

## **INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **To the shareholders of Italian-Thai Development Public Company Limited**

I have reviewed the accompanying consolidated statement of financial position as at 30 September 2017, the related consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017, consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2017, and condensed notes to interim financial statements of Italian-Thai Development Public Company Limited and its subsidiaries. I have also reviewed the separate statement of financial position as at 30 September 2017, the related separate statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017, statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2017, and condensed notes to the interim financial statements of Italian-Thai Development Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim financial reporting". My responsibility is to issue a concluding report on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the interim financial information.

### **Basis for Qualified Concluding Report**

As discussed in Note 5 to the financial statements, the consolidated financial statements as at 30 September 2017 include trade accounts receivable and unbilled work in progress of an overseas subsidiary totalling Baht 590.20 million which represent a number of variation order claims recognized some years ago based on the terms and conditions implicit in the agreements that the subsidiary had with its customers. These claims are technical in nature and are currently subject to an arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the Dispute Resolution Board, the Arbitration Tribunal, High Court orders and legal opinion from an independent counsel. The Company's management believe that no allowance for doubtful accounts for such receivables and claims is yet necessary and has not recorded such allowance in the consolidated financial statements. I am not able to assess the potential impact (if any) to such outstanding balances and the corresponding impact to the consolidated statement of financial position and consolidated results of operations for the current period.

As discussed in Notes 5 and 6 to the financial statements, as at 30 September 2017, the consolidated financial statements include trade accounts receivable of an overseas subsidiary totalling Baht 317.75 million which is presently under negotiation for debt settlement plan. In addition, the consolidated financial statements and separate financial statements include trade accounts receivable and short-term loans to related companies totalling Baht 184.15 million and Baht 103.57 million, respectively, which are presently under the process of project feasibility study and negotiation with strategic investors to join the operations in the future. The Company has not set up an allowance for doubtful accounts for such receivables. I am not able to assess the potential impact (if any) to such outstanding balances and the corresponding impact to consolidated and separate financial position and consolidated and separate results of operations for the current period.

### **Qualified Concluding Report**

Based on my review, except for the effects to the consolidated and separate financial statements for the three-month and nine-month periods ended 30 September 2017 of the matters discussed in the above paragraph "Basis for Qualified Concluding Report", nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim financial reporting".

## **Emphasis of Matters**

I draw attention to below information :

- 1) As discussed in Note 10 to the financial statements, the Company has land lease concessions and costs of projects under development in the Dawei Special Economic Zone totalling Baht 7,649.51 million. This project depends on the cooperation of the government of Thailand and the Republic of the Union of Myanmar, as the new concessionaires and promoter of the Dawei Project. The Company has the right to reimburse such costs from new partners of each project or else obtain additional right over the procession of land.
  
- 2) As discussed in Note 11 to the financial statements, a subsidiary company has acquisition costs for potash mining rights amounting to Baht 2,293.49 million for which the application for potash mining concessions is in process. The Company's management believes that this project will be approved by the government and will become operational as planned in the near future.

My concluding report is not qualified in respect of the above mentioned matters.

**Mr. Somckid Tiatragul**

Certified Public Accountant

Registration No. 2785

Bangkok

14 November 2017