

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

1. GENERAL INFORMATION

Italian - Thai Development Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. The Company is principally engaged in the construction business. The Company has 5 oversea branches and 2 project offices. Its registered office address is 2034/132-161, New Petchburi Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance which adoption is effective for annual accounting periods beginning on or after 1 January 2017. The changes are to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised TFRS has no material effect on the financial statements.

In addition, the Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance, which will be effective on or after 1 January 2018. The changes are to align with the corresponding International Financial Reporting Standards with most. of the changes relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards. The Company does not plan to early adopt these TFRS. The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Italian-Thai Development Public Company Limited and subsidiaries which the Company can exercise control as follows:-

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2017	2016
<u>Overseas subsidiaries</u>			
Myanmar ITD Co., Ltd.	Myanmar	99.99	99.99
PT. Thailindo Bara Pratama	Indonesia	99.99	99.99
ITD Cementation India Limited	India	51.63	51.63
ITD - Madagascar S.A.	Madagascar	99.98	99.98
ITD Construction SDN. BHD.	Malaysia	99.99	99.99
First Dhaka Elevated Expressway Co., Ltd.	Bangladesh	99.99	99.99
ITD Bangladesh Company Limited	Bangladesh	99.99	99.99
Italian - Thai Development Vietnam Co., Ltd.	Vietnam	80.00	80.00
ITD Mozambique Limitada	Mozambique	99.00	99.00
Thai Mozambique Logistica SA	Mozambique	60.00	60.00
Momaz Logistics	Republic of Mauritius	100.00	100.00
Italian - Thai Development (Myanmar) Co., Ltd.	Myanmar	99.90	99.90
<u>Local subsidiaries</u>			
Italian - Thai International Co., Ltd.	Thailand	99.99	99.99
Bhaka Bhumi Development Co., Ltd.	Thailand	99.99	99.99
Thai Pride Cement Co., Ltd.	Thailand	99.99	99.99
Nha Pralan Crushing Plant Co., Ltd.	Thailand	99.99	99.99
Siam Concrete and Brick Products Co., Ltd.	Thailand	99.80	99.80
Italthai Marine Co., Ltd.	Thailand	92.59	92.59
Italthai Trevi Co., Ltd.	Thailand	90.94	90.94
Asian Steel Product Co., Ltd.	Thailand	69.90	69.90
Thai Maruken Co., Ltd.	Thailand	50.96	50.96
Italian Thai Land Co., Ltd.	Thailand	99.99	99.99
Palit Palangngan Co., Ltd.	Thailand	74.93	74.93
Palang Thai Kaowna Co., Ltd.	Thailand	99.94	99.94
Italian Thai Power Co., Ltd.	Thailand	99.99	99.99
Saraburi Construction Technology Co., Ltd.	Thailand	99.93	99.93
Asia Logistics Development Co., Ltd.	Thailand	99.93	99.93
Asia Industrial and Port Corporation Co., Ltd.	Thailand	99.93	99.93
Myanmar Italian – Thai Power 1 Co., Ltd.	Thailand	99.95	99.95
Italian – Thai Hongsa Co., Ltd.	Thailand	99.97	99.97
APPC Holding Co., Ltd.	Thailand	60.00	60.00

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2017	2016
<u>Indirect overseas subsidiaries</u>			
Italian – Thai Development (BVI) Co., Ltd.	British Virgin Islands	99.99	99.99
Ayeyarwady Multitrade Co., Ltd.	Myanmar	99.99	99.99
ITD Cementation Projects India Limited	India	99.99	99.99
Koh Kong Power Light Co., Ltd.	Cambodia	93.00	93.00
ITD Vertex Consortium SDN. BHD	Malaysia	70.00	70.00
Dawei Development Company Limited (BVI)	British Virgin Islands	75.00	75.00
Dawei Development Company Limited (Myanmar)	Myanmar	75.00	75.00
Future Prosperity Investment Company Limited	Republic of Mauritius	99.99	99.99
Thai Port Development Company Limited	Hong Kong	-	99.99
Thai Road Link Development Company Limited	Hong Kong	-	99.99
Thai Power Development Company Limited	Hong Kong	-	99.99
Thai Water Development Company Limited	Hong Kong	-	99.99
Thai Telecom Development Company Limited	Hong Kong	-	99.99
Thai International Industrial Estate Development Company Limited	Hong Kong	-	99.99
Dawei Port Holding Company Limited	Hong Kong	-	99.99
Dawei Road Link Holding Company Limited	Hong Kong	-	99.99
Dawei Power Holding Company Limited	Hong Kong	-	99.99
Dawei LNG Terminal Holding Company Limited	Hong Kong	-	99.99
Dawei Water Holding Company Limited	Hong Kong	-	99.99
Dawei Telecom Holding Company Limited	Hong Kong	-	99.99
Dawei International Industrial Estate Holding Company Limited	Hong Kong	-	99.99
APPC Hong Kong Company Limited	Hong Kong	100.00	100.00
THAI INTERNATIONAL INDUSTRIAL ESTATE DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
THAI POWER DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
THAI TELECOM DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
DAWEI TELECOM HOLDING PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
DAWEI RESIDENCE HOLDING PTE LTD.	Singapore	50.00	50.00
DAWEI POWER HOLDING PTE LTD.	Singapore	100.00	100.00
DAWEI LNG TERMINAL HOLDING PTE LTD.	Singapore	50.00	35.00
MYANDAWEI INDUSTRIAL ESTATE HOLDING PTE LTD.	Singapore	50.00	50.00
DAWEI TELECOM COMPANY LIMITED	Myanmar	100.00	100.00

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2017	2016
DAWEI RESIDENCE COMPANY LIMITED	Myanmar	50.00	50.00
DAWEI POWER COMPANY LIMITED	Myanmar	100.00	100.00
DAWEI LNG TERMINAL COMPANY LIMITED	Myanmar	50.00	35.00
MYANDAWEI INDUSTRIAL ESTATE COMPANY LIMITED	Myanmar	50.00	50.00
<u>Indirect local subsidiaries</u>			
Aquathai Co., Ltd.	Thailand	99.99	99.99
Sarithorn Co., Ltd.	Thailand	99.99	99.99
Southern Industries (1996) Co., Ltd.	Thailand	99.99	99.99
Asia Pacific Potash Corporation Limited	Thailand	90.00	90.00
Lasalle Company Limited	Thailand	99.30	99.30
Tongkrai Company Limited	Thailand	99.40	99.40
Tayakhee Company Limited	Thailand	99.40	99.40
Dithee Company Limited	Thailand	99.40	99.40
Panoot Company Limited	Thailand	99.40	99.40
Phannin Company Limited	Thailand	99.40	99.40
Takolkiat Company Limited	Thailand	99.40	99.40
Tridayuk Company Limited	Thailand	99.40	99.40
Bhantuwong Company Limited	Thailand	99.40	99.40
Nahathai Company Limited	Thailand	99.40	99.40
Kanika Company Limited	Thailand	99.40	99.40
Sin Rae Muang Thai Co., Ltd.	Thailand	99.99	99.99
Wildemere Co., Ltd.	Thailand	99.99	99.99
APPC Holding Co., Ltd.	Thailand	40.00	40.00

2.3 Significant changes during the year 2017 are as follows:

- The Company registered to establish a branch in Bangladesh.
- The Company made additional payment of BDT 585.63 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
- An indirect subsidiary registered the liquidation of 13 group companies in overseas.
- The Company registered the liquidation of 2 domestic and overseas joint ventures.
- The Company and Sinohydro Corporation Limited invested in ITD-SINOHYDRO joint venture which was incorporated under the laws of Bangladesh and is principally engaged in providing construction service. The Company has 51% investment in the Joint Venture.

- The Company and Right Tunnelling Co., Ltd. entered into a Joint Venture Agreement under the name of "ITD-RT Joint Venture" to engage in the construction of Track Doubling Project : Map Kabao – Thanon Chira Junction, Contract No.3 Tunnel Works. The Company's portion in the joint venture is 70%.
- An indirect subsidiary increased its proportion of investment from 35% to 50% of registered share capital in 2 group companies established in Singapore and Republic of the Union of Myanmar.

2.4 Significant changes during the year 2016 are as follows :

- The Company made additional payment of USD 0.36 million for share capital of ITD Mozambique Limitada.
- The Company made additional investment for share capital of ITD - Madagascar S.A. by Debt - Equity Swap of Baht 94.97 million.
- A subsidiary invested in 100% of another company established in Republic of the Union of Myanmar.
- An indirect subsidiary registered the liquidation of 2 group companies in overseas.
- The Company registered the liquidation of a joint venture.
- The Company made investment for share capital increment of Nha Pralan Crushing Plant Co., Ltd. of Baht 20.00 million. Its proportion of investment was remained at 99.99%
- An indirect subsidiary decreased its proportion of investment from 50% to 35% of registered share capital in 2 group companies established in Singapore and Republic of the Union of Myanmar.
- The Company registered to establish a branch in the Kingdom of Cambodia.
- The Company, Cooperativa Muratori & Cementisti and Song Da Corporation invested in CMC/ITD/SONG DA joint venture which was incorporated under the laws of Lao People's Domestic Republic and principally engaged in construction service. The Company proportion is 30%.

2.5 The financial statements of the overseas project offices, branches and subsidiaries are translated into Thai Baht using exchange rates at the statement of financial position date for assets and liabilities, and using the monthly average exchange rates for revenues and expenses. The resultant differences are presented under the caption "Translation adjustments for foreign currency financial statements" under shareholders' equity.

2.6 Significant transactions and account balances with subsidiaries have been eliminated from the consolidated financial statements, except for intercompany profit in inventories at the end of the year, which has insignificant affect on the consolidated financial statements.

2.7 Non-controlling interests represent the portion of subsidiary companies' profit or loss and net assets that are not held by the Company.

2.8 All subsidiaries have the same reporting date of 31 December and have been prepared with the same accounting policies as the separate financial statements for the same accounting transactions or accounting events.

2.9 Dilution gains (loss) that arise on shares issued by subsidiaries and sold to third parties are recognised as surplus (discount) on dilution of investment in subsidiary companies, which is presented in shareholders' equity in the consolidated financial statements.

2.10 The Company's financial statements for the years ended 31 December 2017 and 2016 include the audited financial statements of 2 overseas project offices, 5 overseas branches, 9 overseas subsidiaries, and 3 joint ventures with aggregate assets and revenues in Baht equivalent as follows:-

	(Unit : Million Baht)			
	2017		2016	
	Total assets	Total Revenues	Total assets	Total revenues
KOLDAM Project Office	1,132	7	1,208	59
West Bengal Project Office	12	10	22	10
Italian – Thai Development Public Co., Ltd. – Philippines Branch	56	1	62	1
Italian – Thai Development Public Co., Ltd. – Taiwan Branch	7	14	19	3
Italian – Thai Development Public Co., Ltd – India Branch	505	193	397	79
Italian – Thai Development Public Co., Ltd – Cambodia Branch	64	111	38	70
Italian – Thai Development Public Co., Ltd – Bangladesh Branch	2,276	727	-	-
ITD Cementation India Limited	11,804	11,775	10,229	16,263
PT. Thailindo Bara Pratama	512	23	523	31
ITD Madagascar S.A.	115	10	121	105
First Dhaka Elevated Expressway Co., Ltd.	2,338	11	2,185	1
ITD Bangladesh Company Limited	2	-	2	-
Italian – Thai Development Vietnam Co., Ltd.	3	-	4	-
Italian – Thai Development (Myanmar) Co., Ltd.	3	4	27	1
ITD Mozambique Limitada	126	12	112	-
Thai Mozambique Logistica SA	212	-	226	-
ITD – Cemindia JV	29	27	28	20
ITD – ITD CEM JV	2,164	758	2,308	800
ITD – ITD CEM JV (Consortium)	54	8	72	1
Total	<u>21,414</u>	<u>13,691</u>	<u>17,583</u>	<u>17,444</u>

2.11 The Company's management considered the economic content of the joint venture agreements and concluded that the investments in some arrangements are joint operations. The Company therefore, prepared and presented the financial statements by recognizing assets, liabilities, revenues and expenses of such joint operations proportionately based on the Company's interest.

Joint operations are as follows:

Name of Entity	Interest in joint operations (percent)		Type of businesses
	2017	2016	
ITD – SQ Joint Venture	50.00	50.00	Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand
ITD – Unique Joint Venture	60.00	60.00	Construction harbour at Trad Province for the Marine Department, Ministry of Transport, Thailand
SQ – ITD Joint Venture	50.00	50.00	Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand
ITD – SMCC Joint Venture	40.00	40.00	Construction the Chao Phraya River Crossing Bridge at Nonthaburi I Road Construction Project with the Department of Rural Roads under the Ministry of Transport, Thailand
Samsung – ITD Joint Venture	24.00	24.00	Construction the LPG expansion project at Khao Bo Ya, Chonburi Province with PTT Public Company Limited, Thailand
ITD – RT Joint Venture	70.00	-	Construction the double track train from Map Kabao – Thanon Chira junction, Contract No.3 tunnel works under the state railway of Thailand

The consolidated and separate financial statements as at 31 December 2017 and 2016 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations as follows:

(Unit : Million Baht)

	2017				2016			
	Current assets	Non – current assets	Current liabilities	Non – current liabilities	Current assets	Non – current assets	Current liabilities	Non – current liabilities
ITD – SQ Joint Venture	704	884	1,781	277	524	1,075	1,786	382
ITD – Unique Joint Venture	18	-	226	-	30	-	235	-
SQ – ITD Joint Venture	248	142	44	-	264	165	60	-
ITD – SMCC Joint Venture	24	-	3	-	26	-	4	-
Samsung – ITD Joint Venture	255	4	460	-	252	7	450	-
ITD – RT Joint Venture	6	-	6	-	-	-	-	-

(Unit : Million Baht)

	2017		2016	
	Revenues	Expenses	Revenues	Expenses
ITD – SQ Joint Venture	837	953	794	913
ITD – Unique Joint Venture	4	7	2	136
SQ – ITD Joint Venture	5	29	195	345
ITD – SMCC Joint Venture	-	2	3	33
Samsung – ITD Joint Venture	1	12	11	86
ITD – RT Joint Venture	5	5	-	-

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues recognition

Revenues from construction work

Revenues from construction work are recognized when services have been rendered taking into account the stage of completion measured by the proportion of actual construction costs incurred up to the end of the year and the total anticipated costs to complete the construction. Provision for the total anticipated loss on construction projects is made in the accounts as soon as the possibility of loss is ascertained.

Revenue from sales

Revenue from sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are presented at invoiced values, excluding value added tax, of goods supplied after deducting discounts and allowances.

Revenue from services

Revenue from services are recognized when the services have been rendered.

Interest income

Interest income is recognized over time – period on an accrued basis.

