**ITALIAN-THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022 (Unaudited but reviewed)**

1. **NATURE OF OPERATIONS**

Italian-Thai Development Public Company Limited (“the Company”) is incorporated and domiciled in Thailand which has 3 overseas branches and 3 overseas project offices. The Company and its subsidiaries are principally engaged in the construction services and other services relating to construction support, providing soil and coal extraction and removal services, real estate business, manufacturing and selling construction materials and products, including investments in other projects in Thailand and overseas.

1. **BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION**
	1. Basis for interim financial statements preparation

The interim financial statements for the three-month period ended 31 March 2022 have been prepared in accordance with Thai Accounting Standard 34 “Interim Financial Reporting” including guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission and are presented in Thai Baht currency which do not include all the information required in annual financial statements in accordance with Thai Financial Reporting Standards. These should therefore be read in conjunction with the full set of financial statements for the year ended 31 December 2021.

The interim financial statements are officially prepared in Thai language. The translation of these statutory financial statements into another language must conform to the Thai financial report.

These interim financial statements were approved by the Company’s directors on 17 May 2022.

* 1. Basis for interim consolidated financial statements preparation

The interim consolidated financial statements included the financial statements of Italian-Thai Development Public Company Limited and its subsidiaries and are prepared on the same basis as applied for the preparation of consolidated financial statements for the year ended 31 December 2021 with significant changes in Group’s structure during the period as follows:

* The Company and Nawarat Patanakarn Public Company Limited jointly invested in ITD-NWR MRT Joint venture which is principally engaged in the construction of MRT Purple Line Project : Tao Pun – Rat Burana (Kanchanaphisek Ring) Contract No.3 Design, Tunnel construction and Station construction Phanpha – Phra Phuttha Yodfa Bridge. The Company has investment of 60% of the joint venture.
	1. The interim consolidated financial statements as at 31 March 2022 included investments in associated companies accounted for by the equity method of Baht 388.62 million and related share of loss accounted for by the equity method of associated companies for the three-month period then ended of Baht 1.47 million for which the figures are based on financial information prepaired by the management of such associated companies which had not been reviewed by their auditors because those associated companies are not under the control of the Company’s management. However, the Company’s management believes that there will be no significant variances if the financial statements of those associated companies are reviewed by their auditors.

In addition, the consolidated statement of financial position as at 31 March 2022 included investments in a joint venture accounted for by the equity method of Baht 179.33 million for which the figures are based on financial information of a joint venture as at 30 September 2019 which were reviewed by the joint venture’s auditor. The joint venture’s management was unable to prepare the financial information up to date since the joint venture and the employer have a dispute regarding the termination of construction contract which is such dispute under the consideration process of Dispute Adjudication Board (DAB). Therefore, the joint venture’s management is unable to assess the potential impact to the realizable value of assets, the obligation in current liabilities including contingent liabilities from such matter.

* 1. Financial information of joint operations

The interim consolidated and separate financial statements as at 31 March 2022 and 31 December 2021 and for the three-month periods ended 31 March 2022 and 2021 included assets, liabilities, revenues and expenses of the joint operations (after eliminate transaction with the Company) proportionately based on the Company’s interest as follows:

|  |  |
| --- | --- |
|   | (Unit : Thousand Baht) |
|  | 31 March 2022 | 31 December 2021 |
|  |  |  |
| Current assets | 3,978,367 | 3,141,609 |
| Non-current assets | 218,294 | 223,614 |
| Current liabilities | 2,564,651 | 1,808,781 |
| Non-current liabilities | 2,911,151 | 1,268,959 |
|  |  |  |
|  |  |  | (Unit : Thousand Baht) |
|  |  | For the three-month periods ended 31 March |
|  |  |  | 2022 | 2021 |
|  |  |  |  |  |
| Revenues |  |  | 1,096,775 | 652,770 |
| Expenses |  |  | 764,874 | 435,684 |

1. **SIGNIFICANT ACCOUNTING POLICIES**

These interim financial statements have been prepared using the same accounting policies used in the preparation of the financial statements of the Group for the year ended 31 December 2021, except for the adoption of the new and revised Thai Financial Reporting Standards, interpretations and guidance that become effective for the preparation financial statements for the period beginning on or after 1 January 2022. However, the Group’s management considered that the application has no material impact on the financial statements.

1. **ESTIMATES AND JUDGMENTS**

When preparing the interim financial statements, the management undertake judgments, estimates and assumptions for the recognition and measurement of assets, liabilities, revenues and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation, are the same as those applied in the annual financial statements for the year ended 31 December 2021.

1. **PROMISSORY NOTES RECEIVABLE**

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated and Separate F/S |
|  | 31 March 2022 | 31 December 2021 |
|  |  |  |
| Promissory notes receivable | 285,939 | 335,939 |
| Less : Current portion | (50,000) | (50,000) |
| Net | 235,939 | 285,939 |

During the year 2018, the Company entered into an agreement with a debtor for the settlement of construction work. Such debtor agreed to settle the debt by issuing promissory notes to the Company with installment payments over 10 years bearing interest at a rate of 4.18% per annum.

As at 31 March 2022, the Company has long-term loan from a local financial institution of Baht 285.94 million (31 December 2021 : Baht 335.94 million). Such loan bears interest a rate of at 4% per annum. The principal and interest are repayable when the Company receives the payment of the promissory notes receivable from such debtor (As discussed in Note 21 to the interim financial statements)

1. **TRADE ACCOUNTS RECEIVABLE – UNRELATED PARTIES**

##

## The trade accounts receivable – unrelated parties as at 31 March 2022 and 31 December 2021 are aged as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
| Ages of accounts receivable | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Less than 3 months | 8,057,156 | 8,709,297 | 6,543,301 | 7,313,173 |
| 3 – 6 months | 179,462 | 234,684 | 28,823 | 18,396 |
| 6 – 12 months | 62,588 | 159,064 | 3,375 | 83,799 |
| More than 12 months | 2,712,597 | 3,094,385 | 1,738,519 | 2,103,972 |
| Total | 11,011,803 | 12,197,430 | 8,314,018 | 9,519,340 |
| Less : Allowance for impairment losses | (1,125,864) | (1,145,515) | (280,531) | (281,279) |
| Net | 9,885,939 | 11,051,915 | 8,033,487 | 9,238,061 |

The Group recognizes the allowance for impairment loss by expected credit loss (ECL) model, except for the following receivables:

* As of 31 March 2022 and 31 December 2021, the consolidated and separate financial statements included trade accounts receivable from a State Enterprise in respect of a construction project totalling Baht 1,125.79 million which is the remaining construction amount completed in September 2019. The Company is the negotiation process to receive the payment of such remaining construction amount deducted by the employer, since the employer has claimed for the penalty from the construction work completed after the key completion dates and also after the final completion date of the contract.

