

Hydrotek Public Company Limited

The Financial Statements

For the year ended December 31, 2023



บริษัท สำนักงาน เอ เอ็ม ซี จำกัด
SAM NAK-NGAN A.M.C. Co., Ltd.



AUDITOR'S REPORT

To the Shareholders and Board of Directors of Hydrotek Public Company Limited

Disclaimer of opinion

I was engaged to audit the accompanying consolidated and separate financial statements of Hydrotek Public Company Limited and its subsidiaries (the Group) and also of Hydrotek Public Company Limited only (the Company) respectively, which comprise the consolidated and separate statements of financial positions as at December 31, 2023, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements including a summary of significant accounting policies.

I do not express an opinion on the accompanying consolidated and separate financial statements of Hydrotek Public Company Limited and its subsidiaries and of Hydrotek Public Company Limited. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

Basis for disclaimer of opinion

1. According to the Note to financial statements No.19, as at December 31, 2023, intangible assets in the amount of Baht 108.60 million are the rights under 2 concession agreements to construction of a water production plant and water distribution. Currently, the construction and development of the said project hasn't been according to the plan due to a dispute between the Group with the company that has provided financial support for the project which the Group and the counterparties entered into the Engineering, Procurement and Construction contract (EPC Contract), the Investment Agreement and the Settlement Agreement. The case is under consideration by the Civil Court as mentions in Note to the financial statements No.35.5, there is a significant uncertainty regarding how the concession project will be resolved and has there been an impact causing the said assets whether to become impaired. I cannot use other audit procedure to be satisfactory with this matter. Therefore, I was unable to determine whether there may be any adjustments were necessary to the intangible assets in the consolidated financial statement and separate financial statements for the year ended December 31, 2023.

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2. According to the Note to financial statements No. 3 the Group and the Company faces losses from continued operation over several years. The Group and the Company incurred a net loss for the year ended December 31, 2023 in the consolidated financial statements amount of Baht 71.71 million and in the separate financial statements amount of Baht 66.84 million and as at December 31, 2023, the Group and the Company had current liabilities exceeded current assets by amount of Baht 123.07 million and amount of Baht 115.24 million. The Company also has litigation related to the appeal application to the Supreme Administrative Court as mention in the Note to financial statements No.35.1 These factor along with a lawsuits with the Company filed against counterparties related to the concession project as mentioned in the previous paragraph are indicate significant uncertainties which may has potential interaction of the uncertainties and their possible cumulative effect on the financial statements which cast significant doubt to the Group's and the Company's ability to continue as a going concern which may affect the valuation of significant assets and liabilities in the consolidated and separate financial statements.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My responsibility is to conduct an audit of the said consolidated and separate financial statements in accordance with Thai Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I do not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the said consolidated and separate financial statements.



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I am independent of the Group and the Company in accordance with the ethical requirements for professional accountants prescribed by the Thai Federation of Accounting Professions that are relevant to the audit of the consolidated and separate financial statements, and I have fulfilled our other ethical responsibilities in accordance with these requirements.

The engagement partner on the audit resulting in this independent auditor's report is

SAM NAK-NGAN A.M.C. CO., LTD.



(Mr. Naris Saowalagsakul)

Certified Public Accountant Registration No. 5369

Bangkok,

February 29, 2024

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	7.1	2,452,227.86	20,850,124.73	1,440,781.83	7,198,490.17
Other receivables - related parties	6.1	7,168,288.39	4,706,554.66	142,494,058.07	152,689,407.34
Trade and other receivables - other parties	8	103,168,920.64	100,779,122.32	22,687,175.56	21,963,867.74
Contract assets	9.1	58,915,256.79	44,031,856.83	-	3,839,999.96
Inventories and construction materials	10	29,048,587.52	29,112,855.77	32,943.24	170,754.41
Suspend input vat		4,384,081.04	3,513,508.71	748,612.94	810,404.19
Short-term loan to other party	11	-	-	-	-
Total current assets		205,137,362.24	202,994,023.02	167,403,571.64	186,672,923.81
Non-current assets					
Other non-current financial assets	12	320,871.98	4,203,518.78	320,871.98	4,203,518.78
Contract assets	9.1	30,806,722.90	42,371,359.31	-	-
Investment in subsidiaries	13	-	-	3,584,600.00	3,619,600.00
Investment in joint venture	14	600,747.89	520,693.98	490,000.00	490,000.00
Long-term loan to other party	15	-	-	-	-
Investments property	16	2,180,750.00	2,180,750.00	2,180,750.00	2,180,750.00
Equipment	17	6,860,411.54	21,489,899.28	6,614,863.59	21,179,572.00
Right-of-use assets	18	4,982,402.62	6,922,086.51	4,982,402.62	6,922,086.51
Intangible assets	19	108,766,691.22	108,825,141.57	108,761,304.98	108,811,591.03
Withholding tax		9,816,277.58	14,913,189.18	3,855,439.07	4,951,289.87
Other non-current assets		504,854.79	545,907.42	504,854.79	545,907.42
Total non-current assets		164,839,730.52	201,972,546.03	131,295,087.03	152,904,315.61
Total assets		369,977,092.76	404,966,569.05	298,698,658.67	339,577,239.42

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

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Liabilities and shareholders' equity					
Current liabilities					
Other payable - related person and parties	6.1	229,630.13	-	3,824,151.74	3,517,538.46
Trade and other payables - other parties	20	158,274,597.55	122,267,561.36	119,917,423.67	100,564,069.18
Contractual liabilities	9.1	25,923,458.00	42,243,479.24	-	9,226,379.44
Unbilled output tax		2,979,114.45	2,289,358.61	2,791,951.10	2,272,331.11
Short-term loan from related person and parties	6.1	11,950,000.00	-	27,261,899.12	15,574,381.12
Short-term loan from other party	21	-	-	-	-
Current portion					
- Lease liabilities	22	1,429,701.45	2,066,879.49	1,429,701.45	2,066,879.49
- Long-term loan from other party	23	125,644,786.50	125,644,786.50	125,644,786.50	125,644,786.50
- Long-term loan from financial institution	24	1,778,259.67	-	1,778,259.67	-
Total current liabilities		328,209,547.75	294,512,065.20	282,648,173.25	258,866,365.30
Non-current liabilities					
Lease liabilities	22	2,980,993.67	4,111,664.98	2,980,993.67	4,111,664.98
Long-term loan from financial institution	24	2,812,062.59	-	2,812,062.59	-
Employee benefit obligations	25	2,696,878.23	4,066,883.80	2,696,878.23	4,066,883.80
Other non-current liabilities		12,833,830.21	11,983,107.89	-	-
Total non-current liabilities		21,323,764.70	20,161,656.67	8,489,934.49	8,178,548.78
Total liabilities		349,533,312.45	314,673,721.87	291,138,107.74	267,044,914.08
Shareholders' equity					
Share capital	26				
Authorized share capital					
675,838,592 ordinary shares @ Baht 1.00		675,838,592.00	-	675,838,592.00	-
311,925,504 ordinary shares @ Baht 1.00		-	311,925,504.00	-	311,925,504.00
Issued and paid-up share capital					
311,925,504 ordinary shares @ Baht 1.00		311,925,504.00	311,925,504.00	311,925,504.00	311,925,504.00
Deficits - Unappropriated		(291,481,723.69)	(221,632,656.82)	(304,364,953.07)	(239,393,178.66)
Total shareholders' equity		20,443,780.31	90,292,847.18	7,560,550.93	72,532,325.34
Total liabilities and shareholders' equity		369,977,092.76	404,966,569.05	298,698,658.67	339,577,239.42

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

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		12,126.16	-	12,126.16	-
Construction		71,125,140.77	123,614,838.36	-	-
Services		3,015,031.64	6,652,620.70	3,015,031.64	6,652,620.70
Other income		2,765,398.79	2,738,655.54	8,363,417.79	9,835,635.18
Total revenues		<u>76,917,697.36</u>	<u>133,006,114.60</u>	<u>11,390,575.59</u>	<u>16,488,255.88</u>
Expenses					
Cost of goods sold		9,112.83	-	9,112.83	-
Cost of construction		77,799,353.72	150,738,622.60	-	-
Cost of services		2,348,300.00	2,184,478.16	2,348,300.00	2,184,478.16
Administrative expenses		59,179,791.40	51,271,611.97	66,437,086.75	85,922,339.59
Total expenses		<u>139,336,557.95</u>	<u>204,194,712.73</u>	<u>68,794,499.58</u>	<u>88,106,817.75</u>
Loss from operating		(62,418,860.59)	(71,188,598.13)	(57,403,923.99)	(71,618,561.87)
Finance costs		(9,357,704.35)	(9,495,463.86)	(9,433,680.68)	(9,567,354.12)
Loss before share of profit on investment in joint venture and income tax		(71,776,564.94)	(80,684,061.99)	(66,837,604.67)	(81,185,915.99)
Share of profit on investment in joint venture		80,053.91	30,693.98	-	-
Loss before income tax expenses		(71,696,511.03)	(80,653,368.01)	(66,837,604.67)	(81,185,915.99)
Income tax expenses	28	(18,386.10)	(66,596.37)	-	-
Loss for the year		<u>(71,714,897.13)</u>	<u>(80,719,964.38)</u>	<u>(66,837,604.67)</u>	<u>(81,185,915.99)</u>
Other comprehensive income					
Transactions that be classified into profit or loss in the future					
Difference of exchange rate from conversion the financial statements		-	58,506.30	-	-
Difference of exchange rate from disposal on foreign operation		-	1,810,652.10	-	-
Item that will not be reclassified to profit or loss					
Actuarial profit (loss) arising from defined benefit plan	25	1,865,830.26	(61,829.95)	1,865,830.26	(61,829.95)
Other comprehensive income for the year		1,865,830.26	1,807,328.45	1,865,830.26	(61,829.95)
Total comprehensive income for the year		<u>(69,849,066.87)</u>	<u>(78,912,635.93)</u>	<u>(64,971,774.41)</u>	<u>(81,247,745.94)</u>
Loss attributable to					
Equity holders of the Company		(71,714,897.13)	(80,720,884.47)		
Non-controlling interests		-	920.09		
		<u>(71,714,897.13)</u>	<u>(80,719,964.38)</u>		
Total comprehensive income attributable to					
Equity holders of the Company		(69,849,066.87)	(78,925,257.28)		
Non-controlling interests		-	12,621.35		
		<u>(69,849,066.87)</u>	<u>(78,912,635.93)</u>		
Basic loss per share (Unit : Baht)		(0.23)	(0.26)	(0.21)	(0.26)
Weighted average of ordinary shares (Unit : Share)		311,925,504	311,925,504	311,925,504	311,925,504

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

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Issued and paid-up share capital	Premium on ordinary share	Discount on ordinary share	Deficits		Total
					Appropriated- legal reserve	Unappropriated	
Balance as at January 1, 2022		2,304,683,037.00	141,376,373.77	(1,276,585,171.06)	9,620,000.00	(1,072,994,416.43)	106,099,823.28
Loss for the year		-	-	-	-	(81,185,915.99)	(81,185,915.99)
Other comprehensive income for the year		-	-	-	-	(61,829.95)	(61,829.95)
Total comprehensive income for the year		-	-	-	-	(81,247,745.94)	(81,247,745.94)
Decrease share capital to eliminate deficit	26	(2,040,437,781.00)	(141,376,373.77)	1,276,585,171.06	(9,620,000.00)	914,848,983.71	-
Increase share capital	26	47,680,248.00	-	-	-	-	47,680,248.00
Balance as at December 31, 2022		311,925,504.00	-	-	-	(239,393,178.66)	72,532,325.34
Loss for the year		-	-	-	-	(66,837,604.67)	(66,837,604.67)
Other comprehensive income for the year		-	-	-	-	1,865,830.26	1,865,830.26
Total comprehensive income for the year		-	-	-	-	(64,971,774.41)	(64,971,774.41)
Balance as at December 31, 2023		311,925,504.00	-	-	-	(304,364,953.07)	7,560,550.93

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

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flow from operating activities				
Loss for the year	(71,714,897.13)	(80,719,964.38)	(66,837,604.67)	(81,185,915.99)
Adjustments to reconcile loss for the year for cash received (paid) from operations				
Allowance for expected credit loss - other receivables to related party	-	-	5,470,000.00	33,530,000.00
Allowance for expected credit loss - other current receivables - other party (reverse)	230,000.00	(191.19)	230,000.00	(191.19)
Allowance for expected credit loss and contractual assets (reverse)	(3,166,986.78)	-	(3,166,986.78)	-
Impairment loss of value inventories	170,754.41	-	170,754.41	-
Impairment loss of equipment	11,711,861.48	-	11,711,861.48	-
Depreciation - equipment	1,776,522.05	2,314,511.77	1,711,742.72	2,253,861.80
Depreciation - right of use assets	2,098,293.94	2,912,158.33	2,098,293.94	2,451,423.34
Amortization of intangible assets	58,450.35	70,286.07	50,286.05	50,286.05
Loss from disposal of equipment	828,000.00	-	828,000.00	-
Loss (gain) on disposal of investment in subsidiary	-	1,460,032.53	-	(1,000.00)
Impairment loss on investment in subsidiary	-	-	35,000.00	380,000.00
Loss on exchange rate from disposal of investment in subsidiary	-	1,810,652.10	-	-
Provisions for employee benefits	495,824.69	739,287.14	495,824.69	739,287.14
Provision for loss from construction	-	294,367.36	-	-
Share of profit on investment in joint venture	(80,053.91)	(30,693.98)	-	-
Interest income	(32,723.43)	(52,171.53)	(9,445.02)	(312,740.44)
Interest expenses	9,077,575.12	9,073,143.17	9,153,551.45	9,185,064.60
Interest paid on lease liabilities	280,129.23	422,320.69	280,129.23	382,289.52
Income tax expense	18,386.10	66,596.37	-	-
Loss from operation before changes in operating assets and liabilities	(48,248,863.88)	(61,639,665.55)	(37,778,592.50)	(32,527,635.17)
Changes in operating assets and liabilities				
Other receivables - related parties	(2,461,533.73)	(4,669,172.47)	4,725,349.27	(84,140,586.86)
Trade and other receivables - other parties	(2,869,998.32)	2,504,718.66	(953,307.82)	10,583,847.87
Inventories and construction materials	(106,486.16)	(13,195,822.67)	(32,943.24)	-
Contractual assets	(151,776.77)	1,098,838.87	7,006,986.74	2,080,373.84
Suspend input vat	(870,572.33)	745,271.17	61,791.25	96,861.67
Other non-current assets	839,408.90	6,000.00	752,584.43	6,000.00
Other payables - person and related parties	229,630.13	(476,828.94)	-	(1,242,305.09)
Trade and other payables - other parties	27,187,630.31	(7,795,797.75)	10,533,948.58	2,703,425.68
Contractual liabilities	(16,320,021.24)	(20,662,574.92)	(9,226,379.44)	(88,555.28)
Unbilled output tax	689,755.84	499,377.66	519,619.99	499,191.60
Other non-current liabilities	850,722.32	(566,927.83)	-	(37,052.79)
Cash paid from operating	(41,232,104.93)	(104,152,583.77)	(24,390,942.74)	(102,066,434.53)
Cash paid for employee benefits	-	(1,133,000.00)	-	(1,133,000.00)
Cash received (paid) for income tax	4,280,169.23	1,207,654.25	384,319.00	(292,725.33)
Net cash used in operating activities	(36,951,935.70)	(104,077,929.52)	(24,006,623.74)	(103,492,159.86)