Dividend income

Dividend income is recognized when the right to receive the dividends is established.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company and subsidiaries provide allowance for doubtful accounts for the estimated losses that may occur in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on a specific account basis.

3.4 Earned revenues not yet billed/receipt in excess of contract work in progress

The recognized revenues which are not yet due as per contracts are presented as “Earned revenues not yet billed” in the statement of financial position. The instalment amounts due and received according to the contracts but not yet recognized as revenue is presented as “Receipt in excess of contract work in progress” in the statement of financial position.

3.5 Inventories and work in process

Inventories and work in process are valued at the lower of weighted average cost and net realizable value and are charged to production costs whenever consumed. Management periodically review and provide allowance for obsolete inventories.

3.6 Costs of property development projects

Costs of property development projects are presented at costs or net realizable value whichever is lower. Project development costs include land cost, construction costs and expenses directly related to the development projects, including interest expense incurred from related loan interest. These will be amortized to cost of sales based on the percentage of sold area of each project.

3.7 Borrowing costs

Interest expenses incurred on loans to finance the acquisition and development of the project is capitalized as a cost of each project. It will cease the capitalization of interest when the project is completed, or if suspended, until development is resumed.

3.8 Non – current assets held – for – sale

Disposed assets or asset groups held-for-sale are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. Management must commit to the sale of the assets and they must be actively marketed at a price that is reasonable compared to their current fair value, with the expectation that sale should be recorded as completed within 1 year from the date of classification. These disposed assets or asset groups are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

The Company ceases to depreciate plant and equipment from the date the assets meet the criteria for classification as assets held – for – sale.

3.9 Investments

- a) Investments in available-for-sale securities are presented at fair value. Gains or losses arising from changes in the value of such investments are separately presented as part of shareholders' equity under the caption "Unrealised gain/loss on changes in value of investments". When the securities are sold, the change is included in the statement of profit or loss.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are presented at cost net of allowance for impairment (if any).
- c) Investments in subsidiaries, associated companies and joint ventures are accounted for by the cost method in the separate financial statements. Investments in associated companies and joint ventures are accounted for by the equity method in the consolidated financial statements.

The fair value of available-for-sale securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The weighted average method is used for computation of the cost of investments.

The Company and subsidiaries will record impairment losses (if any) on investments in available-for-sale securities and other investments in the statement of profit or loss when the carrying amount exceeds its recoverable amount.

3.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing of the Company's operations.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associated

Associated companies are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains or losses of associated companies by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company will account for the share of losses not exceeding its investments and further losses are no longer accounted for, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associated company.

Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control. A joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Under the equity method of accounting, interests in joint ventures are initially recorded at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Company will recognize such losses as obligation of the Company's interest in the joint ventures.

A joint operation, the Company recognizes the assets, liabilities, revenues and expenses in relation to its interest in the arrangement.

3.11 Land awaiting developments

Land awaiting developments are valued at cost or net realisable value whichever is lower.

3.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Company and subsidiaries are stated investment properties at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the statement of profit or loss.

On disposal of investment properties, the Company and subsidiaries recognised the difference between the net disposal proceeds and the carrying amount of the asset in the statement of profit or loss in the period when the asset is derecognised.

3.13 Property, plant and equipment, and depreciation

Property, plant and equipment are presented at cost less accumulated depreciation and allowance for impairment of assets (if any). Cost is measured by the cash or cash equivalent price including interest expense incurred from related loan interest of obtaining the asset and to bring it to the location and condition necessary for its intended use.

The Company and subsidiaries depreciate buildings and equipment by the straight – line method over their estimated useful lives based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

Buildings	20 years
Machinery and equipment	3 – 25 years
Furniture, fixtures and office equipment	3 – 7 years
Vehicles	5 – 12 years
Site office and temporary camps	5 – 12 years

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

3.14 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets which the Company acquired. Goodwill is measured at cost less allowance for impairment. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

3.15 Potash mining right

Potash mining right represents the excess of the cost of investment over the fair value of the subsidiary's net assets which, in managements' view, represents future economic benefits attributable to the potash mining rights. Potash mining right will be amortised using the units of potash production over the estimated potash reserve from the start of production.

3.16 Deferred exploration and development costs

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of the mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or the abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable recoverable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be recorded as expenses.

3.17 Advances from customers under construction contracts

Advances from customers under construction contracts will be deducted from the bill of work over the period as indicated in the construction agreement. Advances from customers under construction contracts spanning more than 1 year are classified as non - current liabilities.

3.18 Debentures

Debentures are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, debentures are presented at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowing on an effective interest basis. Gains or losses on early redemption are recognized in the statement of profit or loss upon redemption.

3.19 Lease – where the Company and subsidiaries are the lessees

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of the leased assets or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets in which the lessor effectively retains all the risks and benefits of ownership, are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on the straight – line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required by the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.20 Leases – where the Company and subsidiaries are the lessors

Assets leased out under operating leases are included in building and equipment in the statement of financial position. Depreciation is calculated over their estimated useful lives on a basis consistent with other similar assets. Rental income is recognized on a straight – line basis over the lease period.

3.21 Hire – purchase payables

These represent hire - purchase payables less deferred interest. The repayment sub-schedules of the hire - purchase contracts are for 24 – 60 months. The fixed assets acquired under hire - purchase agreements are recorded as assets of the Company at their cash prices and will be registered in the name of the Company upon the completion of payments. Interest on hire purchases payable is recognized as an expense in the statement of profit or loss.

3.22 Impairment

The Company and subsidiaries assess whether there is an indication that any assets may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the assets recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less cost to sell and value in use.

3.23 Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, which is different from profit or loss in the financial statements, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

Deferred tax

Deferred taxes are calculated on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or when tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

3.24 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Financial assets and liabilities, denominated in foreign currencies, which are outstanding at the reporting date, are translated into Baht at the exchange rates ruling on the reporting date. Gains and losses on exchange are included in the statement of profit or loss.

3.25 Employee benefits

Short-term employment benefits

Salaries, wages, bonuses and contribution to the social security are recognised as expenses when incurred on the accrual basis.

Post-employment benefits (Defined contribution plan)

The Company and its subsidiaries, and their employees have jointly established a provident fund plan whereby monthly contribution are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company and subsidiaries' assets. The Company's and subsidiaries' contributions to the fund are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under the labour law. The Company and subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses for the computation of post-employee benefits are recognised in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

The expected rate of return of plan assets is the Company's expectation of the average long – term rate of return expected on investments of the fund during the estimated term of obligations. Plan assets are measured at fair value as at the reporting date.

3.26 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.27 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

3.28 Basic earnings per share

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year.

3.29 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding common shares is assumed to be converted to common shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding warrants to determine the number of potential common shares to be additionally issued.

3.30 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss.

Cross currency and interest rate swap agreements

Receivables and payables arising from the cross-currency swap agreements are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the hedged financial obligations in the statement of profit or loss.

3.31 Provision for liabilities and expenses, and contingent assets

The Company and subsidiaries recognised provision for liabilities and expenses in the financial statements when the Company and subsidiaries have present legal or constructive obligations as a result of past events with probable future outflows of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

3.32 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into 3 levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT

The preparation of the financial statements requires management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Critical accounting estimates, assumption and judgments are as follows:

1. Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcomes in terms of actual costs or revenues may be higher or lower than estimated at reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

2. Claims income

A claim is an amount that the Company and subsidiaries seek to collect from their customers or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations.

3. Allowance for loss on construction projects

The Company and subsidiaries review its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of profit or loss when it is probable that total contract costs will exceed total contract revenue as determined by the management.

4. Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at reporting date.

5. Allowance for obsolete, slow-moving and defective inventories

The Company and subsidiaries provide allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category and such requires management judgment.

6. Allowance for diminution in value of cost of property development projects and land held for development

The Company and subsidiaries treat cost of property development projects and land held for development, as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such cost of property development projects and land held for development based on net realisable value. The determination of what is "significant" or "prolonged" and such devaluation requires management judgment.

7. Allowance for impairment of investments

The Company and subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

8. Impairment of goodwill

The Company annually reviews goodwill from investments in subsidiary companies to determine whether it is impaired or not. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of management estimates.

9. Non – current assets classified as held for sale

The Company presented non-current assets held for sale at the fair value and recognize loss on decline in value on initial classification as held for sales and subsequent gains and losses on remeasurement are recognized in the statement of profit or loss. The fair value of non-current assets held for sales is determined by the independent appraiser by using the depreciated replacement cost approach which the valuation involves certain assumptions and estimates.

10. Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for plant and equipment and intangible assets of the Company and subsidiaries. Management will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or subject to be written off for their technical obsolescence or if they are no longer in use.

11. Investment property

The Company and subsidiaries presented investment property at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The fair value of

investment properties are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

12. Allowance for impairment of assets

The Company and subsidiaries consider an allowance for impairment of assets when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value below their cost, the Company and subsidiaries, make an estimate of the assets recoverable amount. The determination of recoverable amount requires management judgment.

13. Post-employment benefits under defined benefit plans

Obligation under defined benefit plans is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

14. Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company and subsidiaries future taxable income against which the deductible temporary differences can be utilised. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

15. Litigation

The Company and subsidiaries normally have contingent liabilities as a result of disputes and litigation. Management use judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

5. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2017, savings and fixed deposits of the Company and subsidiaries totaling approximately Baht 361.40 million (2016 : Baht 751.96 million) have been pledged with banks as the normal course of business and collaterals for loans obtained by the Company and subsidiaries to finance specific projects, and fixed deposits amounting to Baht 84.23 million (2016 : Baht 0.78 million) have been pledged as required in the normal course of businesses of the Company, subsidiaries, and the overseas branches. Most of these restricted deposits with banks are turned over within one year so they are classified as current assets.

6. TRADE ACCOUNTS RECEIVABLE – UNRELATED PARTIES - NET

The aging of outstanding trade accounts receivable balances as at 31 December 2017 and 2016 are as follows:

Receivable Ages	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Less than 3 months	7,632,380	5,217,266	6,658,682	4,521,537
3 – 6 months	449,812	117,340	158,943	20,697
6 – 12 months	353,200	513,656	7,635	295,639
More than 12 months	1,337,630	1,720,004	402,137	341,256
Total	<u>9,773,022</u>	<u>7,568,266</u>	<u>7,227,397</u>	<u>5,179,129</u>
Less : Allowance for doubtful accounts	(1,075,786)	(940,163)	(396,706)	(297,501)
Net	<u>8,697,236</u>	<u>6,628,103</u>	<u>6,830,691</u>	<u>4,881,628</u>

The Company sets up a full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except as stated below:

As at 31 December 2017, trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 309.98 million (2016: Baht 339.97 million) which is presently under negotiation for debt settlement plan. The subsidiary company's management considers that it would be received in full amount.

The consolidated financial statements as at 31 December 2016 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 606.94 million which represent some variation order claims recognized some years in the past based on the terms and conditions implicit in the agreement. These claims are technical in nature and subject to arbitration tribunal. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2017.

The consolidated financial statements as at 31 December 2016 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 164.66 million and Baht 26.00 million, respectively. These amounts are presently under negotiation with the customers or subject matter litigation. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2016.

7. TRADE ACCOUNTS RECEIVABLE – RELATED PARTIES - NET

The outstanding balances as at 31 December 2017 and 2016 are as follows :

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	1,761,470	1,152,443
Associated companies and joint ventures	1,182,412	1,156,844	1,129,910	1,104,973
Related parties	1,470,758	1,477,357	1,308,318	1,351,155
Joint operations	25,958	33,053	25,958	33,053
Total	<u>2,679,128</u>	<u>2,667,254</u>	<u>4,225,656</u>	<u>3,641,624</u>
Less : Allowance for doubtful accounts	(617,903)	(615,627)	(687,186)	(676,591)
Trade accounts receivable				
– related parties – net	<u>2,061,225</u>	<u>2,051,627</u>	<u>3,538,470</u>	<u>2,965,033</u>

The ages of outstanding balances of accounts receivable – related parties as at 31 December 2017 and 2016 are as follows :

Outstanding Ages	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Less than 3 months	447,786	284,214	790,904	636,063
3 – 6 months	108,456	182,580	877,501	306,837
6 – 12 months	116,637	68,305	303,972	179,609
More than 12 months	2,006,249	2,132,155	2,253,279	2,519,115
Total	<u>2,679,128</u>	<u>2,667,254</u>	<u>4,225,656</u>	<u>3,641,624</u>
Less : Allowance for doubtful accounts	(617,903)	(615,627)	(687,186)	(676,591)
Net	<u>2,061,225</u>	<u>2,051,627</u>	<u>3,538,470</u>	<u>2,965,033</u>

During the year 2017, the Company received the transfer of condominium from a related company for debt settlement from construction services according to the Board of Directors meeting in 2016 of Baht 95.86 million. (2016 : 210.98 million)

As at 31 December 2017, the consolidated and separate financial statement include trade accounts receivable and short – term loans to related companies of totaling Baht 178.96 million and Baht 103.57 million, respectively (2016 : Baht 176.65 million and Baht 103.57 million, respectively). Such receivables are presently under the process of project feasibility study and negotiation with strategic investors to join its operation in the future. Debt repayment from such debtors depends on the materialization of the project feasibility. The management, therefore, believes to make full collection from such receivables and has not considered setting up allowance for non - collection in the accounts.

8. FINANCE LEASE RECEIVABLE SUBSIDIARY - NET

	(Unit : Thousand Baht)	
	Separate F/S	
	2017	2016
Not over 1 year	6,400	-
Over 1 year but not over 5 years	19,200	-
Over 5 years	31,680	-
Total	57,280	-
Less : Unearned finance income	(18,634)	-
Total	38,646	-
Less : Current portion	(4,178)	-
Net	34,468	-

The above finance lease payable is for machinery and equipment with a subsidiary with scheduled repayment terms of 15 years.

