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

**CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (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 2023 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 2022.

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 15 May 2023.

* 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 2022 the Group has not made any significant changes in the structure in period.

* 1. The interim consolidated financial statements as at 31 March 2023 included investments in associated companies accounted for by the equity method of Baht 303.83 million and related share of loss accounted for by the equity method of associated companies for the three-month period then ended of Baht 3.47 million for which the figures are based on financial information prepared 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 2023 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 as details disclosed in Note 10.3 to the interim financial statements.

* 1. Financial information of joint operations

The interim consolidated and separate financial statements as at 31 March 2023 and 31 December 2022 and for the three-month period ended 31 March 2023 and 2022 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 2023 | | 31 December 2022 | |
|  | | |  | |  | |
| Current assets | | | 5,810,062 | | 5,426,762 | |
| Non-current assets | | | 1,043,147 | | 826,751 | |
| Current liabilities | | | 4,873,585 | | 4,261,331 | |
| Non-current liabilities | | | 3,518,972 | | 4,039,768 | |
|  | | |  | |  | |
|  |  |  | | (Unit : Thousand Baht) | | | |
|  |  | | | For the three-month periods  ended 31 March | | | |
|  |  |  | | 2023 | | 2022 | |
|  |  |  | |  | |  | |
| Revenues |  |  | | 1,161,823 | | 1,096,775 | |
| Expenses |  |  | | 893,387 | | 764,874 | |

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 2022, except for the adoption of the new and revised Thai Financial Reporting Standards, interpretations and guidance that become effective for the preparation of financial statements for the period beginning on or after 1 January 2023.

1. Thai Financial Reporting Standards which are amened and effective for the accounting period beginning on or after 1 January 2023 are as follows:
2. Thai Accounting Standard 16, “Property, Plant and Equipment”

The amendments prescribe the recognition of the proceeds from selling any items, produced while the entity is preparing that assets for its intended use, as revenue instead of deducting from the cost of an item of those property plant and equipment.

1. Thai Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”

The amendments are to clarify the incremental cost of fulfilling the contract and an allocation of other costs that relate directly to fulfilling contracts which need to be considered whether a contract is onerous.

1. Thai Accounting Standard 41, “Agriculture”

This standard was amended to remove the requirement to exclude cash flows for taxation when measuring fair value of biological assets.

1. Thai Financial Reporting Standard 1, “First-time Adoption of Thai Financial Reporting Standards”

The amendment provides the application for a subsidiary that is a first-time adopter to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent at the parent's date of transition to TFRS.

1. Thai Financial Reporting Standard 3, “Business Combinations”

This standard was amended to clarify the references to the present Conceptual Framework for Financial Reporting and added a consideration to recognize liabilities and contingent liabilities acquired from business combinations together with the contingent assets that cannot be recognized at the acquisition date.

1. Thai Financial Reporting Standard 9, “Financial Instruments”

The amendment is to clarify the fees in assessing derecognition of financial liabilities when performing the 10 percent test by included those fees paid net from fees received (only fees paid or received between the borrow and the lender, including fee paid or received by either the borrower or lender on the other's behalf).

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 2022.

1. **PROMISSORY NOTES**

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated and Separate F/S | |
|  | 31 March 2023 | 31 December 2022 |
|  |  |  |
| Promissory notes receivable | - | 285,939 |
| Less : Current portion | - | (50,000) |
| Net | - | 235,939 |

In the year 2018, the Company entered into an agreement with a debtor for the repayment of construction work. Such debtor agreed to settlement the debt by issuing promissory notes to the Company for installment payments of 10 years with interest at 4.18 percent per annum. In during the period, the Company received the full repayment from such debtor. And the Company has repaid in full for the long-term loan from a local financial institution (31 December 2022: Baht 285.94 million) with interest at a rate of 4% per annum. Due to the Company received the full repayment from such promissory notes.

1. **TRADE ACCOUNTS RECEIVABLE - OTHER PARTIES**

## 

The aged trade accounts receivable - other parties as at 31 March 2023 and 31 December 2022 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
| Ages of accounts receivable | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Less than 3 months | 7,768,353 | 8,167,016 | 4,567,760 | 6,485,168 |
| 3-6 months | 251,123 | 219,830 | 154,488 | 146,558 |
| 6-12 months | 384,221 | 514,348 | 33,713 | 156,244 |
| More than 12 months | 2,460,087 | 2,458,471 | 1,562,801 | 1,557,990 |
| Total | 10,863,784 | 11,359,665 | 6,318,762 | 8,345,960 |
| Less : Allowance for impairment losses | (1,122,280) | (1,092,452) | (276,546) | (281,425) |
| Net | 9,741,504 | 10,267,213 | 6,042,216 | 8,064,535 |

