertible debentures to ordinary shares is antidilutive.

(Unaudited)

26. Supplemental disclosures of cash flow information

26.1 Cash and cash equivalents consisted of :-

(Unit : Baht)

	Consolidated		Separate financial statements	
	For the three-month periods ended March 31,			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash on hand	59,454.70	21,011.06	3,352.16	14,790.00
Cash at bank	31,553,018.10	103,671,274.39	337,746.84	102,660,474.73
Total	31,612,472.80	103,692,285.45	341,099.00	102,675,264.73

26.2 Non-cash items is as follows:

(Unit : Baht)

	Consolidated		Separate financial statements	
	For the three-month periods ended March 31,			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Purchase assets but not yet paid	4,000.00	45,342.00	4,000.00	45,342.00
Employee benefit obligation but not yet paid	3,578,000.00	-	3,578,000.00	-
Transfer of land and equipment to intangible assets	87,069,288.52	-	87,069,288.52	-

27. Operating segments

The Group identifies the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment from the category of service. The Group has three operating segments which are consists of the construction service segment, operation and maintenance service segment and water operator of water treatment plant and wastewater treatment plant.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses, finance cost and shares of profit or loss in associates.

(Unaudited)

The segment operation for the three-month periods ended March 31, 2019 and 2018 are as follows:

	Consolidated						(Unit : Baht)	
	For the three-month periods ended March 31,							
	Construction		Operation and maintenance service		Water operator of water treatment plant and wastewater recycle plant			Total
	2019	2018	2019	2018	2019	2018		
Revenues from external customers	150,237,797.04	21,629,301.75	9,701,539.25	410,000.00	-	-	159,939,336.29	22,039,301.75
Gross margin (loss)	(16,842,243.28)	4,086,892.60	(755,878.54)	202,895.00	-	-	(17,598,121.82)	4,289,787.60
Other income							1,757,023.29	2,592,795.51
Administrative expenses							(64,284,580.29)	(13,586,007.91)
Finance cost							(8,060,719.50)	(2,588,574.43)
Loss before income tax expense							(88,186,398.32)	(9,291,999.23)

The reconciliations of each segment total assets to the Group's assets and other material items.

	Consolidated						(Unit : Baht)	
	For the three-month periods ended March 31,							
	Construction		Operation and maintenance service		Water operator of water treatment plant and wastewater recycle plant			Total
	2019	2018	2019	2018	2019	2018		
Depreciation	43,320.63	51,401.74	1,441,656.21	-	1,070,292.36	535,904.45	2,555,269.20	587,306.19
Amortization	-	-	-	-	29,289,644.60	93,098.36	29,289,644.60	93,098.36

Information about geographical areas the three-month periods ended March 31, 2019 and 2018 are as follows:

	Consolidated				
	For the three-month periods ended March 31,				
	Thailand		Myanmar		Total
	2019	2018	2019	2018	2018
Revenues from external customers	159,939,336.29	22,039,301.75	-	-	159,939,336.29
Non-current assets (excluding financial instruments and deferred tax assets)	812,598,262.27	189,738,890.91	20,618,111.07	15,221,925.21	833,216,373.34
					204,960,816.12

(Unaudited)

For the three-month period ended March 31, 2019, the Group has the revenue from sale of goods to 3 major customers in the amount of Baht 138.66 million earned by construction segment. (For the three-month period ended March 31, 2018 : 2 major customers in the amount of Baht 21.47 million earned by construction segment and operation and maintenance segment).

28. Revenue

The relationship between the revenue information disclosed for each reportable segment and the revenue derived from transfer of goods and services over time and a point in time for the three-month period ended on March 31, 2019 and 2018 are as follows:

(Unit: Million Baht)

	Consolidated				Total	
	Segment operation					
	Construction		Operation and maintenance service			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue from external customers	150.24	21.63	9.70	0.41	159.94	22.04
Revenue about geographic areas						
- Thailand	150.24	21.63	9.70	0.41	159.94	22.04
- Myanmar	-	-	-	-	-	-
Total	150.24	21.63	9.70	0.41	159.94	22.04
Revenue recognized when a performance obligation						
- satisfied at a point in time	-	-	-	-	-	-
- satisfied over time	150.24	21.63	9.70	0.41	159.94	22.04
Total	150.24	21.63	9.70	0.41	159.94	22.04

The amount of the transaction price allocated to the performance obligations that are unsatisfied as at March 31, 2019 and December 31, 2018 are as follows:

(Unit: Baht)

	Consolidated	
	As at	
	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Construction service	491,846,467.76	577,615,540.54
Operation and maintenance service	16,519,005.72	26,688,087.39
Total	508,365,473.48	604,303,627.93

* Excluding the estimated amounts of variable consideration in the amount of 7.03 Million Baht that are constrained.