9. SHORT - TERM LOANS AND ADVANCES TO SUBSIDIARIES AND RELATED PARTIES - NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	3,233,016	2,797,404
Associated companies and joint ventures	255,908	249,876	198,730	199,190
Related companies	16,018	16,151	-	-
Joint Operations	23	-	23	-
Total	271,949	266,027	3,431,769	2,996,594
Less : Allowance for doubtful accounts	(11,255)	(10,374)	(2,059,344)	(1,786,199)
Short – term loans and advances to subsidiaries and related parties – net	260,694	255,653	1,372,425	1,210,395

Significant movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2017 are as follows :

(Unit: Thousand Baht)

	Consolidated F/S			31 December 2017
	1 January 2017	During the year		
		Increase	Decrease	
Associated company and joint venture	249,876	6,032	-	255,908
Related companies	16,151	-	133	16,018
Joint Operations	-	23	-	23
Total	266,027	6,055	133	271,949

(Unit: Thousand Baht)

	Separate F/S			31 December 2017
	1 January 2017	During the year		
		Increase	Decrease	
Subsidiaries	2,797,404	505,136	69,524	3,233,016
Associated company and joint venture	199,190	-	460	198,730
Joint Operations	-	23	-	23
Total	2,996,594	505,159	69,984	3,431,769

10. INVENTORIES AND WORK IN PROCESS - NET

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Work in process	108,535	76,180	-	-
Materials and inventories	3,510,750	2,933,846	2,164,053	1,740,507
Total	3,619,285	3,010,026	2,164,053	1,740,507
Less : Allowance for obsolete inventories	(87,795)	(54,867)	(68,684)	(34,153)
Net	3,531,490	2,955,159	2,095,369	1,706,354

During the years 2017 and 2016, movements in the allowance for obsolete inventories are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	54,867	27,186	34,153	9,002
Add : Additional allowance	38,469	31,109	35,341	25,669
Less : Reversal of allowance	(4,731)	(2,910)	-	-
Less : Translation adjustment	(810)	(518)	(810)	(518)
Balance as at 31 December	<u>87,795</u>	<u>54,867</u>	<u>68,684</u>	<u>34,153</u>

11. COSTS OF PROPERTY DEVELOPMENT PROJECTS – NET

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2017	2016
Land	1,069,053	964,656
Cost of property development projects	2,153,282	1,897,331
Utilities installation	114,860	74,892
Capitalized borrowing costs	43,479	40,152
Total	<u>3,380,674</u>	<u>2,977,031</u>
Less : Accumulated amounts transferred to cost of sales	(2,948,800)	(2,504,894)
Net	<u>431,874</u>	<u>472,137</u>

As at 31 December 2017 and 2016, the above land and constructions have been pledged as collaterals for overdraft, loan and credit facilities with local banks as discussed in Note 24.

During the years 2017 and 2016 the Company capitalized interest amounting to Baht 3.32 million and Baht 0.63 million, respectively, to the cost of property development project. The capitalization rates of interest are based on the borrowing costs as discussed in Note 24.

The changes in cost of property development projects for the years ended 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2017	2016
Balance as at 1 January	472,137	565,135
Add : Cost of property development	403,643	306,059
Less : Cost of sales	(443,906)	(399,057)
Balance as at 31 December	<u>431,874</u>	<u>472,137</u>

12. NON - CURRENT ASSETS HELD FOR SALE – NET

SQ-ITD Joint venture finished of providing soil and coal extraction and removal service to Electricity Generating Authority of Thailand (EGAT) and ITD-SQ Joint venture during June 2015 and September 2016, respectively. Its operations were confined to the follow-up of collections from customers, payment of liabilities and for the sales of assets.

As at 31 December 2017 and 2016, the non-current assets held-for-sale represented machineries and equipment Baht 194.68 million (net of impairment of assets of Baht 165.72 million and Baht 168.68 million, respectively).

The sale of these assets are in the process of agreed price between joint operation partner which the management expects to be completed within quarter 2 in 2018.

13. INVESTMENTS

13.1 Investments in subsidiaries – net

Movements in investments in subsidiaries for the years ended 31 December 2017 and 2016 are as follows:

	(Unit : Thousand Baht)	
	Separate F/S	
	2017	2016
Balance as at 1 January	6,635,355	6,606,801
Add : Additional investments during the year	242,832	127,727
Less : Reversal of allowance (allowance) for impairment	-	(99,173)
Balance as at 31 December	<u>6,878,187</u>	<u>6,635,355</u>

Investments in subsidiaries as at 31 December 2017 and 2016 comprise investments as follows:-

Nature of business	Paid-up Capital	Percentage of shareholding		(Unit : Thousand Baht) Separate F/S Cost		
		2017	2016	2017	2016	
		Percent	Percent			
Investments in subsidiaries						
Italian-Thai International Co., Ltd.	Holding company	400,000	99.99	99.99	400,000	400,000
Less : Allowance for impairment					(400,000)	(400,000)
Net					-	-
Bhaka Bhumi Development Co., Ltd.	Real estate development	5,075	99.99	99.99	5,075	5,075
Thai Pride Cement Co., Ltd.	Manufacture and distribution of cement	1,300,000	99.99	99.99	1,585,000	1,585,000
Nha Pralan Crushing Plant Co., Ltd.	Rock quarrying, processing and distribution	31,000	99.99	99.99	30,999	30,999
Less : Allowance for impairment					(10,999)	(10,999)
Net					20,000	20,000
Siam Concrete and Brick Products Co., Ltd.	Manufacture and distribution of concrete products	126,000	99.80	99.80	124,296	124,296
Italthai Marine Co., Ltd.	Production and sale of vessels and equipment	810,000	92.59	92.59	430,000	430,000
Less : Allowance for impairment					(430,000)	(430,000)
Net					-	-
Italthai Trevi Co., Ltd.	Foundation and piling work services	80,000	90.94	90.94	84,189	84,189
Asian Steel Product Co., Ltd.	Manufacture and distribution of large steel pipes	20,000	69.90	69.90	7,004	7,004
Thai Maruken Co., Ltd.	Lease and sale of sheet piles and beams for foundation construction work	20,000	50.96	50.96	10,196	10,196
Italian-Thai Land Co., Ltd.	Not yet operational	10,000	99.99	99.99	50	50
Less : Allowance for impairment					(50)	(50)
Net					-	-
Palang Thai Kaowna Co., Ltd.	Not yet operational	1,000	99.94	99.94	650	650
Less : Allowance for impairment					(650)	(650)
Net					-	-
Palit Palang Ngan Co., Ltd.	Not yet operational	1,000	74.93	74.93	50	50
Less : Allowance for impairment					(50)	(50)
Net					-	-
Italian Thai Power Co., Ltd.	Production and distribution of electricity	100,000	99.99	99.99	100,000	100,000
Less : Allowance for impairment					(100,000)	(100,000)
Net					-	-
Saraburi Construction Technology Co., Ltd.	Manufacture, distribution and installation of concrete sheet	250	99.93	99.93	250	250
Asia Logistics Development Co., Ltd.	Not yet operational	1,000	99.93	99.93	999	999
Asia Industrial and Port Corporation Co., Ltd.	Not yet operational	1,000	99.93	99.93	999	999
Myanmar Italian-Thai Power 1 Co., Ltd.	Not yet operational	250	99.95	99.95	250	250
Italian - Thai Hongsa Co., Ltd.	Coal mining contractor	250	99.97	99.97	250	250
APPC Holding Co., Ltd.	Holding company	3,795,987	60.00	60.00	2,277,592	2,277,592

		(Unit : Thousand Baht)				
Nature of business	Paid-up Capital	Percentage of shareholding		Separate F/S Cost		
		2017	2016	2017	2016	
		Percent	Percent			
<u>Overseas subsidiary companies</u>						
Myanmar ITD Co., Ltd.	Service agent for Myanmar companies	1,483	99.99	99.99	1,483	1,483
Less : Allowance for impairment					(1,483)	(1,483)
Net					-	-
PT. Thailindo Bara Pratama	Coal mining contractor	25,250	99.99	99.99	108,071	108,071
		Million IDR				
ITD Cementation India Limited	Construction services in India	155	51.63	51.63	2,143,951	2,143,951
		Million INR				
ITD–Madagascar S.A.	Mining business	20	99.98	99.98	99,527	99,527
		Million MGA				
Less : Allowance for impairment					(99,173)	(99,173)
Net					354	354
ITD Construction SDN.BHD.	Construction services in Malaysia	0.75	99.99	99.99	7,312	7,312
		Million MYR				
Less : Allowance for impairment					(7,312)	(7,312)
Net					-	-
First Dhaka Elevated Expressway Co., Ltd.	Concession for constructing elevated expressway in Bangladesh	1,120	99.99	99.99	463,949	221,117
		Million BDT				
ITD Bangladesh Company Limited	Construction services in Bangladesh	4	99.99	99.99	1,546	1,546
		Million BDT				
Italian–Thai Development Vietnam Co., Ltd	Not yet operational	6,000	80.00	80.00	9,160	9,160
		Million VND				
Less : Allowance for impairment					(9,160)	(9,160)
Net					-	-
ITD Mozambique Limitada	Construction services in the Republic of Mozambique	1,141,815	99.00	99.00	38,447	38,447
		USD				
Thai Mozambique Logistica SA.	Concession for constructing Port and Railway in the Republic of Mozambique	250,000	60.00	60.00	4,955	4,955
		USD				
Italian - Thai Development (Myanmar) Co., Ltd	Construction services in the Republic of the Union of Myanmar	25,000	99.90	99.90	814	814
		USD				
Total Investments in subsidiaries - net					6,878,187	6,635,355

NON – CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests are as follows :

(Unit: Million Baht)						
Name	Proportion of ownership interests held by the NCI (Percentage)		Total comprehensive Income(Loss) allocated to NCI		Accumulated NCI	
	2017	2016	2017	2016	2017	2016
Italthai Trevi Co., Ltd.	9.06	9.06	18	9	56	45
Asian Steel Product Co., Ltd.	30.10	30.10	2	8	45	44
Thai Maruken Co., Ltd.	49.04	49.04	34	22	228	214
ITD Cementation India Limited	48.37	48.37	226	130	1,341	1,172
Italthai Marine Co., Ltd.	7.41	7.41	(7)	(2)	(32)	(25)

APPC Holding Co.,Ltd. 10.00 10.00 (7) (8) 352 370

Subsidiaries was paid dividend to the NCI during the year 2017 of Baht 35.91 million (2016 : Baht 24.37 million).

Significant financial information of the subsidiaries with material non-controlling interest in the aggregate amounts before eliminations are summarized as follows :

(Unit : Million Baht)

	For the years ended 31 December											
	Italthai Trevi Co., Ltd.		Asian Steel Product Co., Ltd.		Thai Maruken Co., Ltd.		ITD Cementation India Limited		Italthai Marine Co., Ltd.		APPC Holding Co., Ltd.	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Current assets	815	635	132	117	197	154	9,069	8,372	37	136	9	9
Non – current assets	406	364	51	49	562	531	2,735	1,857	60	44	4,004	4,006
Current liabilities	512	449	22	10	260	213	7,249	6,784	519	509	68	51
Non - current liabilities	85	65	11	10	33	35	1,781	1,022	12	10	422	373
Equity attributable to the Company's shareholder	567	440	105	102	237	223	1,432	1,251	(402)	(314)	3,170	3,699
Non – controlling interests	56	45	45	44	228	214	1,341	1,172	(32)	(25)	352	370
Revenue	1,331	1,098	89	199	596	424	11,775	16,263	233	430	41	39
Profit (loss) for attributable to the Company's shareholders	178	93	3	18	36	23	242	138	(87)	(20)	(59)	(69)
Profit (loss) for attributable to non – controlling interests	18	9	2	8	34	22	226	130	(7)	(2)	(7)	(8)
Profit (loss) for the year	196	102	5	26	70	45	468	268	(94)	(22)	(66)	(77)
Other comprehensive income (loss)	(1)	(1)	(1)	(1)	(3)	-	(51)	(86)	(1)	(2)	(2)	-
Total comprehensive income (loss) to the Company's shareholder	(1)	(1)	(1)	(1)	(3)	-	(26)	(44)	(1)	(2)	(2)	-
Total comprehensive income (loss) attributable to non – controlling interests	-	-	-	-	-	-	(25)	(42)	-	-	-	-
Total comprehensive income (loss) for the year	(1)	(1)	(1)	(1)	(3)	-	(51)	(86)	(1)	(2)	(2)	-

(Unit : Million Baht)

	For the year ended 31 December 2017					
	Italthai Trevi Co., Ltd.	Asian Steel Product Co., Ltd.	Thai Maruken Co., Ltd.	ITD Cementation India Limited	Italthai Marine Co., Ltd.	APPC Holding Co., Ltd.
Net cash from (used in) operating activities		285	31	27	363	(48)
Net cash from (used in) investing activities		(129)	(8)	(1)	(817)	2
Net cash from (used in) financing activities		(35)	-	26	202	46
Net cash inflows (outflows)		121	23	52	(252)	-

13.2 Investments in associated companies - net

Significant judgement and assumptions

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The Company's share voting right 20 - 50 percentage of voting right, which the investments are stated at cost.

The consolidated financial statements include the Company's share of the total recognized gains and losses of associates by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. Except Siam pacific holding which the company holding 46.69 percentage and a subsidiary holding 4.30 percentage (totalling 50.99 percentage) because the Company has not control such company and classifies as associated investments.

Movements in investments in associated companies, which are accounted for using the equity method in the consolidated financial statements, for the years ended 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	658,947	662,140	697,963	697,963
Add : Share of profit (loss) from associated companies	15,588	(1,786)	-	-
Less: Dividend from associated companies	(2,064)	(1,251)	-	-
Add: Transferred investment from subsidiary company to associated company	-	11	-	-
Less: Translation adjustment for foreign currency financial statements	(38,834)	(167)	-	-
Balance as at 31 December	<u>633,637</u>	<u>658,947</u>	<u>697,963</u>	<u>697,963</u>

A reconciliation of the summarised financial information to the carrying amount of the investment in associated companies are as follows:

	(Unit : Thousand Baht)							
	31 December 2017							
	ATO-Asia Turnouts Co., Ltd.	Siam Pacific Holding Co., Ltd.	Bangkok Steel Wire Co., Ltd.	Oriental Residence Bangkok Co., Ltd.	MCRP Construction Corporation, Philippines	Sino Lao Aluminum Corporation Limited	MCRP Holding	Total
Total net assets of associated companies	71,853	57,002	502,620	(197,902)	-	886,587	-	1,320,160
Proportion of ownership interests held by the Company (%)	48.99	46.69	19.98	15	24	50*	24	-
Net assets by the Company's proportion	35,199	26,615	101,292	(29,685)	-	443,294	-	576,715
Other adjustment	-	2,525	-	29,685	-	24,712	-	56,922
Carrying amount of the investment in associated companies	<u>35,199</u>	<u>29,140</u>	<u>101,292</u>	<u>-</u>	<u>-</u>	<u>468,006</u>	<u>-</u>	<u>633,637</u>
Dividend received from associated company	-	-	2,064	-	-	-	-	2,064

	(Unit : Thousand Baht)							
	31 December 2016							
	ATO-Asia Turnouts Co., Ltd.	Siam Pacific Holding Co., Ltd.	Bangkok Steel Wire Co., Ltd.	Oriental Residence Bangkok Co., Ltd.	MCRP Construction Corporation, Philippines	Sino Lao Aluminum Corporation Limited	MCRP Holding	Total
Total net assets of associated companies	48,051	57,188	480,006	(194,308)	-	1,008,353	-	1,399,290
Proportion of ownership interests held by the Company (%)	48.99	46.69	19.98	15	24	50*	24	-
Net assets by the Company's proportion	23,540	26,701	95,905	(29,146)	-	504,177	-	621,177
Other adjustment	-	2,525	869	29,146	-	5,230	-	37,770
Carrying amount of the investment in associated companies	<u>23,540</u>	<u>29,226</u>	<u>96,774</u>	<u>-</u>	<u>-</u>	<u>509,407</u>	<u>-</u>	<u>658,947</u>

associated companies

Dividend received from associated company	-	-	1,251	-	-	-	-	1,251
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* The Company paid-up share capital at the proportion of 34% which have to pay in accordance with agreement but a shareholder has unpaid share capital in accordance with shareholder agreement as result of the Company's interest in accordance with investment amount is 50%.

