**To the Shareholders of Italian-Thai Development Public Company Limited**

*Qualified Opinion*

I have audited the consolidated and separate financial statements of Italian-Thai Development Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated and separate statement of financial position as at 31 December 2022, the consolidated and separate statements of profit and loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described under the Basis for Qualified Opinion paragraph, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of Italian-Thai Development Public Company Limited and its subsidiaries as at 31 December 2022, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Basis for Qualified Opinion*

The basis for my qualified opinion are as follows:

* As discussed in Note 24 to the financial statements, the consolidated and separate financial statement as at 31 December 2022 include the development costs for concession   
  right – Dawei Project totaling Baht 7,851.29 million and Baht 5,205.96 million, respectively. Such amounts represent project costs for developing the industrial estate and related infrastructure and utilities in the Dawei Special Economic Zone (“DSEZ”) for the acquisition of concession right. In the year 2010, the Company was granted the right to develop such project by the government of the Republic of the Union of Myanmar whereby the project is managed by Dawei Special Economic Zone Management Committee, (“DSEZ MC”). The Company has also invested in such project through its local subsidiary which was established for investments in the group of indirect subsidiaries in the Republic of the Union of Myanmar, that jointly with the group of investors (“The Group of Concessionaires”) obtained concessions and rights to develop Dawei Special Economic Zone Initial Phase (“DSEZ Initial Phase”) for the industrial estate of 27 square kilometers and related infrastructure and utilities for 8 concession projects. The Company has investment in subsidiary and long-term loan to the group of subsidiaries to invest in the development of such project totaling Baht 2,476.27 million and Baht 105.34 million, respectively, in the separate financial statement.

The Group had started the development in the project areas since the year 2010. Subsequently in the year 2013, such project has been supported from the Governments of Thailand and the Republic of the Union of Myanmar who established the Special Purpose Vehicle (Dawei SEZ Development Company Limited “SPV”) to mutually promote the project and determine the development project policy. SPV considered that the Company has the right to reimburse the costs previously incurred by the Group from new investors of each project in accordance to the results of Due Diligence assessment under the Tripartite Memorandum or else to obtain the right to develop additional industrial estate land (Land Right Option) and for the development and management of DSEZ Initial Phase under the Supplemental Memorandum of Understanding to the Tripartite Memorandum as mutually agreed among DSEZ MC, SPV and the Company.

However, on the 30 December 2020, the Concessionaires who obtained concessions rights of the DSEZ Initial Phase received the Notice of Termination for all concession agreements of the DSEZ Initial Phase from the DSEZ MC claiming that the Concessionaires had breached the conditions of the concession agreement relevant to the payment of annual concession fee and the conditions of the concession agreement for the Initial Industrial Estate and Two-lane Road connecting the Dawei Special Economy Zone and the Thai-Myanmar border which additionally determined by the DSEZ MC. This requires the Concessionaires to enforce Italian-Thai Development Public Company Limited to sign the document releasing the Group’s right to reimburse the previous investments under the Tripartite Memorandum. In order to protect the right with regard to the reimbursement of investment cost mentioned in the aforementioned memorandum, on 19 January 2021, the Concessionaires sent the notice to elucidate the reason for cancellation of agreement to the DSEZ MC disputing that the additional conditions do not form part of the conditions mutually agreed by the Concessionaries but merely came from the judgement of the DSEZ MC only. The Concessionaires proposed a discussion on this matter to DSEZ MC and awaiting the response for discussion from such entity.

As above mentioned, although the right for the reimbursement of the Group’s previous investment for development of Industrial Estate and related infrastructure and utilities in the DSEZ is still in compliance with the Tripartite Memorandum, the reimbursement amount depends on the Due Diligence report, for which the Company does not have the right to access such report. In addition, it depends on the progress of the development of the DSEZ   
(Full Phase), which was supported by the government of Thailand and Republic of the Union of Myanmar to promote others concession projects in the future as well as the investment from new investors who are interested in each concession project. The Group’s management is unable to assess the potential impact (if any) on the realizable value of the development costs for concession right – Dawei Project whether they will be higher or lower than the amounts recorded by the Group in the financial statements. In addition, the impact from the Notice of Termination for all concession agreements of the DSEZ Initial Phase is in the process of negotiation with the DSEZ MC which has not been concluded. Moreover, the current political and economic situation in the Republic of the Union of Myanmar is uncertain that may affect the development of such projects of the Group in the future. Therefore, I am unable to assess the potential impact (if any) on the balance of the development costs for the concession   
right - Dawei Project in the consolidated and separate financial statements and the valuation of investment in subsidiary and long-term loans to the group of subsidiaries in the separate financial statements. I am also unable to consider the effect it may have on the consolidated and separate financial statements caused by the uncertainty and the limitation on situation above.