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

HYDROTEK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2023

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flow from investing activities				
Cash received from short-term loans to related parties	-	-	-	5,000,000.00
Decrease in other non-current financial assets	3,882,646.80	14,922,285.24	3,882,646.80	14,922,285.24
Cash paid for investment in joint venture	-	(490,000.00)	-	(490,000.00)
Cash paid for purchase of equipment	(86,895.79)	(1,660,942.34)	(86,895.79)	(1,639,772.34)
Cash received from disposal of equipment	400,000.00	-	400,000.00	-
Cash received in right-of-use assets	30,000.00	61,000.00	30,000.00	61,000.00
Cash received from interest	32,723.43	73,452.10	9,445.02	63,814.17
Net cash received from investing activities	4,258,474.44	12,905,795.00	4,235,196.03	17,917,327.07
Cash flow from financing activities				
Cash received from short-term loan from related person and parties	11,950,000.00	-	11,950,000.00	-
Cash paid for short-term loan from person and related parties	-	-	(262,482.00)	(1,322,501.44)
Cash received from short-term loan from other party	250,000.00	-	-	-
Cash received from long-term loan from financial institution	4,622,790.27	-	4,622,790.27	-
Cash paid for long-term loan from financial institution	(32,468.01)	-	(32,468.01)	-
Cash paid for lease liabilities	(2,236,588.63)	(3,270,130.57)	(2,236,588.63)	(2,754,299.95)
Cash paid in interest expenses	(258,169.24)	(21,911.19)	(27,532.26)	(54,268.11)
Cash received from increment of capital from warrants exercised	-	47,680,248.00	-	47,680,248.00
Net cash received from financing activities	14,295,564.39	44,388,206.24	14,013,719.37	43,549,178.50
Effects of disposal of investment in subsidiary of cash and cash equivalents	-	(107,512.95)	-	-
Effects of exchange rate change on the balance of cash and cash equivalents	-	58,506.30	-	-
Cash and cash equivalent items decrease-net	(18,397,896.87)	(46,832,934.93)	(5,757,708.34)	(42,025,654.29)
Cash and cash equivalent at the beginning of the year	20,850,124.73	67,683,059.66	7,198,490.17	49,224,144.46
Cash and cash equivalent at the end of the year	2,452,227.86	20,850,124.73	1,440,781.83	7,198,490.17

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

HYDROTEK PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****For the year ended December 31, 2023**

1 General information

Hydrotek Public Company Limited (“the Company”) is a public limited 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, 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 financial statements preparation

2.1 The financial statements are issued for reporting purposes to be used in Thailand 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.

2.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principles under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals (“TFAC”) established under the Accounting Professions Act B.E. 2547 and regulations in accordance with the determination of the Office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.

The presentation of financial statements is in accordance with the determination stated in the Notification of the Department of Business Development dated December 26, 2019, issued under the Accounting Act, B.E. 2543.

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

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported years. Actual results may differ from those estimates. Although the management has most.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which estimates are revised and in any future years affected the significant estimates and assumptions are as follows :-

Right-of-use assets and lease liabilities

In estimating the right-of-use assets and lease liabilities, the management needs to make judgement and estimated of the purchase option or renewal option exercised including review estimate useful lives and residual values of underlying asset when there are any changes.

In addition, the management is required to review right-of-use assets for impairment on a yearical basis and record impairment losses in year when it is determined that their recoverable amount is lower then the carrying amount. This requires judgments regarding forecast of future revenues and expanses relating to the assets subject to the review.

Lease

Lease-where the Group is the lessor, in determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding significant risk and rewards of ownership of the leased assets have been transferred, taking into consideration terms and conditions of the arrangements.

Expected credit loss

In determining the expected credit loss, the management needs to use judgment in estimating the expected loss and forecasts for the future about economic factors affecting credit risk of financial assets.

Estimated on construction

The estimate on construction is estimate from the calculating of quantity and amount of material in construction including labor and overhead that necessary in construction service, also forecasting based on trend changing that may occur. Estimate reviewed on an ongoing basis and estimates are revised and in any that the actual cost is differ from these estimate.

Investment property, equipment and depreciation

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

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

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.

Estimate on employee benefit obligations

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

Litigation

Contingent liabilities as a result of the litigation. The management has used judgment to assess of the results of the litigation and estimated contingent damage.

Other estimates are disclosed under related caption in these notes to financial statements.

2.3 The Reclassified

Some items in the consolidated statements of financial positions as at December 31, 2022 have been reclassified in line with the presentation of the consolidated statements of financial positions as at December 31, 2023, which can be summarise as follows :-

	(Unit : Baht)		
	<u>Before</u>	<u>Adjustment</u>	<u>After</u>
	<u>reclassified</u>	<u>increase (decrease)</u>	<u>reclassified</u>
<u>Consolidated statements of financial positions as at December 31, 2022</u>			
Current assets			
Contractual assets	86,403,216.14	(42,371,359.31)	44,031,856.83
Non-current assets			
Contractual assets	-	42,371,359.31	42,371,359.31

3. Going concern

The Group and the Company faces losses from continued operation over several years. For the year ended December 31, 2023 the Group and the Company incurred a net loss in the consolidated financial statements amount of Baht 71.71 million and in the separate financial statements amount of Baht 66.84 million, (For the year ended December 31, 2022, the Group and the Company incurred a net loss in the consolidated financial statements amount of Baht 80.72 million and in the separate financial statements amount of Baht 81.19 million) respectively and as at December 31, 2023 the Group and the Company has current liabilities exceeded current assets by amount of Baht 123.07 million and amount of Baht 115.24 million. In (As at December 31, 2022, the Group and the Company has current liabilities exceeded current assets by amount of Baht 91.52 million and amount of Baht 72.19 million) addition, The Company has an litigations matters is being appeal to the Supreme Administrative Court according to the notes to the financial statements No. 35.1 These conditions, along with dispute that are litigations matters related to the concession project as set forth as mentioned in the note to financial statements No.19, No.23 and No.35.5 indicate the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the Group's management is in the process of improving its operating. Including, the Group considers to bid for various projects to make a profit, allocation of additional capital increase shares including requesting credit facilities from financial institutions and other source of funds. The management believes that it will be able to rectify situation and leads the Company has ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis. Accordingly, such financial statements do not include any adjustments to present assets at their realisable values and liabilities at their settlement amounts, and to make the reclassifications that may be required in the event that the Group and the Company is unable to continue its operations as a going concern.

4. Basis of the consolidated financial statements preparation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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 year 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.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

As at December 31, 2023 and 2022 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 percentage directly and indirectly owned by the Company as follows :-

<u>Companies</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2023</u>	<u>2022</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
Sahahydro Joint Venture	Construction of the expansion of water	Thailand	100.00	100.00
Sahahydro Pathumthani 2 Joint Venture	Construction of the expansion of water	Thailand	100.00	100.00
Hydro-Rinrat Joint Venture	Construction of the expansion of water	Thailand	100.00	100.00

The financial statements of the subsidiaries are prepared for the same reporting years 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.

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 year, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of "Other components of equity" in the statements of changes in shareholders' equity. In this regard, on December 28, 2022, the Company has dispose investment in Hydrotek Supreme Mandalay Co.,Ltd. As a result, the Company ceases to controlling Its subsidiary since that dated, as mentioned in note to the financial statements No. 13. Therefore, In the presentation of consolidated financial statements as at December 31, 2023, the Company does not include the statement of financial position of Hydrotek Supreme Mandalay Co.,Ltd. in the consolidated statements of financial position but include its' financial performance and cash flows for the year of January 1, 2023 to December 28, 2023 in the consolidated statements of comprehensive income and cash flows.

5. Significant accounting policies

5.1 Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

5.2 Trade and other receivables

Trade and other receivables are stated at the net realisable value and recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at its present value of the consideration. However, the consideration of the impairment of trade and other receivables has shown in Note 5.6.

5.3 Non-current assets or disposal group classified as held for sale

A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset or disposal group classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. (The incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense).

The Group does not depreciate or amortize a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

5.4 Contract assets / Contract liabilities

Contract assets

A contract asset is the excess of cumulative revenue earned over the billings to date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities

A contract liability is recognised when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when the Group fulfils its performance obligations under the contracts.

5.5 Contract cost assets

Contract cost assets are the incremental costs to obtain a contract with a customer. The Group expects to recover these costs. However, the incremental costs of obtaining a contract are expensed when incurred, if the expected amortisation year is one year or less.

Contract cost assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on systematic basis over the term of the contract it relates to, consistent with the related revenue recognition.

5.6 Financial instruments

Classification and measurement of financial assets

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs.

Financial assets - debt securities are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets - equity investments, , the Group has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVTPL.

Financial assets at amortised cost.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income, calculated using the effective interest method and expected credit loss are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

Financial assets measured at FVTPL are subsequently measured at fair value with net changes in fair value recognised in profit or loss.

Dividends on investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating an allowance for expected credit losses (“ECLs”). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.7 Inventories and construction materials

Inventories and construction materials are stated at cost or net realizable value, whichever is the lower. The cost of Inventories and onstruction materials is calculated by FIFO method.

Cost of inventories and construction materials for use in projects comprises both purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

5.8 Investments

Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method in the separate financial statements less allowance for impairment investment (if any).

Investment in associates and joint venture

Investments in associates and joint venture is present in the separate financial statements using the cost method less allowance for impairment investment (if any).

Investments in associates and joint venture is present in the consolidated financial statements using the equity method.

5.9 Investment properties

Investment property is defined as land or a building or part of a building, or both, held to earn rental or for capital appreciation or both, rather than for use in the production or supply of goods and services, for administrative purposes, or for making sales in the ordinary course of business.

Investment property of the Group are measured initially at cost. Subsequent to initial recognition, investment property are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

5.10 equipment

Assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their historical cost less accumulated impairment losses (if any).

Equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statements of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows :-

Building improvement	5-10	Years
Tools and equipment	2-30	Years
Office equipments and furniture	2-5	Years
Vehicles	5-10	Years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of land and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.11 Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

The Group is the lessee

The Group applies a single accounting method for the recognition and measurement of all lease contracts. Except for short-term leases and leases where the underlying asset is of low value at the commencement date of the lease. Right-of-use assets representing the right to use the underlying asset and lease liabilities are recorded as lease payments.

Right-of-use assets

Right-of-use assets are measured at cost less accumulated depreciation. Accumulated impairment loss and adjusted with a new measurement of the lease liability. The cost of a right-of-use asset comprises the amount of the lease liability on initial recognition. Initial direct costs incurred The amount paid under the lease agreement on or before the effective date of the lease and deducted by the lease incentive received.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the lease year, as follows :-

Land	25	Years
Building	3	Years
Vehicles	1-4	Years
Office equipments	4	Years

If ownership of an underlying asset is transferred to the Group at the end of the lease term or its cost includes the exercise of a purchase option. Depreciation is calculated based on the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments made over the lease term. The lease payments consist of fixed rent less lease incentives, variable rent based on index or rate, the amount expected to be paid under the residual value guarantee including the exercise price of the option, which is reasonably certain that the Group will exercise the option and payment of fines for the termination of the lease if the terms of a lease demonstrate that the Group exercises its right to terminate the lease. The Group recognizes variable rents that are not independent of an index or rate as an expense in the year in which the event or condition relating to the payment occurs.

The Group discounts the present value of the lease payments at the interest rate implied by the lease or the Group's incremental borrowing rate. After the effective date of the lease agreement, the book value of the lease liabilities will increase from the interest on the lease liabilities and decrease from the payment of the lease liabilities. In addition, the carrying amount of the lease liabilities is remeasured whenever there is a change in the lease term, changes in lease payments, or changes in the assessment of options to purchase the underlying assets.

Short-term leases and leases of low-value assets

Leases with a lease term of 12 months or less from the effective date of the lease or leases on which the underlying asset is low value, it will be recorded as expenses on a straight-line basis over the lease term.

The Group is the lessor

Operating lease

Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. The Group recognizes the amount received under operating leases as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred on an acquisition of an operating lease are included in the carrying amount of the underlying asset and recognized as an expense over the lease term on a basis consistent with the lease income.

Finance lease

Leases that transfer to the lessee all or most of the risks and rewards of ownership of an underlying asset are finance leases. The Group recognizes finance lease receivables by the net investment amount of the lease. It comprises the present value of the lease and its unguaranteed residual value, discounted at the interest rate implied by the lease. Interest income on finance leases is allocated each accounting year to reflect the Group's fixed yearic rate of return on the remaining net investment in the lease.

5.12 Intangible assets

Intangible assets are shown at cost less by accumulated amortized expense and allowance for impairment (if any) of that asset. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows :-

Accounting software	5 Years
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The intangible asset incurred from the recognition of revenue from the construction of the wastewater treatment system and tap water plant. The payment is received in the form of the right to charge for the wastewater treatment usage and volume of tap water sold as stipulated in the service concession arrangement. It is shown in the statements of financial position at cost net of accumulated amortization and allowance for impairment (if any) and amortized when service are commenced on straight-line basis over the service concession agreement year.