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

* As of 31 March 2023 and 31 December 2022, 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 in 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 from employer and the Company received the approval letter for the extension of a construction project from cases of the delay causes. 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 from cases of the delay causes which was approved by the employer in November 2020, The company has prepared the letter to reserve the right to request reduction or waiver of all remaining find and presented to the employer in November 2020, the supervisor of the employer has a letter to report the opinion to the employer for reviewing the consideration of the company's claims. During the year 2022, the employer's representative has considered the project consultation's opinion letter and there was an opinion consistent with the project consultation's suggestion that the employer considered the date deviating from the appropriate and fair principles. Therefore, all remaining penalty totalling Baht 1,125.79 million should be returned to the Company. In during the period, the collection of receivables has been under the employer’s consideration in respect of the employer’s procedure and regulation.

On 20 April 2022, the Company filed an indictment at the Central Administrative Court and the Court accepted it on 22 June 2022 for request the employer to defray the penalty as well as paying damages and interest to the Company totaling Baht 1,817.91 million.

The Company requested entering into the dispute mediation process in the court on 19 December 2022, which the employer agreed in writing on 13 January 2023. At present, the mediator is being appointed by the court prior commencement of dispute mediation process.

The Company’s management is unable to assess the impact of such matter which depends on the result of the consideration made by the Central Administration Court and the employer that cannot presently be concluded.

* As at 31 March 2023, the Group has outstanding trade accounts receivable from the government sectors totaling Baht 310.56 million and from the private sectors totaling Baht 152.33 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 outstanding in full amount.

1. **TRADE AND OTHER ACCOUNTS RECEIVABLES - RELATED PARTIES**

The outstanding balances as at 31 March 2023 and 31 December 2022 are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Subsidiaries | - | - | 3,480,049 | 3,161,276 |
| Associated and joint control companies  and joint ventures | 1,891,776 | 1,897,358 | 878,452 | 881,568 |
| Related parties | 2,196,976 | 2,203,518 | 2,103,684 | 2,111,132 |
| Trade and other receivables  - related parties | 4,088,752 | 4,100,876 | 6,462,185 | 6,153,976 |
| Less : Allowance for impairment losses | (533,087) | (547,248) | (493,434) | (506,057) |
| Net | 3,555,665 | 3,553,628 | 5,968,751 | 5,647,919 |

Allowance for impairment losses of trade accounts receivables - related parties classify by outstanding ages as at 31 March 2023 and 31 December 2022 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
| Ages of accounts receivable | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Less than 3 months | 2,084,892 | 2,432,746 | 3,179,508 | 3,232,589 |
| 3-6 months | 404,819 | 126,474 | 464,084 | 192,389 |
| 6-12 months | 240,534 | 162,480 | 451,826 | 558,339 |
| 12-24 months | 360,345 | 369,354 | 572,164 | 509,079 |
| More than 24 months | 998,162 | 1,009,822 | 1,794,603 | 1,661,580 |
| Total | 4,088,752 | 4,100,876 | 6,462,185 | 6,153,976 |

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 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| **Contract assets** |  |  |  |  |
| Contract assets - current |  |  |  |  |
| Earned revenues not yet billed - net | 26,198,533 | 25,608,660 | 21,219,334 | 19,536,538 |
| Retentions receivable | 4,242,132 | 3,907,014 | 2,296,247 | 2,268,827 |
| Costs to fulfil a contract asset | 235,691 | 173,987 | 222,749 | 156,749 |
| Total contract assets - current | 30,676,356 | 29,689,661 | 23,738,330 | 21,962,114 |
|  |  |  |  |  |
| Contract assets - non-current |  |  |  |  |
| Costs to fulfil a contract asset | 1,785,876 | 1,806,979 | 1,774,384 | 1,795,487 |
|  |  |  |  |  |
| **Total contract assets** | 32,462,232 | 31,496,640 | 25,512,714 | 23,757,601 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Contract liabilities** |  |  |  |  |
| Contract liabilities - current |  |  |  |  |
| Receipts in excess of work in progress | 3,537,991 | 3,669,047 | 429,386 | 341,786 |
| Customer advances under construction  contracts due for revenue recognition  within 1 year | 8,616,980 | 8,488,309 | 8,181,880 | 8,031,131 |
| Total contract liabilities - current | 12,154,971 | 12,157,356 | 8,611,266 | 8,372,917 |
|  |  |  |  |  |
| Contract liabilities - non-current |  |  |  |  |
| Customer advances under   construction contracts | 10,310,953 | 10,028,578 | 5,774,323 | 6,298,036 |
|  |  |  |  |  |
| **Total contract liabilities** | 22,465,924 | 22,185,934 | 14,385,589 | 14,670,953 |

1. Earned revenue not yet billed

As at 31 March 2023, the consolidated financial statements included the Company’s portion of earned revenues but not yet billed of Baht 182.07 million (Rupees 437.88 million) (31 December 2022: Baht 246.85 million (Rupees 587.88 million)) which present variation orders claims for a construction project with a State Enterprise of an oversea joint venture between the Company and an oversea subsidiary. The joint venture has 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 presently cannot be concluded.