Unrecognized loss from associated companies

	(Unit : Thousand Baht)	
	2017	2016
Unrecognized loss from associated companies	539	6,005
Cumulative share loss from associated companies	29,685	29,146

Investments in associated companies as at 31 December 2017 and 2016, comprise investments in the following:

Nature of business	Paid-up Capital	Percentage of shareholding		Consolidated F/S Equity		Separate F/S Cost		
		2017	2016	2017	2016	2017	2016	
		Percent	Percent					
Investments in associated companies								
ATO-Asia Turnouts Co., Ltd.	Production and distribution of turnouts for railway projects	5,000	48.99	48.99	35,199	23,540	2,450	2,450
Siam Pacific Holding Co., Ltd.	Holding company	58,625	46.69	46.69	26,615	26,701	27,373	27,373
Bangkok Steel Wire Co., Ltd.	Production and distribution of P.C. wire	313,000	19.98	19.98	101,292	96,774	71,603	71,603
Oriental Residence Bangkok Co., Ltd.	Real estate development	500,000	15.00	15.00	-	-	75,000	75,000
Overseas companies								
MCRP Construction Corporation, Philippines	Construction contractor in Philippines	25 Million Peso	24.00	24.00	12,000	12,000	12,000	12,000
Less : Allowance for impairment Net					(12,000)	(12,000)	(12,000)	(12,000)
MCRP Holding Corporation, Philippines	Holding company in Philippines	5 Million Peso	24.00	24.00	3,000	3,000	3,000	3,000
Less : Allowance for impairment Net					(3,000)	(3,000)	(3,000)	(3,000)
Sino Lao Aluminum Corporation Limited	Bauxite mine business in Laos	32 Million USD	34.00	34.00	468,006	509,407	521,537	521,537
Total Investments in associated companies – net					631,112	656,422	697,963	697,963
Investments in associated companies held by subsidiaries								
Siam Pacific Holding Co., Ltd.	Holding company	58,625	4.30	4.30	2,525	2,525	-	-
Total investments in associated companies held by subsidiaries					2,525	2,525	-	-
Total Investments in associated companies - net					633,637	658,947	697,963	697,963

Significant financial information of the associates in the aggregate amounts are summarized as follows :

(Unit : Million Baht)

	For the years ended 31 December							
	Current assets		Non - current assets		Current liabilities		Non - current liabilities	
	2017	2016	2017	2016	2017	2016	2017	2016
ATO-Asia Turnouts Co., Ltd.	133	144	49	40	110	136	-	-
Bangkok Steel Wire Co., Ltd.	774	518	309	336	522	327	59	47
Oriental Residence Bangkok Co., Ltd.	2,036	1,941	1,330	1,436	2,495	2,448	1,069	1,123
Sino Lao Aluminum Corporation Limited	3	107	1,385	1,411	290	208	211	302
Siam Pacific Holding Co., Ltd.	-	1	63	62	-	-	6	6
Total	2,946	2,711	3,136	3,285	3,417	3,119	1,345	1,478

(Unit : Million Baht)

	For the years ended 31 December					
	Revenues		Profit (loss)		Other comprehensive income	
	2017	2016	2017	2016	2017	2016
ATO-Asia Turnouts Co., Ltd.	302	96	24	3	-	-
Bangkok Steel Wire Co., Ltd.	1,094	835	41	19	-	-
Oriental Residence Bangkok Co., Ltd.	361	328	(18)	(49)	-	-
Sino Lao Aluminum Corporation Limited	18	-	(8)	(21)	13	52
Total	1,775	1,259	39	(48)	13	52

13.3 Investments in joint ventures - net

Movements in investments in joint ventures, which are accounted for by using the equity method in the consolidated financial statements, during the years ended 31 December 2017 and 2016 are as follows :

(Unit : Thousand Baht)

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	90,812	148,588	-	34,555
Add (less) : Share of loss from joint ventures	45,063	(26,047)	-	-
Less : Received of capital from joint ventures	(5,146)	(32,247)	-	(32,247)
Less : Allowance for impairment of investment	-	-	-	(2,308)
Add (less) : Translation adjustment on financial statements	(4,205)	518	-	-

Balance as at 31 December	126,524	90,812	-	-
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Investments in joint ventures as at 31 December 2017 and 2016, comprise investments in the following :

Nature of business	Percentage of shareholding		Consolidated F/S Equity		(Unit : Thousand Baht) Separate F/S Cost		
	2017	2016	2017	2016	2017	2016	
	Percent	Percent					
Investments in joint ventures							
Evergreen –Italian Thai – PEWC Joint Venture	Construction services in Republic of China	25.00	25.00	-	194	-	-
ITD-EGC Joint Venture	Construction services in Republic of China	55.00	55.00	295,766	306,737	295,206	296,569
Less : Allowance for impairment Net				(292,896)	(296,569)	(295,206)	(296,569)
				2,870	10,168	-	-
ITD – ETF Joint Venture	Machinery rental services	65.00	65.00	52,525	46,723	-	-
IN Joint Venture	Construction services	-	51.00	-	108,337	-	103,192
Less : Allowance for impairment Net				-	(103,192)	-	(103,192)
				-	5,145	-	-
IOT Joint Venture	Construction services	40.00	40.00	-	-	-	-
ITD – ETF – MVM Joint Venture	Construction services	55.25	55.25	19,831	23,420	-	-
CMC/ITD/SONG DA Joint Venture	Construction services	30.00	30.00	48,223	5,162	-	-
ITD SINOHYDRO Joint Venture	Construction services	51.00	-	3,075	-	-	-
Total investments in joint venture - net				126,524	90,812	-	-
Investments in joint ventures held by subsidiaries							
CEC-ITD Cem-TPL Joint Venture	Construction services	20.70	20.70	-	-	-	-
Total investments in joint venture held by subsidiaries - net				-	-	-	-
Total investments in subsidiaries, associated companies and joint venture - net							
				760,161	749,759	7,576,150	7,333,318

A reconciliation of the summarised financial information to the carrying amount of the investment in joint ventures are as follows:

(Unit : Million Baht)

	For the years ended 31 December																	
	Evergreen - Italian		ITD – EGC		ITD - ETF		IN Joint Venture		IOT Joint Venture		ITD - ETF - MVM		CEC-ITD CEM-		ITD-SINOHYDRO			
	Thai - PEWC		Joint Venture		Joint Venture						Joint Venture		TPL Joint Venture		Joint Venture			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
Total net assets of joint venture	-	1	5	18	81	72	-	-	-	3	36	42	161	17	-	-	6	-
Proportion of ownership																		
Interest (%)	-	25%	55%	55%	65%	65%	-	51%	40%	40%	55.25%	55.25%	30%	30%	20.70%	20.70%	51%	-
Net assets by proportion	-	-	3	10	53	47	-	-	-	1	20	23	48	5	-	-	3	-
Other adjustment	-	-	-	-	-	-	-	-	-	(19)	-	-	-	-	-	-	-	-
Carrying amount of the investment (obligation)	-	-	3	10	53	47	-	-	-	(18)	20	23	48	5	-	-	3	-

Significant financial information of the joint ventures in the aggregate amounts are summarized as follows :

(Unit : Million Baht)

	For the years ended 31 December																			
	Evergreen - Italian		ITD - EGC Joint		ITD - ETF Joint		IN Joint Venture		IOT Joint Venture		ITD - ETF - MVM		CEC-ITD CEM-TPL		ITD-SINOHYDRO		Total			
	Thai - PEWC		Venture		Venture						Joint Venture		Joint Venture		Joint Venture					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		
Cash and cash equivalents	-	-	3	21	9	2	-	-	-	3	14	10	657	579	537	197	464	-	1,684	812
1,684Other current assets	-	44	65	66	190	213	-	-	-	-	44	49	1,011	956	817	120	77	-	2,204	1,448
Total current assets	-	44	68	87	199	215	-	-	-	3	58	59	1,668	1,535	1,354	317	541	-	3,888	2,260
Non-current assets	-	-	-	-	102	126	-	-	-	-	1	1	1,456	223	747	108	28	-	2,334	458
Financial liabilities	-	43	-	-	-	1	-	-	-	-	-	-	1,440	-	-	-	-	-	-	1,484
Other current liabilities (including trade payables and provision)	-	-	57	62	220	268	-	-	-	-	23	18	2,963	301	2,100	418	24	-	5,387	1,067
Total current liabilities	-	43	57	62	220	269	-	-	-	-	23	18	2,963	1,741	2,100	418	24	-	5,387	2,551
Non-current liabilities	-	-	6	7	-	-	-	-	-	-	-	-	-	-	1	7	539	-	546	14
Net assets	-	1	5	18	81	72	-	-	-	3	36	42	161	17	-	-	6	-	289	153

(Unit : Million Baht)

For the years ended 31 December

	Revenues		Profit (loss)		Other comprehensive income (loss)		Depreciation and amortization		Tax	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	ITD - EGC Joint Venture	4	(8)	(13)	(21)	-	-	-	-	-
ITD - ETF Joint Venture	218	105	9	(24)	-	-	21	24	-	-
IOT Joint Venture	-	125	-	122	-	-	-	-	-	-
ITD - ETF - MVM Joint Venture	77	1	(6)	(4)	-	-	2	1	-	-
CMC/ITD/SONGDA Joint Venture	2,168	353	158	16	-	-	71	3	37	6
CEC – ITD CEM - TPL Joint Venture	1,274	7	-	-	-	-	32	-	-	-
ITD-SINOHYDRO Joint Venture	78	-	6	-	-	-	1	-	3	-
Total	3,819	583	154	89	-	-	127	28	40	6

The Company regularly assesses the values of investments in subsidiaries, associated and joint ventures. An allowance for impairment is promptly taken up when there is a reliable indication that the decline in value can be determined.

14. OTHER LONG – TERM INVESTMENTS - NET

Movements in other long - term investments during the years ended 31 December 2017 and 2016 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	845,703	1,038,856	677,315	877,004
Less : Disposal of investment during the year	-	(193,000)	-	(193,000)
Less : Reclassified unrealized gain from changes in value of investments to profit or loss	-	(262,800)	-	(262,800)
Add : Reversal of allowance for impairment of investment	-	149,331	-	149,331
Add : Unrealized gain from changes in value of investments	15,435	113,316	14,478	106,780
Balance as at 31 December	861,138	845,703	691,793	677,315

Other long - term investments as at 31 December 2017 and 2016 comprise investments as follows :

		(Unit : Thousand Baht)					
Nature of business	Percentage of Shareholding		Consolidated F/S		Separate F/S		
	2017	2016	2017	2016	2017	2016	
	Percent	Percent					
<u>Investments in other companies</u>							
a) <u>Non-listed companies</u>							
M-Home SPV 3 Co., Ltd.	Real estate development	11.54	11.54	12	12	12	12
Less : Allowance for impairment				(12)	(12)	(12)	(12)
Net				-	-	-	-
Siam Steel Syndicate Plc.	Manufacture and distribution for construction	1.15	1.15	55,885	55,885	55,885	55,885
Siam Fiber Optics Co., Ltd.	Manufacture and distribution of optic fibers	10.00	10.00	24,000	24,000	24,000	24,000
Bell Development Co., Ltd.	Real estate development	2.29	2.29	47,313	47,313	47,313	47,313
The Bangkok Club Co., Ltd.	Entertainment services	0.44	0.44	3,000	3,000	3,000	3,000
Less : Allowance for impairment				(1,985)	(1,985)	(1,985)	(1,985)
Net				1,015	1,015	1,015	1,015
Nishio Rent All (Thailand) Co., Ltd.	Construction machinery Rental	15.00	15.00	7,500	7,500	7,500	7,500
Praram 9 Square Co., Ltd.	Shopping center development	6.32	6.32	200,000	200,000	200,000	200,000
Less : Allowance for impairment				(200,000)	(200,000)	(200,000)	(200,000)
Net				-	-	-	-
Total Investment in other non – listed companies – net				135,713	135,713	135,713	135,713
b) <u>Listed companies</u>							
Charoong Thai Wire and Cable Plc.	Manufacture and distribution of wire and cable	12.90	12.90	308,715	308,715	308,715	308,715
Add : Unrealized gain from changes in value of investments				240,485	225,087	240,485	225,087
Net market value				549,200	533,802	549,200	533,802
TTCL Plc.	Construction services	0.07	0.07	400	400	400	400
Add : Unrealized gain from changes in value of investments				6,480	7,400	6,480	7,400
Net market value				6,880	7,800	6,880	7,800
Total Investment in other listed companies – net				556,080	541,602	556,080	541,602
Total Investments in other companies - net				691,793	677,315	691,793	677,315
<u>Investments held by subsidiaries</u>							
a) <u>Non-listed companies</u>							
Bell Development Co., Ltd.	Real estate development	6.55	6.55	135,226	135,226	-	-
b) <u>Listed company</u>							
Charoong Thai Wire and Cable Plc.	Manufacture and distribution of wire and cable	0.80	0.80	19,178	19,178	-	-
Add : Unrealized gain from changes in value of investments				14,941	13,984	-	-
Net market value				34,119	33,162	-	-
Total investment held by subsidiaries - net				169,345	168,388	-	-
Total other long-term investments – net				861,138	845,703	691,793	677,315

15. LAND LEASE CONCESSION AND PROJECT UNDER DEVELOPMENT

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Land lease concession	30,198	30,198	-	-
Project under development	7,621,557	7,528,794	5,130,170	5,025,204
Total	<u>7,651,755</u>	<u>7,558,992</u>	<u>5,130,170</u>	<u>5,025,204</u>

On 2 November 2010, the Company entered into a Framework Agreement with the Myanma Port Authority (MPA), Ministry of Transportation of the Republic of the Union of Myanmar to develop the Dawei Deep Sea Port, Industrial Estate and Road and Rail Link to Thailand Project connecting from the Dawei Special Economic Zone (“DSEZ”) to the Myanmar-Thailand border at Ban Pu Nam Ron, Kanchanaburi Province, Thailand.

On 21 November 2013, a Framework Agreement between the Thai and Myanmar Government was signed to develop DSEZ. Consequently, the Myanmar and Thai Governments established the Special Purpose Vehicle (“SPV”) named Dawei SEZ Development Company Limited to be the promoter, facilitator, and advisor to the Dawei Special Economic Zone and its Related Project Area. Moreover, the Myanmar Government also established the Dawei SEZ Management Committee (“DSEZ MC”) to be the responsible integrated Myanmar Authority to grant the concession rights to the developer within the DSEZ.