5.13 Impairment of non-financial assets

The carrying amounts of assets are assessed at the end of each reporting year to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the asset is included in. An impairment loss is recognized when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

Impairment loss is recognized as expenses in profit or loss immediately.

The recoverable amount is the asset's fair value less costs to sell and its value in use in assessing the value in use of assets. The Group estimates the future cash flows expected to be generated by the asset and is discounted to their present value using a before tax discount rate that reflects current market assessments of the time value of cash and cash flows. The risks that are characteristic of the asset under consideration to determine fair value less costs to sell. The Group uses the best valuation model that is appropriate for the assets. It reflects the amount that the entity can obtain from the disposal of the asset less the cost of disposal by selling, buyers and sellers are knowledgeable and willing to exchange and can freely negotiate prices as those who are not related to each other.

The Group recognizes impairment losses in profit or loss.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the Group estimates the assets recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Reversals of impairment loss will be recognized as income in profit or loss immediately.

5.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized as an expense in the year in which they are incurred.

5.15 Retirement benefit costs

Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the year in which they are incurred.

Defined benefit plan

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent year.

5.16 Provision of liabilities

The Group are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. the Group will record the recovered payment as asset separately but the amount so recorded must be more than the amount of related liability estimate and the related expense with the liability estimate will be shown in the statement of income in the net amount after recovered expense already recognized.

5.17 Revenue recognition

- The Group recognizes revenue from construction, revenue from construction supervision, revenue from design and procurement contracts which identified as a single performance obligation satisfied by over time. The Group measures the progress towards complete satisfaction of the performance obligation with the input method, based on comparison of actual construction costs incurred up to the end of the year and total anticipated construction costs at completion for the satisfaction of that performance obligation.

The group will consider the probability of recognising revenue from change in damage claims contract delays in delivery or contractual penalties are recognised revenue only in case where it is highly probable that no significant reversal in the amount of cumulative revenue.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

- Service revenue is recognised over time when services have been rendered taking into account the stage of completion.
- Dividends are recognised when the right to receive the dividends is established.
- Interest income is recognised on an accrual basis and calculated using the effective interest method.
- Other income are recognized on an accrual basis.

5.18 Expenses recognition.

- The cost of project construction service related to satisfying performance obligations under the contracts is recognized in the profit and loss when the cost incurred and when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in profit and loss immediately.
- Finance costs such as interest expenses and similar costs are charged to profit or loss for the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.
- Other expenses are recognized by accrual basis.

5.19 Income tax

Income tax comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

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

The Group recognizes deferred tax liabilities for all taxable temporary differences while they recognizes 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 utilized.

At each reporting date, the Group reviews 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 utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

5.20 Basic earnings (loss) per share

- Basic earnings (loss) per share is calculated by dividing net profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) with weighted average number of issued and paid-up shares.
- Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares in issue during the year plus the weighted average number of common shares which would need to be issued to convert all dilutive potential common shares into common shares. The calculation assumes that such conversion took place either at beginning of the year or on the date the potential common shares were issued.

5.21 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting year denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

5.22 The related persons and related companies

The related persons and related companies with the Group meant individuals or enterprises which have the controlling power over the Group or are controlled by the Group either directly or indirectly, or under the same control with the Group. Furthermore, the related persons or related companies also meant the associated companies and the persons whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Group, important management, directors or the employees of the Group who have the power to plan and control the operations of the Group including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

5.23 Segment reporting

The sectoral business operation is disclosed under the separate business sectors of the Group, by the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

5.24 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 Group 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 Group 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 observable 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 year, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting year that are measured at fair value on a recurring basis.

6. Inter-transaction with related companies

The Company has business transactions with subsidiary and related entities, which have the same group of shareholders or mutual directors. Such transaction which have been concluded on commercial terms and based agreed up on between the Company and related parties and are in ordinary course of business which can be summarized as follow :-

6.1 Inter-assets and liabilities

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other receivables				
Accrued interest receivable				
Subsidiary	-	-	903,437.00	903,437.00
Other receivables				
Subsidiaries	-	-	184,122,332.68	191,309,415.68
Joint venture	7,090,149.23	4,667,250.47	7,090,149.23	4,667,250.47
Related company	78,139.16	39,304.19	78,139.16	39,304.19
Total	7,168,288.39	4,706,554.66	191,290,621.07	196,015,970.34
<u>Less</u> Allowance for expected credit loss	-	-	(49,700,000.00)	(44,230,000.00)
Net	7,168,288.39	4,706,554.66	141,590,621.07	151,785,970.34
Total other receivables	7,168,288.39	4,706,554.66	142,494,058.07	152,689,407.34
Short-term loans to				
Subsidiary				
Beginning balance	-	-	-	5,000,000.00
Repayment in during the year	-	-	-	(5,000,000.00)
Ending balance	-	-	-	-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other payables				
Other payables				
Subsidiary	-	-	103,494.70	103,494.70
Accrued expenses				
Subsidiary	-	-	355.41	355.41
Accrued interest				
Subsidiary	-	-	3,490,671.50	3,413,688.35
Related company	44,753.42	-	44,753.42	-
Director	184,876.71	-	184,876.71	-
Total other payables	229,630.13	-	3,824,151.74	3,517,538.46
Short-term loans from				
Subsidiary				
Beginning balance	-	-	15,574,381.12	16,896,882.56
Repayment in during the year	-	-	(262,482.00)	(1,322,501.44)
Ending balance	-	-	15,311,899.12	15,574,381.12
Related company				
Beginning balance	-	-	-	-
Additional in during the year	4,950,000.00	-	4,950,000.00	-
Ending balance	4,950,000.00	-	4,950,000.00	-
Director				
Beginning balance	-	-	-	-
Repayment in during the year	7,000,000.00	-	7,000,000.00	-
Ending balance	7,000,000.00	-	7,000,000.00	-
Total	11,950,000.00	-	27,261,899.12	15,574,381.12

As at December 31, 2023 and 2022, short-term loans from subsidiary is loan in form of promissory notes, at call and interest are carried by the rate of 0.50% per annum for both year.

As at December 31, 2023, the whole amount of short-term loan from related company is loan due within March 31, 2024, and interest are carried by the rate of 7.50% per annum.

As at December 31, 2023, the whole amount of short-term loan from director is loan due within February 29, 2023, and interest are carried by the rate of 4.00% per annum.

The movement of allowance for expected credit loss of other receivable-subsiary for the year ended December 31, 2023 and 2022 as follow :-

	(Unit : Baht)	
	<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	(44,230,000.00)	(10,700,000.00)
Additional in during the year	(5,470,000.00)	(33,530,000.00)
Ending balance	<u>(49,700,000.00)</u>	<u>(44,230,000.00)</u>

6.2 Inter-revenues and expenses

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other income				
Subsidiaries	-	-	6,208,563.20	7,679,069.29
Joint venture	1,472,480.10	50,000.00	1,472,480.10	50,000.00
Related company	482,243.09	471,931.39	482,243.09	471,931.39
Total	<u>1,954,723.19</u>	<u>521,931.39</u>	<u>8,163,286.39</u>	<u>8,201,000.68</u>
Interest income				
Subsidiary	-	-	-	270,206.86
Interest expense				
Subsidiary	-	-	76,983.15	79,564.51
Related company	44,753.42	-	44,753.42	-
Director	184,876.71	-	184,876.71	-
Total	<u>229,630.13</u>	<u>-</u>	<u>306,613.28</u>	<u>79,564.51</u>

6.3 Management's benefits

	(Unit : Baht)	
	<u>Consolidated /Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	4,975,694.00	7,877,114.00
Post-employment benefits	63,036.64	215,837.90
Total	<u>5,038,730.64</u>	<u>8,092,951.90</u>

6.4 Pricing policies

<u>Transaction</u>	<u>Pricing Policies</u>
Other income	Based on the agreed price
Interest income	Interest rate of 6.97% per annum (2022 : 6.97% per annum)
Interest expense	Interest rate of 0.50% - 7.50% per annum (2022 : 0.50% per annum)

6.5 Nature of relationship

<u>Name</u>	<u>Relationship</u>
Hydrotek - Chaisarit Joint Venture	Subsidiary
Hydrotek Utilities Co., Ltd.	Subsidiary
Hydrotek Supreme Mandalay Co.,Ltd.	Subsidiary (End of subsidiary company as at December 28, 2022.)
Sahahydro Joint Venture	Subsidiary
Hydro-Rinrat Joint Venture	Subsidiary
Sahahydro Pathumthani 2 Joint Venture	Subsidiary
Prime-Hydrotek Construction Joint Venture	Joint Venture
Prime Road Power Public Co.,Ltd.	Related company with common shareholders and directors
Acme Ennergy Development Co.,Ltd	Related company with common directors
Director	Chairman of the board of director

7. Supplemental disclosures of cash flow information

7.1 Cash and cash equivalents consisted of :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Cash on hand	279.06	80,149.64	227.69	38,840.34
Saving deposit	1,331,045.60	15,298,694.38	424,755.94	1,793,474.12
Current deposit	1,120,903.20	5,471,280.71	1,015,798.20	5,366,175.71
Total	2,452,227.86	20,850,124.73	1,440,781.83	7,198,490.17

7.2 Non-cash items is as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Offset contractual asset with other payables	3,839,999.96	-	3,839,999.96	-
Disposal of investment in subsidiary which had not yet been received	-	1,000.00	-	1,000.00
Equipment increase from provisions for decommissioning	-	200,000.00	-	200,000.00
Right-of-use assets increased from lease liabilities	188,610.05	356,565.93	188,610.05	368,430.41
Short-term loan from other party decreased from offsetting with other-receivables	250,000.00	-	-	-

8. Trade and other receivables-other parties

Outstanding trade and other receivables-other parties can be aged as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade accounts receivable and post dated cheque				
Within credit term	-	-	-	-
Overdue 1 – 30 days	4,063,498.51	-	-	-
Overdue over 12 months	7,289,488.00	7,289,488.00	7,289,488.00	7,289,488.00
Total	11,352,986.51	7,289,488.00	7,289,488.00	7,289,488.00
<u>Less</u> Allowance for expected credit loss	(7,289,488.00)	(7,289,488.00)	(7,289,488.00)	(7,289,488.00)
Net	4,063,498.51	-	-	-
Other receivables	42,190,202.03	41,133,042.59	31,684,628.54	30,731,320.72
Advances and deposit for purchase of goods	79,814,171.88	82,727,976.04	14,901,589.47	14,901,589.47
Advances to subcontractors	15,136,141.58	14,723,197.05	5,041,117.60	5,041,117.60
Total	137,140,151.49	138,584,215.68	51,627,335.61	50,674,027.79
<u>Less</u> Allowance for expected credit loss	(38,035,093.36)	(37,805,093.36)	(28,940,160.05)	(28,710,160.05)
Net	99,105,422.13	100,779,122.32	22,687,175.56	21,963,867.74
Total trade and other current receivables	103,168,920.64	100,779,122.32	22,687,175.56	21,963,867.74

For the year ended December 31, 2023 and 2022, no movement of allowance for expected credit loss- trade receivable.

The movement of allowance for expected credit loss - other receivable other parties for the year ended December 31, 2023 and 2022 are as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Beginning balance	(37,805,093.36)	(37,805,284.55)	(28,710,160.05)	(28,710,351.24)
Allowance increased during the year	(380,000.00)	-	(380,000.00)	-
Reversal during the year	150,000.00	191.19	150,000.00	191.19
Ending balance	(38,035,093.36)	(37,805,093.36)	(28,940,160.05)	(28,710,160.05)

9. Contract assets and Contract liabilities

9.1 Contract balances

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Contract assets - current				
Unbilled receivables	81,353,907.02	64,526,698.34	25,191,414.22	32,198,400.96
Retention receivables	2,752,763.99	7,863,559.49	-	-
Total contract assets - current	84,106,671.01	72,390,257.83	25,191,414.22	32,198,400.96
<u>Less</u> Allowance for expected credit loss	(25,191,414.22)	(28,358,401.00)	(25,191,414.22)	(28,358,401.00)
Total contract assets - current net	58,915,256.79	44,031,856.83	-	3,839,999.96
Contract assets - non current				
Retention receivables	30,806,722.90	42,371,359.31	-	-
Total contract assets – non current	30,806,722.90	42,371,359.31	-	-
Contract liabilities				
Advance received from employers	25,923,458.00	42,243,479.24	-	9,226,379.44
Total contract liabilities	25,923,458.00	42,243,479.24	-	9,226,379.44

The movement of allowance for expected credit loss-contractual assets for the year ended December 31, 2023 and 2022 as follow :-

	(Unit : Baht)	
	<u>Consolidated /Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	(28,358,401.00)	(28,358,401.00)
Reversal during the year	3,166,986.78	-
Ending balance	<u>(25,191,414.22)</u>	<u>(28,358,401.00)</u>

9.2 Revenue recognised in relation to contract balances

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue recognised that was included in contract liabilities at the beginning of the year	16,320,021.24	20,662,574.94	-	88,555.28
Revenue recognised from changes in variable considerations of performance obligations satisfied in previous years	-	-	-	-

9.3 Revenue to be recognised for the remaining performance obligations

As at December 31, 2023, the Group revenue is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied or partially unsatisfied totalling amount of Baht 106.86 million (As at December 31, 2022, the Group revenue is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied or partially unsatisfied totalling amount of Baht 173.41 million). The Group expects to satisfy these performance obligations within 1 year.

9.4 Contract assets - unbilled receivables

As at December 31, 2023, for the consolidated financial statements the balances of unbilled receivables which net of allowance for expected credit loss amount of Baht 56.16 million is expected to bill with customers within 1 year (As at December 31, 2022, amount of Baht 36.17 million is expected to bill with customers within 1 year).