* As discussed in Note 16.3 to the interim financial statements, the consolidated statement of financial position as at 31 December 2022 included an investment in a joint venture accounted for by the equity method of Baht 179.33 million. Such amount was based on the financial information of a joint venture as of 30 September 2019 which was reviewed by the joint venture’s auditor. The joint venture’s management was unable to prepare the up-to-date financial information since the joint venture and the employer had dispute regarding the termination of construction contract. Even though DAB has decided that the employer is entitled to the payments with respect to the works completed by the joint venture and the damages from termination of contract. The Company’s management is unable to assess the potential impact (if any). I am unable to assess the potential impact that may need to be adjusted for the profit or loss in the accounts of the joint venture and also impact to the investment and share profit or loss accounted for by equity method in the consolidated financial statements.
* As discussed in Note 9 to the financial statements, the consolidated and separate statement of financial position as at 31 December 2022 included trade accounts receivable from a State Enterprise for a construction project of Baht 1,125.79 million for which the construction work was completed in September 2019 which was after the key completion dates (Key Date) and the ended date as stipulated in construction contract. The Company has negotiated to get the deducted construction receivable from the employer who claimed the Company to pay for the penalty of project delay. The Company has argument with the extended number of days initial approved by the employer and such argument is in the consideration process of the employee’s committee. During the year, the Company filed the indictment to the Central Administrative Court requesting the employer to defray the penalty and interest to the Company and the Court accepted it and it is in the court hearings. In addition, the employer’s representative has considered the project consultant’s opinion letter and agreed with the project consultant’s sugestion that the employer considered the date deviating from the appropriate and fair principle. However, the employer has not concluded the matter. The Company’s management is unable to assess the impact of such matters, which depends on the events that cannot presently be concluded. I am unable to assess the potential impact (if any) to such outstanding accounts receivable in the consolidated and separate financial statements.

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

*Emphasis of Matter*

Without changing my qualified opinion, I draw attention to the following information:

1. As discussed in Notes 16.2, 25 and 26 to the financial statements, the Group has significant investments in projects with Thailand and overseas Government Agencies which projects are under development stages, whereby the future development to meet the milestone of such projects are dependent upon various circumstance and factors. The investments in the significant projects included in the consolidated and separate financial statements as of 31 December 2022 are as follows:

* As discussed in Note 16.2 to the financial statements, the Company has investment in bauxite mining, and the construction of Alumina Production Plant Project. Such investment was made through an associated company which was established in Lao People’s Democratic Republic. The Company has investment in an associated company which is for investing in such project including trade account receivable, retention receivable and loan to associated company totalling of Baht 1,202.32 million. This associated company has obtained the concession right for bauxite mining from the Government of Lao People’s Democratic Republic and has been in consideration process for approval of the Environmental and Social Impact Assessment (ESIA) Certificate from the authority entity in order to start the construction of alumina production plant.
* As discussed in Note 25 to the financial statements, the subsidiary company had submitted to request for the concession right for potash mining in 2004 and has obtained such concession right on 23 September 2022. To operate the mining business, the subsidiary company must comply with the conditions relating to issuing the concession right and other relevant law. To comply with those conditions, it requires significant financing. The subsidiary company has costs of potash mining right of Baht 2,293.49 million and deferred exploration and development cost totalling Baht 2,760.08 million. The Company’s management believes that the subsidiary company is able to comply with the determined conditions, to operate mining business as planned and has no impairment of such investment.
* As discussed in Note 26 to the financial statements, the consolidated and separate financial statements included deferred concession costs and costs of project under development in the Republic of Mozambique of Baht 2,480.00 million and Baht 2,115.43 million, respectively. Such amounts represent costs for the concession right and development costs for construction of a Heavy Haul Railway Lines and construction of a Deep-Sea Port. The Company has invested in such project through an overseas subsidiary which was granted the concession right from the Government of the Republic of Mozambique and established another overseas subsidiary to provide construction services for such project. The Company has investment and long-term loan to such group subsidiaries for the project development totalling Baht 58.16 million and Baht 429.28 million, respectively. The progress of such project under development is dependent on finding the strategic partner in the future which interested partners are currently studying the feasibility of the project for their investing as well as the approval for the project finance from the financial institution since the project requires significant amount of investment for the development of such project.

1. As discussed in Note 11.1 to the financial statements, the consolidated financial statements as at 31 December 2022 include the Company’s earned revenues not yet billed of Baht 246.85 million which present variation orders claims for a construction project with a State Enterprise of an overseas joint venture between the Company and an overseas subsidiary. The joint venture has completed the construction work and received the Taking Over Certificate from the employer in the year 2019 and Performance Certificate in the year 2020. Later, in June 2021, the employer made the partial payment for the construction work to the joint venture. The joint venture is currently under the negotiation with the employer to claim the remaining construction work through the Arbitration process. However, the joint venture’s management has assessed the realization based on information from the legal opinion of an independent counsel and believes that it will get the full payment from the employer. The recoverability of such earned revenues not yet billed is dependent on the outcome from the negotiation with the employer through the Arbitration process.

*Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, are 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. In addition to the matters described in the Basis for Qualified Opinion section. I have determined the matters described below to be the key audit matters to be communicated in my report.

| **Key audit matters** | **How the matter was addressed in the audit** |
| --- | --- |
| **Revenue recognition for construction contract**  The Group and the Company have revenues  from construction services for the year ended  31 December 2022 of Baht 59,293.59 million and Baht 36,476.13 million, respectively. Revenue recognition for construction services requires significant judgment and assumption to assess the appropriateness of the estimation of transaction relating to the revenue recognition in each contract and impact to the accounting transactions related to the construction contract, including earned revenues not yet billed net of Baht 25,608.66 million and Baht 19,536.54 million, respectively, receipts in excess of contracted work in progress of Baht 3,669.05 million and Baht 341.79 million, respectively.  Revenues from construction services of the Group are recognized over time by measuring the progress of construction work by contract, by the percentage of cumulative costs incurred with total costs budget estimation until the completion of the project. The estimation of costs budget, including the provision for loss on construction project, requires significant judgment of the management which continuous reviewed throughout the construction periods and the estimates need to be adjusted as necessary. In addition, the revenues from contract modification which have not yet been determined for the corresponding change in price requires significant judgment of the management to assess the probable of the Group will be entitled of the consideration amount and estimates the change to transaction prices and amounts which the Group will be entitled to receive.  The Group and the Company disclosed accounting policies relating to revenue recognition, detail of revenues from construction services and balance of accounting transactions relating to revenue recognition in Notes 4, 11 and 46 to financial statements. | My audit procedures are summarized below:   * Obtained an understanding the process and internal controls for the preparation of reports and budgets estimation used for the determination of the percentages of completion of construction projects of the Group and the Company. * Sampling tested cost budgets estimation for construction projects by making inquiry of responsible executives and assessed the appropriateness of estimation. * Tested and assessed the reasonableness of changes in estimated costs during the year. * Sampling verified the actual costs with supporting documents and assessed the reasonableness of estimated costs to complete the construction for evaluate the possible losses on the construction projects. * Compared gross profit from the start of projects  up to date to evaluate and assess the appropriateness of estimated costs. * Sampling tested contracts with changed orders during the year with supporting documents and assessed the reasonableness of consideration which the Group and the Company will be entitled to receive from the contract modification which prices have not yet been fixed. * Tested the bills for payment from client during the year with construction contracts and client’ acceptance documents to determine the appropriateness of earned revenues not yet billed and receipts in excess of contracted work in progress. * Sampling visited sites for significant projects to obtain understanding of the progress of projects work by discussion with responsible engineers and compared the percentages of physical completion of construction as determined by engineers with percentages of completion based  on accounting method to ensure that the revenues and costs recognition are made correspondingly. * Assessed the adequacy of the Group’s and the Company’s disclosure for revenues from construction service recognition. |
| **Impairment loss of trade and other accounts receivable**  As at 31 December 2022, the Group and the Company have trade and others accounts receivable net of allowance for impairment loss of Baht 13,820.84 million and Baht 13,712.45 million, respectively. The Group and the Company have allowance for impairment loss of Baht 1,639.70 million and Baht 787.48 million, respectively.  The estimation of allowance for impairment loss to reflect realizable of trade and other receivables that may result from non-collection including the expected credit loss. Management is required to use judgment to assess the appropriateness of estimation and assumption, including the probability for collection based on circumstances including the consideration for the significant increase in credit risk from initial recognition, except for the matters discussed under the basis for qualified opinion.  The Group and the Company disclosed balance of trade accounts receivable and other receivable in Notes 9 and 10 to financial statements. | My audit procedures are summarized below:   * Obtained an understanding of the internal controls related to procedures for the assessment of recoverable amount from the collection of trade and other accounts receivable including the process to consider the expected credit loss to determine the appropriateness of management estimates for the realization. * Reviewed the aging of receivables that have been long outstanding and developed expectation of allowance for impairment loss based on the circumstances for comparison with the allowance for impairment loss recognized by the Group and the Company. Considered the reason for the differences and the appropriateness of allowance for impairment loss. * Assessed the realizable values of receivables including subsequent collection testing together with the assessment of the cash flows projection of debtors to assess their ability to settle their accounts in the future. * Assessed the adequacy of the Group’s and the Company’s disclosure for trade accounts receivable and allowance for impairment loss. |