(Unaudited)

The Company expects to recognize the amount of the transaction price allocated to the performance obligations that are unsatisfied as at March 31, 2019, as revenue in the future periods, as follow:

(Unit: Baht)

	Consolidated			
	<u>2019</u>	<u>2020</u>	<u>2021 up to</u>	<u>Total</u>
- Construction service	468,538,217.76	23,308,250.00	-	491,846,467.76
- Operation and maintenance service	4,826,569.07	4,838,249.65	6,854,187.00	16,519,005.72
Total	473,364,786.83	28,146,499.65	6,854,187.00	508,365,473.48

The Company expects to recognize the amount of the transaction price allocated to the performance obligations that are unsatisfied as at December 31, 2018, as revenue in the future periods, as follow:

(Unit: Baht)

	Consolidated			
	<u>2019</u>	<u>2020</u>	<u>2021 up to</u>	<u>Total</u>
- Construction service	577,615,540.54	-	-	577,615,540.54
- Operation and maintenance service	14,995,650.74	4,838,249.65	6,854,187.00	26,688,087.39
Total	592,611,191.28	4,838,249.65	6,854,187.00	604,303,627.93

The amount of revenue recognized in the financial statement for the three-month period ended March 31, 2019 and 2018 that was included in the contract liability balance as at December 31, 2018 and 2017 are as follow:

(Unit: Baht)

	Consolidated	
	As at	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Advance revenue from construction	45,169,291.94	-
Advance revenue from rendering of service	8,959,519.27	-
Advance revenue from construction contract	10,670,466.70	-
Total	64,799,277.91	-

For the three-month period ended March 31, 2019 and 2018 there is not an amount of revenue recognized concerning the performance obligation satisfied in the previous period.

(Unaudited)

29. Financial instruments

As at March 31, 2019, the management policies on financial risk, interest rate risk and fair value are the same as those for the financial statement for the year ended December 31, 2018 except

29.1 Interest rate risk

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow of the Group. Risk from interest rates remains due to bank deposit, loans to related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Amount (Unit: Baht)		Interest rate (% : per annum)	
			Consolidated	
			As at	
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Saving accounts	31,233,375.81	29,639,223.12	0.125 – 1.200	0.125 – 1.200
Fixed deposited pledged as collateral	58,962,565.49	54,207,472.34	0.370 – 1.00	0.90 – 1.00
Bank overdrafts and short-term loans due to financial institution	19,821,290.96	32,231,674.16	7.12	7.12
Long-term loans due to financial institution	1,151,296.70	-	6.775	-

	Amount (Unit: Baht)		Interest rate (% : per annum)	
			Separate financial statements	
			As at	
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Saving accounts	275,946.84	10,386,249.44	0.125 – 1.200	0.370 – 1.200
Fixed deposited pledged as collateral	58,962,565.49	54,207,472.34	0.370 – 1.00	0.90 – 1.00
Bank overdrafts and short-term loans due to financial institution	19,821,290.96	31,006,377.46	7.12	7.12

29.2 Foreign currency risk

The Group constitutes material risk from exchange rates in overseas currencies which has been trade accounts payable that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

(Unaudited)

As at March 31, 2019 and December 31, 2018, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follows:-

<u>Foreign currency</u>	<u>Consolidated/Separate financial statements</u>			
	<u>March 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	80,000.00	-	80,000.00	-

30. Obligation and contingent liabilities

As at March 31, 2019 and December 31, 2018, the Group has obligation and contingent liabilities as follows:-

30.1 The commitment of the construction subcontracts as follows:-

(Unit : Baht)