As at December 31, 2022, for the separate financial statements the balances of unbilled receivables which net of allowance for expected credit loss amount of Baht 3.84 million was a lawsuit where the Company is involved in litigation with the contracting party. The company has liabilities exceeding the value of assets under the contract as mentioned in note to financial statements No. 35.2

10. Inventories and construction materials

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction materials	29,186,398.69	29,112,855.77	170,754.41	170,754.41
Finished goods	32,943.24	-	32,943.24	-
Work in progress	2,566,611.08	2,566,611.08	2,566,611.08	2,566,611.08
Total	31,785,953.01	31,679,466.85	2,770,308.73	2,737,365.49
<u>Less</u> Allowances for decline in value of				
Inventories and construction materials	(2,737,365.49)	(2,566,611.08)	(2,737,365.49)	(2,566,611.08)
Net	29,048,587.52	29,112,855.77	32,943.24	170,754.41

The movement of allowances for decline in value of non-movement inventories and construction materials for the years ended December 31, 2023 and 2022 was as follows: -

	(Unit : Baht)	
	<u>Consolidated /Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	(2,566,611.08)	(2,566,611.08)
Allowance increased during the year	(170,754.41)	-
Ending balance	(2,737,365.49)	(2,566,611.08)

11. Short-term loan to other party

	(Unit : Baht)	
	<u>Consolidated /Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Loan to other party	500,000.00	500,000.00
<u>Less</u> Allowance for expected credit loss	(500,000.00)	(500,000.00)
Ending balance	-	-

As at December 31, 2023 and 2022, Short-term loans to other party (Subcontractor) is loan in from of agreement, which has interest rate of 5.47% per annum for both period. The Group has recognized an allowance for expected credit losses for the whole amount and ceased revenue recognition for interest income.

For the year ended December 31,2023 and 2022, no movement of allowance for expected credit loss short-term loan to other party.

12. Other non-current financial assets

As at December 31, 2022 other non-current financial assets amount of Baht 3.88 million were bank deposit that were collateral for issuing letters of guarantee for the Company construction projects, Subsequently, in August 2023, the Company received a notice from bank which request repayment to the bank from bank of guarantee obligation of the lawsuit as mentioned in note to financial statement No. 35.2. The bank already paid on behalf of the Company amount of Baht 8.53 million, and settlement of the Company's all bank deposit with the bank amount of Baht 3.91 million. The remaining amount of Baht 4.62 million, which is recognized to long-term loan from financial institution as mentioned in note to financial statement No. 24.

As at December 31, 2023 and 2022 remaining bank deposit amount of Baht 0.32 million 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 as mentioned in note to financial statements No. 34.2.

13. 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 : Thousand Baht)

<u>Name of Company</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Cost Method</u>		<u>Dividened</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<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	-	-
Sahahydro Pathumthani 2 Joint Venture ***	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Hydro-Rinrat Joint Venture ****	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Total					5,000	5,000	-	-
<u>Less</u> Allowance for impairment					(1,415)	(1,380)	-	-
Net					3,585	3,620	-	-
<u>Subsidiaries having immaterial non-controlling interests</u>								
Hydrotek Supreme Mandalay Co.,Ltd. *****	-	-	-	-	-	-	-	-
<u>Less</u> Allowance for impairment					-	-	-	-
Net					-	-	-	-

*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. Thus, Hydrotek Public Company Limited is the sole venturer in Hydrotek-Chaisarit joint venture with the 100.00% shareholding.

**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. Thus, Hydrotek Public Company Limited is the sole venturer in Sahahydro Joint Venture with the 100.00% shareholding.

*** October 2020, 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. Thus, Hydrotek Public Company Limited is the sole venturer in Sahahydro Pathumthani2 joint venture with the 100.00% shareholding.

**** January 2021, 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. Thus, Hydrotek Public Company Limited is the sole venturer in Hydro-Rinrat 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.

Hydrotek Supreme Mandalay Co.,Ltd

During October 2015, the Mandalay Region Government, Mandalay City Development Committee (MCDC) has signed the concession agreement granting Hydrotek Supreme Mandalay Co., Ltd. the concession in operating Mandalay Industrial Zone Central Wastewater Treatment Plant and Collecting System Project (CWWTP) by construct the said project within 2 years from the date the approval has been granted from MCDC to commence the construction on the land provided by MCDC (excluding the extension of the construction year, if any) and provide waste water treatment service in exchange of the right to collect service fee from the customers of the said industrial zone for the year of 30 years (the term can be extended for 10 years at a time for not more than 2 times). Furthermore, MCDC shall pay the compensation to the subsidiary if the said operator's wastewater treatment volume is less than the level specified in the service concession arrangement. The said service concession arrangement also stipulated that at the end of the service concession arrangement term, the subsidiary shall transfer the asset ownership of the said project to MCDC without receiving any payment. The Group has recognized one portion of the compensations that the subsidiary received from the construction of the wastewater treatment system under the said service concession arrangement to financial asset and another portion in amount of Baht 4.95 million is recognized as intangible assets under the consolidated financial statements.

In 2019, the Company recognized the entire amount of allowance for expected credit loss of receivables under the concession agreements and loss from impairment of intangible assets under the said concession, including the investment in Hydrotek Supreme Mandalay Co., Ltd (a subsidiary). Because of the total quality of wastewater outlet from the Mandalay industrial Zone was significant higher when compared with agreement in the contract. In order to deal with this issue, land requirement and wastewater tariff will be significantly increased. However, MCDC could not either provide additional land area and accept for increasing of wastewater tariff. In case that subsidiary need to continue this project with the same condition in the contract, the return will not be worth. Therefore both parties have a plan to terminate the concession agreement and each others will be agree to no claim any damages agaisnt. At present, the subsidiary has drafted the notice for termination agreement with MCDC. However, the coronavirus disease 2019 pandemic and political situation cause both of them to be unable to complete the signing.

Later, In according with minutes of the Company's board of directors' meeting No.12/2022 date on December 8, 2022, has resolution to approve to dispose ordinary shares of Hydrotek Supreme Mandalay Co.,Ltd. (subsidiary) amount of 458,000 shares to unreated person, sold at the price of 0.0022 Baht per share, equivalent to amount of Baht 1,000.00 which was completed on December 28, 2022. In this regard, the Company has control in such subsidiary that day Therefore, does not include the statement of financial position of the subsidiary company in the consolidated statement of financial position as at December 31, 2022, but include its financial performance and cash flows from January 1, 2022 to December 28, 2022 in the consolidated statements of comprehensive income and cash flows. As a result, the disposal of investment had a loss from disposal of investment in subsidiary company in amount of Baht 1.46 million and a loss of exchange rate from investment in subsidiary amount of Baht 1.81 million in the consolidate financial statement and had gain from the disposal of investmen amount of Baht 1,000 in the separate financial statement.

As at the date of Hydrotek Supreme Mandalay Co., Ltd.ended its status to be an subsidiary,the net asset value of such company, are as follow :-

	(Unit : Baht)
Total assets	2,621,409.11
Total liabilities	(844,974.64)
Net assets	<u>1,776,434.47</u>
Net assets consisted of :-	
Share capital and deficits	4,039,749.59
Difference exchange rate from conversion of financial statement	(2,263,315.12)
Net assets	<u>1,776,434.47</u>
Other receivable from disposal of investment	1,000.00
<u>Less</u> Cash and cash equivalents of subsidiary	<u>(107,512.95)</u>
Cash paid from disposal of investment	<u><u>(106,512.95)</u></u>

The movement of allowance for impairment of investment in subsidiaries for the years ended December 31, 2023 and 2022 are as follows : -

	(Unit : Baht)	
	<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	(1,380,000.00)	(17,261,977.60)
Allowance increased during the year	(35,000.00)	(380,000.00)
Write-off during the year	-	16,261,977.60
Ending balance	<u>(1,415,000.00)</u>	<u>(1,380,000.00)</u>

14. Investment in joint venture

The nature and carrying value of investment in associate and joint venture can be summarized as follows :-

<u>Name of Company</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	(Unit : Thousand Baht)							
			<u>Joint venture capital</u>		<u>% of holding</u>		<u>Equity Method</u>		<u>Cost Method</u>	
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Prime-Hydrotek Construction Joint Venture.	Construction of a high-speed train station building	Thailand	1,000	1,000	49.00	49.00	601	521	490	490
Net							<u>601</u>	<u>521</u>	<u>490</u>	<u>490</u>

Prime-Hydrotek Construction Joint Venture

In August 2022, the Company registered a Prime-Hydrotek Construction Joint Venture for construction of high-speed train station. The Company has a joint investment ratio of 49.00% and investment in joint venture in amount of Baht 490,000.00. Joint venture agreement contains conditions if the joint venture was taken a loss the Company agrees to be responsible for compensation to the partner, including determination of the variable rate of benefit sharing that the Company will be reduced rate of sharing in the case that the profit is less than the estimation and will be received an additional benefit sharing in the case that the profit is greater than the estimation.

The financial information of the joint venture can be summarized as follows :-

	(Unit : Baht)	
	<u>For the year ended</u>	<u>For the period from</u>
	<u>December 31, 2023</u>	<u>August 4 to December 31, 2022</u>
Revenues	4,971,519.95	10,212,643.34
Profit from continuous operation	163,375.33	62,640.77
Other comprehensive income	-	-
Total comprehensive income	<u>163,375.33</u>	<u>62,640.77</u>

	(Unit : Baht)	
	<u>2023</u>	<u>2022</u>
Current assets	16,060,407.49	11,313,109.45
Non-current assets	144,514.74	180,713.87
Current liabilities	(14,978,906.13)	(10,431,182.55)
Net Assets	<u>1,226,016.10</u>	<u>1,062,640.77</u>

The reconciliations of each financial information with book value that record by equity method in consolidated financial statements as follows :-

	(Unit : Baht)	
	<u>2023</u>	<u>2022</u>
Net assets of the joint venture	1,226,016.10	1,062,640.77
Shareholding of the company (%)	49.00	49.00
Book value for equity method	<u>600,747.89</u>	<u>520,693.98</u>

15. Long-term loan to other party

	(Unit : Baht)	
	<u>Consolidated /Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Long-term loan from other party	13,527,636.99	13,527,636.99
<u>Less</u> Allowance for expected credit loss	(13,527,636.99)	(13,527,636.99)
Net	<u>-</u>	<u>-</u>

As at December 31, 2023 and 2022, long-term loans is loans to SUT Global Co.,Ltd, which former was a subsidiary of the Company and the Company sold its investment in such company on September 27, 2019. The loans is loans agreement with repayment year in 10 years and the interest rate of 8.50% per annum. The repayment must be paid interest and principle every 3 month. The principal paid the first installment in March 2025 and the last installment in December 2029. The Company has recognized an allowance for expected credit losses for the whole amount.

16. Investments property

	(Unit : Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Cost:-		
As at January 1,	3,000,000.00	3,000,000.00
As at December 31,	3,000,000.00	3,000,000.00
Allowance for impairment : -		
As at January 1,	(819,250.00)	(819,250.00)
As at December 31,	(819,250.00)	(819,250.00)
Net book value :-		
As at December 31,	2,180,750.00	2,180,750.00

As at December 31, 2023 and 2022, the fair value of investment property is amount of Baht 2.18 million which is in accordance the valuation report dated on January 2020. The independent appraiser (Agency for Real Estate Affairs Co., Ltd.) appraises the value of land by applying the market price comparison approach (based on the highest and best use principle) by using the bid price of other land having similar characteristic with the land of Company. The fair value of investment property is hierarchical level 2.

As at December 31, 2023, the Company has submit a request for a stay of execution of the Appeal Court by offer their investment property to collateral. The court is in the process of considering the acceptance of the security as mentioned in note to financial statements No.35.3.

17. Equipment

(Unit : Baht)

		Consolidated financial statements				
		Building improvement	Tools and equipments	Office equipments and furniture	Vehicles	Total
Cost :-						
As at January 1, 2022		271,875.89	51,620,925.43	6,850,238.94	9,159,073.36	67,902,113.62
Purchase		-	1,652,872.34	208,070.00	-	1,860,942.34
As at December 31, 2022		271,875.89	53,273,797.77	7,058,308.94	9,159,073.36	69,763,055.96
Purchase		-	-	86,895.79	-	86,895.79
Sales		-	-	-	(4,559,050.00)	(4,559,050.00)
As at December 31, 2023		271,875.89	53,273,797.77	7,145,204.73	4,600,023.36	65,290,901.75
Accumulated depreciation :-						
As at January 1, 2022		(90,527.72)	(9,225,677.13)	(5,872,147.74)	(5,879,612.02)	(21,067,964.61)
Depreciation for the year		(54,374.77)	(2,041,025.09)	(219,111.91)	-	(2,314,511.77)
As at December 31, 2022		(144,902.49)	(11,266,702.22)	(6,091,259.65)	(5,879,612.02)	(23,382,476.38)
Depreciation for the year		(51,488.49)	(1,487,634.43)	(237,399.13)	-	(1,776,522.05)
Depreciation for sale		-	-	-	3,331,050.00	3,331,050.00
As at December 31, 2023		(196,390.98)	(12,754,336.65)	(6,328,658.78)	(2,548,562.02)	(21,827,948.43)
Allowance for impairment :-						
As at January 1, 2022		-	(24,890,680.30)	-	-	(24,890,680.30)
As at December 31, 2022		-	(24,890,680.30)	-	-	(24,890,680.30)
Increase		-	(11,711,861.48)	-	-	(11,711,861.48)
As at December 31, 2023		-	(36,602,541.78)	-	-	(36,602,541.78)
Book value net :-						
As at December 31, 2022		126,973.40	17,116,415.25	967,049.29	3,279,461.34	21,489,899.28
As at December 31, 2023		75,484.91	3,916,919.34	816,545.95	2,051,461.34	6,860,411.54
The depreciation in profit or loss for the year :-						
Ended December 31, 2022						2,314,511.77
Ended December 31, 2023						1,776,522.05

(Unit : Baht)

Separate financial statements

	Building improvement	Tools and equipments	Office equipments and furniture	Vehicles	Total
Cost :-					
As at January 1, 2022	271,875.89	51,345,127.07	6,456,651.40	9,159,073.36	67,232,727.72
Purchase	-	1,652,872.34	186,900.00	-	1,839,772.34
As at December 31, 2022	271,875.89	52,997,999.41	6,643,551.40	9,159,073.36	69,072,500.06
Purchase	-	-	86,895.79	-	86,895.79
Sales	-	-	-	(4,559,050.00)	(4,559,050.00)
As at December 31, 2023	271,875.89	52,997,999.41	6,730,447.19	4,600,023.36	64,600,345.85
Accumulated depreciation :-					
As at January 1, 2022	(90,527.72)	(9,318,012.97)	(5,460,233.25)	(5,879,612.02)	(20,748,385.96)
Depreciation for the year	(54,374.77)	(1,998,587.12)	(200,898.91)	-	(2,253,861.80)
As at December 31, 2022	(144,902.49)	(11,316,600.09)	(5,661,133.16)	(5,879,612.02)	(23,002,247.76)
Depreciation for the year	(51,488.49)	(1,445,196.46)	(215,057.77)	-	(1,711,742.72)
Depreciation for sale	-	-	-	3,331,050.00	3,331,050.00
As at December 31, 2023	(196,390.98)	(12,761,796.55)	(5,876,190.93)	(2,548,562.02)	(21,382,940.48)
Allowance for impairment :-					
As at January 1, 2022	-	(24,890,680.30)	-	-	(24,890,680.30)
As at December 31, 2022	-	(24,890,680.30)	-	-	(24,890,680.30)
Increase	-	(11,711,861.48)	-	-	(11,711,861.48)
As at December 31, 2023	-	(36,602,541.78)	-	-	(36,602,541.78)
Book value net :-					
As at December 31, 2022	126,973.40	16,790,719.02	982,418.24	3,279,461.34	21,179,572.00
As at December 31, 2023	75,484.91	3,633,661.08	854,256.26	2,051,461.34	6,614,863.59
The depreciation in profit or loss for the year :-					
Ended December 31, 2022					2,253,861.80
Ended December 31, 2023					1,711,742.72

As at December 31, 2023 and 2022, certain equipment 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 13.00 million and amount of Baht 17.53 million respectively.