1. Costs to fulfil contracts

Movement of costs to fulfill contracts for the three-month period ended 31 March 2023 are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | (Unit: Thousand Baht) |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2023 | 1,980,966 | 1,952,236 |
| Add : Increase | 74,862 | 74,862 |
| Less : Amortization during the period | (34,261) | (29,965) |
| Balance as at 31 March 2023 | 2,021,567 | 1,997,133 |

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

|  |  | | (Unit : Thousand Baht) | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,338,934 | 1,332,871 |
| Associated companies and joint ventures | 457,689 | 515,661 | 247,749 | 250,281 |
| Related companies | 16,268 | 16,489 | - | - |
| Total | 473,957 | 532,150 | 1,586,683 | 1,583,152 |
| Less : Allowance for impairment losses | (25,419) | (25,640) | (973,598) | (977,049) |
| Short-term loans and advances to  related parties - net | 448,538 | 506,510 | 613,085 | 606,103 |

Movements in short-term loans and advances to related parties for the three-month period ended   
31 March 2023 are as follows:

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | |
|  |  | During the period | | |  |
|  | 1 January 2023 | Increase | Decrease | Translation adjustment | 31 March 2023 |
|  |  |  |  |  |  |
| Associated companies and  joint ventures | 515,661 | 17 | (57,989) | - | 457,689 |
| Related companies | 16,489 | - | - | (221) | 16,268 |
| Total | 532,150 | 17 | (57,989) | (221) | 473,957 |

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | |
|  |  | During the period | | |  |
|  | 1 January 2023 | Increase | Decrease | Translation adjustment | 31 March 2023 |
|  |  |  |  |  |  |
| Subsidiaries | 1,332,871 | 18,000 | (11,609) | (328) | 1,338,934 |
| Associated company and  joint ventures | 250,281 | - | (2,532) | - | 247,749 |
| Total | 1,583,152 | 18,000 | (14,141) | (328) | 1,586,683 |

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

**JOINT VENTURES**

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 | |
|  |  |  |  |  | |
| Investment in subsidiaries | - | - | 11,690,855 | 11,690,855 | |
| Investment in associated  and joint control companies | 1,451,332 | 1,877,252 | 3,766,308 | 3,766,308 | |
| Investment in joint ventures | 457,848 | 542,356 | - | - | |
| Total | 1,909,180 | 2,419,608 | 15,457,163 | 15,457,163 | |

* 1. Investment in subsidiaries

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | | Separate F/S |
|  | |  |
| Investment in subsidiaries | | 16,222,787 |
| Less : Allowance for impairment | | (4,531,932) |
| 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 2023 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) | |
|  |  |  | Consolidated F/S | Separate F/S |
|  |  |  |  |  |
| Balance as at 1 January 2023 | |  | 1,877,252 | 3,766,308 |
| Less : Share of loss from associated and  joint control companies | | | (30,763) | - |
| Less : Adjustment profit of the related transaction from construction services for project under development of joint control company | | | (355,720) | - |
| Less : Translation adjustment for foreign currency  financial statements | |  | (39,437) | - |
| Balance as at 31 March 2023 | |  | 1,451,332 | 3,766,308 |

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 2008. The Company has investment in associated, trade accounts receivable, retentions receivable and loans to associated company in order to invest in such project totaling Baht 1,195.23 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 Ministry of Natural Resources and Environment. The associated company has received the approval for the ESIA Certificate from the Ministry of Natural Resources and Environment dated 21 March 2023. In addition, the Office of the Prime Minister of the Lao People’s Democratic Republic has supported the project and its development. The Ministry of Planning and Investment has been assigned to review conditions in the concession agreement for the compliance of applicable policies and laws. In parallel, the associated company is having ongoing discussions with potential investors and seeking partners for the development of the project.

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.

In the year 2011, the joint control company has entered into the concession agreement with Bangladesh Bridge Authority of the Government of the People’s Republic of Bangladesh which has the concession rights to constructs and operates of the Dhaka Elevated Expressway. The concession value is approximately Baht 41,192 million and the period is 25 years included 42 months of construction period by starting concession age since 1 January 2020 which was the Joint control company has received the construction commencement letter.