The Company had ever argued about the consideration of the extension of the completion dates for some cases of the delay causes and the Company received the approval letter of the extension of the completion dates. Resulting, the Company received the partial payment of construction amount in September 2020.However, the Company has still argued the consideration of the extension of the completion dates which was approved by the employer. In November 2020, the Company submitted a letter to the employer to reserve the right for reducing or cancelling the remaining penalty. The employer’s project consultant issued the opinion letter to the employer to reconsider the Company’s argument which it is currently in the consideration process of the employers’ committee.

However, the Company’s management believes that the extension of completion dates will get the approval and the Company will receive all remaining construction amount from the employer.

* As at 31 March 2022, the Group has outstanding trade receivables from the government sectors totaling Baht 441.71 million and from the private sectors totaling Baht 26.54 million for various construction projects in both of Thailand and overseas which is under the negotiation process for the debt collection for the construction work. Such construction projects have been certified by the project consultant and the employer. Therefore, the Group’s management believes that they are able to collect such all outstanding amount.
* As at 31 March 2022, the consolidated financial statements include trade receivable from private sector of an overseas subsidiary of Baht 68.03 million. The debt collection is depended on the result from the negotiation with the employer as discussed in Note 26.2 to the interim financial statements.
1. **TRADE AND OTHER ACCOUNTS RECEIVABLE – RELATED PARTIES**

# The outstanding balances as at 31 March 2022 and 31 December 2021 are as follows:

#

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Subsidiaries | - | - | 2,484,194 | 2,700,671 |
| Associated and joint control companies  and joint ventures | 1,759,000 | 1,657,576 | 1,240,144 | 1,238,822 |
| Related parties | 369,567 | 387,334 | 278,978 | 295,526 |
| Trade and other accounts receivable - related parties  | 2,128,567 | 2,044,910 | 4,003,316 | 4,235,019 |
| Less : Allowance for impairment loss | (579,888) | (578,011) | (548,632) | (546,290) |
| Net | 1,548,679 | 1,466,899 | 3,454,684 | 3,688,729 |

The trade and other accounts receivable - related parties as at 31 March 2022 and 31 December 2021 are aged as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
| Ages of accounts receivable | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Less than 3 months | 251,337 | 173,060 | 780,438 | 570,436 |
| 3 – 6 months | 27,543 | 109,584 | 156,038 | 66,945 |
| 6 – 12 months | 12,869 | 25,123 | 176,173 | 440,109 |
| 12 – 24 months | 551,669 | 479,412 | 1,016,702 | 1,321,234 |
| More than 24 months | 1,285,149 | 1,257,731 | 1,873,965 | 1,836,295 |
| Total | 2,128,567 | 2,044,910 | 4,003,316 | 4,235,019 |
| Less : Allowance for impairment losses | (579,888) | (578,011) | (548,632) | (546,290) |
| Net | 1,548,679 | 1,466,899 | 3,454,684 | 3,688,729 |

1. **CONTRACT ASSETS AND CONTRACT LIABILITIES**

The Group has outstanding balances of contract assets and contract liabilities with customers as follow:

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| **Contract assets** |  |  |  |  |
| Contract assets - current |  |  |  |  |
|  Earned revenues not yet billed - net | 24,509,597 | 24,558,525 | 20,412,844 | 19,505,832 |
|  Retentions receivable | 3,863,910 | 3,934,209 | 2,208,921 | 2,433,649 |
|  Costs to fulfil a contract asset | 129,405 | 66,411 | 87,747 | 66,411 |
| Total contract assets - current | 28,502,912 | 28,559,145 | 22,709,512 | 22,005,892 |
|  |  |  |  |  |
| Contract assets - non-current |  |  |  |  |
|  Retentions receivable | 10,317 | - | - | - |
|  Costs to fulfil a contract asset | 2,439,520 | 1,856,591 | 2,439,520 | 1,856,591 |
| Total contract assets - non-current | 2,449,837 | 1,856,591 | 2,439,520 | 1,856,591 |
|  |  |  |  |  |
| **Total contract assets** | 30,952,749 | 30,415,736 | 25,149,032 | 23,862,483 |
|  |  |  |  |  |
| **Contract liabilities** |  |  |  |  |
| Contract liabilities - current |  |  |  |  |
| Receipts in excess of work in progress  | 2,773,271 | 2,509,236 | 32,818 | 30,584 |
| Customer advances under construction  contracts due for revenue recognition  within 1 year | 7,979,625 | 7,297,970 | 7,479,244 | 6,410,600 |
| Total contract liabilities - current | 10,752,896 | 9,807,206 | 7,512,062 | 6,441,184 |
|  |  |  |  |  |
| Contract liabilities - non-current |  |  |  |  |
| Customer advances under  construction contracts | 9,158,039 | 6,787,706 | 6,411,972 | 4,807,847 |
| Total contract liabilities - non-current | 9,158,039 | 6,787,706 | 6,411,972 | 4,807,847 |
|  |  |  |  |  |
| **Total contract liabilities** | 19,910,935 | 16,594,912 | 13,924,034 | 11,249,031 |

1. Earned revenue not yet billed

As at 31 March 2022, the consolidated financial statements included the Company’s portion of earned revenues but not yet billed of Baht 258.53 million (Rupees 588.09 million) (31 December 2021 : Baht 263.15 million (Rupees 587.91 million)) which present variation orders claims for a construction project with a State Enterprise of an overseas joint venture between the Company and an overseas subsidiary. The Joint Venture has been completed the construction work in December 2018 and received the Taking Over Certificate from the employer in the year 2019 and received the Performance Certificate in December 2020 subsequently.

In June 2021, the employer made the partial payment for the construction work to the joint venture. However, the joint venture is currently under the negotiation with the employer to claim the remaining construction work through the Arbitration process. The joint venture’s management has assessed the realization based on information from the legal opinion of an independent counsel and believes that they will get the full payment from the employer. The recoverability of such earned revenues not yet billed is dependent on the outcome from the negotiation with the employer through the Arbitration process which cannot presently be concluded.

1. Costs to fulfil contracts

Movement of costs to fulfill contracts for the period ended 31 March 2022 are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2022 | 1,923,002 | 1,923,002 |
| Add : Increase | 671,966 | 626,966 |
| Less : Amortization during the period | (26,043) | (22,701) |
| Balance as at 31 March 2022 | 2,568,925 | 2,527,267 |

1. **SHORT–TERM LOANS AND ADVANCES TO RELATED PARTIES**

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,339,678 | 1,362,023 |
| Associated companies and joint ventures | 388,136 | 368,642 | 242,158 |  244,283 |
| Related companies | 15,886 |  15,944 | - |  - |
| Total | 404,022 | 384,586 | 1,581,836 | 1,606,306 |
| Less : Allowance for impairment losses | (25,037) | (25,095) | (973,509) |  (957,837) |
| Short-term loans and advances to  related parties - net | 378,985 |   359,491 | 608,327 |   648,469 |

Movements in short-term loans and advances to related parties for the three-month period ended 31 March 2022 are as follows:

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | Consolidated F/S |
|  |  | During the period |  |
|  | 1 January2022 | Increase | Decrease | Translation adjustment | 31 March2022 |
|  |  |  |  |  |  |
| Associated company and joint venture | 368,642 | 22,047 | (2,553) | - | 388,136 |
| Related companies | 15,944 | - | - | (58) | 15,886 |
| Total | 384,586 | 22,047 | (2,553) | (58) | 404,022 |

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | Separate F/S |
|  |  | During the period |  |
|  | 1 January2022 | Increase | Decrease | Translation adjustment | 31 March2022 |
|  |  |  |  |  |  |
| Subsidiaries | 1,362,023 | 26,312 | (48,000) | (657) | 1,339,678 |
| Associated company and joint venture | 244,283 | - | (2,125) | - | 242,158 |
| Total | 1,606,306 | 26,312 | (50,125) | (657) | 1,581,836 |

1. **INVESTMENTS IN SUBSIDIARIES, ASSOCIATED AND JOINT CONTROL COMPANIES AND**

**JOINT VENTURES**

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Investment in subsidiaries | - | - | 11,690,855 | 11,690,855 |
| Investment in associated and joint control companies | 2,737,462 | 2,621,117 | 3,051,104 | 2,794,559 |
| Investment in joint ventures | 401,737 | 380,276 | - | - |
|  Total | 3,139,199 | 3,001,393 | 14,741,959 | 14,485,414 |

* 1. Investment in subsidiaries

|  |
| --- |
| (Unit : Thousand Baht) |
|  | Separate F/S |
|  |  |
| Investment in subsidiaries | 16,216,496 |
| Less : Allowance for impairment | (4,525,641) |
| Investment in subsidiaries – net | 11,690,855 |

* 1. Investment in associated and joint control companies

Movements in investment in associated and joint control companies which are accounted for by the equity method in the consolidated financial statements for the three-month period ended 31 March 2022 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  (Unit : Thousand Baht) |
|  |  |  | Consolidated F/S | Separate F/S |
|  |  |  |  |  |
| Balance as at 1 January 2022 |  | 2,621,117 | 2,794,559 |
| Add : Additional investment | 256,545 | 256,545 |
| Less : Share of loss from associated and  joint control companies | (35,386) | - |
| Less : Adjustment of profit from construction services for project under development of joint control company | (84,645) | - |
| Less : Translation adjustment for foreign currency  financial statements |  | (20,169) | - |
| Balance as at 31 March 2022 |  | 2,737,462 | 3,051,104 |

The Company made additional payment for share capital of First Dhaka Elevated Expressway Co., Ltd. totalling BDT 645.32 million (equivalent to Baht 256.55 million). There is no change in investment proportion.

Significant projects under development which the Company invested through associated and joint control companies are as follows:

Bauxite Mining and the construction of Alumina Production Plant Project

The Company had investment through Sino Lao Aluminum Corporation which is located in Lao People's Democratic Republic. This associated company obtained the concession right from the Government of Lao People’s Democratic Republic for bauxite mining in the year 2009. The Company has investment in associated, trade accounts receivable, retentions receivable and loans to associated company in order to invest in such project totalling Baht 1,159.80 million.

The associated company has been in process to obtain approval for the ESIA Certificate of the project. The associated company has already complied with the regulation of Minerals law and submitted documentation to the Office of Natural Resources and Environment Policy and Planning, Ministry of Natural Resources and Environment. Currently, the ESIA is currently under consideration from relevant agencies.

However, the associated company received a letter from the Office of the Prime Minister of the Lao People's Democratic Republic in January 2021 to support the project and assign the relevant departments to review the condition in the agreement in order to comply with the current applicable policies and laws.

In addition, the associated company has signed a memorandum of understanding (MOU) with a strategic partner in September 2021 and under the process preparing the Upgrading Bankable Feasibility Study by the project consultant to assess the project feasibility in order to support the seeking of financing source for future project development.

Dhaka Elevated Expressway Project

The Company invested through First Dhaka Elevated Expressway Co., Ltd. which is the joint control company was established in the People's Republic of Bangladesh. Bangladesh Bridge Authority of the Government of the People’s Republic of Bangladesh has issued the concession rights to the joint control company in order to construct and operate the Dhaka Elevated Expressway. The concession period is 25 years which is 42 months of construction period. The Joint control company has received the construction commencement letter since 1 January 2020.

As of 31 March 2022, the Company has investment and accounts receivable of such project totaling Baht 2,771.57 million. The progress of construction work of 1st Tranche distance of 7.45 kilometers is 78.94%, the 2nd and 3rd Tranche totally distances of 12.28 kilometers is 32.27% and the Central Control Building is 52.21%.

* 1. Investment in joint ventures

Movements in investments in joint ventures, which are accounted for by the equity method in the consolidated financial statements for the three-month period ended 31 March 2022 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  (Unit : Thousand Baht) |
|  |  |  | Consolidated F/S |
|  |  |  |  |
| Balance as at 1 January 2022 |  | 380,276 |
| Add : Share of profit from joint ventures | 24,274 |
| Less : Translation adjustment for foreign currency financial statements  | (2,813) |
| Balance as at 31 March 2022 |  | 401,737 |

In the year 2019, CMC/ITD/SONGDA Joint Venture and the employer have a dispute regarding the termination of construction contract. Such dispute is under the consideration process of Dispute Adjudication Board (DAB). However, on 15 January 2021, DAB has considered the outcome of the dispute which conclude that the Notice of Termination from the employer is invalid and requiring the employer to release the performance securities to the Joint Venture.

In April 2021, the Joint Venture submitted a letter to the employer for further discussions in order to claim the right to receive the settlement regarding to the value of construction work which has been done by the Joint Venture including the value of materials and supplies, and machinery which belong to the Joint Venture but it has located in the construction project. However, this matter was a failure. As a result, the joint venture sent a letter to DAB requesting a decision by 1 October 2021. However, this matter is under the DAB’s consideration which cannot presently be concluded. Therefore,
the joint venture’s management is unable to assess the potential impact to the realizable value of assets, the obligation in current liabilities including contingent liabilities from such matter.

1. **OTHER LONG–TERM INVESTMENTS**

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March2022 | 31 December 2021 |
|  |  |  |  |  |
| Investments designated at fair  value through profit or loss | 789,647 | 789,647 | 585,744 | 585,744 |
| Investments designated at fair value through other  comprehensive income | 408,442 | 467,918 | 387,053 | 440,655 |
| Total other long-term investments | 1,198,089 | 1,257,565 | 972,797 | 1,026,399 |

Movements in investments in equity instrument designated at fair value through other comprehensive income for the three-month period ended 31 March 2022 are as follows:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2022 | 467,918 | 440,655 |
| Less : Loss on change in fair value of investments | (59,476) | (53,602) |
| Balance as at 31 March 2022 | 408,442 | 387,053 |

1. **LONG–TERM LOANS AND ADVANCES TO RELATED PARTIES**

The outstanding balances of long–term loans and advances to related parties as at 31 March 2022 and 31 December 2021 are as follows:

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Subsidiaries | - | - | 756,440 | 763,832 |
| Joint Venture | 4,837 | 1,157 | 4,837 | 1,157 |
| Joint control company | 1,100,809 | 1,111,355 | - | - |
| Total | 1,105,646 | 1,112,512 | 761,277 | 764,989 |
| Less : Allowance for impairment loss | - | - | (110,547) | (107,265) |
| Net | 1,105,646 | 1,112,512 | 650,730 | 657,724 |

Movements in the long-term loans and advances to related parties for the three-month period ended 31 March 2022 are as follows:

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | Consolidated F/S |
|  |  | During the period |  |
|  | 1 January2022 | Increase | Decrease | Translation adjustment | 31 March2022 |
|  |  |  |  |  |  |
| Joint Venture | 1,157 | 3,680 | - | - | 4,837 |
| Joint control companies | 1,111,355 | - | - | (10,546) | 1,100,809 |
| Total | 1,112,512 | 3,680 | - | (10,546) | 1,105,646 |

|  | (Unit: Thousand Baht) |
| --- | --- |
|  | Separate F/S |
|  |  | During the period |  |
|  | 1 January2022 | Increase | Decrease | Translation adjustment | 31 March2022 |
|  |  |  |  |  |  |
| Subsidiaries | 763,832 | 17,956 | (25,348) | - | 756,440 |
| Joint Venture | 1,157 | 3,680 | - | - | 4,837 |
| Total | 764,989 | 21,636 | (25,348) | - | 761,277 |

1. **PROPERTY, PLANT AND EQUIPMENT**

The condensed movements in property, plant and equipment for the three-month period ended 31 March 2022 are as follows:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Net book value as at 1 January 2022 | 28,407,789 | 19,012,312 |
| Add : Purchases | 401,998 | 241,596 |
| Add : Transfer from right-of-use assets | 152,873 | 152,873 |
| Less : Disposal | (465,705) | (96,225) |
| Less : Depreciation for the period | (990,476) | (647,192) |
| Add : Accumulated depreciation for disposal of fixed assets | 417,396 | 87,134 |
| Less : Translation adjustment for foreign currency  financial statements | (69,021) | (19,781) |
| Net book value as at 31 March 2022 | 27,854,854 | 18,730,717 |

1. **RIGHT-OF-USE ASSETS**

The condensed movements in rights-of-use assets for the three-month period ended 31 March 2022 are as follows:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2022 | 2,454,501 |  | 1,854,884 |
| Add : Increase | 38,804 |  | 34,680 |
| Less : Decrease | (5,744) |  | (5,417) |
| Less : Transfer to property, plant and equipment | (152,873) |  | (152,873) |
| Less : Amortization for the period | (114,984) |  | (85,383) |
| Less : Translation adjustment for foreign currency  financial statements | (5,024) |  | (1,469) |
| Net book value as at 31 March 2022 | 2,214,680 |  | 1,644,422 |

1. **DEVELOPMENT COSTS FOR CONCESSION RIGHT – DAWEI PROJECT**

As at 31 March 2022 and 31 December 2021, the Group has costs for acquisition of the concession right and development costs for industrial estate and infrastructure in Dawei Special Economic Zone (“DSEZ”)
as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Concession right | 167,753 | 168,371 |  - | - |
| Costs of project under development | 7,675,847 | 7,675,974 | 5,205,964 | 5,205,964 |
|  Total | 7,843,600 | 7,844,345 | 5,205,964 | 5,205,964 |

Movements in development costs for concession right – Dawei project for the three-month period ended 31 March 2022 are summarized below:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S  |
|  |  |  |
| Balance as at 1 January 2022 | 7,844,345 | 5,205,964 |
| Less : Adjustment from translation of reporting currency | (745) | - |
| Balance as at 31 March 2022 | 7,843,600 | 5,205,964 |

As at 31 March 2022, the Company and its subsidiaries have project costs for developing the industrial estate and related infrastructure and utilities in the Dawei Special Economic Zone (“DSEZ”) for obtaining concession right of Baht 7,843.60 million and Baht 5,205.96 million, respectively (31 December 2021: Baht 7,844.35 million and Baht 5,205.96 million, respectively). The Company has investment in subsidiary and granted long-term loan to the group of subsidiaries totaling of Baht 2,476.27 million and Baht 101.79 million, respectively, in the separate financial statement.

The Group had started the development under the project areas since the year 2010. Subsequently in the year 2013, such project has been supported by the Governments of Thailand and the Republic of the Union of Myanmar which had established the Special Purpose Vehicle (Dawei SEZ Development Company Limited “SPV”) to mutually promote the project and determine the development policy of the project. It was determined that the Company has the right to reimburse the costs previously incurred from new investors of each project in accordance to the results of Due Diligence assessment under the Tripartite Memorandum as mutually agreed among DSEZ MC, SPV and the Company.

In the year 2015, the DSEZ MC has considered the development plan of DSEZ project demarcating it as the Dawei Special Economic Zone Initial Phase (“DSEZ Initial Phase”), in order to develop 27 square kilometers of industrial estate land and its related infrastructure and utilities, and the Dawei Special Economic Zone Full Phase (“DSEZ Full Phase”).

The indirect subsidiaries in overseas and investors (“the Concessionaires”) has signed 7 concession agreements for the rights to develop 8 concession projects with the DSEZ MC. The DSEZ MC, SPV and the Company entered into the Supplemental Memorandum of Understanding to the Tripartite Memorandum to define the framework conditions to the Company for the Land Right Option for development and management of the DSEZ Initial Phase to compensate the reimbursement of the Group’s previously invested. However, the Company shall exercise the Land Right Option when the Concessionaires and the DSEZ MC has fulfilled the Conditions Precedent of the DSEZ Initial Phase.

The details of situation and progress of each phase of the Dawei Special Economic Zone (“DSEZ”) are as follows:

1. Dawei Special Economic Zone Initial Phase (DSEZ Initial Phase)
2. Land Lease Agreements from the Government of the Republic of Union of Myanmar and the annual concession fees

After obtained the concessions right, the Concessionaires have discussion with the DSEZ MC to all Land Lease Agreements which have mutually consensus contents prior to further project development. So far only the Land Lease Agreement for the Initial Industrial Estate and Two-lane Road Connects the Dawei Special Economy Zone and the Thai - Myanmar border (Initial Industrial Estate and Two-lane Road) were sent to the Concessionaire, while the remaining infrastructure and utilities land lease agreements still have yet to be sent by the DSEZ MC. The Concessionaire therefore paid the Concession Fee plus interests to the DSEZ MC for such concession since the concession has a progress related to the discussion of Land Lease Agreements. In addition, the Company also requested for the remaining draft Land Lease Agreements 6 concessions related to the infrastructure and utilities are critical components integral in supporting the overall development success for the DSEZ Initial Phase and also informed the DSEZ MC that each concessionaire will pay each concession fee including interests to DSEZ MC upon receiving of its Land Lease Agreement which has the mutually agreeing on the respective content.