	Consolidated		Separate financial statements	
	As at			
	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Total amount of agreement	885,872,618.07	889,549,588.57	534,930,524.60	529,374,611.18
Recognized cost of construction	514,116,439.07	439,700,399.03	357,938,474.76	319,040,201.11
The remaining of non-operating work	371,756,179.00	449,849,189.54	176,992,049.84	210,334,410.07

30.2 Apart from various liability that reflects in the financial statements, the Group still constitutes obligation commitment contingent liability as follows:-

(Unit : Million Baht)

	<u>Consolidated/Separate financial statements</u>					
	<u>As at</u>					
	<u>March 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	449.11	(96.63)	352.48	454.14	(115.69)	338.45
Credit line of bank overdraft	20.00	(19.82)	0.18	20.00	(19.69)	0.31
Credit line of letters of credit and trust receipts	68.35	-	68.35	68.35	-	68.35
Credit line of short-term loans	56.46	-	56.46	56.46	(11.31)	45.15

The Group pledged the land, as mentioned in the notes to financial statements No. 11 and bank deposit, as mentioned in the notes to financial statements No. 9, as collaterals against the said credit facilities, including transferal of the claimant right to receive the installment payment of project to the bank. The Group's deposit account has been pledged with the bank. When the money is received from the sales of the tap water, the bank would retain the money in the said account at the amount equivalent to the Company's obligation for that particular month.

- 30.3 As at March 31, 2019, the Group has performed the leased and service agreement while there are the period 1-3 years. The Group comprises obligation repay leased and service fee in amount of Baht 1,800.00 - 132,936.00 per month (December 31, 2018 : Baht : 2,000.00 - 132,936.00 per month).
- 30.4 As at March 31, 2019, the Group had capital commitments of Baht 0.48 million relating to the construction of assets for water treatment plant and wastewater treatment plant (December 31, 2018 : Baht : 0.48 million).
- 30.5 As at March 31, 2019, the Group has a commitments with the employer under a contract in the amounting to Baht 858.00 million on behalf of the joint venture where the Group held 51% of such joint venture' share capital. The Group transferred rights and obligations under the construction contract to the another party
- 30.6 The subsidiary has entered construction contracts with two companies with the total contracts amount of MMK 34,605,526.00 and amount of USD 145,000.00. As at March 31, 2019, the subsidiary has outstanding commitments under the contracts in amount of MMK 6,921,105.20 and the amount of USD 50,715.00, respectively (December 31, 2018 : MMK 6,921,105.20 and USD 50,715.00).
- 30.7 As at March 31, 2019, the Group has entered the consultant contract with five companies with the total contract amount of Baht 3.40 million. The Company has outstanding commitment under the contract in the amount of Baht 1.20 million (December 31, 2018 : the total contract amount of Baht 2.61 million. The Company has outstanding commitment under the contract in the amount of Baht 1.16 million).

31. Litigations

31.1 In November 2016, the Company has filed a lawsuit to the Administrative Court against a contractual party to claims for Baht 52.57 million of construction service fees to be paid to the Company and a release of the guarantee money in accordance to the bank's letter of guarantee at Baht 10.60 million to the Company. The said contractual party has breached the contract for the construction of waste collection and wastewater treatment systems by notifying the termination of the said contract without any default or defect created by the Company. In March 2017, the said counter party has filed a counterclaim to the Administrative Court demanding compensation of Baht 52.81 million plus interest at 7.50% per annum from the Company alleging that the construction performed by the Company has been delayed so the counter party has terminated the contract and demanded compensation from the Company.

31.2 In October 2016, the Company has filed a claim to the Thai Arbitration Institute against a contractual party to claim for a compensation of damages and opportunity lost incurred from their irrational termination of the waste collection and wastewater treatment systems contracts at Baht 27.19 million plus interest at 7.50% per annum and a release of the bank's letter of guarantee at Baht 10.07 million to the Company. In May 2017, the said counter party has filed an objection and counter-claim to the Thai Arbitration Institute demanding the Company to repay Baht 9.87 million of advance payment (shown as a portion of Advances received from customers under construction contracts) plus interest at 7.50% per annum. The reason is the counter-party's exercise of the right to terminate the contract did not consider to be a breach of contract to the Company.

Nevertheless, the said litigations are in the due process of law. The Company believes that eventually these would not incur any damage to the Company; therefore, the Company do not record allowance for the damage that may incurred from the said matters in the financial statements.