As at December 31, 2023 and 2022, certain equipment of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 12.78 million and amount of Baht 17.32 million respectively.

As of December 31, 2023 and 2022, a tools and equipment with a book value of Baht 11.71 million and Baht 12.48 million, respectively was equipment and machinery installed in the factory of a certain company under the RO Water Treatment Agreement which have conditions for providing additional water treatment services for wastewater recycling and have a reverse osmosis system for operation. However, the said equipment and machinery cannot treat the water according to the standards criteria as agreed in the contract. The Company has made efforts to continuously to rectify and solve the ongoing issues but has been unable to resolve them. In 2023, the Company recognized allowance for impairment losses of tools and equipment in whole amount.

18. Right-of-use assets

(Unit : Baht)

	Consolidated financial statements				
	Land	Building	Office equipments	Vehicles	Total
Cost :-					
As at January 1, 2022	2,815,394.48	8,265,192.93	253,023.96	4,529,951.57	15,863,562.94
Increase in right-of-use assets	-	311,143.76	-	45,422.17	356,565.93
Received from deposit during the year	-	(32,000.00)	-	(29,000.00)	(61,000.00)
Write-off	-	-	(253,023.96)	-	(253,023.96)
As at December 31, 2022	2,815,394.48	8,544,336.69	-	4,546,373.74	15,906,104.91
Increase in right-of-use assets	-	-	188,610.05	-	188,610.05
Received from deposit during the year	-	(30,000.00)	-	-	(30,000.00)
Write-off	-	(223,655.30)	(183,858.64)	(1,212,435.14)	(1,619,949.08)
As at December 31, 2023	2,815,394.48	8,290,681.39	4,751.41	3,333,938.60	14,444,765.88
Accumulated depreciation :-					
As at January 1, 2022	(175,649.13)	(3,614,705.94)	(197,541.28)	(2,336,987.68)	(6,324,884.03)
Depreciation for the year	(110,544.62)	(1,951,507.67)	(55,482.68)	(794,623.36)	(2,912,158.33)
Write-off	-	-	253,023.96	-	253,023.96
As at December 31, 2022	(286,193.75)	(5,566,213.61)	-	(3,131,611.04)	(8,984,018.40)
Depreciation for the year	(110,544.63)	(1,595,091.47)	(49,314.19)	(343,343.65)	(2,098,293.94)
Write-off	-	223,655.30	183,858.64	1,212,435.14	1,619,949.08
As at December 31, 2023	(396,738.38)	(6,937,649.78)	134,544.45	(2,262,519.55)	(9,462,363.26)
Book value :-					
As at December 31, 2022	2,529,200.73	2,978,123.08	-	1,414,762.70	6,922,086.51
As at December 31, 2023	2,418,656.10	1,353,031.61	139,295.86	1,071,419.05	4,982,402.62

(Unit : Baht)

Depreciation was show in profit or loss for the year :-

Ended on December 31, 2022	2,912,158.33
Ended on December 31, 2023	2,098,293.94

(Unit : Baht)

	Separate financial statements				
	Land	Building	Office equipments	Vehicles	Total
Cost :-					
As at January 1, 2022	2,765,433.07	7,846,000.88	253,023.96	2,648,457.92	13,512,915.83
Increase in right-of-use assets	-	311,143.76	-	57,286.65	368,430.41
Received from deposit during the year	-	(32,000.00)	-	(29,000.00)	(61,000.00)
Write-off	-	-	(253,023.96)	-	(253,023.96)
As at December 31, 2022	2,765,433.07	8,125,144.64	-	2,676,744.57	13,567,322.28
Increase in right-of-use assets	-	-	188,610.05	-	188,610.05
Received from deposit during the year	-	(30,000.00)	-	-	(30,000.00)
As at December 31, 2023	2,765,433.07	8,095,144.64	188,610.05	2,676,744.57	13,725,932.33
Accumulated depreciation :-					
As at January 1, 2022	(125,687.72)	(3,262,255.80)	(197,541.29)	(861,351.58)	(4,446,836.39)
Depreciation for the year	(110,544.62)	(1,884,765.76)	(55,482.67)	(400,630.29)	(2,451,423.34)
Write-off	-	-	253,023.96	-	253,023.96
As at December 31, 2022	(236,232.34)	(5,147,021.56)	-	(1,261,981.87)	(6,645,235.77)
Depreciation for the year	(110,544.63)	(1,595,091.47)	(49,314.19)	(343,343.65)	(2,098,293.94)
As at December 31, 2023	(346,776.97)	(6,742,113.03)	(49,314.19)	(1,605,325.52)	(8,743,529.71)
Book value :-					
As at December 31, 2022	2,529,200.73	2,978,123.08	-	1,414,762.70	6,922,086.51
As at December 31, 2023	2,418,656.10	1,353,031.61	139,295.86	1,071,419.05	4,982,402.62

Depreciation was show in profit or loss for the year :-

Ended on December 31, 2022	2,451,423.34
Ended on December 31, 2023	2,098,293.94

19. Intangible assets

(Unit : Baht)

	Consolidated financial statements		
	Computer software	Rights under the concession agreement	Total
Cost :-			
As at January 1, 2022	3,884,317.78	113,553,698.48	117,438,016.26
Transfer out from disposal of investment in subsidiary	-	(4,957,659.96)	(4,957,659.96)
As at December 31, 2022	3,884,317.78	108,596,038.52	112,480,356.30
As at December 31, 2023	3,884,317.78	108,596,038.52	112,480,356.30
Accumulated amortization :-			
As at January 1, 2022	(3,584,928.66)	-	(3,584,928.66)
Amortization for the year	(70,286.07)	-	(70,286.07)
As at December 31, 2022	(3,655,214.73)	-	(3,655,214.73)
Amortization for the year	(58,450.35)	-	(58,450.35)
As at December 31, 2023	(3,713,665.08)	-	(3,713,665.08)
Allowance for impairment :-			
As at January 1, 2022	-	(4,957,659.96)	(4,957,659.96)
Transfer out from disposal of investment in subsidiary	-	4,957,659.96	4,957,659.96
As at December 31, 2022	-	-	-
As at December 31, 2023	-	-	-
Net book value :-			
As at December 31, 2022	229,103.05	108,596,038.52	108,825,141.57
As at December 31, 2023	170,652.70	108,596,038.52	108,766,691.22
Amortization was shown in profit or loss the year :-			
Ended on December 31, 2022			70,286.07
Ended on December 31, 2023			58,450.35

(Unit : Baht)

	Separate financial statements		
	Rights under the		Total
	Computer software	concession agreement	
Cost :-			
As at January 1, 2022	3,483,710.56	108,596,038.52	112,079,749.08
As at December 31, 2022	3,483,710.56	108,596,038.52	112,079,749.08
As at December 31, 2023	3,483,710.56	108,596,038.52	112,079,749.08
Accumulated amortization :-			
As at January 1, 2022	(3,217,872.00)	-	(3,217,872.00)
Amortization for the year	(50,286.05)	-	(50,286.05)
As at December 31, 2022	(3,268,158.05)	-	(3,268,158.05)
Amortization for the year	(50,286.05)	-	(50,286.05)
As at December 31, 2023	(3,318,444.10)	-	(3,318,444.10)
Net book value :-			
As at December 31, 2022	215,552.51	108,596,038.52	108,811,591.03
As at December 31, 2023	165,266.46	108,596,038.52	108,761,304.98

Amortization was shown in profit or loss the year :-

Ended on December 31, 2022	50,286.05
Ended on December 31, 2023	50,286.05

As at December 31, 2023 and 2022 an intangible assets amount of Baht 108.60 million was rights under the concession agreement which the Company entered into an agreement in 2015 with a Tambon government sector for the construction of the water treatment plant and distribution of the tap water to water consumers in 5 municipal area. for the period of 9 years. Later in January 2019, the Ministry of Natural Resources and Environment signed a concession to operate a tap water distribution plant for areas in all 5 municipalities. The company has received rights under the concession agreement for 2 concessions. The first concession has a period of 25 years, expiring on January 21, 2044. The second concession has a period of 25 years, expiring on January 21, 2044. The rights under the concession agreement have been assigned to the company to construct a water treatment plant within 24 months from the date the permission has been granted by the Ministry of Natural Resources and Environment, which was later extended to date January 20, 2022. The concession agreement stipulate the Company to 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. 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 and in the case where the government agency does not wish to purchase and the Company intends to continue operate. The Company can notify its intention before the concession expires. The Company recognized the compensation that received from the construction of the water treatment plant under the said concession agreement as intangible asset in the financial statements.

In carrying out the construction project for a tap water production and distribution plant, the Company, Hydrotek Utility Co., Ltd. (subsidiary) and Yunnan Water (Hong Kong) Co., Ltd. and Yunnan Water Investment Co., Ltd. have signed an EPC Contract and an Investment Agreement, which were later amended several times. The Company will be responsible for the construction of a water treatment plant and provide land for project location. Yunnan Water (Hong Kong) Company Limited will provide investment funds to the company for use in construction in the amount of Baht 285 million. When the construction project is completed, the plants will be transferred to Hydrotek Utility Co., Ltd. and Yunnan Water (Hong Kong) Co., Ltd. shall have the option to choose to receive repayment in the form of money with interest of 6.75% or choose to change to investment in Hydrotek Utility Co., Ltd., with the shareholding proportion set at 49%. However, during the construction the company has purchased equipment and machinery for water system with Yunnan Water (Hong Kong) Co., Ltd., with an advance payment for assets remaining in the amount of Baht 14.87 million. However, in December 2020, the parties enter into a new agreement according to the Settlement Agreement, the agreement defined the conditions to the Company must be complied within the period defined. If the company is unable to complete their task according to the agreement, Yunnan Water (Hong Kong) Co., Ltd. has the right to terminate the contract and call to the Company repayment the entire amount plus interest as mentioned in the note to the financial statements No.23.

The construction project is delay due to the situation of the outbreak of coronavirus disease 2019 (COVID-19) and the Company waited for approval letters from relevant government sector to allow entry into the area to carry out the laying of pipes for the water supply system which the Company has gradually received permission in August 2021, January 2022 and September 2022. However, there are still some areas that the Company need to be applied for permission with the relevant government sector which is under processing. The company's management confirmed that they still have the rights under the concession agreement and the Company has submit a letter requesting to extend the construction period for the tap water production plant and requesting permission to sell tap water in municipal areas which is under consideration by the relevant agencies.

Presently, the construction project for a tap water production hasn't been according to the plan. The Group has postponed its operational plans due to the Group and Yunnan Water (Hong Kong) Co.,Ltd. and Yunnan Water Investment Co.,Ltd. have disputes and filed a lawsuits between them. The case is currently being considered by the Civil Court as mentioned in Note to the financial statements No 35.5.

20. Trade and other payables-other parties

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Trade accounts payable	24,278,893.89	26,211,975.46	11,617,113.35	10,754,809.11
Other payables and other provision liabilities	37,848,574.96	13,151,799.47	24,117,274.72	11,202,013.82
Retention payables	13,475,469.35	13,545,990.35	11,168,579.84	11,148,239.84
Post dated cheques payable	9,657,203.59	1,898,789.67	-	-
Accrued interest	73,014,455.76	67,459,006.41	73,014,455.76	67,459,006.41
Total	158,274,597.55	122,267,561.36	119,917,423.67	100,564,069.18

21. Short-term loan from other party

(Unit : Baht)

	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Beginning balance	-	-
Addition during the year	250,000.00	-
Decrease from offsetting with other-receivables during the year	(250,000.00)	-
Ending balance	-	-

During the period, a subsidiary has short-term loan from other party in the form of promissory notes, at call and interest are carried by the rate of 7.00% per annum.