On the same date, the agreement of Termination between the Company and MPA was signed. The Tripartite Memorandum between the Company, DSEZ MC and SPV was signed which defined the scope for the SPV to be the designated party to coordinate for the reimbursement of the Company’s previous investments from the future developer of the DSEZ. Furthermore, on 27 March 2014, a newer Tripartite Memorandum was again signed between the Company, DSEZ MC, and the SPV in which it was agreed that a due diligence process will be conducted by a hired consultant to determine the Company’s total previous investment amount.

On 5 August 2015, the Company, DSEZ MC, and the SPV signed the Supplementary Memorandum of Understanding wherein the agreement defined the DSEZ MC and the SPV as the responsible entities to coordinate for the reimbursement of the Company’s previous investments from the future developer of the DSEZ as well as determine the conditions wherein the Company has the option to exchange its previous investment amount for additional industrial estate land.

On the same date, the Company along with its consortium partners signed separate concession agreements with the DSEZ MC to develop the Initial Phase of the Dawei SEZ (DSEZ Initial Phase) which includes the Initial Industrial Estate area of 27 square kilometers and its related infrastructure projects wherein each respective partners of the individual concessions will be responsible for the Company’s previous investment through its own due diligence.

As at 31 December 2017 and 2016, the Company has costs for acquisition of land lease concessions and projects under development in the Dawei Special Economic Zone (“DSEZ”) amounting to Baht 7,651.76 million and Baht 7,558.99 million, respectively. This project depends on the cooperation of the governments of Thailand and Myanmar as the new concessionaires and promoter of the Dawei Project. The Company has the right to reimburse such costs including other expenses during negotiation from Special Purpose Vehicle after the completion of the due diligence work performed by the consultants of the two governments.

On 29 March 2016, the Company along with its consortium partners signed the LNG Terminal Concession Agreement, which is part of the Initial Phase Development of the Dawei Special Economic Zone. Currently, the Company along with consortium partners and the DSEZ MC are undertaking each of the respective responsibilities fulfilling the process of document preparation and management of the project’s development plan as indicated in the signed concession agreements.

On 12 October 2016, the Myanmar Government appointed the new DSEZ MC, with the Myanmar’s Deputy Minister of Electricity and Energy as the Chairman, to supervise and manage all matters related to the DSEZ.

On 30 June 2017, the Myanmar - Thailand Joint Coordination Committee for the comprehensive development in the DSEZ and its related project areas (JCC) established the Joint Technical Task Forces for the Road Project and Joint Technical Task Force for the DSEZ Initial Phase which purpose is to establish a plan, timeframe and guidelines for further project development.

On 20 - 21 September 2017, the two Joint Technical Task Force held their first meeting to discuss the project status and the action plan going forward. Discussions were made on the terms and conditions of the public financing offer from the Thai Government to the Myanmar Government for the Road Project connecting border from Kanchanaburi Province to the DSEZ Initial Phase. Recommendations for the way forward at the policy level will be made in the next JCC meeting.

16. POTASH MINING RIGHT

The Company holds a 90% investment in a potash mine project through a group of subsidiary companies. The Ministry of Finance holds 10% of the registered capital. The application for potash mining concessions from the government is currently being processed.

During the year 2016, the Ministry of Industry had instructed the provincial governor to organize a public hearing meeting of the stakeholders as stipulated in the Mining Act. The Minister of Industry will use this public hearing report as a supporting document in consideration for mining license approval. Udonthani Governor had organized public hearing and submitted report to the Department of Primary Industries and Mines at present which is in process to consider the documents accompanying the application to the Ministry of Industry for mining license approval.

On 9 February 2017, the Office of the Attorney General issued a letter to the Department of Primary Industries and Mines clarifying legal issues associated with the right to explore potash mining. The letter confirmed that government authorities have executed the process in accordance with the concession contract regarding to compensation to the state made since 1984.

As a result, the Company has met the requirements and takes to proceed to a step for obtaining a mining license. The Department of Primary Industries and Mines is now scrutinizing the documents to The Ministry of Industry for mining license approval.

The Company's management believes that this project will generate benefits both for neighboring area and for the country. The project is expected to be approved by the government and become operational as planned. The management of the Company believes that there will be no impairment in the value of investment.

17. DEFERRED EXPLORATION AND DEVELOPMENT COSTS

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be written off as expenses.

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2017	2016
<u>Exploration expenditures cost</u>		
Beginning balance	566,570	566,570
Increase during the year	-	-
Ending balance	566,570	566,570
<u>Mining license expenditures cost</u>		
Beginning balance	384,118	382,305
Increase during the year	4,562	1,813
Adjustment during the year	(6,723)	-
Ending balance	381,957	384,118
Total deferred exploration and development costs	948,527	950,688

18. LONG - TERM LOANS AND ADVANCES TO SUBSIDIARIES - NET

The outstanding balances as at 31 December 2017 and 2016 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	7,026,668	6,939,870
Less : Allowance for doubtful accounts	-	-	(1,355,601)	(1,327,992)
Net	-	-	5,671,067	5,611,878

Significant movements in the long - term loans and advances to subsidiaries and related parties for the year ended 31 December 2017 are as follows :

	(Unit : Thousand Baht)			
	Separate F/S			31 December 2017
	1 January 2017	During the year Increase	Decrease	
Subsidiaries	6,939,870	103,199	16,401	7,026,668

19. LAND AWAITING DEVELOPMENT – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Land awaiting development	765,124	771,705	474,846	474,846
Add : Purchase during the year	5,491	1,244	-	-
Less : Disposal during the year	-	(7,977)	-	-
Add : Reversal of allowance for impairment	-	152	-	-
Land awaiting development – net	770,615	765,124	474,846	474,846

As at 31 December 2017 and 2016, land awaiting of development of the Company and its subsidiaries of Baht 758.88 million and Baht 758.41 million, respectively, are the land for using in Map Ta Phut Jetty Project and Potash Mining Project in Udonthani province.

20. INVESTMENT PROPERTIES

As at 31 December 2017, investment properties presented at fair value consist of :

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
Land	1,727,270	765,219
Building	386,000	386,000
Total	2,113,270	1,151,219

During the year 2017, the Company hired independent appraisers to re-appraise the value of land and building under the market approach.

Movements in investment properties for the years ended 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Net book value as at 1 January	1,925,363	1,591,469	1,040,043	743,000
Increased during the year	95,856	303,073	95,856	303,073
Disposal during the year	(27,392)	(6,030)	(27,392)	(6,030)
Gain on revaluation of assets	119,443	36,851	42,712	-
Net book value as at 31 December	2,113,270	1,925,363	1,151,219	1,040,043

During the year 2017, the Company received the transfer of a condominium unit from a related company for debt settlement of construction service of Baht 95.86 million (2016 : 210.98 million) according to the Board of Directors meeting in 2016.

At the Board of Director Meeting in 2016, the director passed a resolution to approve the purchase of condominium rooms from a related company for Baht 92.09 million. The Company intends to hold these properties for sales or rent.

21. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S					Total
	Land	Building and factories	Machinery, Office equipment, Furniture and vehicle	Site office and temporary camps	Machinery and equipment under installation	
Cost						
1 January 2016	1,297,796	5,977,806	30,751,752	1,214,599	698,019	39,939,972
Acquisitions / Transfer in	1,037	244,354	3,227,718	14,066	783,479	4,270,654
Disposals / Transfer out	-	(10,062)	(533,219)	(3,157)	(755,109)	(1,301,547)
Transferred to assets held for sale	-	-	(700,787)	-	-	(700,787)
Translation adjustment	(932)	(2,582)	(134,617)	(225)	(578)	(138,934)
31 December 2016	1,297,901	6,209,516	32,610,847	1,225,283	725,811	42,069,358
1 January 2017	1,297,901	6,209,516	32,610,847	1,225,283	725,811	42,069,358
Acquisitions / Transfer in	34,873	278,960	3,281,657	13,518	1,103,163	4,712,171
Disposals / Transfer out	-	-	(1,831,494)	(12,310)	(727,407)	(2,571,211)
Translation adjustment	(852)	(3,498)	(268,811)	(1,870)	(868)	(275,899)
31 December 2017	1,331,922	6,484,978	33,792,199	1,224,621	1,100,699	43,934,419
Accumulated depreciation						
1 January 2016	-	4,074,594	17,039,993	681,560	-	21,796,147
Depreciation for the year	-	188,272	2,033,194	110,080	-	2,331,546
Depreciation for disposals	-	(6,933)	(433,834)	(2,241)	-	(443,008)
Transferred to assets held for sale	-	-	(506,110)	-	-	(506,110)
Translation adjustment	-	(827)	(88,779)	(153)	-	(89,759)
31 December 2016	-	4,255,106	18,044,464	789,246	-	23,088,816
1 January 2017	-	4,255,106	18,044,464	789,246	-	23,088,816
Depreciation for the year	-	264,011	1,994,413	105,948	-	2,364,372
Depreciation for disposals	-	-	(1,090,464)	(7,711)	-	(1,098,175)
Translation adjustment	-	(923)	(168,884)	(411)	-	(170,218)
31 December 2017	-	4,518,194	18,779,529	887,072	-	24,184,795
Less Allowance for impairment						
31 December 2016	15,219	1,818	68,411	-	-	85,448
31 December 2017	15,219	1,818	85,726	-	-	102,763
Net book value						
31 December 2016	1,282,682	1,952,592	14,497,972	436,037	725,811	18,895,094
31 December 2017	1,316,703	1,964,966	14,926,944	337,549	1,100,699	19,646,861
Depreciation for the year 2016						2,331,546
Depreciation for the year 2017						2,364,372

(Unit : Thousand Baht)

	Separate F/S			
	Building	Machinery, Office equipment, Furniture	Site office And Temporary	Machinery and equipment under

	Land	and factories	and vehicle	Camps	installation	Total
Cost						
1 January 2016	1,077,815	4,405,379	15,565,587	1,060,421	298,800	22,408,002
Acquisitions / Transfer in	-	81,088	1,888,781	3,931	383,026	2,356,826
Disposals / Transfer out	-	(10,062)	(364,839)	(2,857)	(115,279)	(493,037)
Transferred to assets held for sale	-	-	(700,787)	-	-	(700,787)
Translation adjustment	-	-	(27,232)	(170)	-	(27,402)
31 December 2016	1,077,815	4,476,405	16,361,510	1,061,325	566,547	23,543,602
1 January 2017	1,077,815	4,476,405	16,361,510	1,061,325	566,547	23,543,602
Acquisitions / Transfer in	34,873	243,619	1,569,032	13,119	750,689	2,611,332
Disposals / Transfer out	-	-	(668,651)	(9,939)	(585,749)	(1,264,339)
Translation adjustment	-	-	(22,643)	(152)	-	(22,795)
31 December 2017	1,112,688	4,720,024	17,239,248	1,064,353	731,487	24,867,800
Accumulated depreciation						
1 January 2016	-	3,252,621	10,421,249	667,719	-	14,341,589
Depreciation for the year	-	115,866	1,043,364	97,571	-	1,256,801
Depreciation for disposals	-	(6,933)	(324,412)	(1,941)	-	(333,286)
Transferred to assets held for sale	-	-	(560,110)	-	-	(560,110)
Translation adjustment	-	-	(30,439)	(170)	-	(30,609)
31 December 2016	-	3,361,554	10,603,652	763,179	-	14,728,385
1 January 2017	-	3,361,554	10,603,652	763,179	-	14,728,385
Depreciation for the year	-	188,424	927,719	92,593	-	1,208,736
Depreciation for disposals	-	-	(531,797)	(7,190)	-	(538,987)
Translation adjustment	-	-	(18,388)	(58)	-	(18,446)
31 December 2017	-	3,549,978	10,981,186	848,524	-	15,379,688
Net book value						
31 December 2016	1,077,815	1,114,851	5,757,858	298,146	566,547	8,815,217
31 December 2017	1,112,688	1,170,046	6,258,062	215,829	731,487	9,488,112
Depreciation for the year 2016						1,256,801
Depreciation for the year 2017						1,208,736

As at 31 December 2017 and 2016, certain building, machinery and equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 10,217.95 million and Baht 9,207.70 million, respectively (Separate F/S : Baht 7,829.77 million and Baht 7,338.01 million, respectively).

As at 31 December 2017 and 2016, the Company and subsidiaries' machinery, equipment and vehicles with a total net book value of Baht 2,764.40 million and Baht 2,706.56 million, respectively, were acquired under finance lease/ hire purchase agreements (Separate F/S: Baht 2,530.60 million and Baht 2,429.57 million, respectively).

As at 31 December 2017 and 2016, the Company has assets under construction for precast and limestone production to support the project under development of Baht 138.49 million. The Company's management believes that these assets will not impair.

22. GOODWILL

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2017	2016
Goodwill	958,785	958,785
Less : Allowance for impairment	(16,673)	(16,673)
Net	<u>942,112</u>	<u>942,112</u>

A segment-level summary of the goodwill allocation is presented as follows :

	(Unit : Thousand Baht)		
	Consolidated F/S		
	Cement business in Thailand	Potash mining in Thailand	Construction business in India
Goodwill allocation	275,619	458,699	207,794

Impairment tests of goodwill

The Company annually tested impairment of goodwill resulting from cement, mining and construction business. The Company compared the carrying amount of goodwill and recoverable amount of cash generated unit which is consider based on the estimated financial value of the cash flows for the period 5 - 25 years.

Key assumptions used in the recoverable amount assessment include:

	Cement business	Construction business in India
Gross margin (%)	20	20
Growth rate (%)	2	7
Discount rate (%)	10	18

The Group assesses recoverable value from Potash Mining Project by considered project feasibility and internal rate of return (IRR). The Company using discount rate at 8% with appropriate internal rate of return considered by Management. Recoverable value from project amounts over the carrying amount.

Cash flow assumptions

Management determined budgeted gross margin is approximate with the normal gross margin from past experience and its expectations of market development. Management believes that this is the best available input for this projection.

Growth rate

Weighted average growth rate is based on the industry growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years period.

Discount rate

Discount rate is reflected the current market assessments of the time value of money and risks specific to assets.

The Company recognized impairment losses on goodwill in the statement of profit or loss when the recoverable amounts of cash generate unit lower than its book value and cannot reverse in the future.

Based on impairment test for goodwill by increased discount rate at 0.5 percent, the Company will not recognize an impairment of goodwill in the consolidated financial statements for the year end 31 December 2017.

23. DEFERRED CONCESSION COST AND COSTS OF PROJECT UNDER DEVELOPMENT

In the year 2011, the Company entered into a Concession agreement with Bangladesh Bridge Authority of the Government of People's Republic of Bangladesh to proceed with the development of the Dhaka Elevated Expressway. The Company shall establish and incorporate in the Republic of Bangladesh a Project Company as the Concessionaire, which will be a limited liability company. In addition, the Company will be appointed as the EPC Contractor for the design, construction and completion of the Dhaka Elevated Expressway. The period of concession agreement is 25 years. Total project development is approximately Baht 38,044.98 million. Currently, the Company has received 1st Tranche of land distance of 7.45 kilometre from the government and has started construction work.