As of 31 March 2023, the Company has investment in associated in such project totalling Baht 3,068.34 million. The progress of construction work of 1st Tranche distance of 7.45 kilometers is 95.40%, the 2nd and 3rd Tranche totally distances of 12.28 kilometers is 54.05% and the Central Control Building is 82.55%.

* 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 2023 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | (Unit : Thousand Baht) |
|  |  |  | Consolidated F/S |
|  |  |  |  |
| Balance as at 1 January 2023 | |  | 542,356 |
| Less : Share of loss from joint ventures | | | (11,038) |
| Less : Cash receipts for the profit sharing from joint venture | | | (65,929) |
| Less : Translation adjustment for foreign currency financial statements | | | (7,541) |
| Balance as at 31 March 2023 | |  | 457,848 |

In the year 2019, CMC/ITD/SONGDA Joint Venture and the employer have been in dispute regarding the termination of construction contract. The Joint Venture and its employer have been appointed the Dispute Adjudication Board (DAB) to consider the dispute between counter parties. 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 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 which it has located in the construction project. However, this matter was failed. The joint venture sent a letter to DAB requesting a decision dated 1 October 2021. With its decision published on 5 August 2022, DAB has decided that the employer is entitled to the payments with respect to the works completed by the joint venture and damages caused by the employer’s wrongful termination. However, the employer is taking this decision into consideration. The employer concluded to pay amount of USD 75 million accordance with the settlement agreement. The joint venture has received partial payment in March 2023 and the remaining will be gradually paid monthly within June 2024.

1. **OTHER FINANCIAL ASSETS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | | |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Investment at fair value through   profit or loss | 789,647 | 789,647 | 385,744 | 385,744 |
| Investment at fair value through other comprehensive income | 292,049 | 322,494 | 274,192 | 303,362 |
| Total Other financial assets | 1,081,696 | 1,112,141 | 659,936 | 689,106 |

Movements in investments designated at fair value through other comprehensive income for the three-month period ended 31 March 2023 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2023 | 322,494 | 303,362 |
| Less : Disposal during the period | (9,608) | (9,608) |
| Less : Loss on change in fair value of investments | (20,837) | (19,562) |
| Balance as at 31 March 2023 | 292,049 | 274,192 |

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

As at 31 March 2023 and 31 December 2022, the outstanding balances of long-term loans and advances to related parties are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March  2023 | 31 December 2022 |
|  |  |  |  |  |
| Subsidiaries | - | - | 959,976 | 972,955 |
| Joint venture | 16,675 | 15,588 | 16,675 | 15,588 |
| Joint control company | 906,413 | 955,155 | - | - |
| Total | 923,088 | 970,743 | 976,651 | 988,543 |
| Less : Allowance for impairment loss | - | - | (113,126) | (112,054) |
| Net | 923,088 | 970,743 | 863,525 | 876,489 |

Movements in the long-term loans and advances to related parties for the three-month period ended   
31 March 2023 are as follows:

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | |
|  |  | During the period | | |  |
|  | 1 January 2023 | Increase | Decrease | Translation adjustment | 31 March 2023 |
|  |  |  |  |  |  |
| Joint venture | 15,588 | 1,159 | (72) | - | 16,675 |
| Joint control company | 955,155 | - | - | (48,742) | 906,413 |
| Total | 970,743 | 1,159 | (72) | (48,742) | 923,088 |

|  | (Unit : Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Separate F/S | | | | |
|  |  | During the period | | |  |
|  | 1 January  2023 | Increase | Decrease | Translation adjustment | 31 March 2023 |
|  |  |  |  |  |  |
| Subsidiaries | 972,955 | 16,240 | (29,219) | - | 959,976 |
| Joint venture | 15,588 | 1,159 | (72) | - | 16,675 |
| Total | 988,543 | 17,399 | (29,291) | - | 976,651 |

1. **INVESTMENT PROPERTIES**

As at 31 March 2023, investment properties are stated at fair value as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Land | 2,006,655 | 494,444 |
| Building | 341,285 | 341,285 |
| Total | 2,347,940 | 835,729 |

1. **PROPERTY, PLANT AND EQUIPMENT**

The condensed movements in property, plant and equipment for the three-month period ended 31 March 2023 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Net book value as at 1 January 2023 | 27,354,993 | 17,738,940 |
| Add : Purchases | 1,023,773 | 596,639 |
| Add : Transfer from right-of-use assets | 96,756 | 96,756 |
| Less : Disposal / transfer out | (368,499) | (258,040) |
| Less : Depreciation for the period | (996,659) | (649,153) |
| Add : Accumulated depreciation for disposal of fixed assets | 228,488 | 139,727 |
| Less : Translation adjustment for foreign currency  financial statements | (55,547) | (16,196) |
| Net book value as at 31 March 2023 | 27,283,305 | 17,648,673 |