22. Lease liabilities

Changes in the lease liabilities are as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Lease liabilities at the beginning of year	6,178,544.47	8,669,788.42	6,178,544.47	8,182,124.49
Increase contract during the year	188,610.05	356,565.93	188,610.05	368,430.41
Repayment during the year	(1,956,459.40)	(2,847,809.88)	(1,956,459.40)	(2,372,010.43)
Lease liabilities at the end of year	4,410,695.12	6,178,544.47	4,410,695.12	6,178,544.47

A maturity analysis of lease payment is as follows :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>		
	<u>2023</u>		
	<u>Lease</u>	<u>Deferred</u>	
	<u>liabilities</u>	<u>interest expenses</u>	<u>Net</u>
Within 1 year	1,606,894.62	(177,193.17)	1,429,701.45
Over 1 year but not Over 5 years	769,981.66	(549,923.90)	220,057.76
Over 5 years	4,107,859.98	(1,346,924.07)	2,760,935.91
Total	6,484,736.26	(2,074,041.14)	4,410,695.12

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>		
	<u>2022</u>		
	<u>Lease</u>	<u>Deferred</u>	
	<u>liabilities</u>	<u>interest expenses</u>	<u>Net</u>
Within 1 year	2,336,919.25	(270,039.76)	2,066,879.49
Over 1 year but not Over 5 years	2,064,945.66	(581,609.37)	1,483,336.29
Over 5 years	4,107,859.98	(1,479,531.29)	2,628,328.69
Total	8,509,724.89	(2,331,180.42)	6,178,544.47

The Group and the Company has entered into the contract of leases with several lessor companies so as to lease land, buildings, vehicles and office equipment. The leased contracts determine leased fee repayment as monthly installment from Baht 4,600.00 to Baht 142,680.00 per month. The leased year is carried 1-4 years and Baht 155,530.62 per year. The leased year is carried 25 years.

For the year ended December 31, 2023 and 2022 transactions relates to lease are as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Finance cost relating to leases	280,129.23	422,320.69	280,129.23
Expenses relating to short-term leases	-	691,475.39	-	268,076.69
Cash out flow for leases	2,236,588.63	3,270,130.57	2,236,588.63	2,754,299.95

23. Long-term loans from other party

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Long-term loans	125,644,786.50	125,644,786.50
<u>Less</u> Current portion of long-term loans from other party	(125,644,786.50)	(125,644,786.50)
Net	-	-

Long-term loan from financial institutions - minimum payments :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Within 1 years	125,644,786.50	125,644,786.50
Over 1 year but not Over 5 years	-	-
Total	125,644,786.50	125,644,786.50

As at December 31, 2023 and 2022, the whole was long term loans due to Yunnan Water (Hong Kong) Company Limited, which was incorporated in Hong Kong, in order to be used for construction of a water treatment plant and sell tap water in which the Group has received the rights under the concession agreement with an interest rate of 6.75% per year. The principal is due to be repaid every year for a period of 5 years from the date of commercial operation dated of selling tap water. This is derived from the Company, Hydrotech Utility Company Limited, Yunnan Water (Hong Kong) Company Limited and Yunnan Water Investment Company Limited have entered into the EPC Contract and the Investment Agreement and the Settlement Agreement as mention in the notes to the financial statements 19. Furthermore, such 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.

On March 25, 2022, Yunnan Water (Hong Kong) Company Limited has sent a notice that requesting the Company to repay the whole amount of principal plus interest within 30 days due to the Company is unable to comply with some requirement as specified in the Settlement Agreement. Therefore, long-term loans from other party is classified to current liabilities in whole amount. Currently, the Group has filed a lawsuit against the counterparties to the Civil Court which the counterparties has filed a lawsuit counterclaim too. The case is under consideration by the Civil Court according to as mentioned in the note to the financial statements No 35.5.

24. Long-term loan from financial institution

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	-	-
Addition during the year (Note no.36.2)	4,622,790.27	-
Repayment during the year	(32,468.01)	-
Ending balance	4,590,322.26	-
<u>Less</u> Current portion	(1,778,259.67)	-
Net	2,812,062.59	-

As at December 31, 2023, has long-term loan from financial institution and interest MLR per annum.

25. Employee benefit obligations

Changes in the present value of the employee benefit obligation in case of retirement or termination under the labor law for the year ended December 31, 2023 and 2022 are as follows :-

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Employee benefit obligations at the beginning of the year	4,066,883.80	4,398,766.71
Current service cost	440,359.44	666,898.67
Interest cost	55,465.22	72,388.47
<u>Less</u> Benefit obligation paid	-	(1,133,000.00)
Actuarial (profit) loss arising from defined benefit plan	(1,865,830.26)	61,829.95
Employee benefit obligations at the ending of the year	2,696,878.23	4,066,883.80

Expenses recognized in statements of comprehensive income for the year ended December 31, 2023 and 2022, were as follows :-

(Unit : Baht)

	<u>Consolidated/Separate financial statement</u>	
	<u>2023</u>	<u>2022</u>
<u>Recognized in profit or loss</u>		
Administrative expenses	495,824.69	739,287.14
Total	495,824.69	739,287.14

(Unit : Baht)

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
<u>Recognized in other comprehensive income</u>		
Actuarial loss arising from defined benefit plan		
Part arising from changes in financial assumptions	(63,499.81)	(157,075.85)
Part arising from changes an improvement from experience	(1,802,330.45)	218,905.80
Total	<u>(1,865,830.26)</u>	<u>61,829.95</u>

Principal actuarial assumptions as at December 31, 2023 and 2022 are as follows :-

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Discount rate at end of year	2.52%	1.77%
Future salary growth	4.00%	4.00%
Proportion of employees opting for early retirement	3.82% - 45.84%	3.82% - 45.84%

Changes in the actuarial assumption as at December 31, 2023 and 2022, are will affect to the employee benefit obligation as follows :-

	<u>Consolidated/Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>
Discount rate increase 1%	(88,926.06)	(220,960.12)
Discount rate decrease 1%	97,456.93	242,636.63
Future salary growth increase 1%	90,858.58	223,435.89
Future salary growth decrease 1%	(84,482.55)	(207,725.33)
Employees turnover increase 20%	(103,454.94)	(257,212.04)
Employees turnover decrease 20%	122,170.07	302,417.21

26. Share capital

	Consolidated/Separate financial statements				
	Per Value	2023		2022	
		(Bath)	Number of shares (Unit : Shares)	Amount (Unit : Baht)	Number of shares (Unit : Shares)
Registered share capital					
Ordinary shares at beginning of the year	1.00	311,925,504	311,925,504.00	2,402,799,158	2,402,799,158.00
<u>Less</u> Reduction of capital	1.00	-	-	(2,090,873,654)	(2,090,873,654.00)
<u>Add</u> Increment of capital	1.00	363,913,088	363,913,088.00	-	-
Ordinary shares at end of the year	1.00	675,838,592	675,838,592.00	311,925,504	311,925,504.00
Issue and paid-up share capital					
Ordinary shares at beginning of the year	1.00	311,925,504	311,925,504.00	2,304,683,037	2,304,683,037.00
<u>Less</u> Reduction of capital	1.00	-	-	(2,040,437,781)	(2,040,437,781.00)
<u>Add</u> Increment of capital	1.00	-	-	47,680,248	47,680,248.00
Ordinary shares at end of the year		311,925,504	311,925,504.00	311,925,504	311,925,504.00

26.1 In according with minute of the Annual General Meeting of Shareholders 2022 dated on April 25, 2022, approved to propose as follows :-

26.1.1 Approval the decrease of the registered capital of the Company in the amount of Baht 50,435,873.00 from the original registered capital Baht 674,286,881.00, to a new registered capital Baht 623,851,008.00, by reducing the registered capital that has not been sold in the amount of 50,435,873 shares, at the par value of Baht 1.00 per share, which is the shares that support the exercise of HYDRO-W1, which has expired the exercise year, and approve amend the memorandum of Association.

26.1.2 Approval to reduction of registered capital and paid-up capital by reducing the number of shares to eliminate the accumulated loss and approve the amendment of the Memorandum of Association by reducing the number of shares 311,925,504 shares, the par value of Baht 1.00 per share, according to the shareholding proportion of 2 , 2 existing ordinary share per 1 ordinary share after reduction (2:1) to eliminate the accumulated loss of the Company.

On May 5, 2022 the Company registered the reduction of registered capital the remaining shares from the reserve for the exercise of HYDRO-W1 from the registered capital of Baht 674,286,881.00 to a new registered capital of Baht 623,851,008.00 by reducing the registered capital that has not been sold in the amount of 50,435,873 shares at the par value of Baht 1.00 per share, which is the shares that support the exercise of HYDRO-W1, which has expired the exercise year as well as the Company amending the Memorandum of Association to comply with the reduction of registered and paid-up capital to the Department of Business Development, Ministry of Commerce.

On July 8, 2022, the Company registered the reduction of registered capital and paid-up capital of the Company by reducing the number of ordinary shares from the registered capital of Baht 623,851,008.00 to a new registered capital of 311,925,504 shares by reducing the number of shares 311,925,504 shares, the par value of Baht 1.00 per share,

according to the shareholding proportion of 2 existing ordinary share per 1 ordinary share after reduction to eliminate the accumulated loss of the Company as well as the Company amending the Memorandum of Association to comply with the reduction of registered and paid-up capital to the Department of Business Development, Ministry of Commerce, are in accordance with the resolution of the Annual General Meeting of Shareholder Year 2022.

The movement of shareholders' equity before include their operations for the year ended December 31, 2022 are as follows :-

	(Unit : Baht)				
	Ordinary shares	Premium on ordinary share	Discount on ordinary share	Deficits	
				Appropriated-legal reserve	Unappropriated
As at January 1, 2022	2,304,683,037.00	141,376,373.77	(1,276,585,171.06)	9,620,000.00	(1,072,994,416.43)
Decrease ordinary share capital	(2,040,437,781.00)	1,728,512,277.00	-	-	311,925,504.00
Appropriated-legal reserve eliminate deficit	-	-	-	(9,620,000.00)	9,620,000.00
Premium (discount) on ordinary share eliminate deficit	-	(1,869,888,650.77)	1,276,585,171.06	-	593,303,479.71
Increase ordinary share capital	47,680,248.00	-	-	-	-
As at December 31, 2022	311,925,504.00	-	-	-	158,145,432.72

26.2. In accordance with the Company's minute of the Annual General Meeting of Shareholders for the year 2023 held on April 25, 2023 has significant resolution as follows :-

26.2.1 Resolved to approve increase of the Company's registered capital general mandate in amount of Baht 187,155,300.00 from the existing registered capital in amount of Baht 311,925,504.00 to the new registered capital in amount of Baht 499,080,804.00 by issuing not exceeding, 187,155,300 shares, newly issued ordinary shares with the par value of Baht 1.00 per share and amendment of the Memorandum Company's of Association to comply with the increase of the Company's registered capital. Which the Company has registered the amendment to the Department of Business Development, Ministry of Commerce on May 26, 2023.

26.2.2 Resolved to approve the allocation of newly issued ordinary shares under a general mandate not exceeding, 187,155,300 shares, with the par value of Baht 1.00 per share as follows :-

- Allocation of newly issued ordinary shares in the amount not exceeding 93,577,650 shares, representing 30% of the paid-up capital, to offer to shareholders in proportion to their shareholding (RO).
- Allocation of newly issued ordinary shares in the amount not exceeding 62,385,100 shares, representing 20% of the paid-up capital, for sale to the general public (PO).
- Allocation of newly issued ordinary shares in the amount not exceeding 31,192,550 shares, representing 10% of the paid-up capital, for sale to a private placement (PP).

Therefore, allocation of newly issued ordinary shares under a general mandate be offered for sale at a price not less than Baht 0.50 per share.

- 26.3 In according with minute of Extraordinary General Meeting of Shareholders No. 1/2566 which will organize on December 14, 2023 has significant resolution as follows :-
- 26.3.1 Resolved to approve the capital to decrease of the Company's registered capital in the amount of Baht 187,155,300.00 from Baht 499,080,804.00 to the registered capital Baht 311,925,504.00 by canceling the registered but unissued ordinary shares in the number of 187,155,300.00 shares at a par value of Baht 1.00 per share. These are shares allocated to support the issuance and offering of additional common shares under a general mandate (General Mandate) which was approved by the 2023 Annual General Meeting of Shareholders on 25 April 2023 and the amendment of the Company's Memorandum of Association to be consistent with the reduction of the company's registered capital.
- 26.3.2 Resolved to approve the increase in the Company's registered capital in the amount Baht 363,913,088.00 from Baht 311,925,504.00 to the registered capital Baht 675,838,592.00 by issuing 363,913,088 ordinary shares with a par value of Baht 1.00 to offer for sale to existing shareholders in proportion to the shareholding each shareholder holds (Rights Offering) in the amount of 207,950,336 shares and to accommodate the exercise of rights according to the warrant to purchase additional ordinary shares of the company for the second time. (HYDRO-W2) in the amount of 155,962,762 units and the amendment of the Company's Memorandum of Association to be consistent with the reduction of the company's registered capital.
- 26.3.3 Resolved to approve the allotment of the capital increase shares in the number of 363,913,088 shares with a par value of Baht 1.00 per share to be offered for sale to existing shareholders in proportion to the shareholding held by each shareholder (Rights Offering) in the amount 207,950,336 shares at the ratio of 1.5 existing share to 1 new share, (If there are remainders arising from the calculation, the entire amount must be rounded off.) at the offering price of Baht 0.30 per share and the disclosed the extension of subscription period and payment for newly issued ordinary shares on 22 December 2023.
- 26.3.4 Resolved to approve issuance and sell warrants to purchase ordinary shares of the Company No. 2 (HYDRO-W2), amount not exceeding than 155,962,752 units to allocate to the Existing shareholders of the Company according to their shareholding ratio (Right Offering) in the ratio of 2 ordinary shares per 1 unit of warrant (Any fraction of shares from the calculation will be disregarded), the offering price is Baht 0.01 (one Satang) per unit. The term of the warrant is three years upon the issuance with the exercise price of Baht 0.40 (forty Baht). For the subscription of HYDRO-W2, the existing shareholders may indicate the intention to subscribe to the HYDRO-W2 that exceeds their rights (Excess Rights) allocated per the ratio at the same offering price, such shareholders will be allocated with the Excess Right of HYDRO-W2 upon that there is remaining of the HYDRO -W2 from the unexercised rights of the existing shareholders for those existing shareholders that indicated the intention to subscribe the Excess Right of HYDRO -W2, according to shareholdings ratio of each existing shareholder that subscribed the Excess Right, until there is no remaining of HYDRO -W2 allocation or no further HYDRO-W2 subscription.