31.3 During the year 2018, the Company was sued in the case of breach of sale and service contracts and of subcontract contract in 6 cases amounting to Baht 90.96 million plus interest at 7.50% per annum. Now, the litigations are in the process of law. However, the Company has recorded the contingent liabilities from such matter.

32. Business combination

In July, 2018, the Company had purchased and accepted a transfer of SUTG Holding Company Limited ("SUTGH")'s entire business which is 132,000 shares in SUT Global Company Limited ("SUTG") which SUTGH hold as at the business transfer date with the par value of Baht 100.00 or equivalent to 66.00 percent of SUTG's issued and paid up shares. The Company had allocated 195,000,000 newly issued ordinary shares, having a par value of Baht 1.00 per share, at the offering price of Baht 1 with the total of Baht 195,000,000.00, in order to offer and allocate to the specific investor (Private Placement) which is offering that the Shareholders' Meeting has a resolution clearly specified the offering price, had issued and offered 265,000 units of the convertible debenture on a private placement basis (Private Placement) to SUTGH, of a value of Baht 265,000,000.00 at the offering price of Baht 1,000.00 per unit which is offering that the Shareholders' Meeting has a resolution clearly specified the conversion price which is equal to Baht 1.43 and had also appointed a one additional director, Mr.Subbhalerk Na Songkla, who is a director as nominated by SUTGH. This is for the consideration of the Entire Business Transfer Transaction of SUTGH according to the resolution of The Extraordinary General Meeting of Shareholder's No.1/2018 with held on May 10, 2018.

SUT Global Co.,Ltd. Operate a business as construction contractor, provision of service regarding the operation and maintenance, and a consultancy services regarding waste management engineering More than 3 years As such, information of acquisition business as follows :-

Consideration paid Consisted of:-

	(Unit : Baht)
Ordinary shares *	195,000,000.00
Premium on share capital *	81,900,000.00
Convertible debenture – liability component **	238,660,877.83
Deferred tax liabilities – convertible debenture	5,267,824.43
Convertible debenture – equity component ***	21,071,297.74
Total	541,900,000.00

For the purpose of financial reporting

* (195,000,000 ordinary shares, fair value at acquisition date equaled Baht 1.42 per share.)

** (265,000 convertible debentures units, face value at Baht 1,000.00 per unit deducted by equity component)

*** (265,000 convertible debentures units, face value at Baht 1,000.00 per unit deducted by liability component net of related income tax)

(Unaudited)

The amounts of the assets acquired and liabilities assumed were as follow :

	(Unit : Baht)
Cash and cash equivalents	2,539,527.78
Short-term loan to person and related party	21,300,000.00
Trade and other receivables - related parties	1,485,669.86
Trade and other receivables	80,125,005.79
Retention	2,995,750.00
Land property and equipment	54,659,463.35
Intangible assets	1,053,112.96
Innovative waste disposal*	555,968,006.54
Goodwill	193,093,601.31
Other non-current assets	1,220,470.40
Trade and other current payables	(19,986,130.09)
Current portion of finance lease liabilities	(758,200.64)
Other current liabilities	(702,000.00)
Retention	(940,000.00)
Obligation under finance lease	(1,699,098.04)
Employee benefit obligation	(539,938.00)
Deferred tax liabilities	(110,945,544.25)
Non-controlling interests	(236,969,696.97)
The fair value of the net assets acquired	<u>541,900,000.00</u>

*Innovative waste disposal is a waste disposal technology that changing the waste into fuel, RDF (Refuse-Derived Fuel). Innovative waste disposal has been registered for Innovation List with the Budget Bureau under the Government Procurement and Supplies Management Act B.E. 2017. As a result, the relevant government agencies could procure the Subsidiary to provide the waste disposal service by specific method since March 2016 to March 2023.

However, the Group engaged an independent appraiser to perform valuation for the fair value of the identifiable assets acquired and liabilities assumed, including income tax liabilities regarding the said assets. The valuation shall be completed within less than one year from the acquisition date in accordance with the determination of financial reporting standards. Nevertheless, when the independent appraiser has completed the valuation for the fair value of the identifiable assets acquired and liabilities assumed, the Group will retrospectively adjust the financial statements for the three-month period ended on March 31, 2019 and for the year ended on December 31, 2018 regarding the estimation of the identifiable assets acquired and liabilities assumed, which the management has estimated and recognized on the acquisition date.