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

The condensed movements in right-of-use assets for the three-month period ended 31 March 2023 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit : Thousand Baht) | | |
|  | Consolidated F/S |  | Separate F/S |
|  |  |  |  |
| Net book value as at 1 January 2023 | 1,729,786 |  | 1,158,785 |
| Add : Increase | 82,724 |  | 47,639 |
| Less : Decrease | (44) |  | (44) |
| Less : Transfer to property, plant and equipment | (96,756) |  | (96,756) |
| Less : Amortization for the period | (89,655) |  | (56,199) |
| Add (less) : Translation adjustment for foreign currency  financial statements | (1,456) |  | 425 |
| Net book value as at 31 March 2023 | 1,624,599 |  | 1,053,850 |

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

As at 31 March 2023 and 31 December 2022, 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 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Concession right | 171,791 | 174,127 | - | - |
| Costs of project under development | 7,676,680 | 7,677,161 | 5,205,964 | 5,205,964 |
| Total | 7,848,471 | 7,851,288 | 5,205,964 | 5,205,964 |

Movements in development costs for concession right - Dawei project for the three-month period ended   
31 March 2023 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2023 | 7,851,288 | 5,205,964 |
| Less : Adjustment from translation of foreign currency  financial statements | (2,817) | - |
| Balance as at 31 March 2023 | 7,848,471 | 5,205,964 |

As at 31 March 2023, 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 7,848.47 million and Baht 5,205.96 million, respectively (31 December 2022: Baht 7,851.29 million and Baht 5,205.96 million, respectively). The Company has investment in subsidiary and long-term loans to the group of subsidiaries totaling of Baht 2,476.27 million and Baht 104.23 million, respectively, in the separate financial statement.

Italian-Thai Development Public Company Limited (the “Company”) has obtained the concession right to develop the project from the Republic of Union of Myanmar’s government entity (which is managed by Dawei Special Economic Zone Management Committee: “DSEZ MC”). Moreover, the Group has begun the development of the area since 2010. In 2013, the 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 or calling the “SPV”) to mutually promote the project and determine the development policies of the project. The DSEZ MC and the SPV has determined the right for the Group to reimburse the previous investment for development under the Tripartite Memorandum. The Group will receive the reimbursement from the new investor of each concession project, moreover, the amount received will be accorded to the Due Diligence of the cost that has been invested by the Group, which is evaluated by the independent party, selected, and authorized by the SPV.

The Company, the DSEZ MC and SPV has mutually agreed that the Due Diligence evaluated result will be directly send to the SPV to summarize the amount as per Term of Reference (TOR) relating to the investing auction for new investors of each project. The Group currently does not have right to access the details of the Due Diligence to claim the right from the other parties at present.

In 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”).

On 5 August 2015, the indirect subsidiaries in overseas and the investors (“the Concessionaires”) has signed 7 concession agreements for the rights to develop 8 concession projects of the Dawei Special Economic Zone Initial Phase (“DSEZ Initial Phase”) with the DSEZ MC. At same time, the DSEZ MC, the SPV and the Company are entered into the Supplemental Memorandum of Understanding to the Tripartite Memorandum to define the terms and conditions to the Company in order to obtain the Land Right Option for develop and operate the DSEZ Initial Phase and also to compensate the previous investment of the Group. 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 Concessionaires have fulfilled all conditions except the Land Lease Agreements signing and concession fees payment because these are not agreed between the Concessionaires and the DSEZ MC on the details of Land lease agreements. The Concessionaires has report to the DSEZ MC to pay the concession fees of each project along with interest to the DSEZ MC when the Land Lease Agreements of each project have been agreed.

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 6 Land Lease Agreements for 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 the respective content has been mutually agreed.

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 mentioned 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 the Republic of the Union of 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 and updating the project progress while consulting the relevant Thai government agencies accordingly.

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Due to the current political situation in the Republic of Union of Myanmar and COVID-19 pandemic, these have caused the delay in the negotiation between the Group and the Republic of Union of Myanmar Authority in order to find a common ground acceptable to all parties concerned. Nevertheless, in January 2023, a meeting took place amongst the DSEZ MC, the Company, and the Concessionaires. All parties agreed to continue the amicable discussions going forword.

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 the Republic of the Union of Myanmar governments, it is publicly known that the Thai Government has the policy to offer the   
soft loan to the Republic of the Union of 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 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 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 has invested in a potash mining project which is an investment through of the subsidiary. The Company holds about 90% and the Ministry of Finance holds about 10% of the registered share capital. The Company has an acquisition cost of the potash mining right totaling Baht 2,293.49 million. The potash mining rights did not have movement for the three-month period ended on 31 March 2023.