The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

As at December 31, 2023 and 2022, the consolidated financial statements present the debt to equity ratio as 17.10 : 1 and 3.49 : 1 respectively, and the separate financial statements present the debt to equity ratio as 38.51 : 1 and 3.68 : 1 respectively.

27. Statutory reserve

Under the provisions of the Public Company Limited Act B.E.2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

28. Income tax expenses

The income tax expenses recognized in profit or loss for the year ended December 31, 2023 and 2022, are as follows :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current tax expense	18,386.10	66,596.37	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	-	-	-
Total income tax expense	18,386.10	66,596.37	-	-

The relationship between tax expense and accounting loss for the year ended December 31, 2023 and 2022, are as follows :-

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Accounting loss before income tax	(71,696,511.03)	(80,653,368.01)	(66,837,604.67)	(81,185,915.99)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(14,339,302.21)	(16,130,673.60)	(13,367,520.93)	(16,237,183.20)
Income that are not be taxable	(447,317.73)	(666,918.76)	(447,317.73)	(666,918.76)
Expenses that are not deductible in determining taxation profit	7,073,611.59	6,211,573.80	6,186,694.93	5,910,772.79
Expenses that are deductible at greater amount in taxation profit	(728,374.45)	(346,574.74)	(728,374.46)	(237,880.00)
Effect of transactions in which deferred tax assets are not recognized	42,017.00	-	-	-
Loss from operations not recognized as deferred tax asset	9,587,584.47	17,187,197.44	8,356,518.19	11,231,209.17
Effect of elimination entry on the consolidated financial statements	(1,206,604.77)	(6,188,007.77)	-	-
Income tax expense	18,386.10	66,596.37	-	-

Applicable tax rate	<u>2023</u>	<u>2022</u>
The Company and subsidiaries	20%	20%
The Company with capital less than 5 million Baht and revenue less than 30 million Baht		
- Net profit between 1-300,000 Baht	-	-
- Net profit between 300,000-1,000,000 Baht	15%	15%
- Net profit from 1,000,001 Baht	20%	20%

The deferred tax assets are not recognized in the statements of financial position consisted of :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Unused tax losses				
- Expire in next 1 year	8,294,527.44	20,268,887.89	8,186,467.52	19,665,532.42
- Expire in next 2 – 5 years	69,470,395.28	68,998,419.74	61,933,376.04	61,962,044.76
Temporary differences	24,850,983.04	23,498,220.86	34,662,273.73	32,623,510.19
Total	<u>102,615,905.76</u>	<u>112,765,528.49</u>	<u>104,782,117.29</u>	<u>114,251,087.37</u>

29. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended December 31, 2023 and 2022 are as follows :-

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Construction material used	30,300,477.10	72,776,773.10	-	28,570.00
Subcontractor expenses	79,964,516.78	63,719,020.65	2,348,300.00	2,155,427.35
Project management expense	9,155,958.71	10,974,398.92	-	294,669.50
Staff expenses	15,750,270.46	20,990,452.65	15,749,592.46	20,600,458.68
Management benefit expense	6,132,951.89	8,092,951.90	6,132,951.89	8,092,951.90
Depreciation and amortization	3,933,266.34	5,296,956.17	3,860,322.71	4,755,571.19
Expected credit loss (reverse)	(2,936,986.78)	-	2,533,013.22	33,530,000.00
Impairment loss of value inventories	170,754.41	-	170,754.41	-
Impairment loss of equipment	11,711,861.48	-	11,711,861.48	-
Impairment loss on investment in subsidiary	-	-	35,000.00	380,000.00
Loss on disposal of investment in subsidiary	-	1,460,032.53	-	-
Loss on exchange rate from disposal of investment	-	1,810,652.10	-	-
Professional fee and other fee	16,231,020.03	15,276,100.97	15,698,018.03	14,697,232.97
Finance costs	9,357,704.35	9,495,463.86	9,433,680.68	9,567,354.12
Office expenses	4,704,384.13	5,340,503.16	3,870,628.02	4,307,167.90

30. 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 four operating segments which are consists of the construction service segment, operation and maintenance service segment, water operator of water treatment plant and wastewater treatment plant and other segments that consist of design and procure equipment.

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 share of profit or loss in associate.

The segment operation for the year ended December 31, 2023 and 2022 are as follows :-

	<u>Consolidated financial statements</u>						Total			
	For the year ended December 31,									
	Construction		Services		Water operator of water treatment plant and wastewater recycle plant					
	2023	2022	2023	2022	2023	2022	2023	2022		
Revenues from external customers	71,125,140.77	123,614,838.36	3,015,031.64	6,652,620.70	-	-	12,126.16	-	74,152,298.57	130,267,459.06
Gross profit (loss)	(6,674,212.95)	(27,123,784.24)	666,731.64	4,468,142.54	-	-	3,013.33	-	(6,004,467.98)	(22,655,641.70)
Other income									2,765,398.79	2,738,655.54
Administrative expenses									(59,179,791.40)	(51,271,611.97)
Finance cost									(9,357,704.35)	(9,495,463.86)
Share of profit on investment in joint venture									80,053.91	30,693.98
Loss before income tax expense									(71,696,511.03)	(80,653,368.01)

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

	<u>Consolidated financial statements</u>						Total			
	For the year ended December 31,									
	Construction		Services		Water operator of water treatment plant and wastewater recycle plant					
	2023	2022	2023	2022	2023	2022	2023	2022		
Depreciation	64,779.33	578,671.60	-	-	-	-	3,810,036.66	4,647,998.50	3,874,815.99	5,226,670.10
Amortization	8,164.30	20,000.02	-	-	-	-	50,286.05	50,286.05	58,450.35	70,286.07

Information about geographical areas for the year ended December 31, 2023 and 2022 are as follows :-

	<u>Consolidated financial statements</u>						Total	
	For the year ended December 31,							
	Thailand		Myanmar					
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues from external customers	74,152,298.57	130,267,459.06	-	-	-	-	74,152,298.57	130,267,459.06
Non-current assets (excluding financial instruments and deferred tax assets)	123,288,094.58	139,417,877.36	-	-	-	-	123,288,094.58	139,417,877.36

For the year ended December 31, 2023, the Group has the revenue from service to 1 major customer in the amount of Baht 71.12 million earned by construction segment (For the year ended December 31, 2022 : 1 major customers in the amount of Baht 123.62 million earned by construction segment).

31. Revenue

The relationship between the revenue information disclosed for each reportable segment and a point in time for the year ended on December 31, 2023 and 2022, are as follows :-

(Unit: Million Baht)

	<u>Consolidated financial statements</u>					
	<u>Segment operation</u>					
	<u>Construction</u>		<u>Service and other</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue from external customers	71.12	123.62	3.03	6.65	74.15	130.27
Revenue about geographic areas						
- Thailand	71.12	123.62	3.03	6.65	74.15	130.27
- Overseas	-	-	-	-	-	-
Total	71.12	123.62	3.03	6.65	74.15	130.27
Revenue recognized when a performance obligation						
- satisfied at a point in time	-	-	-	-	-	-
- satisfied over time	71.12	123.62	3.03	6.65	74.15	130.27
Total	71.12	123.62	3.03	6.65	74.15	130.27

32. Financial instruments

32.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade and other payables and other financial assets and liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

32.1.1 Credit risk

The Group is exposed to credit risk primarily with respect to trade receivable, deposits with banks and other financial instruments. The maximum amount that The Group's may incur from credit is book value shown in the statements of financial position.

- Contract assets / Trade and other receivables

The Group manages the risks by adopting appropriate credit control policies including credit limit approval, financial position analysis of customers or counterparties and collection management. Therefore, the Group does not expect any material financial losses from credit risk. Credit approval of the Group's mostly are credited to government entities and private companies with good creditability. However, the Group expect no risk of debt repayment from related receivables due to the debtor has due in normal credit term and ability to pay debts.

An impairment analysis is performed at each reporting date to measure expected credit losses for groups of receivables with similar credit risk characteristics, with the rate of provision for expected credit losses used in the calculation based on age of the outstanding receivables for each group. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off in accordance with the Group's policy, when appropriate.

- Deposits and other financial instruments with financial institutions

The Group manages the credit risks regarding deposits and other financial instruments with financial institutions by controlling in place to create an acceptable balance between the cost of risks and the cost of risk management. The credit risk on deposits and financial instrument with financial institutions are limited because the counterparties are banks with high credit-ratings.

32.1.2 Foreign currency risk

There is no significant impact on the Group's from the change in foreign currencies. However, the Group will consider to enter into forward exchange contracts to manage the risk as appropriate.

Analysis of the impact of changes in exchange rates

There is no significant impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

32.1.3 Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, short-term loans from financial institutions, short-term and long-term loans from related persons and lease liabilities. Most of financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is expected to be minimal.

As at December 31, 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarized 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							
2023							
	Fixed interest rate			Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 years to 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	1,061	1,391	2,452	0.05-0.550
Other receivables - related parties	-	-	-	-	7,168	7,168	-
Trade and other receivables - other parties	-	-	-	-	103,169	103,169	-
Contractual assets	-	-	-	-	89,722	89,722	-
Suspend input vat	-	-	-	-	4,384	4,384	-
Other non - current financial assets	-	-	-	321	-	321	0.85-0.98
Withholding tax	-	-	-	-	9,816	9,816	-
	-	-	-	1,382	215,650	217,032	
<u>Financial liabilities</u>							
Other payable - related person and parties	-	-	-	-	230	230	-
Trade and other payables - other parties	-	-	-	-	158,275	158,275	-
Contractual liabilities	-	-	-	-	25,923	25,923	-
Unbilled output tax	-	-	-	-	2,979	2,979	-
Short-term loan from related person and parties	11,950	-	-	-	-	11,950	0.50-7.50
Lease liabilities	1,430	220	2,761	-	-	4,411	5.47-6.00
Long - term loan from other party	125,645	-	-	-	-	125,645	6.75 - 8.25
Long - term loan from financial institution	1,778	2,812	-	-	-	4,590	7.05
	140,803	3,032	2,761	-	187,407	334,003	

(Unit : Thousand Baht)

Consolidated financial statements

2022

	Fixed interest rate			Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 years to 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	14,886	5,964	20,850	0.05-0.34
Other receivables - related parties	-	-	-	-	4,707	4,707	-
Trade and other receivables - other parties	-	-	-	-	100,779	100,779	-
Contractual assets	-	-	-	-	86,403	86,403	-
Suspend input vat	-	-	-	-	3,514	3,514	-
Other non-current financial assets	-	-	-	4,204	-	4,204	0.15-0.34
Withholding tax	-	-	-	-	14,913	14,913	-
	-	-	-	19,090	216,280	235,370	
<u>Financial liabilities</u>							
Trade and other payables - other parties	-	-	-	-	122,268	122,268	-
Contractual liabilities	-	-	-	-	42,243	42,243	-
Unbilled output tax	-	-	-	-	2,289	2,289	-
Lease liabilities	2,067	1,483	2,629	-	-	6,179	5.47-6.00
Long - term loan from other party	125,645	-	-	-	-	125,645	6.75-8.25
	127,712	1,483	2,629	-	166,800	298,624	

(Unit : Thousand Baht)

Separate financial statements

2023

	Fixed interest rate			Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 years to 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	155	1,286	1,441	0.500-0.550
Other receivables - related parties	-	-	-	-	142,494	142,494	-
Trade and other receivables - other parties	-	-	-	-	22,687	22,687	-
Suspend input vat	-	-	-	-	748	748	-
Other non - current financial assets	-	-	-	321	-	321	0.850-0.980
Withholding tax	-	-	-	-	3,855	3,855	-
	-	-	-	476	171,070	171,546	
<u>Financial liabilities</u>							
Other payable - related person and parties	-	-	-	-	3,824	3,824	-
Trade and other payables - other parties	-	-	-	-	119,917	119,917	-
Unbilled output tax	-	-	-	-	2,792	2,792	-
Short - term loan from related person and parties	27,262	-	-	-	-	27,262	7.50
Lease liabilities	1,430	220	2,761	-	-	4,411	5.47-6.00
Long - term loan from other party	125,645	-	-	-	-	125,645	6.75-8.25
Long - term loan from financial institution	1,778	2,812	-	-	-	4,590	7.50
	156,115	3,032	2,761	-	126,533	288,441	

(Unit : Thousand Baht)

Separate financial statements

2022

	Fixed interest rate			Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 years to 5 years	Over 5 years				
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	1,381	5,817	7,198	0.32
Other receivables - related parties	-	-	-	-	152,689	152,689	-
Trade and other receivables - other parties	-	-	-	-	21,964	21,964	-
Contractual assets	-	-	-	-	3,840	3,840	-
Suspend input vat	-	-	-	-	810	810	-
Other non - current financial assets	-	-	-	4,204	-	4,204	0.15-0.34
Withholding tax	-	-	-	-	4,951	4,951	-
	-	-	-	5,585	190,071	195,656	
<u>Financial liabilities</u>							
Other payable - related person and parties	-	-	-	-	3,518	3,518	-
Trade and other payables - other parties	-	-	-	-	100,564	100,564	-
Contractual liabilities	-	-	-	-	9,226	9,226	-
Unbilled output tax	-	-	-	-	2,272	2,272	-
Short - term loan to from related parties	-	15,574	-	-	-	15,574	0.50
Lease liabilities	2,067	1,483	2,629	-	-	6,179	5.47-6.00
Long - term loan from other party	125,645	-	-	-	-	125,645	6.75-8.25
	127,712	17,057	2,629	-	115,580	262,978	

Analysis of the impact of changes in interest rates

The Group has no significant impact on profit before tax due to changes in interest rates on contingent financial assets and liabilities.