On 30 December 2020, the Concessionaires received the Notice of Termination for all Concession Agreements of the DSEZ Initial Phase from the DSEZ MC claiming that the Concessionaires had breached the conditions of the concession agreement relevant to the payment of annual concession fee and the conditions of the concession agreement for the Initial Industrial Estate and Two-lane Road which additional determined by the DSEZ MC. This requires the Concessionaires to enforce Italian-Thai Development Public Company Limited to sign the document releasing the Group’s right to reimburse the previous investments under the Tripartite Memorandum which is a condition set by DSEZ MC unilaterally. However, the Company does not agree with the reason for termination of the Concession Agreements and in order to protect the right to reimburse investment costs mention in the aforementioned memorandum, the Concessionaires along with the consultation from its legal advisor, submitted the rebuttal of the Notice of Termination to elucidate to the DSEZ MC on 19 January 2021 and proposed a discussion on this matter. Thereafter on 4 April 2021, the Concessionaires reiterated and submitted once again the confirmation for the rebuttal of the Notice of Termination to the DSEZ MC.

As the DSEZ is a project of strategic importance to the region and fully supported by both the Thai and Myanmar Governments through the signed memorandums between the two governments as well as official meetings over the years to support and encourage its development along with the fact that Thai investors stay in overseas are protected from its foreign investment (Protection of Investment) under the bilateral and regional treaties. Given these factors, the Company also submitted an official letter to the Thai Government explaining the current situation.

Due to the current political situation in Myanmar and COVID-19 pandemic, this have caused the delay in the negotiation between the Group and the Myanmar Authority in order to find a common ground acceptable to all parties concerned. However, on 29 March 2022, the Company and the Concessionaires held the online meeting with the new DSEZ MC, was established since 3 May 2021, to discuss on the Notice of Termination of the DSEZ Initial Phase concessions that were unfairly and unilaterally issued by the previous DSEZ MC, wherein the Company has objected and rebutted this termination accordingly. At this meeting, opinions were exchanged on both sides, and included discussions on the way forward and how to best move ahead with the development DSEZ Initial Phase Project. It was agreed that the next meeting will be scheduled in May 2022 for continued discussions amongst the parties.

The Company is confident that the outcome of future negotiations with the Myanmar Government will be positive and find the solution for achieving a sustainable long-term development success.

1. Government Support for Construction of the Two-lane Road Connects the Special Economy Zone and the Thai - Myanmar border

In the meetings and ongoing cooperation between the Thai and Myanmar governments, it is publicly known that the Thai Government has the policy to offer the soft loan to the Myanmar Government for the construction of the Two-lane Road Connects the Special Economy Zone and the Thai - Myanmar border. Such detailed discussions are ongoing regarding to the terms and conditions.

1. Dawei Special Economic Zone Full Phase

Even the right for reimbursement of the Group’s previous investments for development of Industrial Estate and related infrastructure and utilities in the DSEZ is still accorded to the Tripartite Memorandum. However, the reimbursement amount relies on the Due Diligence report prepared by the independent advisor selected and authorized by the SPV which at the present, the Company does not have the right to access to such Due Diligence report. In addition, it depends on the progress of the development of the DSEZ Full Phase which was supported by the government of Thailand and Myanmar to promote the other concession projects in the future as well as the investment from new investors who are interested in each concession project. The Group’s management believe that the right to reimbursement under the Tripartite Memorandum and Supplemental Memorandum of Understanding to the Tripartite Memorandum which were jointly signed between the Company, DSEZ MC and SPV is and remains valid. Because of there are government agencies of Thailand and Myanmar which are included 1) Joint High-Level Committee, 2) Joint Cooperation Committee (JCC) and 3) Joint Task Force (JTF) still exist in order to push such projects in according to the government’s policy.

1. **POTASH MINING RIGHT AND DEFERRED EXPLORATION AND DEVELOPMENT COSTS**

The Company invested in the potash mining project through the group of subsidiary companies. The Company holds 90% and the Ministry of Finance holds 10% of the registered share capital. The Company has costs of acquiring right to survey and development the potash mining totaling Baht 2,293.49 million.

The subsidiary company granted the right to do potash exploration in Udon Thani Province in Northeast of Thailand from the Ministry of Industry which approved by the Cabinet and has successfully identified two large potash resources at South Udon and North Udon. As at 31 March 2022 and 31 December 2021, such subsidiary has incurred exploration and development costs totaling Baht 956.40 million and Baht 955.68 million, respectively.

The subsidiary has submitted the mining concession application to the Department of Primary Industries and Mines (DPIM) in the year 2004 with total project area approximately 26,446 rai. The subsidiary and DPIM have complied with the requirement set forth in the Mineral Act. B.E. 2510. In addition, the subsidiary has been completed the submission of documents for the mining license application to the DPIM for consideration to approve the mining license. The progress of application for mining concession are as follows:

On 23 February 2021, the subsidiary company went to clarify questions about the Potash Mining Project in Udon Thani Province. Later in second half of the year 2021, DPIM submitted the legal consultations letter to the Office of the Attorney General to request an opinion for relevant to legal issues, and the Attorney General provided the legal clarification to the DPIM.

At the early year 2022, DPIM submitted letter to the Cabinet to request for the extension of time for the Master Plan of National Mineral Management plan from year 2017 – 2021, extend to end of year 2022. Currently, the extension to December 2022 has been approved by the Cabinet.

Later, April, 2022, DPIM sent the letter to the Ministry of Natural Resources and Environment and Office of the National Economics and Social Development Council in order to ask for opinions. DPIM will gather the opinions and supporting documentations to the Cabinet, upon receiving information from both the Ministry of Natural Resources and Environment and Office of the National Economics and Social Development Council. Then, DPIM will provide information and present the request for a license of the subsidiary company to the meeting of the Mineral Committee for further 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 Company’s management believes that there will be no impairment in the value of such investment.

1. **DEFERRED CONCESSION COSTS AND COSTS OF PROJECT UNDER DEVELOPMENT**

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |
| Project under development in |  |  |  |
|  Mozambique | 2,435,501 | 2,422,239 | 2,088,130 | 2,074,899 |

In 2013, an overseas subsidiary signed two Concession agreements with the Ministry of Transportation and Communications, Government of the Republic of Mozambique for the construction and operation of a heavy haul railway line and associated deep-sea port in Macuse for the export of coal and other goods.The project investment costs were estimated at USD 3,200 million (equivalents to Baht 96,000 million), allowing for the concession period of 30 years (including construction period).

 In 2020, the subsidiary’s management has revised its business plan to develop the project by separate into 2 phases, Phase 1 is the development of general cargo seaport at Macuse which has the shorter construction period and lower investment costs, and Phase 2 is the construction of the Railway and Deep-Sea port. Management of subsidiary will start Phase 2 development when the economics of the project can be justified.