| **Investments in subsidiaries and goodwill, investments in associated and joint control companies**  *Investment in subsidiaries and goodwill*  As at 31 December 2022, the Company has investments in subsidiaries net of allowance for impairment of investment of Baht 11,690.86 million. The Company has allowance for impairment of investment of Baht 4,531.93 million. In addition, the Company has goodwill of Baht 854.65 million which arose from the acquisition of investments in Potash mining, cement business in Thailand and construction business in India.  *Investment in associated and joint control companies*  As at 31 December 2022, the Group and the Company have investments associated and joint control companies accounted by the equity method in the consolidated financial statements totaling of Baht 1,877.25 million, which has been recorded at cost of Baht 3,766.31 million in the separate financial statements  In consideration of the recoverable amount of investments in subsidiaries, associated and joint control companies, including the impairment test of goodwill, management is required to use highly judgment for the assessment of appropriate estimates and significant assumptions relating to the subsidiaries and associated and joint control companies’ ability to operate profitably, including their future cash flows projection and expenses from the continuing operations of such businesses and the use of the appropriate discount rate to discount cash flows projection used for the calculation of recoverable amount.  The Group and the Company disclosed accounting policies and detail of investments in subsidiaries, associated and joint control companies and goodwill in Notes 4, 16 and 23 to financial statements. | My audit procedures are summarized below:   * Obtained an understanding of the process for assessment of recoverable amounts of investments in subsidiaries, associated companies and group of business units. * Considered the indication of impairment for investments in subsidiaries, associated companies, and goodwill of each business unit. * Considered the reasonableness of management’s assumptions and procedures for calculation of cash flow projections including the tests of documents supporting the best estimates of management, especially the projected growth in revenues, gross margins and operating net income of subsidiaries and business units. * Tested the calculation and assess the appropriateness of discount rates used by management for the recoverable amounts from investments in subsidiaries and goodwill. * Assessed the appropriateness of the management estimates by reviewing the actual operating results to the estimates in the prior year. * Considered the key drivers as the sensitivity analysis and the impact to recoverable amounts of investments in subsidiaries, and goodwill. * Considered the recoverable amounts of investments in projects under development which the Company invested through the associated and joint control companies by assessing project feasibility study and other environment factors. * Considered the adequacy of the Group’s and the Company’s disclosures for investment in subsidiaries and goodwill, investments in associated and joint control companies. |
| **Investments in projects under development**  The Group and the Company have significant investments in projects with Thailand and overseas Government Agencies which are in stages of project development. The total amount of the significant investments in the consolidated and separate financial statements as of 31 December 2022 are as follows:   * Development costs for concession right - Dawei project of Baht 7,851.29 million and Baht 5,205.96 million, respectively. * Potash mining right of Baht 2,293.49 million and deferred exploration and development costs of Baht 2,760.08 million. * Deferred concession costs and costs of project under development in Mozambique of Baht 2,480.00 million and Baht 2,115.43 million, respectively.   The assessment of the realizable value of the investments in such projects, requires management high judgment about the future project feasibility, forecasted cash flows and expenses from operations in such projects, except for the matters discussed under the basis for qualified opinion.  The details of the investments in project under development are disclosed in Notes 24, 25 and 26 to the financial statements. | My audit procedures are summarized below:   * Obtained an understanding of the process for assessment of recoverable amounts of projects which the Group and the Company have invested. * Considered the feasibility of projects and assessed the progress of the projects in various sides which the Group’s and the Company’s executive management have periodically discussed with the project owners and Government Agencies along with the review of supporting evidence. * Considered the reasonableness of management’s assumptions and procedures used for calculation of cash flows projection including the review of documents supporting the best estimates of management, especially the projected revenues, gross margins and operating profits from the projects which the Group and the Company invested. * Considered the adequacy of the Group’s and the Company’s disclosures for investments in projects under development. |

*Other Information*

Management is 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 consolidate 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 those charged with governance and revised a material misstatement.

However, as described under the Basis for Qualified Opinion section with respect to the potential impact from the matters which cannot be concluded regarding to the realizable value of the development costs for concession right – Dawei Project, the realizable value of trade accounts receivable – Joint Venture, the investment value and relevant accounting transactions for the equity method of the joint venture and the realizable value of trade accounts receivable from a State Enterprise, my opinion is qualified. Therefore, should the management prepare other information based on financial statements that is different from such fact, other information will be materially misstated with respect to the value and other information in annual report which will impact from such matters.

*Responsibilities of Management and Those Charged with Governance for the preparation of the Consolidate Financial Statements and Separate Financial Statements*

Management 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 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

*Auditor’s Responsibilities for the Audit of the Consolidate Financial Statements 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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism 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 internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the 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 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the 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.

**Miss Kanyanat Sriratchatchaval**

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

28 February 2023