For the three-month period ended on March 31, 2019 the independent appraiser is in the process of performing the valuation of the fair value, which has not yet been completed.

(Unaudited)

33. Reclassification of accounting transactions

Some transactions in consolidate and separate statement of financial position as at December 31, 2018 and January 1, 2018 are newly reclassified so as to comply with reflection in consolidate and separate statement of financial position as at March 31, 2019 which can be summarized as follows:

		(Unit : Baht)	
		As at December 31, 2018	
Transactions which <u>formerly presented</u>	<u>Reclassified</u>	<u>Consolidated</u>	Separated financial <u>statement</u>
Unbilled receivables	Contract assets	167,893,945.43	99,583,403.15
Advance revenue from construction	Contract liabilities	54,916,693.03	54,916,693.03
Advances received from customers under construction contracts	Contract liabilities	86,738,725.16	12,214,401.32

		(Unit : Baht)	
		As at January 1, 2018	
Transactions which <u>formerly presented</u>	<u>Reclassified</u>	<u>Consolidated</u>	Separated financial <u>statement</u>
Unbilled receivables	Contract assets	97,651,316.68	97,651,316.68
Advance revenue from construction	Contract liabilities	179,230.51	179,230.51
Advances received from customers under construction contracts	Contract liabilities	9,808,159.82	9,808,159.82

34. Events after the reporting period

The Annual General Meeting of Shareholders of the Company of year 2019 with held on April 30, 2019, has resolved the following details:-

- To approve the capital increase of the Company with respect to shares from the registered capital of Baht 970,283,450 to Baht 1,382,392,049 at the par value of Baht 1.00 (without cancelling the registered ordinary shares reserved for the conversion of Hydrotek Convertible Debenture No.1/2018) by issuing 412,108,599 new ordinary shares each at the par value of Baht 1.00

- To approve the allocation of 313,987,504 newly issued ordinary shares of the Company via General Mandate, each at the par value of Baht 1.00 as follows:

(Unaudited)

1) Not exceeding 235,490,628 newly issued ordinary shares will be allocated to existing shareholders of the Company in proportion to their shareholding (Right Offering: RO) with a par value of Baht 1.00 per share;

2) Not exceeding 78,496,876 newly issued ordinary shares will be allocated to specific investors under a Private Placement scheme (Private Placement: PP) with a par value of Baht 1.00 per share, Whereby the offering price shall not be a price below the market price pursuant to the Notification of SEC No. Tor Chor. 72/2558 Re: Approval of Offer for Sale of Newly-Issued Shares by Listed Companies in a Private Placement, The market price used in determining the offering price is the fair value appraised by the financial advisor in the account approved by the SEC.

In allocating the newly-issued ordinary shares by any or all of the methods under (1), (2), the allocated amount shall not exceed 30 percent of the total paid-up capital or 235,490,628 shares as at the date on which the Board of Directors approves the capital increase. Nevertheless, in the case of the allocation in accordance with the methods under (2), the increased paid-up capital shall not exceed 10 percent of the total paid-up capital or 78,496,876.00 shares as at the date on which the Board of Directors approves the capital increase;

- To approve the allocation of 98,121,095 newly issued ordinary shares of the Company, each at the par value of Baht 1.00, to support the exercise of warrant for HYDRO Warrants No.1 (HYDRO-W1);

- To approve the issuance and offering of Warrants to be allocated under the Right Offering to the existing shareholders (Warrant RO), at no cost, in the number of 98,121,095 units, at the allocation ratio of every 8 existing shares for 1 unit of HYDRO-W1 Warrants. The term of HYDRO-W1 Warrants will be 2 years from the issuance date and the exercise price will be at Baht 1.00 per share; and

- To approve to authorize Chairman of the Executives Committee or Executives Committee designated person to have the power to take any actions in connection with the capital increase and the allocation of securities, setting term or condition or amendment in relation to issuance of warrant.

35. Approval of financial statements

These interim consolidated and separated financial statements were authorized for issue by the Company's board of directors on May 13, 2019.