The progress of project development in Phase 1 are as follows:

 ***The development of general cargo seaport at Macuse***

 During the period, the subsidiary company obtained for the Environmental and Social Impact Assessment license (ESIA License) for the construction of such seaport and launched a tender bidding process for the Engineering Procurement and Construction Contractor (EPC Contractor). In addition, the subsidiary’s management has signed the initial loan agreement of USD 25 million, funding for phase 1 development. The Company has used a deposit of USD 5 million. (equivalent to Baht 166.11 million) as collateral for the subsidiary company for issuing Standby Letter of Credit according to the conditions in the agreement. Currently, the subsidiary has started the resettlement activities in order to construct in the port area.

1. **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 March 2022 and 31 December 2021 are as follows:

|  |  |  |
| --- | --- | --- |
|   |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Bank overdrafts | 285,884 | 747,636 | 1,352 | 25,403 |
| Short-term loans from financial  institutions | 5,910,769 | 6,507,877 | 3,901,046 | 4,535,216 |
| Total | 6,196,653 | 7,255,513 | 3,902,398 | 4,560,619 |

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

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Million) |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| THB | 4,009 | 4,531 | 3,259 | 3,831 |
| INR | 2,864 | 2,844 | - | - |
| BDT | 1,664 | 1,805 | 1,664  | 1,805 |

The short-term loans are subject to interest at the market rates of each country.

As at 31 March 2022 and 31 December 2021, part of loans amounting to Baht 1,958.57 million and Baht 2,531.41 million, respectively, have been used to finance certain specific projects (Project Finance). The lending banks had set a condition for the Company to process cash transactions from the projects through the Company’s accounts with those banks.

As at 31 March 2022 and 31 December 2021, the Company has bank overdrafts and short-term loans credit facilities that have not been drawn down totaling Baht 13,368.16 million and Baht 12,899.14 million, respectively.

1. **TRADE AND OTHER ACCOUNTS PAYABLE – RELATED PARTIES**

##### The outstanding balances as at 31 March 2022 and 31 December 2021 are as follows:

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Subsidiaries | - | - | 725,362 | 682,720 |
| Associated companies and joint ventures | 120,655 | 128,303 | 89,900 | 102,278 |
| Related companies | 2,539,737 | 2,210,159 | 2,521,752 | 2,195,557 |
| Total trade accounts payable  – related parties | 2,660,392 | 2,338,462 | 3,337,014 | 2,980,555 |

1. **SHORT–TERM LOANS AND ADVANCES FROM RELATED PARTIES**

The outstanding balances as at 31 March 2022 and 31 December 2021 are as follows:

|  |  | (Unit : Thousand Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Subsidiaries | - | - | 786,855 | 950,039 |
| Joint control company  | 3,899 | 29,710 | - | - |
| Joint Ventures | - | 128 | - | - |
| Total | 3,899 | 29,838 | 786,855 | 950,039 |

1. **LONG–TERM LOANS**

As at 31 March 2022 and 31 December 2021, the outstanding balances of long-term loans are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S  |
|  | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
|  |  |  |  |  |
| Outstanding balances | 20,722,103 | 20,945,241 | 16,940,778 | 17,064,746 |
| Less : Current portion | (14,737,601) | (14,060,347) | (13,844,051) | (13,160,908) |
| Net  | 5,984,502 | 6,884,894 | 3,096,727 | 3,903,838 |

Movements in the long-term loans for the three-month period ended 31 March 2022 are summarized below:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S | Separate F/S  |
|  |  |  |
| Balance as at 1 January 2022 | 20,945,241 | 17,064,746 |
| Add : Additional borrowings | 2,086,677 | 2,029,519 |
| Less : Repayments | (2,295,251) | (2,153,487) |
| Less : Translation adjustment for foreign currency  financial statements | (14,564) | - |
| Balance as at 31 March 2022 | 20,722,103 | 16,940,778 |

The Group has to maintain the covenant ratio for the long-term loan agreements from financial institutions.

The long-term loans as at 31 March 2022 and 31 December 2021 are as follows:

|  |  |  |  |  | Million Baht |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Consolidated F/S | Separate F/S |
| Loan | Credit amount (Million Baht) | Interest rate (Percentage) | Repayment condition | Guarantee | 31 March2022 | 31 December 2021 | 31 March2022 | 31 December 2021 |
| **Parent Company** |  |  |  |  |  |  |  |
|  | 17,423 | MLR – 0.50 per annum | Repayable within 2022 | Assignment of collection from  construction contract | 16,941 | 17,065 | 16,941 | 17,065 |
|  |  | MLR – 1 per annum | Repayable within 2022 – 2023 or upon completion of the project, whichever is earlier | Assignment of collection from  construction contract |  |  |  |  |
|  |  | MLR – 1.25 per annum | Repayable within 2022 – 2023 or upon completion of the project, whichever is earlier | Assignment of collection from  construction contract and land |  |  |  |  |
|  |  | MLR – 1.50 per annum | Repayable within 2022 – 2025 or upon completion of the project, whichever is earlier | Assignment of collection from  construction contract |  |  |  |  |
|  |  | Market rate per annum | Repayable within 2022 upon completion of the project, whichever is earlier | Bank account opened for receive  revenue from construction |  |  |  |  |
|  |  | 2.75 per annum | Repayable within 2026 | - |  |  |  |  |
|  |  | 4 per annum | Repayable per contract (Note 5)  | - |  |  |  |  |
|  |  | 5.25 per annum | Repayable within 2024 | Land |  |  |  |  |
|  |  | 4.75 per annum | Repayable within 2027 | - |  |  |  |  |
| **Subsidiaries** |  |  |  |  |
| 1 | 542  | MLR – 1 to MLR – 3.15 per annum | Repayable within 2022 – 2025  | Guaranteed by parent company,  machinery and equipment | 165 | 189 | - | - |
| 2 | 1,977  | MLR – 1.50 per annum | Repayable within 2022 – 2026 | Guaranteed by parent company,  machinery and Assignment of collection from construction contract | 1,977 | 2,075 | - | - |
| 34 | 5,600 Million BDT400 | Floating rate of Bank of Bangladesh plus 6% per annum2.51% to 3.25% per annum | Repayable per contractRepayable within 2022 – 2025 | Guaranteed by parent companyGuaranteed by shareholders | 848400 | 856400 | -- | -- |
| 5 | 891 Million Rupee | 9.55% per annum | Repayable within 2023 | Land | 391 | 360 | - | - |
|  |  |  |  | Total | 20,722 | 20,945 | 16,941 | 17,065 |
|  |  |  |  | Less : Current portion | (14,738) | (14,060) | (13,844) | (13,161) |
|  |  |  |  |  Net | 5,984 | 6,885 | 3,097 | 3,904 |

1. **RELATED PARTY TRANSACTIONS**

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

| Types of transaction | Pricing policy |
| --- | --- |
|  |  |
| 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 price |
| Interest on loans with related parties | Mutually agreed rate |
| Rental expenses | Mutually agreed rate |