The subsidiary received the right to explore potash mining from the Ministry of Industry with the approval of the Council of Ministers in the Udon Thani, which is located in the northeastern of Thailand. The subsidiary has discovered 2 large areas of potash mining are the Southern Udon Field and the North Udon Field. As at 31 March 2023 and 31 December 2022, the subsidiary had deferred of exploration and development costs amount of Baht 2,979.91 million and Baht 2,760.08 million, respectively.

Movement of deferred exploration and development costs for the three-month period ended 31 March 2023 are as follow:

|  | (Unit : Thousand Baht) |
| --- | --- |
|  | Consolidated F/S |
|  |  |
| Deferred exploration expense |  |
| Balance as at 1 January 2023 | 1,052,456 |
| Expense for the period | 219,829 |
| Balance as at 31 March 2023 | 1,272,285 |
|  |  |
| Expense for require concession certificate |  |
| Balance as at 1 January 2023 | 1,707,620 |
| Expense for the period | - |
| Balance as at 31 March 2023 | 1,707,620 |
|  |  |
| Total deferred exploration and development costs | 2,979,905 |

The subsidiary filed an application for a mining concession certificate to the Department of Primary Industries and Mines (DPIM) in 2004. On 23 September 2022, the subsidiary was granted the third type mining concession, underground mining Potash type. According to the require for a concession certificate underground mining No. 1-4/2547 from the Director General of the DPIM for 4 plots of the South Udon mineral field, totaling the area ​​25,446 rai, 1 ngan, 49 square wa, which concession certificates has period of 25 years since 23 September 2022 and can require to extend the concession certificates additional for 5 years. On 7 October 2022, the subsidiary received all 4 certificates and paid for compensation amount of USD 5 million (equivalent to Baht 187.43 million) as conditions in obtaining the certificate. As of 31 March 2023, the subsidiary has commitments regarding such compensation and recorded as deferred expenses, in the account “Deferred exploration and development costs" and as accrued expense in the statement of financial position.

To be able to start a mining business, the subsidiary must comply with conditions for issuing concession certificates and other related laws, for example, mining operations must be opened within a year from the date the certificate is issued, insurance, rehabilitation of the mine area etc. If the specified conditions are not met without any justifiable reason, the subsidiary must agree to revoke the concession certificate without any claims. However, the subsidiary is gradually complied with some of those conditions already.

As at 31 March 2023, the subsidiary has obligations under one of the conditions stipulated in the concession certificate by paying compensation to the owner or right to possess the land in the total amount of Baht 1,114.00 million. The subsidiary recognized the compensation in deferred expense which is recorded in the account “Deferred concession cost and cost of project under development” and is a liability which is recorded in the account “Liabilities payable as concession certificate” (note 25 to consolidate financial statement) in the statement of financial position.

The management of the group company believed that subsidiary will be able to operate under the specified conditions and able to operate mining business on time. Therefore, the Company's management believe that investment will not be impaired.

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | (Unit : Thousand Baht) | | | | |
|  | Consolidated F/S | | | Separate F/S | | | | |
|  | 31 March 2023 | | 31 December 2022 | | 31 March 2023 | | 31 December 2022 | |
|  | |  | |  | |  | |
| Concession cost | 197,297 | | 199,980 | | - | | - | |
| Costs of project under development | 2,323,905 | | 2,280,019 | | 2,142,601 | | 2,115,432 | |
| Total | 2,521,202 | | 2,479,999 | | 2,142,601 | | 2,115,432 | |

In 2013, an oversea 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 year 2021, the subsidiary company obtained 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 174.08 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 and received partial loans. In addition, on 7 December 2022, the subsidiary has signed the Head of Agreement with group of interested partners which currently studying the feasibility of the project for their investing in the project development.

The subsidiary has gradually received a portion of the USD 25 million loan under the initial loan agreement. such subsidiary has commenced building of housing in accordance with the community resettlement plan and has constructed 45 of 62 housing to support community movement in the port development 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 2023 and 31 December 2022 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Bank overdrafts | 612,453 | 498,654 | 5,185 | 3,993 |
| Short-term loans from financial  institutions | 5,187,762 | 5,920,361 | 3,261,499 | 4,088,981 |
| Total | 5,800,215 | 6,419,015 | 3,266,684 | 4,092,974 |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Million) | |
|  | Consolidated F/S | | Separate F/S | |
| Currencies | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| THB | 3,636 | 4,403 | 3,029 | 3,782 |
| INR | 3,171 | 2,884 | - | - |
| BDT | 732 | 915 | 732 | 915 |

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

As at 31 March 2023 and 31 December 2022, part of loans amounting to Baht 1,573.60 million and Baht 2,165.38 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 2023 and 31 December 2022, the Company has bank overdrafts and short-term loans credit facilities that have not been drawn down totaling Baht 8,575.43 million and Baht 9,530.69 million, respectively.