In the year 2013, An oversea subsidiary has signed the Concession agreement with the Ministry of Transportation and Communications, Government of the Republic of Mozambique. The Company will hold 60% of project.

On 24 November 2017, an oversea subsidiary has been amendment of the Concession agreement as proposed by the financial advisor to confident a supporting bank to be bankable the contract. The project value of USD 4,500 million equivalents to Baht 148,500 million and project details are as follows:

1. Construction of a Heavy Haul Railway Lines from Moatize to Macuse Port, the approximate length of the standard gauge railways is about 613 kilometers.

2. Construction of a Deep-Sea Port at Macuse with the starting port capacity, for exporting coal, of 40 million tons annually to the maximum capacity of 100 million tons annually.
3. Operation of the Heavy Haul Railway Lines and Macuse Deep Sea Port on the Concession Agreement of 30 Years (including the Construction) and the Concession period could be extended for another 10 years.

The Company paid USD 5 million within 30 days after signing the concession agreement and USD 5 million will be used in human development program and formation of national framework from the start-up of the project.

Currently, an overseas subsidiary is selected Engineering Procurement and Construction (EPC Contractor) and already completed Environmental and Social Impact Assessment (ESIA) processes.

24. BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

The outstanding balances of bank overdrafts and short – term loans from financial institutions as at 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Bank overdrafts	791,468	753,657	-	-
Short – term loans from financial institutions	7,700,113	7,536,884	5,348,803	5,110,778
Total	<u>8,491,581</u>	<u>8,290,541</u>	<u>5,348,803</u>	<u>5,110,778</u>

These represent loans obtained from local and overseas financial institutions in the following currencies:

	(Unit : Million)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
THB	5,738	5,577	5,349	5,111
INR	3,845	3,727	-	-

These loans are subject to interest at domestic market rates for Thai Baht currency loans and at the market rates of India for Rupee currency loans.

The subsidiary companies have loan agreements with commercial banks for credit facilities of Baht 239.03 million. These loans bear interest per annum at MLR – 0.75%. Such long – term loans are collateralized by its land and structure including most present and future thereon, and the guarantee of the Company and subsidiary. The subsidiary companies will reduce credit facilities when redeemed the mortgage at 70% – 80% of

selling price of the projects' assets as stipulated in the agreements. The payback period for the principals are within 36 – 42 months from agreements date.

As at 31 December 2017 and 2016, part of loans amounting to Baht 3,869.50 million and Baht 1,606.97 million, respectively, have been used to finance certain specific projects (Project Finance). The lending banks had set a condition for the Company to process the cash transactions from the projects through the Company's accounts with those banks.

As at 31 December 2017 and 2016, bank overdrafts and short – term credit facilities that have not been drawn down amounted to Baht 7,100.72 million and Baht 4,332.72 million, respectively.

25. TRADE ACCOUNTS PAYABLE – RELATED PARTIES

The outstanding balances as at 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	460,569	823,453
Associated companies and joint ventures	389,174	445,255	372,829	431,419
Related companies	1,183,482	785,333	1,046,130	758,662
Total trade accounts payable – related parties	<u>1,572,656</u>	<u>1,230,588</u>	<u>1,879,528</u>	<u>2,013,534</u>

26. FINANCE LEASE PAYABLES – NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Not over one year	684,920	685,537	561,648	624,438
Over one year but not over five years	816,403	1,010,932	641,672	833,815
Total	<u>1,501,323</u>	<u>1,696,469</u>	<u>1,203,320</u>	<u>1,458,253</u>
Less : Deferred interest	(91,376)	(112,659)	(57,383)	(83,726)
	<u>1,409,947</u>	<u>1,583,810</u>	<u>1,145,937</u>	<u>1,374,527</u>
Less : Current portion	(629,534)	(649,422)	(524,987)	(575,577)
Net	<u>780,413</u>	<u>934,388</u>	<u>620,950</u>	<u>798,950</u>

The above finance leases payable are for machinery, equipment and vehicles leases with scheduled repayment terms of 2 - 5 years.

27. LONG - TERM LOANS - NET

As at 31 December 2017 and 2016, the outstanding balance of long - term loans are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Outstanding balances	15,236,546	10,994,098	9,209,727	6,138,104
Less : Current portion	(8,823,130)	(3,623,801)	(7,398,073)	(2,903,816)
Net	<u>6,413,416</u>	<u>7,370,297</u>	<u>1,811,654</u>	<u>3,234,288</u>

Movements in the long – term loans for the years ended 31 December 2017 and 2016 are summarized as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	10,994,098	8,165,816	6,138,104	4,781,820
Add : Additional borrowings	7,218,177	5,352,567	5,307,269	2,980,288
Less : Repayments	(2,811,410)	(2,519,902)	(2,235,646)	(1,624,004)
Less : Translation adjustment for foreign currency financial statements	(164,319)	(4,383)	-	-
Balance as at 31 December	<u>15,236,546</u>	<u>10,994,098</u>	<u>9,209,727</u>	<u>6,138,104</u>

A Subsidiary company has not been able to maintain some financial ratios as stipulated in the loan agreements with a bank. As a result, a subsidiary company has presented the balance of such loan as current liabilities in the statement of financial position as at 31 December 2017. However, the Company has negotiated with the bank to waive the covenants of such financial ratios. The Company obtained letter for the waiver of the covenants from such bank dated 14 February 2018 granting to relieve to all covenant conditions under the loan agreements for the period ended 31 December 2017.

The outstanding balance of long - term loans as at 31 December 2017 and 2016 are as follows :

Loan	Credit amount (Million Baht)	Interest rate (Percentage)	Condition	Guarantee	Million Baht			
					Consolidated F/S		Separate F/S	
					2017	2016	2017	2016
Parent Company								
	11,889	MLR-0.50 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract	9,210	6,010	9,210	6,010
		MLR-1 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		MLR-1.25 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		MLR-1.50 per annum	Repayment within 2019 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		Libor + 4% per annum	Repayment per contract	Machinery				
Subsidiaries								
1	120	MLR-1.90 per annum	Repayment within 36 months from initial drawdown	Machinery	65	21	-	-
2	951	MLR per annum	Repayment per agreement	Land and Machinery	329	469	-	-
3	265 Million INR	10.15 per annum	Repayment within 3 quarterly	Construction and Equipment	135	210	-	-
4	10,242	MLR-0.50 to MLR-1.50 per annum	Repayment within 2018 – 2020	Assignment on revenue from construction contract	4,235	2,433	-	-
5	4,000 Million BDT	Floating rate of Bank of Bangladesh plus 6 percent per annum	Repayment per contract	Guarantee by parent company	1,263	1,723		
Joint operation								
1	1,050	MLR-0.75 and MOR-1 per annum	Repayment per contract	Machinery and Assignment on revenue from construction contract	-	128	-	128
Total					15,237	10,994	9,210	6,138
Less : Current portion					(8,823)	(3,624)	(7,398)	(2,904)
Net					<u>6,414</u>	<u>7,370</u>	<u>1,812</u>	<u>3,234</u>

28. DEBENTURES – NET

Debenture	Duration	Date of issue	Maturity date	Interest rate (% p.a.)	(Unit : Thousand Baht) Consolidated and Separate F/S	
					2017	2016
1	5 years	26 June 2014	26 June 2019	6.15	-	5,980,348
2	2 years	27 February 2015	27 February 2017	4.50	-	199,962
3	5 years 1 day	21 September 2015	22 September 2020	4.95	3,492,858	3,490,237
4	2 years 2 days	27 November 2015	29 November 2017	4.10	-	299,637
5	5 years	8 June 2016	8 June 2021	4.40	3,494,590	3,493,015
6	3 years 2 days	15 September 2016	17 September 2019	4.00	199,750	199,604
7	2 years 1 month 29 days	27 February 2017	25 April 2019	4.20	249,672	-
8	5 years 3 days	26 June 2017	26 June 2022	4.70	5,987,044	-
9	269 days	29 August 2017	25 May 2018	3.00	630,000	-
10	270 days	20 October 2017	17 July 2018	3.00	200,000	-
11	2 years 5 month 27 days	30 November 2017	27 May 2020	4.10	299,416	-
Total					14,553,330	13,662,803
Less: Current Portion					(830,000)	(499,598)
Debentures – net					13,723,330	13,163,205

Movements of debentures for the years ended 31 December 2017 and 2016 are as follows :

	(Unit : Thousand Baht) Consolidated and Separate F/S	
	2017	2016
Balance as at 1 January	13,662,803	13,456,880
Newly issued debentures	7,380,000	3,700,000
Old redeemed debentures	(6,500,000)	(3,500,000)
Cost of issuing debentures	(15,593)	(8,317)
Amortization of costs of issuing debentures	26,120	14,240
Balance as at 31 December	14,553,330	13,662,803
Less : Current Portion	(830,000)	(499,598)
Net	13,723,330	13,163,205

On 27 February 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 250 million with two-years, one-month and twenty-nine days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.20 percent per annum which is payable quarterly. The debentures will be due for redemption on 25 April 2019. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 26 June 2017, the Company exercised its right for early redemption of the debentures under the terms and conditions of ITD196A of Baht 6,000 million, with 0.25 percent per annum redemption fee. On the same day, the Company issued new debenture to specific persons, unsecured, unsubordinated with representative holder for the same amount of principal with five-years and three-days tenure with a face value of Baht 1,000. This bears interest at a rate of 4.70 percent per annum which is payable quarterly. The new debenture will be due for redemption on 29 June 2022.

On 29 August 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 630 million with two hundred and sixty-nine days tenure with a face value of Baht 1,000. This bears interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 25 May 2018. The Company used the proceeds from this issuance to repay debts.

On 20 October 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 200 million with two hundred and seventy days tenure with a face value of Baht 1,000. These bear interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 17 July 2018. The Company used the proceeds from this issuance to repay debts.

On 30 November 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 300 million with two-years, five-month and twenty-seven days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.10 percent per annum which is payable quarterly. The debentures will be due for redemption on 27 May 2020. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 8 June 2016, the Company issued new unsecured, unsubordinated and represented debentures with a principal amount of Baht 3,500 million to specific persons with five-year tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.40 percent per annum which is payable quarterly. The debentures will be due for redemption on 8 June 2021. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 15 September 2016, the Company issued new unsecured, unsubordinated and represented debentures with a principal amount of Baht 200 million to specific persons with 3 years 2 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.00 percent per annum which is payable quarterly. The debentures will be due for redemption on 17 September 2019. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

The debentures were issued with covenants relating to various matters such as the decrease in share capital, merger, the payment of dividend and limitations on the execution of new loan obligation.

29. EMPLOYEE BENEFITS OBLIGATION - NET

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Present value of employee benefits obligation as at 31 December	1,245,173	1,100,406	903,064	800,856
Fair value of plan assets as at 31 December	(91,125)	(85,115)	-	-
Obligation – net	<u>1,154,048</u>	<u>1,015,291</u>	<u>903,064</u>	<u>800,856</u>
<u>Employee benefits obligation</u>				
Balance as at 1 January	1,100,406	1,021,629	800,856	764,259
Current service costs	66,624	85,441	48,698	49,798
Interest on obligation	39,473	28,936	22,844	20,880
Actuarial loss	107,671	31,790	79,374	23,391
Benefit paid	(63,354)	(69,154)	(48,732)	(56,963)
Translation adjustments for foreign currency financial statements	(5,647)	1,764	24	(509)
Balance as at 31 December	<u>1,245,173</u>	<u>1,100,406</u>	<u>903,064</u>	<u>800,856</u>
Less : Current Portion	(445,791)	(378,414)	(396,207)	(351,925)
Net	<u>799,382</u>	<u>721,992</u>	<u>506,857</u>	<u>448,931</u>
<u>Plan assets</u>				
Balance as at 1 January	85,115	74,187	-	-
Expected returns on plan assets	6,148	6,619	-	-
Contribution	15,612	13,068	-	-
Benefit paid	(13,796)	(9,029)	-	-
Actuarial gain (loss)	721	2,513	-	-
Translation adjustments for foreign currency financial statements	(2,675)	(2,243)	-	-
Balance as at 31 December	<u>91,125</u>	<u>85,115</u>	<u>-</u>	<u>-</u>

Plan assets invested with two insurance companies as at 31 December 2017 and 2016 are Baht 91.13 million and Baht 85.12 million, respectively. The management believes that the assets in these portfolios are well diversified risk and, as such, the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amount of employee benefits obligation, plan assets, the deficit thereof and the experiences of adjustments on plan assets and plan liabilities of overseas entities for the current and previous 3 years are as follows :

	(Unit : Thousand Baht)			
	2017	2016	2015	2014
Employee benefits obligation	195,808	172,205	145,870	111,637
Plan assets	91,125	85,115	74,187	70,534
Deficit	(104,683)	(87,090)	(71,683)	(41,103)
Experience adjustments on plan assets	(721)	(2,513)	2,282	(2,556)
Experience adjustment on plan liabilities	(17,226)	(14,707)	(20,695)	(7,746)

The employee benefit obligations of the Company and subsidiaries are measured using actuarial techniques. The estimated amount is computed by the discounted cash flows for amounts to be paid in the future based on the government bond interest rate with a term to maturity that approximates the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, retirement ages, mortality, length of service and others. The employee benefits expenses are recognised in the statement of profit or loss to allocate the expenses through the hiring period. Principal actuarial assumptions are as follows :

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<u>Financial assumptions</u>				
Discount rates	1.87 – 7.85% per annum	2.62 – 7% per annum	2.29% per annum	2.69% per annum
Future average salary increment rates	0.06 – 6.33% per annum	0 – 6.61% per annum	1.81 – 5.43% per annum	1.30 – 6.16% per annum
<u>Demographic assumptions</u>				
Mortality rate	Thai Mortality Table 2017	Thai Mortality Table 2008	Thai Mortality Table 2017	Thai Mortality Table 2008
Normal retirement ages	60 years	50 - 60 years	60 years	60 years
Weighted average duration of the defined benefit obligation (years)	5 - 28 years	3 - 28 years	8 years	8 years

- Defined benefit plan expenses

Amounts recognised in profit or loss related to employee benefits obligation are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Current service cost	51,012	72,373	48,698	49,798
Net interest expense	33,325	22,317	22,844	20,880
Total expenses recognized in profit or loss	84,337	94,690	71,542	70,678

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

- Amounts recognised in other profit or loss related to the employee benefits obligation plans are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Actuarial loss from changes in experience assumptions	(75,364)	(25,908)	(58,952)	(25,082)
Actuarial loss from changes in demographic assumptions	(27,457)	(40,772)	(24,400)	(37,321)
Actuarial gain (loss) from changes in financial assumptions	(7,594)	37,400	3,978	39,012
Translation adjustments for foreign currency financial statement	(650)	1,858	-	-
Total income (loss) recognised in other profit or loss	(109,555)	(27,422)	(79,374)	(23,391)

All expenses summarised above were included within item that will not be reclassified subsequently to profit or loss.

- Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	(Unit : Thousand Baht)							
	Consolidated F/S				Separate F/S			
	2017		2016		2017		2016	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate								
Increment (decrement) of employee benefit obligation	50,149	136,180	46,029	96,671	(22,602)	22,213	(20,441)	19,856
Future salary growth								
Increment (decrement) of employee benefit obligation	135,887	50,048	95,213	47,146	21,555	(22,210)	19,245	(20,071)

- As at 31 December 2017 and 2016, expected maturity of employee benefits obligation before discount are as follow:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Within 1 year	445,791	378,414	396,207	351,925
Between 2 – 5 years	348,799	274,773	271,005	238,671
Between 6 – 10 years	442,726	367,945	338,060	302,358
Between 11 – 15 years	371,232	334,848	286,704	254,598

30. INCOME TAX

The analysis of deferred tax assets and liabilities are as follows :

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2017	2016	2017	2016
	Deferred tax assets	476,077	557,397	-
Deferred tax liabilities	(996,720)	(990,566)	(207,616)	(183,195)
Deferred tax – net	(520,643)	(433,169)	(207,616)	(183,195)

The movements in deferred tax assets and liabilities are as follows:

	(Unit : Thousand Baht) Consolidated F/S			
	1 January 2017	Recognised as income (expense)		31 December 2017
		Statement of profit and loss	Shareholders' Equity	
<u>Deferred tax assets</u>				
From allowance for doubtful accounts	109,904	(18,034)	(3,288)	88,582
From allowance for obsolete inventories	951	(395)	-	556
From depreciation of assets	326,681	(52,612)	(9,561)	264,508
From loss carry forward	7,512	(7,512)	-	-
From employee benefits obligations	92,161	22,795	(1,361)	113,595
From finance lease payables	13,358	(4,522)	-	8,836
From provision for loss on construction project	8,838	(8,513)	(325)	-
From other timing differences	(2,008)	-	2,008	-
Total	557,397	(68,793)	(12,527)	476,077
<u>Deferred tax liabilities</u>				
From unrealized gain on changes in the value of investments	49,295	-	3,087	52,382
From finance lease payables	97,348	69	(267)	97,150
From depreciation of machinery	291,992	(14,867)	(6,568)	270,557
From debentures	7,439	(2,105)	-	5,334
From potash mining right	458,699	-	-	458,699
From investment properties	70,232	27,016	-	97,248
From other timing differences	15,561	-	(211)	15,350
Total	990,566	10,113	(3,959)	996,720

(Unit: Thousand Baht)

Consolidated F/S				
Recognised as income (expense)				
	1 January 2016	Statement of profit and loss	Shareholders' Equity	31 December 2016
<u>Deferred tax assets</u>				
From allowance for doubtful accounts	73,195	36,709	-	109,904
From allowance for obsolete inventories	366	585	-	951
From allowance for impairment of assets	969	(969)	-	-
From depreciation of assets	336,436	(9,755)	-	326,681
From loss carry forward	7,491	21	-	7,512
From employee benefits obligations	66,833	24,745	583	92,161
From finance lease payables	6,066	7,292	-	13,358
From provision for liabilities	18,971	(18,971)	-	-
From provision for loss on construction project	18,924	(10,086)	-	8,838
From other timing differences	13,781	(6,916)	(8,873)	(2,008)
Total	<u>543,032</u>	<u>22,655</u>	<u>(8,290)</u>	<u>557,397</u>
<u>Deferred tax liabilities</u>				
From unrealized gain on changes in the value of investments	79,192	-	(29,897)	49,295
From finance lease payables	74,533	22,815	-	97,348
From depreciation of machinery	298,319	(6,327)	-	291,992
From debentures	8,623	(1,184)	-	7,439
From potash mining right	458,699	-	-	458,699
From investment properties	61,014	9,218	-	70,232
From other timing differences	-	15,561	-	15,561
Total	<u>980,380</u>	<u>40,083</u>	<u>(29,897)</u>	<u>990,566</u>

(Unit : Thousand Baht)

Separate F/S				
Recognised as income (expense)				
	1 January 2017	Statement of profit or loss	Shareholders' Equity	31 December 2017
<u>Deferred tax liabilities</u>				
From unrealized gain on changes in the value of investments	46,498	-	2,896	49,394
From finance lease payables	82,173	3,127	-	85,300
From depreciation of machinery	32,093	10,915	(712)	42,296
From debentures	7,439	(2,105)	-	5,334
From Investment properties	14,992	10,300	-	25,292
Total	<u>183,195</u>	<u>22,237</u>	<u>2,184</u>	<u>207,616</u>

(Unit : Thousand Baht)

	Separate F/S			
	Recognised as income (expense)			
	1 January 2016	Statement of profit or loss	Shareholders' Equity	31 December 2016
<u>Deferred tax asset</u>				
From depreciation of assets	2,024	(2,034)	10	-
Total	2,024	(2,034)	10	-
<u>Deferred tax liabilities</u>				
From unrealized gain on changes in the value of investments	77,701	-	(31,203)	46,498
From finance lease payables	71,184	10,989	-	82,173
From depreciation of machinery	34,335	(2,242)	-	32,093
From debentures	8,624	(1,185)	-	7,439
From Investment properties	13,145	1,847	-	14,992
Total	204,989	9,409	(31,203)	183,195

Income tax consist of:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Domestic income tax				
Current tax	59,483	39,198	-	66
Overseas income tax				
Current tax	298,420	38,930	11,751	-
	357,903	78,128	11,751	66
Deferred tax				
Change in temporary differences	78,906	17,428	22,237	11,443
Total	436,809	95,556	33,988	11,509
Income tax recognised in other comprehensive income				
Unrealised gain on changes in value of investments	(3,087)	29,897	(2,896)	31,203
Actuarial losses	(1,361)	583	-	-
Others	4,120	(8,873)	712	10
Total	(328)	21,607	(2,184)	31,213

Reconciliation of effective tax rate

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Accounting profit before income tax	1,118,059	149,306	222,954	122,407
Tax rate for parent company (%)	20	20	20	20
Tax expense	<u>223,612</u>	<u>29,861</u>	<u>44,591</u>	<u>24,481</u>
Adjustment for tax – rate difference in foreign jurisdictions	(12,486)	(37,126)	9,834	-
Adjustment for eliminate transaction	65,149	26,241	(13,910)	(61,323)
Tax on deductible for revenue code	(457,163)	(323,016)	(162,618)	(202,661)
Tax on expenses not subject to tax for revenue code	356,876	385,435	173,403	187,221
Recognition of previously unrecognized loss carry forward	(48,852)	(302,230)	(48,550)	(45,808)
Current year losses for which no deferred tax asset Was recognized	309,673	316,391	31,238	109,599
Tax expense	<u>436,809</u>	<u>95,556</u>	<u>33,988</u>	<u>11,509</u>

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statement are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Temporary differences	1,498,755	1,452,904	1,469,115	1,427,422
Unused loss carried forward	393,498	498,267	220,593	243,202
Total	<u>1,892,253</u>	<u>1,951,171</u>	<u>1,689,708</u>	<u>1,670,624</u>

The tax losses will expire in 2017 to 2021. The deductible temporary differences do not expire under current tax legislation. The Company and subsidiaries have not been recognised deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Company and subsidiaries can utilize the benefits.

31. SHARE CAPITAL AND WARRANT

31.1 Share capital

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to increase the registered share capital from Baht 6,335,808,993 (6,335,808,993 shares at Baht 1 par value) to Baht 6,337,920,861 (6,337,920,861 shares at Baht 1 par value) to reserve for the adjustment of the warrants no.1 (ITD-W1) exercising. The Company registered such changes with the Department of Business Development on 19 May 2017.

During the year 2016, the warrant holders exercised 20 warrants to buy 20 common shares. The Company received additional paid-up share capital to be Baht 5,279,840,848 which The Company registered such changes with the Department of Business Development on 11 October 2016.

31.2 Warrant

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to adjust the exercising price and exercising ratio of the warrant no.1 (ITD-W1), from the existing rights offering 1 unit of warrant for 1 common share at Baht 14 each, to 1 unit of warrant for 1.002 common share at Baht 13.971 each.

1 unit of warrant is exercisable to purchase 1 common share at Baht 14 each within 4 years starting from 14 May 2015 to 13 May 2019. It first exercise is on 30 June 2015 and able to exercise on the last working day of each quarter. The Company has the exercise of warrants No. 6 on 30 September 2016 that the warrant holders exercised 20 warrants to buy 20 common shares. As at 31 December 2016, the Company has the outstanding warrant totaling 1,055,934,093 units unexercised warrants.

32. DIVIDEND PAYMENT

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to approve the dividend payment from the operations for the year 2016 at Baht 0.01026 per share for 5,279.84 million shares, totaling of Baht 54.17 million. The Company paid for such dividend on 26 May 2017.

33. EARNING PER SHARE

There is no potential dilution in earnings per share arose from warrant because the average share price during this period was lower than the exercise price. The Company therefore, has not computed the diluted earnings per share from warrant.

34. RELATED PARTY TRANSACTIONS

During the year, the Company and subsidiaries had significant business transactions with related parties, which have been conducted on commercial terms and based on agreed upon in the ordinary course of businesses between the Company and those related parties, as follows :

<u>Name</u>	<u>Location</u>	<u>Relationship</u>
Siam Steel Syndicate Pcl.	Thailand	Co-Director
Italthai Industrial Co., Ltd.	Thailand	Co-Director
Italthai Engineering Co., Ltd.	Thailand	Co-Director
Ao Po Grand Marina Co., Ltd.	Thailand	Co-Director
Ao Po Grand Marina & Residence Co., Ltd.	Thailand	Co-Director
P3 Global Energy Co., Ltd.	Thailand	Co-Director
PAN AFRICAN MINING CORP.	Canada	Co-Director
Asia Thai Mining Co., Ltd.	Thailand	Co-Director
Charoong Thai Wire and Cable Plc.	Thailand	Co-Director
PAM SAKOA COAL S.A.	Madagascar	Co-Director
LNG Plus International (Hong Kong) LTD	Hong Kong	Co-Director
Siam machinery and equipment Co., Ltd.	Thailand	Co-Director
Construction concrete Co., Ltd.	Thailand	Co-Director
OHTL Pcl.	Thailand	Co-Director
NWR – SBCC Joint Venture	Thailand	Co-Director
Bell Development Co., Ltd.	Thailand	Co-Director
Nishio Rent All (Thailand) Co., Ltd.	Thailand	Co-Director
Intrinsic Resources Co., Ltd.	Thailand	Co-Director
Sakdi Sin Prasit Co., Ltd.	Thailand	Co-Director
Siam Fiber Optics Co., Ltd.	Thailand	Co-Director
C.P.K. Plantation Co.,Ltd	Thailand	Co-Director
Praram 9 Square Limited	Thailand	Co-Director
Amari Pattaya Co.,Ltd	Thailand	Co-Director
Thai Barge Container Services Co.,Ltd	Thailand	Co-Director

<u>Transaction</u>	<u>Pricing policy</u>
Turn - key construction service income	Cost plus margin
Construction service income, exclusive the procurements of materials	Cost or cost plus margin
Land rental income	Mutually agreed rate
Sales of equipment	Cost or mutually agreed price
Sales of investment	Market price
Purchases of construction materials	Approximate market price
Turn-key construction expenses	Cost plus margin
Hire of construction services, exclusive procurements of materials	Cost
Purchases of investments	Approximate net book value
Purchases of assets	Mutually agreed prices
Interest on loans with related parties	Mutually agreed rate
Rental expenses	Mutually agreed rate

Below are summaries of significant related party transactions during the year :

	(Unit : Million Baht)			
	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2017	2016	2017	2016
<u>Transactions with subsidiaries</u>				
Construction services, sales and other income	-	-	773	679
Sales of equipment	-	-	37	4
Purchases of construction materials and services	-	-	1,434	1,398
<u>Transactions with associated companies and joint ventures</u>				
Construction services, sales and other income	251	195	244	194
Sales of equipment	25	8	25	8
Purchases of construction materials and services	274	250	229	223
<u>Transactions with related companies</u>				
Construction services, sales and other income	471	852	336	676
Sales of equipment	1	-	1	-
Purchases of construction materials and services	2,825	2,062	2,486	1,450
Purchases of equipment	474	909	278	907
<u>Key management personnel compensation</u>				
Short - term employee benefits	145	133	114	106
Post - employment benefits	12	11	2	2

Furthermore, the Company also has significant transactions with its related parties in respect of loans and advances. The outstanding balances of such transactions are presented as separate items in the statement of financial position.

Accrued rental expenses

As at 31 December 2017, a subsidiary has accrued rental expenses of Baht 77.38 million (2016: Baht 70.31 million).

35. ALLOWANCE FOR LOSSES ON PROJECT

Movements of allowance for losses on project for the years ended 31 December 2017 and 2016 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	291,587	265,468	221,100	265,468
Allowance (reversal) for loss on projects	(121,875)	26,119	(53,921)	(44,368)
Balance as at 31 December	<u>169,712</u>	<u>291,587</u>	<u>167,179</u>	<u>221,100</u>

36. PROVIDENT FUND

The Company and subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, and subsidiaries, contributed to the fund monthly at the rate of 2.00 – 15.00 percent of basic salary. The fund, which is managed by CIMB - Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2017 and 2016, the Company and its subsidiaries contributed Baht 124.68 million and Baht 113.03 million, respectively, to the fund (Separate F/S : Baht 53.32 million and Baht 52.21 million, respectively).