The significant related party transactions during the period are summarized as follow:

|  |  | (Unit : Million Baht) |
| --- | --- | --- |
|  | Consolidated F/S | Separate F/S  |
|  | For the three-month periods ended 31 March |
|  | 2022 | 2021 | 2022 | 2021 |
|  |  |  |  |  |
| Transactions with subsidiaries |  |  |  |  |
| Construction services, sales and other income | - | - | 276 | 117 |
| Purchases of construction materials and services | - | - | 326 | 233 |
|  |  |  |  |  |
| Transactions with associated and joint control  companies, and joint ventures |  |  |  |  |
| Construction services, sales and other income | 214 | 44 | 8 | 7 |
| Purchases of construction materials and services | 229 | 25 | 18 | 15 |
| Purchases of equipment | - | 16 | - | - |
|  |  |  |  |  |
| Transactions with related parties |  |  |  |  |
|  Construction services, sales and other income | 24 | 64 | 22 | 55 |
|  Purchases of construction materials and services | 967 | 761 | 923 | 728 |
|  Purchases of equipment | 7 | 1 | - | 1 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Key management personnel compensation  |  |  |  |  |
|  Short-term employee benefits | 45 | 48 | 32 | 39 |
|  Post-employment benefits | 4 | 5 | 1 | 1 |

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

1. **INCOME TAX**

Current income tax is the expected tax payable or claimable tax benefit on the taxable profit for the period, using income tax rate enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years, which is different from profit or loss in the consolidated and separate financial statements. In addition, The income tax of an overseas entity which is calculated based on local tax regulation that calculate from the cash collection, the revenues or the net profit based on tax rate, whichever is higher.

1. **GUARANTEES**

As at 31 March 2022, the Group has letter of guarantees totaling approximately Baht 80,582.27 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 and subsidiaries do not expect to incur losses from these guarantees.

As at 31 March 2022, the Company has outstanding guarantees approximately Baht 3,591.25 million issued to financial institutions to bank overdraft, loan, letter of guarantee, letter of credit, trust receipt and promissory note 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., ITD-ITD Cem Joint venture, ITD-Cemindia Joint venture for which the Company issued full guarantees for the credit facilities).

1. **COMMITMENTS**
2. As at 31 March 2022, the Company, subsidiaries and joint ventures have outstanding commitments with major subcontractors classified by currencies as follows:

|  |  |
| --- | --- |
|  | (Unit : Million Baht) |
|  | Baht Equivalent |
|  | Consolidated F/S | Separate F/S  |
| Currencies |  |  |
| THB | 7,875.81 | 7,440.16 |
| INR | 4,364.34 | - |
| BDT | 2,511.52 | 2,511.52 |
| USD | 413.47 | 413.47 |

1. As at 31 March 2022, the Company and subsidiaries have the following outstanding commitments for purchases of lands, materials, machinery and related services, and service contracts classified by currencies as follows:

|  |  |
| --- | --- |
|  | (Unit : Million Baht) |
|  | Baht Equivalent |
|  | Consolidated F/S | Separate F/S  |
| Currencies |  |  |
| THB | 729.71 | 653.89 |
| USD | 591.02 | 164.03 |
| INR | 997.30 | - |
| BDT | 87.64 | 87.64 |
| EUR | 104.08 | 99.99 |
| VND | 0.59 | 0.59 |
| SGD | 3.19 | 3.19 |

1. As at 31 March 2022, the Company has outstanding commitments in respect of the un-call portion of investments in 6 subsidiary companies of Baht 2.25 million, USD 0.31 million, MMK 344.17 million and investment in a joint control company as shareholder agreement of BDT 8,493.20 million.

1. As at 31 March 2022, the Company has outstanding commitments of USD 8.35 million for share purchase agreement with a joint shareholder of an associated company.
2. A subsidiary company has a commitment to apply for and to obtain a mining concession from the Government of Thailand as follow;
	* 1. A subsidiary company has to pay compensation to the Ministry of Industry upon receipt of the mining concession of USD 5 million and an annual fee subsidizing the Education Fund to the Department of Primary Industries and Mines of USD 0.20 million in accordance with an agreement between the Ministry of Industry and the Department of Primary Industries and Mines and the subsidiary company.
		2. A subsidiary company agreed to pay the compensation to beneficiaries in the concession areas of the mine in according with the Mineral Act. B.E. 2560. The compensation amount as stipulated in the Environment Impact Assessment report (EIA) in according with the Enhancement and Conservation of National Environmental Quality Act. B.E. 2535 is for a maximum amount of Baht 1,200 million throughout the period of concession of 25 years.

 In addition, the subsidiary has other commitments which are in accordance with the Mineral Act. B.E. 2560 and the conditions stipulated in the Environment Impact Assessment report (EIA) under the Enhancement and Conservation of National Environmental Quality Act. B.E. 2535. Such commitments will be effective when the Company obtain the approval for Potash Mining concession from the government.

1. Several indirect subsidiary companies entered into service agreements with project consultant with committed consulting fees at rates specified in agreements.
2. An overseas subsidiary has a commitment to pay fees for the Environmental and Social Impact Assessment license (ESIA License) for the construction of Deep-Sea Port and Heavy Haul Railway at USD 0.81 million and USD 3.90 million, respectively.
3. Indirect overseas subsidiaries have a commitment to pay Concession Fee for all concession project of the Dawei Special Economic Zone Initial Phase to Dawei SEZ Management Committee totaling USD 12.96 million and shall pay a recurring annual concession fee as stipulated in Concession Agreements.
4. **CONTINGENT LIABILITIES**
	1. The Group has received notices from various customers claiming for compensation for breaches of contracts totalling Baht 2,965.82 million (the Company of Baht 1,959.62 million). Currently, these claims are under consideration of Civil Court of Baht 2,709.05 million and Arbitration Tribunal of Baht 256.77 million. The Group is unable to estimate the timings of cash outflows (if any) in respect of such claims since the results of the claims are depending on the decisions of the Court and Arbitration Tribunal which outcome cannot presently be concluded. However, the Group’s management believes that such claims will not cause significant damages to the Group because some cases are brought without proper justifiable grounds. Therefore, the Group does not make any provision for liabilities in the accounts.
	2. In the year 2021, an overseas subsidiary received a notice from the employer claiming for penalty charges from the production shortfalls which does not meet criteria according to the services agreement by claiming to the subsidiary totalling of USD 7.57 million (equivalent to Baht 252.15 million). The employer deducted and held the payment of the work done which billed by the subsidiary totalling USD 1.97 million (equivalent to Baht 68.03 million). However, the subsidiary opposed to the claims and submitting the notice to the employer by declaration the caused that the subsidiary can not deliver the production in according to the service agreement which caused by the employer cannot handover some area according to the timeline and plan as agreed. The subsidiary also clamming to the employer totalling of USD 6.76 million and IDR 2,115 million (equivalent to Baht 229.85 million) for the damage costs which caused from the unable to access project area to complete the work in according to the condition and timeline. Currently, such a matter is in the process of being taken to mediation between the subsidiary and the employer for dispute settlement claims which cannot presently conclude. The subsidiary does not set up provision for liabilities in the financial statement for the current period since the management consider that the possible obligation, timing and payment amount depending on the result from the negotiation.