1. **TRADE AND OTHER ACCOUNTS PAYABLES-RELATED PARTIES**

##### As at 31 March 2023 and 31 December 2022, the outstanding balance of trade and other account payables - related parties are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,085,125 | 923,831 |
| Associated companies and joint ventures | 215,045 | 179,883 | 143,175 | 131,905 |
| Related companies | 2,951,399 | 2,865,398 | 2,933,189 | 2,851,585 |
| Total trade accounts payable   - related parties | 3,166,444 | 3,045,281 | 4,161,489 | 3,907,321 |

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

##### As at 31 March 2023 and 31 December 2022, the outstanding balance of short-term loans and advances form related parties are as follows:

|  |  | | (Unit : Thousand Baht) | |
| --- | --- | --- | --- | --- |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Subsidiaries | - | - | 1,496,435 | 1,632,231 |
| Total | - | - | 1,496,435 | 1,632,231 |

1. **LONG-TERM LOANS**

As at 31 March 2023 and 31 December 2022, the outstanding balances of long-term loans are as follows :

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit : Thousand Baht) | |
|  | Consolidated F/S | | Separate F/S | |
|  | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
|  |  |  |  |  |
| Outstanding balances | 20,676,802 | 19,347,757 | 15,788,757 | 14,527,352 |
| Less : Current portion | (13,630,981) | (12,936,634) | (12,392,421) | (11,813,146) |
| Net | 7,045,821 | 6,411,123 | 3,396,336 | 2,714,206 |

##### Movements in the long - term loans for the three - month period ended 31 March 2023 are summarized below:

|  |  |  |
| --- | --- | --- |
|  | (Unit : Thousand Baht) | |
|  | Consolidated F/S | Separate F/S |
|  |  |  |
| Balance as at 1 January 2023 | 19,347,757 | 14,527,352 |
| Add : Additional borrowings | 2,676,783 | 2,428,110 |
| Less : Repayments | (1,302,548) | (1,166,705) |
| Less : Translation adjustment for foreign currency  financial statements | (45,190) | - |
| Balance as at 31 March 2023 | 20,676,802 | 15,788,757 |

##### 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 2023 and 31 December 2022 are as follows:

|  |  |  | | |  | | |  | (Unit : Million Baht) | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | | |  | | |  | Consolidated F/S | | Separate F/S | |
| Loan | Credit amount (Million Baht) | Interest rate (Percentage) | | | Repayment condition | | | Guarantee | 31 March 2023 | 31 December 2022 | 31 March 2023 | 31 December 2022 |
| **Parent Company** | |  | | |  | | |  |  |  |  |  |
|  | 17,463 | MLR-1 per annum | | | Repayable within 2023-2025 or upon completion of the project, whichever is earlier | | | Assignment of collection from  construction contract | 15,309 | 14,197 | 15,309 | 14,197 |
|  |  | MLR-1.25 per annum | | | Repayable within 2027 or upon completion of the project, whichever is earlier | | | Assignment of collection from  construction contract and land |  |  |  |  |
|  |  | MLR-1.50 per annum | | | Repayable within 2023-2025 or upon completion of the project, whichever is earlier | | | Assignment of collection from  construction contract |  |  |  |  |
|  |  | Market rate per annum | | | Repayable within 2023 upon completion of the project, whichever is earlier | | | Bank account opened for receive revenue from construction |  |  |  |  |
|  |  | 2.75 per annum | | | Repayable within 2026 | | | - |  |  |  |  |
|  |  | 5.25 per annum | | | Repayable within 2024 | | | Land |  |  |  |  |
|  |  | 4.75 per annum | | | Repayable within 2027 | | | - |  |  |  |  |
| **Joint operation** |  |  | | |  | | |  |  |  |  |  |
|  | 530 | MLR-1.50 per annum | | | Repayable within 60 months after drawdown first time | | | Assignment of collection from,  construction contract | 480 | 330 | 480 | 330 |
|  |  |  | | |  | | |  |  |  |  |  |
| **Subsidiaries** | |  |  |  | |  |
| 1 | 542 | MLR-1 to MLR-3.15 per annum | | | Repayable within 2023-2025 | | | Guaranteed by parent company,  machinery and equipment | 166 | 186 | - | - |
| 2 | 1,210 | MLR-1.50 per annum | | | Repayable within 34 months after drawdown   first time | | | Assignment of collection from,  construction contract | 1,210 | 1,210 | - | - |
| 3 | 1,401 | MLR-1.50 per annum | | | Repayable within 2023-2026 | | | Guaranteed by parent company,  machinery and Assignment of collection from construction contract | 1,401 | 1,492 | - | - |
| 4 | 5,600 Million BDT | Floating rate of Bank of Bangladesh plus 6% per annum | | | Repayable per contract | | | Guaranteed by parent company | 698 | 735 | - | - |
|  |  |  | | |  | | |  |  |  |  |  |
|  |  |  | | |  | | |  |  |  |  |  |
|  |  |  | | |  | | |  |  |  |  |  |
|  |  |  | | |  | | |  |  |  |  |  |
|  |  |  | | |  | | |  |  |  |  |  |
| 5 | 470 | 2.51% to 3.25% per annum | | | Repayable within 2023-2025 | | | Guaranteed by shareholders | 400 | 400 | - | - |
| 6 | 2,191 Million Rupee | 9% to 10.25% per annum | | | Repayable within 2023-2027 | | | Land | 911 | 763 | - | - |
| 7 | 25 Million USD | 0.95% per annum | | | Repayable within 15 years after drawdown   first time | | | Stand by letter of Credit 5 Million USD | 102 | 35 | - | - |
|  |  |  | | |  | | | Total | 20,677 | 19,348 | 15,789 | 14,527 |
|  |  |  | | |  | | | Less : Current portion | (13,631) | (12,937) | (12,393) | (11,813) |
|  |  |  | | |  | | | Net | 7,046 | 6,411 | 3,396 | 2,714 |

