**Independent Auditor’s Report**

To the shareholders of PROEN Corp 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 PROEN Corp Public Company Limited   
(the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2021, 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 2021*;*
* 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 the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate 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.

| **Key audit matter** | **How my audit addressed the key audit matter** |
| --- | --- |
| ***Revenue recognition from construction contract*** |  |
| Refer to Notes to Financial Statements No. 4.18,  Recognition of revenue from different types of construction contracts is variety and complex, and the terms of each contract are different for each project undertaken. The Group recognises revenue from construction contracts over time in line with progress and the terms of the contract which is the output method.  I focused on the revenue recognition because:   1. Revenue recognition over the term of the contract involves the judgements of the management. It is based on a measure of the level of construction progress that has already transferred control to the customer against the amount remaining under contract or the total contract amount and the results of the performance that have been completed to date are explored. 2. The Group has revenue recognition from construction contract for the year ended   31 December 2021 of Baht 229.55 million, representing 21% of total revenue in the consolidated statement of comprehensive income. | I enquired management about the Group’s accounting policies, including those related to its judgements and related estimates. Further, I tested design and operating effectiveness of the internal control system of the revenue and receivable cycle. This includes internal controls to measure the achievement of the performance obligations.  I gained an understanding of the contents of contracts by random inspection to assess the appropriateness of the revenue recognition method, and to assess it complies with the requirements of the Financial Reporting Standards and it has been applied consistently.  I tested, on sample basis, the recognition of revenue from construction contracts on which output method were applied as follows:   * Examining supporting documents for the calculation for the percentage of work completion and transferred to the customer, such as the acceptance document from the customer. * Testing the calculations for the ratio of revenue recognition and revenue recognition amount.   I found the method of contract revenue recognition was reasonable and appropriate based on the environment and circumstances. |

| **Key audit matter** | **How my audit addressed the key audit matter** |
| --- | --- |
| ***Allowance for expected credit losses*** |  |
| Refer to Note 5.1.2.c regarding impairment of financial assets and Note 10 regarding trade and other receivables.  The Group applies a simplified approach under TFRS 9 Financial Instrument to measure expected credit losses. The approach calculates the allowance for expected credit losses over the life of trade accounts receivable and receivables for construction under contract that have not yet been billed.  I focused on allowance for expected credit losses for these reasons:   1. The estimation of the allowance for expected credit losses involves management's critical judgements on assumptions and the relevant data. In addition, the trade accounts receivable balance is significant amount to the consolidated financial statement, and I determine this area to be a significant risk. 2. The Group recognises allowance for expected credit losses as at 31 December 2021 of Baht 42.11 million, representing 35% of trade accounts receivable in the consolidated financial statement. | I enquired with management to assess the appropriateness of the Group's accounting policies, including those assumptions related to judgments and related data for estimates.  I tested the grouping of debtors by credit risk with common characteristics and by overdue period.  I tested the calculation of the expected credit loss from trade accounts receivable that using the Group’s simplified approach according to TFRS 9.  I gained an understanding of the management’s critical judgements about the allowance percentage for expected credit losses and assessed its appropriateness by testing historical data.  I considered and examined debt repayment after the end of the accounting period in order to adjust the allowance for expected credit losses as appropriate.  I found the model applied for the expected credit losses was reasonable and appropriate based on the environment and circumstances. |

**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 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 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 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 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 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 the directors either intend to liquidate the Group and the 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 the 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 the 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 the 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 the 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 and separate 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.

**Pisit Thangtanagul**

Certified Public Accountant (Thailand) No. 4095

Bangkok

25 February 2022

**PROEN CORP PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2021**