37. COST OF CONSTRUCTION WORK

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Cost occurred plus with profit (less loss recognized)	132,508,260	108,989,985	111,353,727	84,996,275
Allowance (reversal) for loss on construction projects	(111,822,186)	(90,930,025)	(94,032,147)	(70,505,162)
Balance as at 31 December	<u>20,686,074</u>	<u>18,059,960</u>	<u>17,321,580</u>	<u>14,491,113</u>

38. LEGAL RESERVE

Pursuant to Section 116 of the Public Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

39. OTHER INCOME

Significant other income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Rental income	67,508	47,687	116,714	37,456
Insurance claim	27,468	1,823	-	-
Subcontractor and labour charge	18,870	-	16,721	-
Gain on disposal of assets	181,470	4,558	54	573
Claim income	68,393	-	68,393	-
Income from reduction debt	35,940	-	-	-
Service income	72,989	49,541	94,859	49,541
Bad debt written back	38,160	47,637	54	7,432
Income from sale scrap	18,193	94,811	16,520	92,974
Others	175,076	157,507	83,869	58,213
Total	<u>704,067</u>	<u>403,564</u>	<u>397,184</u>	<u>246,189</u>

40. EXPENSES BY NATURE

Significant expenses by nature are as follows :

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	10,429,343	9,439,224	7,690,649	6,923,597
Depreciation	2,364,372	2,331,546	1,208,736	1,256,801
Amortisation	57,694	32,904	32,031	6,089
Rental expenses	1,724,073	1,349,770	1,185,220	876,549
Materials and supplies used	19,364,915	14,865,602	13,727,431	8,704,552
Subcontract costs	13,072,753	12,997,905	9,354,698	5,405,589
Utilities expenses	892,303	786,626	354,833	293,270
Transportation expenses	602,172	506,052	327,071	255,145
Repair and maintenance expenses	669,424	842,011	364,526	356,097
Prebid expenses	25,657	68,543	21,405	58,485
Professional fee	672,717	431,080	275,545	113,501
Fuel expenses	1,495,091	1,401,990	1,007,086	879,874

41. GUARANTEES

As at 31 December 2017, the Company and subsidiaries have outstanding guarantees totaling approximately Baht 57,417 million issued by financial institutions on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business. The Company does not expect to incur losses from these guarantees.

As at 31 December 2017, the Company has outstanding guarantees approximately Baht 6,536.26 million issued to financial institutions to collateralize credit facilities granted by those financial institutions to the subsidiaries and joint venture. The Company issued guarantees in proportion to its shareholding (except for Italthai Trevi Co., Ltd., Italthai Marine Co., Ltd., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd., and ITD Cementation India Limited for which the Company issued full guarantees for the credit facilities).

42. COMMITMENTS

- 42.1 As at 31 December 2017, the Company, subsidiaries and joint venture have outstanding commitments with major subcontractors, classified by currencies as follows :

<u>Currency</u>	(Unit : Million Baht)	
	Baht Equivalent	
	Consolidated F/S	Separate F/S
THB	5,187.38	5,008.64
INR	1,641.27	91.25
BDT	606.78	298.62

- 42.2 As at 31 December 2017, the Company and subsidiaries have the following outstanding commitments, proportionately, for purchases of materials, machinery, software, related services and service contracts :

<u>Currency</u>	(Unit : Million Baht)	
	Baht Equivalent	
	Consolidated F/S	Separate F/S
THB	124.69	112.21
USD	440.22	247.34
INR	34.89	-
EUR	191.81	185.90
TWD	0.63	0.63
VND	296.05	296.05
CNY	21.21	21.21
SGD	6.50	-

- 42.3 As at 31 December 2017, the Company has outstanding commitments in respect of the uncalled portion of investments in nine subsidiary companies of Baht 2.25 million, USD 1.65 million, BDT 26,295.19 million and MMK 344.17 million.

- 42.4 As at 31 December 2017, the Company has outstanding commitments of USD 8.35 million for purchase shares transfer agreement of an associated company from existing shareholder.

- 42.5 A subsidiary company has a commitment to apply for and to obtain a mining concession from the Government of Thailand prior to the commencement of the potash mining operations. A fee of USD 5 million is payable to the Ministry of Industry upon receipt of the mining concession and an annual fee subsidizing the Education Fund of USD 0.20 million is payable to the Department of Primary Industries and Mines in accordance with an agreement between the Ministry of Industry and the Department of Primary Industries and Mines and the Company.

42.6 A subsidiary company entered into a land purchase and sale agreement for the land located in the mining project area in Udon Thani Province. The total area of land is approximately 1,239 rais for a total cost of Baht 279 million. The subsidiary company has paid a deposit of Baht 1.58 million for the land purchase, and the balance will be paid according to the terms of the agreements.

42.7 Several indirect subsidiary companies entered service agreements for project consultant which have commitment to pay at the rate as specified in agreements.

43. CONTINGENT LIABILITIES

a) Certain customers of the Company have taken legal actions against the Company, subsidiary companies, and joint venture for breaches of service agreements as follow :

	Million Baht
Company and subsidiary companies	1,203.29
Joint venture	16.57
Total	1,219.86

b) A creditor has taken legal actions against an indirect subsidiary company for breaches of service agreements amounting to Baht 4.03 million since October 2016. During the period, an indirect subsidiary negotiated and settled some of debt to creditor. Creditors have withdrawn the such legal case.

c) A State Enterprise has claim for damage with a bank of Baht 84.23 million from issues bank guarantee for indirect subsidiary since the Company has obligation from bank guarantee for credit facilities and compliance with agreement for an indirect subsidiary. Currently, an indirect subsidiary is under process negotiation with a State Enterprise. The Company therefore has pledged deposit of Baht 84.23 million as collateral with such bank.

d) A branch office in overseas has been tax assessed for the years 2008 by tax authority of branch office totalling Baht 116.15 million. The Company's management believes that no material liabilities will be incurred from tax assessed. Therefore, the Company has not set up provision for those in the accounts.

e) A subsidiary company was assessed additional import tax for equipment by custom department of Baht 52.31 million. The management of subsidiary company submitted an appeal and objection such assessment by confirm that have to pay tax correct and completely. During the year 2016, Appeal Committee had issued a verdict a favour of the subsidiary company whereby the subsidiary company has no pay tax in the amount of Baht 52.31 million. The subsidiary company has to be classified component machineries by category to comply with verdict in order to assess and pay import tax in according to the Appeal Committee defined. The management of subsidiary company believe that there will be no damage from such case. The company therefore has not set up provision in its accounts.

44. SEGMENT REPORTING

Consolidated financial statements as at 31 December 2017 and 2016 and for the years ended 31 December 2017 and 2016 combined geographic segment reporting as follows :

(Unit : Million Baht)

	Consolidated F/S			
	Revenues from construction work		Non - current assets*	
	2017	2016	2017	2016
<u>Geographic information</u>				
Thailand	35,887	25,709	24,362	24,383
India	12,893	16,846	2,923	2,056
Others	1,422	72	12,035	10,762
Total	<u>50,202</u>	<u>42,627</u>	<u>39,320</u>	<u>37,201</u>

** Exclude deferred tax asset and goodwill*

Revenues from external customers in the Group, Thailand as well as its major markets, and India, have been identified on the basis of the customer's geographical location. Non - current assets are allocated based on their physical location.

The operations of the Company and subsidiaries for the years ended 31 December 2017 and 2016 are mainly engaged in a single industry segment, construction services, and are conducted in the following geographical segments as follows :

(Unit : Million Baht)

	Consolidated F/S											
	For the years ended 31 December											
	Thailand		India		Other countries		Total		Eliminate		Grand Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<u>Revenue from construction work</u>												
Gross segment revenues	35,887	25,709	12,893	16,846	1,422	72	50,202	42,627	-	-	50,202	42,627
Inter - segment revenues	766	932	30	43	-	-	796	975	(796)	(975)	-	-
Net revenues from third parties	36,653	26,641	12,923	16,889	1,422	72	50,998	43,602	(796)	(975)	50,202	42,627
<u>Revenue from sale and service</u>												
Gross segment revenues	3,317	3,474	-	-	1,577	1,219	4,894	4,693	-	-	4,894	4,693
Inter - segment revenues	770	574	-	-	486	506	1,256	1,080	(1,256)	(1,080)	-	-
Net revenues from third parties	4,087	4,048	-	-	2,063	1,725	6,150	5,773	(1,256)	(1,080)	4,894	4,693
Gross profit (loss)	2,992	2,610	2,643	1,515	880	423	6,515	4,548	58	(30)	6,573	4,518
Other income	438	267	370	149	136	7	944	423	(240)	(19)	704	404
Interest income	82	88	94	105	4	11	180	204	(40)	(40)	140	164
Interest expense	(1,603)	(1,523)	(584)	(716)	(198)	(211)	(2,385)	(2,450)	39	40	(2,346)	(2,410)
Depreciation and amortization	(1,781)	(1,701)	(185)	(337)	(468)	(404)	(2,434)	(2,442)	12	13	(2,422)	(2,429)
Reversal of allowance (allowance) for doubtful accounts	(469)	(99)	(609)	(107)	1	1	(1,077)	(205)	313	44	(764)	(161)
Gain (loss) on exchange rate	(128)	2	3	4	(225)	(36)	-	(30)	-	-	(350)	(30)
Share of profit (loss) from investment in associated companies and joint ventures											61	(28)
Income tax expense											(437)	(96)
Profit (loss) for the year											681	54

	(Unit : Million Baht)											
	Thailand		India		Other countries		Total		Elimination		Grand total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment - net	11,188	11,325	2,624	2,182	5,857	5,440	19,669	18,947	(22)	(52)	19,647	18,895
Other assets	63,832	56,727	13,418	12,082	9,865	7,652	87,115	76,461	(18,933)	(17,236)	68,182	59,225
Total assets	75,020	68,052	16,042	14,264	15,722	13,092	106,784	95,408	(18,955)	(17,288)	87,829	78,120
Total liabilities	52,836	45,821	16,639	15,145	17,632	15,059	87,107	76,025	(14,050)	(12,239)	73,057	63,786

Major Customer

For the year ended 31 December 2017, the Company and subsidiaries revenue come from Government agencies amounting of Baht 32,838.37 million (2016: Baht 24,767.75 million).

45. FINANCIAL INSTRUMENTS

Financial risk management

The Company and subsidiaries have financial instruments principally comprise cash and cash equivalent pledged deposits at banks, trade accounts receivable, loans, investments, bank overdrafts and short – term loans from financial institutions, loans, finance lease payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and subsidiaries have exposure to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit grantings are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as presented in the statement of financial position.

Interest rate risk

The Company and subsidiaries exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term loans from financial institutions, short-term loans, finance lease payables, debentures and long-term borrowings. However, since most of the Company's 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.

Foreign currency risk

The Company and subsidiaries have exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Company, subsidiaries and joint ventures seek to manage this risk by entering into forward exchange and currency swap contracts when it considers appropriate.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2017 are summarized as follows :

Foreign currency	Consolidated F/S		Separate F/S		Average exchange rate as at 31 December 2017 (Baht per foreign currency unit)
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Million)	(Million)	(Million)	(Million)	
USD	25	5	53	5	32.6809
EUR	-	1	-	-	39.3938
LAK	-	717	-	-	0.0039

Forward exchange contracts which remaining outstanding as at 31 December 2017 are summarized as follows :

Currency	Balance (Million)	Forward contract exchange rate
USD (buy)	4	32.3531
JPY (buy)	576	0.2947 – 0.3076
CNY (buy)	1	4.9230 – 4.9900

As at 31 December 2017, significant foreign currency denominated assets and liabilities which are unhedged of the Company, subsidiaries and joint venture as follow:

	Consolidated F/S (Net)		
	USD	EUR	LAK
	Million	Million	Million
Trade accounts receivable and retention	9	-	-
Trade accounts receivable and loan to – related companies	16	-	-
Trade accounts payable	2	1	717
Loans from financial institutions	3	-	-
	Separate F/S (Net)		
	USD	EUR	LAK
	Million	Million	Million
Trade accounts receivable and loan to – related companies	53	-	-
Trade accounts payable	2	-	-
Loans from financial institutions	3	-	-

In addition, the Company and subsidiaries have foreign currency exposure risk with respect to their investments in subsidiaries and associated companies in overseas which are not covered by the hedges against foreign currency risk.

As at 25 September 2017, a subsidiary has restructured the detail of derivatives totaling Baht 2,702.39 million signed with a financial institution in Year 2015 to be Baht 2,706 million, starting from 25 September 2017 to 30 December 2022. The objective is to reduce financial cost by adjusting the hedging management in terms of foreign currency exchange risk and interest risk in present situation.

46. 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 market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2017:

(Unit : Thousand Baht)

	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Forward contract assets	-	3,792	-	3,792
Current investments	-	46	-	46
Other long – term investments	590,199	-	-	590,199
Investment properties	-	2,113,270	-	2,113,270
Total	590,199	2,117,108	-	2,707,307

(Unit : Thousand Baht)

	Separate F/S			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Forward contract assets	-	3,865	-	3,865
Other long – term investment	556,080	-	-	556,080
Investment properties	-	1,151,219	-	1,151,219
Total	556,080	1,155,084	-	1,711,164

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2016:

(Unit : Thousand Baht)

	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
Assets				
Current investments	-	46	-	46
Other long – term investments	574,764	-	-	574,764
Investment properties	-	1,925,363	-	1,925,363
Total	574,764	1,925,409	-	2,500,173
Liabilities				
Forward contract liabilities	-	125,315	-	125,315
Total	-	125,315	-	125,315

(Unit : Thousand Baht)

	Separate F/S			
	Level 1	Level 2	Level 3	Total
Assets				
Other long – term investment	541,602	-	-	541,602
Investment properties	-	1,040,043	-	1,040,043
Total	541,602	1,040,043	-	1,581,645
Liabilities				
Forward contract liabilities	-	1,882	-	1,882
Total	-	1,882	-	1,882

Investment properties was carried out using a market approach comparable with market price of the same assets reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the investment properties in question, including plot size, location, encumbrances and current use.

47. CAPITAL RISK MANAGEMENT

The Company and subsidiaries' objective in the management of capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital. In addition, the Company and subsidiaries are required to maintain a debt to equity ratio as stipulated in loan facility agreements.

In order to maintain or adjust the capital structure, the Company and subsidiaries may adjust the dividend payment to shareholders, issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

48. RECLASSIFICATION

The subsidiary companies have reclassified certain accounts in the statement of financial position as at 31 December 2016 to conform to the current period's classification but with no effect to previously report profit or shareholders' equity. The reclassifications are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	As reclassified	As previously report	As reclassified	As previously report
<u>STATEMENTS OF FINANCIAL POSITION</u>				
Earned revenues not yet billed	18,181,173	19,738,171	14,611,428	16,168,426
Inventories and work in process – net	2,955,159	3,339,485	-	-
Property, plant and equipment – net	18,895,094	18,510,768	-	-
Deferred concession cost and costs of project under development	2,909,039	1,352,041	1,556,998	-
<u>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</u>				
Revenues from construction work	42,627,103	45,190,164	25,174,577	26,465,749
Revenues from sales and services	4,692,464	2,178,944	1,241,631	-
Other revenues	403,564	354,023	246,189	196,648
Costs of construction work	39,442,888	40,906,132	23,619,666	24,353,102
Costs of sales and services	3,358,478	1,794,777	733,436	-

49. EVENT AFTER REPORTING PERIOD

On 2 February 2018, an overseas subsidiary has issued 16,629,684 shares at price of 202.55 INR per share (par value at 1 INR per share) aggregating INR 3,368.34 million to Qualified Institutional Buyers by legal. Consequently, the proportion the Company's of investment has reduced from 51.63% to 46.64%.

50. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 28 February 2018.