1. **SEGMENT REPORTING**

The operations of the Company and subsidiaries for the three-month periods ended 31 March 2022 and 2021 are principally engaged in a single industry segment, construction services and the most of selling and service are conducted in the following geographical segments as follows:

|  |  (Unit : Million Baht) |
| --- | --- |
|  | Consolidated F/S |
|  | For the three-month periods ended 31 March |
|  | Thailand | India | Bangladesh | Other countries | Total | Eliminate | Grand Total |
|  | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from construction work |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from third parties |  7,626  |  7,845  |  5,267  |  4,204  |  624  |  672  |  220  |  157  | 13,737  |  12,878  |  -  |  -  |  13,737  |  12,878  |
| Inter-segment revenues |  362  |  114  |  11  |  16  |  335  |  32  |  -  |  -  |  708  |  162  |  (708) |  (162) |  -  |  -  |
| Total gross segment revenues |  7,988  |  7,959  |  5,278  |  4,220  |  959  |  704  |  220  |  157  |  14,445  |  13,040  |  (708) |  (162) |  13,737  |  12,878  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from sales and services |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from third parties |  1,569  |  1,680  |  -  |  -  |  -  |  -  |  563  |  512  |  2,132  |  2,192  |  -  |  -  |  2,132  |  2,192  |
| Inter-segment revenues |  220  |  240  |  -  |  -  |  -  |  -  |  -  |  -  |  220  |  240  |  (220) |  (240) |  -  |  -  |
| Total gross segment revenues |  1,789  |  1,920  |  -  |  -  |  -  |  -  |  563  |  512  |  2,352  |  2,432  |  (220) |  (240) |  2,132  |  2,192  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit (loss) | 986 |  746  | 394 |  538  | (606) |  54  | 184 |  215  | 958 |  1,553  | (185) |  (89) | 773 |  1,464  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues disaggregated by pattern  of revenue recognition |
| Over time |  7,988  |  7,959  |  5,278  |  4,220  |  959  |  704  |  220  |  157  | 14,445  |  13,040  |  (708) |  (162) | 13,737  |  12,878  |
| At point in time |  1,789  |  1,920  |  -  |  -  |  -  |  -  |  563  |  512  |  2,352  |  2,432  |  (220) |  (240) |  2,132  |  2,192  |
| Total |  9,777  |  9,879  |  5,278  |  4,220  |  959  |  704  |  783  |  669  |  16,797  |  15,472  |  (928) |  (402) |  15,869  |  15,070  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  |  |  |  |  |  |  |  |  |  |  |  | 22 | 46 |
| Loss on hedging instruments |  |  |  |  |  |  |  |  |  |  |  |  | (34) | (4) |
| Depreciation and amortization |  |  |  |  |  |  |  |  |  |  |  |  | (1,131) | (1,147) |
| Allowance for impairment losses  |  |  |  |  |  |  |  |  | (72) | (3) |
| Share of profit (loss) from investment in  associated and joint control companies, and joint ventures |  |  |  |  |  |  |  |  |  |  |  | (11) | 9 |
| Financial costs |  |  |  |  |  |  |  |  |  |  |  |  | (628) | (620) |
| Income tax expense |  |  |  |  |  |  |  |  |  |  |  |  | (199) | (151) |
| Profit (loss) for the period |  |  |  |  |  |  |  |  |  |  |  |  | (733) | 345 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. **FINANCIAL INSTRUMENTS**

***Foreign currency risk***

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2022 are summarized below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Consolidated F/S | Separate F/S |  |
|  | Financial | Financial | Financial  | Financial | Averaged exchange rate |
| Currencies | assets | liabilities | assets | liabilities | as at 31 March 2022 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per foreign currency unit) |
|  |  |  |  |  |  |
| USD | 38 | 3 | 86 | 1 | 33.1518 |
| EUR | - | 39 | - | 39 | 37.5469 |
| LAK | - | 441 | - | - | 0.0028 |
| BDT | - | - | 53 | - | 0.3880 |

Forward exchange contracts which remain outstanding as at 31 March 2022 are summarized below:

|  |  |  |
| --- | --- | --- |
| Currency | Balance (Million) | Forward contract exchange rate |
|  |  |  |
| EUR (buy) | 40 | 36.2397 – 37.4500 |

As at 31 March 2022, significant financial assets and liabilities in denominated assets and liabilities of the Company and its subsidiaries, associated and joint control companies and joint ventures which are unhedged are as follows:

|  |  |
| --- | --- |
|  |  Consolidated F/S (Net) |
|  | USD | EUR | LAK |
|  | Million | Million | Million |
|  |  |  |  |
| Trade accounts receivable and retention |  9  | - | - |
| Trade accounts receivable and loan to |  |  |  |
|  related companies |  29 | - | - |
| Trade accounts payable  |  3 | 1 | 441 |

|  |  |
| --- | --- |
|  |  Separate F/S (Net) |
|  | USD | EUR | BDT |
|  | Million | Million | Million |
|  |  |  |  |
| Trade accounts receivables  and loans to related companies | 86 | - | 53 |
| Trade accounts payable | 1 | 1 | - |

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

1. **FAIR VALUE MEASUREMENT**

The financial assets and liabilities that are measured at fair value as at 31 March 2022 are as follow:

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht)Consolidated F/S  |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Other long-term investments | 408,443 |  | - |  | 789,646 |  | 1,198,089 |
| Derivatives assets | - |  | 36,549 |  | - |  | 36,549 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 2,612,532 |  | - |  | 2,612,532 |
| Total | 408,443 |  | 2,649,081 |  | 789,646 |  | 3,847,170 |
|  |  |  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |  |  |
| Financial liabilities |  |  |  |  |  |  |  |
|  Derivatives liabilities | - |  | 60,723 |  | - |  | 60,723 |
| Total | - |  | 60,723 |  | - |  | 60,723 |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) |
|  | Separate F/S |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Other long-term investments | 387,053 |  | - |  | 585,744 |  | 972,797 |
| Derivatives assets | - |  | 36,549 |  | - |  | 36,549 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 1,284,359 |  | - |  | 1,284,359 |
| Total | 387,053 |  | 1,320,908 |  | 585,744 |  | 2,293,705 |

There were no transfers within the fair value hierarchy and there were no changes in valuation techniques during the period.

1. **EVENT AFTER REPORTING PERIOD**

At the Annual General Meeting of Shareholders for the year 2022 on 18 April 2022, the Shareholders approved the additional credit line for issuance and offering of debentures in an amount of Baht 10,000 million (or in equivalent amount in other currencies), totally credit line not exceeding Baht 30,000 million (or in equivalent amount in other currencies)

The Company has issued the debentures to specific persons, unsecured, unsubordinated with the representative holders, for a principal amount of Baht 6,000 million with 3 years tenure and with a face value of Baht 1,000 per unit. These bear interest at a rate of 5.50 percent per annum which is payable every 3 months. The debentures will be due for redemption on 29 April 2025. The Company has issued the debenture and received the payment from the debenture’s holders on 29 April 2022. The Company will use the proceeds from this debenture issuance to repay the debts.