32.1.4 Liquidity risk

The Group monitors the risk of a shortage of liquidity by assessing the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022, based on contractual undiscounted cash flows :-

(Unit : Thousand Baht)

Consolidated financial statements
2023

	On demand	Less than 1 year	1 - 5 years	Over 5 years	Total
<u>Non-derivatives</u>					
Other payable - related person and parties	-	230	-	-	230
Trade and other payables - other parties	-	158,274	-	-	158,274
Contractual liabilities	-	25,923	-	-	25,923
Unbilled output tax	-	2,979	-	-	2,979
Short-term loan from related person and parties	11,950	-	-	-	11,950
Lease liabilities	-	1,430	220	2,761	4,411
Long - term loan from other party	-	125,645	-	-	125,645
Long - term loan from financial institution	-	1,778	2,812	-	4,590
Total non - derivatives	11,950	316,259	3,032	2,761	334,002

(Unit : Thousand Baht)

Consolidated financial statements
2022

	On demand	Less than 1 year	1 - 5 years	Over 5 years	Total
<u>Non-derivatives</u>					
Trade and other payables - other parties	-	122,268	-	-	122,268
Contractual liabilities	-	42,243	-	-	42,243
Unbilled output tax	-	2,289	-	-	2,289
Lease liabilities	-	2,067	1,483	2,629	6,179
Long - term loan from other party	-	125,645	-	-	125,645
Total non - derivatives	-	294,512	1,483	2,629	298,624

(Unit : Thousand Baht)

Separate financial statements

2023

	Less than			Over 5	Total
	On demand	1 year	1 - 5 years	years	
<u>Non-derivatives</u>					
Other payable - related person and parties	-	3,824	-	-	3,824
Trade and other payables - other parties	-	119,917	-	-	119,917
Unbilled output tax	-	2,792	-	-	2,792
Short-term loan from related person and parties	27,262	-	-	-	27,262
Lease liabilities	-	1,430	220	2,761	4,411
Short - term loan from other party	-	125,645	-	-	125,645
Long - term loan from financial institution	-	1,778	2,812	-	4,590
Total non - derivatives	27,262	255,386	3,032	2,761	288,441

(Unit : Thousand Baht)

Separate financial statements

2022

	Less than			Over 5	Total
	On demand	1 year	1 - 5 years	years	
<u>Non-derivatives</u>					
Other payable - related person and parties	-	3,518	-	-	3,518
Trade and other payables - other parties	-	100,564	-	-	100,564
Contractual liabilities	-	9,226	-	-	9,226
Unbilled output tax	-	2,272	-	-	2,272
Short - term loan to related parties	15,574	-	-	-	15,574
Lease liabilities	-	2,067	1,483	2,629	6,179
Long - term loan from other party	-	125,645	-	-	125,645
Total non - derivatives	15,574	243,292	1,483	2,629	262,978

32.1.5. Fair value measurement

Given that most of financial assets and financial liabilities are short-term or bear interest at rates close to market rates, and loans denominated in Thai Baht carry interest at market rates, the Group's management believes that the fair values of those financial assets and financial liabilities closely approximate their carrying values in the statement of financial position.

The financial assets and financial liabilities not measured the fair value in the statements of financial position are as follows :-

(Unit : Thousand Baht)

Asstes	Consolidated/Separate financial statements		Fair value hierarchy
	2023		
	Carrying amount	Fair value	
<u>Financial assets</u>			
Other non - current financial assets	321	321	Level 2
<u>Financial liabilities</u>			
Long - term loan from other party	4,590	4,594	Level 2

(Unit : Thousand Baht)

Asstes and liabilities	Consolidated/Separate financial statements		Fair value hierarchy
	2022		
	Carrying amount	Fair value	
<u>Financial assets</u>			
Other non - current financial assets	4,203	4,203	Level 2

The carrying amount of cash and cash equivalents, trade receivables, short-term loan and trade payables approximates the fair value.

The fair value of non-current contractual assets and other non-current financial assets are determined by using the discounted cash flow method. The contractual future cash inflows are discounted at the current market interest rate for similar financial instruments adjusted by counterparty risk.

The fair value of long-term loan from other party are determined by using the discounted cashflow method. The contractual future cash outflows are discounted at the current market interest rate for simila financial instruments enhanced by the Company's credit risk.

33. Fair value hierarchy

As at December 31, 2023 and 2022, the Group has assets and liabilities that are measured at fair value or disclosed fair value, classified by fair value hierarchy as follows :-

(Unit : Thousand Baht)				
Consolidated/Separate financial statements				
2023				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	2,181	-	2,181
(Unit : Thousand Baht)				
Consolidated/Separate financial statements				
2022				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	2,181	-	2,181

34. Obligation and contingent liabilities

34.1 The commitment of the construction subcontracts are as follows :-

(Unit : Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total amount of agreement	610,241,977.30	548,422,650.10	12,833,693.87	9,683,099.70
Recognized cost of construction	(470,287,863.11)	406,864,247.56	(9,465,052.08)	(4,130,881.01)
The remaining of non-operating work	139,954,114.19	141,558,402.54	3,368,641.79	5,552,218.69

34.2 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 financial statements</u>						
	<u>2023</u>			<u>2022</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	205.33	177.69	27.64	246.82	224.66	22.16
(Unit : Million Baht)						
<u>Separate financial statements</u>						
	<u>2023</u>			<u>2022</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	32.54	4.90	27.64	32.54	10.34	22.16

The Group pledged bank deposit 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

35. Litigations

35.1 In November 2016, the Company has filed a lawsuit to the Central 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 Central 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.

On July 22, 2021, the Central Administrative Court has ordered the counterparty partial repayment of the construction service fee to the Company and that the Company pay compensation to the counterparty for the breach of contract with the net result that the Company must repay the counterparty in amount of Baht 23.86 million plus interest rate at 7.50% per annum.

However, the Company disagreed with the Central Administrative Court's judgement on both in terms of facts and legal regulation. The Company appeal to the Supreme Administrative Court.

The lawsuit is being considered by the court. the management believe that the outcome of the appeal will be favorable to the Company. Therefore, the Company has not recorded provision for the losses that may occur in the financial statements

35.2 In October 2016, the Company has filed a claim to the Arbitration Institute against a contractual party to claim for a compensation of damages and opportunity losses incurred from the irrational termination of the waste collection and wastewater treatment systems contracts amount of Baht 15.77 million plus interest at 7.50% per annum and release of the bank's letter of guarantee amount of Baht 10.07 million to the Company. The said counter party has filed an objection and counter-claim by demanding the Company to repay advance received amount of Baht 9.87 million (shown as a portion of Advances received from customers under construction contracts) plus interest at 7.50% per annum. The counter party defened by reasoning that an exercise of the right to terminate the contract did not consider to be breach of contract.

Subsequently, in October 2019, the Arbitration Institute has judged an order the counter party paid construction fee to the Company in amount of Baht 3.84 million and the Company to repayment an advance received to the counter party in amount of Baht 9.87 million plus interest rate at 7.50% per annum since the date of filing the lawsuit by the company has already recognized the damage in the financial statement.

However, the Company disagreed with the Arbitration Institute. The Company appeal to the Central Administrative Court. The lawsuit is being considered by the Central Administrative Court.

In August 2023, the Company received a notice from bank fo demanding repayment of bank guarantee obligation from the event that a bank has paid to the counterparty on behalf of the Company amount of Baht 8.53 million. The bank has already forfeit the Company's all bank deposited that were pledge as collateral and there is still the remaining amount which will repay to the bank in amount of Baht 4.62 million which recognize as long-term loan as mentioned in note to financial statements No.24.

- 35.3 During the year 2021, the Company was sued in the case of breach of contract of consultation for project acquired in amounting to Baht 2.62 million plus interest at 7.50% per annum. Subsequently, on November 7, 2022, the Civil Court ordered the Company to pay to the counterparty amount of Baht 0.42 million plus interest. The Company disagreed with the judgment and appeal to the Appeal Court. In this regard, the Civil Court ordered the enforcement officer to freeze the Company's bank accounts. The Company is propose to submitting land as collateral to the Appeal Court to consider collateral and requesting permission to stay the execution in the appeals stage.

The management believe that the outcome of the appeal will be favorable to the Company. Therefore, the Company has not recorded provision for the losses that may occur in the financial statements.

- 35.4 During the year 2023, the Company and former directors was sued as a co-defendant to be jointly liable with the government officer for supporting the officer offense against the officer position under the Criminal Code to the Criminal Court for corruption cases. The said lawsuit was caused by the company entered into a contract to purchase and sale tap water with the Chedi Mae Krua Subdistrict, Nong Harn Subdistrict, Nong Yang Subdistrict, San Sai District, Chiang Mai Province in 2012. The management and legal advisor have an opinion that the Company has no intention to supporting the officer to breaking the criminal laws. Entering into a water purchase and sale contract is a common practice in commercial business. The lawsuit is being investigated the witness. However, the management believe that the outcome of the investigation will be favorable to the Company.

Presently, The Criminal Court for Corruption and Misconduct Cases, Region 5 has ordered that the Company and its former directors were not guilty of the charges against them for purchase and sale tap water with the Chedi Mae Krua Subdistrict. In the trial, the plaintiff has not filed a request for justice. As for the case of Nong Han Subdistrict and The lawsuit of Nong Yang Subdistrict was under considering by The Criminal Court for Corruption and Misconduct Cases, Region 5.

- 35.5 The Company and Hydrotek Utilites Co., Ltd., a subsidiary (Plaintiff), have filed a lawsuit against Yunnan Water Investment Co., Ltd. and their related parties which totaling 3 defendants (Defendants). The lawsuit by suing for dissolution of an unregistered ordinary partnership and requests the appointment of the Company and its subsidiary as liquidators. Additionally, the Plaintiff has testified revocation of the settlment agreement as mentions to financial statement No. 19 and No. 23, alleging that the Company and its subsidiary breached the said settlement agreement and therefore call for reimbursment. Subsequently, Yunnan Water Investment Co., Ltd. and their related parties which totaling 3 Plaintiffs (Plaintiff) have filed a counter lawsuit against the Company and their 2 defendants (Defendants), alleging breach of the settlement agreement and call for reimbursment with interest. In 2023, the Civil Court has consolidated both lawsuits for joint consideration. Presently, the lawsuit is being considered by the Civil Court.

36. Event after the reporting period

- 36.1 According to the minutes of the Board of Directors' meeting No. 1/2024 on January 23, 2024, there was a resolution to consider extending the subscription period for additional common shares offered to existing shareholders in proportion to their shareholding (Right Offering: RO) and Warrants to purchase common shares of the company No. 2 (HYDRO-W2) from the original schedule of 18 - 19 January 2024 and 22 - 24 January 2024 (total 5 business days) to the new schedule of 18 - 19 January 2024, 22 - 26 January 2024 and 29 - 31 January 2024 (total 10 business days).

Later, on February 5, 2024, existing shareholders exercised their rights to purchase 158,195,657 shares, valued amount of Baht 47,458,697.10, consequently, the Company's paid-up capital amount to Baht 470,121,161.00. In this regard, the Company has amended the Company's memorandum of association to be consistent with the increase in the registered capital of the Company. The Company has allocated warrants to purchase the Company's ordinary shares No. 2 (HYDRO-W2) to the existing shareholders of the Company in proportion to their shareholding (Right Offering) at the ratio of 2 ordinary shares to 1 unit of warrant. (If there is a fraction of the warrant arising from the calculation, the said fraction must be rounded off the whole amount.) details are as follows :-

Warrant for Purchase Ordinary Shares (HYDRO-W2)

Types of Warrants	Warrants to Purchase Ordinary Shares No.2 (HYDRO-W2) Allocate to shareholders who subscribe for additional shares (“Warrant No. 2” or “HYDRO-W2”)
Trading start date	February 20, 2024
Number of warrants for allocation and sale	155,927,150 units
Rights of warrants	Exercise Ratio,1 unit of warrant per new 1 ordinary share
Exercise Price	At Baht 0.40 per share
Term of warrants	3 years commencing from the issued date (February 6, 2024)
Price of Warrant	0.01
First exercise date	May 31, 2024
Last exercise date	February 5, 2027

- 36.2 In according with minute of Board of Directors Meeting No. 2/2024 held on February 29, 2024 has significant resolution as follows :-

36.2.1 That to propose to the Annual General Meeting of Shareholders for the year 2024 to consider and approve the capital to decrease of the Company's registered capital in the amount of Baht 49,754,679.00 from Baht 675,838,592.00 to the registered capital Baht 626,083,913.00 by canceling the registered but unissued ordinary shares in the number of 49,754,679 shares at a par value of Baht 1.00 per share to offer for sale to existing shareholders in proportion to the shareholding each shareholder holds (Right Offering) in the amount of 207,950,336 shares which was approved by the Extraordinary General Meeting of Shareholders No. 1/2566 on December 14, 2023 and the amendment of the Company's Memorandum of Association, to be consistent with the reduction of the Company's registered capital.

36.2.2 That to propose to the Annual General Meeting of Shareholders for the year 2024 to consider and approve the increase of the Company's registered capital under the General Mandate basis, amount of Baht 282,072,696.00 from the former registered capital of Baht 626,083,913.00 to the new registered capital of Baht 908,156,609.00 by issuing newly issued ordinary shares not exceeding 282,072,696 Shares par value of Baht 1.00 each and the amendment of the Company's Memorandum of Association, to be consistent with the reduction of the Company's registered capital.

36.2.3 That to propose to the Annual General Meeting of Shareholders for the year 2024 to consider and approve the allocation of newly issued ordinary shares under general mandate no more than 282,072,696 Shares par value of Baht 1.00 as follows :-

Method 1 Allotment of newly issued ordinary shares not exceeding 141,036,348, representing 30% of the paid-up capital to be offered to shareholders in proportion to their shareholders (RO).

Method 2 Allotment of newly issued ordinary shares not exceeding 94,024,232, representing 20% of the paid-up capital to be offered to shareholders in proportion to public offering (PO).

Method 3 Allotment of newly issued ordinary shares not exceeding 47,012,116, representing 10% of the paid-up capital to be offered to shareholders in proportion to private placement (PP).

By allocating newly issued ordinary shares according to Method 1, Method 2 and Method 3 above by one or three methods, the total amount shall not exceed 30% of the paid-up capital or not exceeding 141,036,348 shares, but if allocated according to Method 2 and Method 3, the additional paid-up capital shall not exceed 20% of the paid-up capital as of the date the Board of Directors resolves to increase the capital or the amount not exceeding 94,024,232 share.

37. Approval of financial statements

These consolidate and separated financial statements were authorized for issue by the Company's board of directors on February 29, 2024.
