**Independent Auditor’s Report**

To the shareholders and the Board of Directors of Siamraj Public Company Limited

**My opinion**

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Siamraj Public Company Limited(the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

**What I have audited**

The consolidated financial statements and the separate financial statements comprise:

* the consolidated and separate statements of financial position as at 31 December 2020;
* the consolidated and separate statements of comprehensive income for the year then ended;
* the consolidated and separate statements of changes in equity for the year then ended;
* the consolidated and separate statements of cash flows for the year then ended; and
* the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

**Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements.   
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key audit matters**

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

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| **Key audit matter** | **How my audit addressed the key audit matter** |
| ***Revenue recognition on construction contracts involves significant judgment*** |  |
| One of the significant business activities of the Group is the Metering and Pipeline Transmission Business Unit (MPT). The Group provides engineering services, design and construction services for the Natural Gas Flow Measuring and Transmission System and Field of flow measurement.  The Group recognises revenue and costs from construction and engineering services using the percentage of completion method. The stage of completion is measured based on the proportion of contract costs incurred for work performed to date compared to the estimated total cost of the project, adjusted with uninstalled materials that the customer accepts and takes control but not yet installed.  I focused on this area as revenue recognition involves significant judgment and estimates from management including the following matters:   * determining whether performance obligations in each contract should be accounted for separately; * choosing the most appropriate revenue recognition method for each identified performance obligation; * preparing budgeted cost and reviewing the stage of completion for each project, as well as considering any potential provision for project loss; * allocating consideration for individual performance obligation; and * determining whether revenue is recognised over the period of time when the degree of completion of projects and service is taken into account. | The key procedures in relation to revenue recognition on construction contract included:   * Discussing the Group’s accounting policy with the management, including the management’s key estimates and judgments. * Evaluating the design of internal control relating to budgeting, construction revenue and cost recognition process. I also tested the effectiveness of internal controls over budgeting relating to the estimated total contract costs. This also included verifying management’s estimated costs to complete the project by interviewing the project engineer and inspecting the supporting evidence. * Testing the effectiveness of internal controls relating to the revenue and cost cycle, including the degree of completion of construction and service contracts. * Reading sample contracts to gain understanding and assess whether the revenue recognition method was relevant and compliant with TFRS 15 and had been applied consistently. I focused on the allocation of income and cost to individual performance obligation and the timing of revenue recognition upon transfer of control of a good or service to a customer. Where a contract contained multiple elements, I considered the appropriateness of management’s judgments as to whether the contracts comprised performance obligations that should have been accounted for separately. * Examining sample revenues to evaluate management’s significant judgments and estimates in applying the accounting policy relating to revenue recognition to separable performance obligations of construction contracts at over time, using the following methods: |
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| **Key audit matter** | **How my audit addressed the key audit matter** |
|  | * Comparing the stage of completion with the physical proportion of the contract work completed as assessed by project engineers and customers. Then considering the differences to determine whether any adjustments were required. * Testing the actual costs incurred but not yet billed from suppliers or sub-contractors to assess the completeness of costs recorded. * Testing calculations for the stage of project completion in the progress report. * Visiting a site and observing the method engineers used to assess work progress. * Evaluating the reasonableness of the project loss provision set by management.   Based on these procedures, I found that the revenue recognition of construction contract was reasonable and consistent with supporting documents. |
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| **Key audit matter** | **How my audit addressed the key audit matter** |
| **Assessment of impairment of goodwill** |  |
| Refer to Note 9 ‘Critical accounting estimates and judgements related to assessment of impairment of goodwill’ and Note 25 ‘Goodwill’ to the financial statements.  As at 31 December 2020, goodwill amount of Baht 157.5 million was presented in the consolidated financial statements.  For the year ended 31 December 2020, the management performed an impairment assessment over the goodwill balances by:  1. Calculating the discounted cash flow using a discounted cash flow model for 5 years, with constant terminal growth rate applied from the  5th year onwards. These cash flows were then discounted to net present value using the weighted average cost of capital; and  2. Comparing the discounted cash flow to their respective book values of each cash generating unit.  Based on the annual impairment test, the management identified no allowance for impairment of the goodwill required for additional recognition during the year. The key assumptions included gross margin, growth rate and discount rate.  I focused on this area because the assessment of the recognition of loss from impairment in the goodwill were complex based on judgments and assumptions that were affected by expectation of future market and economic conditions, particularly those related to the cash flows forecasts. | I obtained an understanding over the impairment assessment, and focused on detailed analysis and challenged the assumptions used by management in conducting the impairment assessment which included:   * Obtaining an understanding of evaluating and challenging the composition of management’s cash flow forecasts and the process by which they were developed, including testing the mathematical accuracy of the underlying calculations. * Comparing the cash flow forecast to the approved budgets and business plans and other evidence of future intentions. * Comparing current year actual results with the figures included in the prior year forecast to consider whether the forecasts included assumptions had been reasonable. * Assessing management's key assumptions, especially gross margin and growth rate by comparing them to historical results and economic and industry outlook. * Testing the parameters used to determine the discount rate applied and re-performed the calculations. * Involving my valuation expert to independently check the expectations, in particular, discount rates and comparing the independent expectations to those used by management.   Based on my procedures above, I considered management’s key assumptions used in assessing of goodwill for impairment were reasonable based on available evidence. |
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**Emphasis of matter**

I draw attention to note 6 to the consolidated and separate financial statements, which describes the accounting policies in relation to adopting the temporary exemptions announced by the Federation of Accounting Professions to relieve the impact from COVID-19 for the reporting periods ending between 1 January 2020 and 31 December 2020. My opinion is not modified in respect to this matter.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

**Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRS, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group’s and 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 the directors either intend to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group’s and Company’s financial reporting process.

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

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

* Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and Company’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

PricewaterhouseCoopers ABAS Ltd.

**Varaporn Vorathitikul**

Certified Public Accountant (Thailand) No. 4474

Bangkok

18 February 2021

SIAMRAJ PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2020**