1. **RELATED PARTY TRANSACTIONS**

During the period, the Group has 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:

| 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 | | | |
|  | 2023 | 2022 | 2023 | 2022 |
|  |  |  |  |  |
| Transactions with subsidiaries |  |  |  |  |
| Construction services, sales and other income | - | - | 481 | 276 |
| Purchases of construction materials and services | - | - | 250 | 326 |
| Sales of equipment | - | - | 3 | - |
|  |  |  |  |  |
| Transactions with associated and joint control  companies, and joint ventures |  |  |  |  |
| Construction services, sales and other income | 422 | 214 | 16 | 8 |
| Purchases of construction materials and services | 46 | 229 | 15 | 18 |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| Transactions with related parties |  |  |  |  |
| Construction services, sales and other income | 51 | 24 | 42 | 22 |
| Purchases of construction materials and services | 711 | 967 | 677 | 923 |
| Purchases of assets and equipment | - | 7 | - | - |
|  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |
| Short-term employee benefits | 41 | 45 | 31 | 32 |
| Post-employment benefits | 4 | 4 | 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. **DEBENTURES**

Movements in debentures for the three-month period ended 31 March 2023 are as follows:

|  |  |
| --- | --- |
| (Unit : Thousand Baht) | |
|  | Consolidated and Separate F/S |
|  |  |
| Balance as at 1 January 2023 | 14,392,440 |
| Add : Amortization of debentures issuing costs | 11,353 |
| Balance as at 31 March 2023 | 14,403,793 |
| Less : Current portion | (6,005,619) |
| Net | 8,398,174 |

1. **LIABILITIES PAYABLE AS CONCESSION CERTIFICATE**

|  |  |
| --- | --- |
|  | (Unit : Thousand Baht) |
|  | Consolidated F/S |
|  |  |
| Balance as at 1 January 2023 | 1,115,290 |
| Paid during the year | (1,288) |
| Balance as at 31 March 2023 | 1,114,002 |
| Less : Current portion | (144,104) |
| Net | 969,898 |

This liabilities are the Company’s commitment relating to compensation payable to land title deed’s owner for the mining Potash project as mentioned in Note 17 to the interim financial statement.

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 2023, the Group has letter of guarantees which issued by financial institutions on behalf of the Company and subsidiaries totaling approximately Baht 80,416.06 million in respect of certain performance bonds required in the normal course of business. The Group do not expect to incur losses from these guarantees.

As at 31 March 2023, the Company has outstanding guarantees that issued to financial institutions approximately Baht 3,579.71 million 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**
   1. As at 31 March 2023, 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 | 10,212.39 | 8,961.80 |
| INR | 13,032.00 | - |
| BDT | 745.29 | 745.29 |

* 1. As at 31 March 2023, 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 | 804.83 | 576.79 |
| USD | 710.07 | 126.81 |
| INR | 885.56 | - |
| BDT | 41.81 | 41.81 |
| EUR | 54.11 | 47.73 |
| CNY | 53.02 | - |
| VND | 0.25 | 0.25 |
| SGD | 0.28 | - |
| AUD | 46.13 | 46.13 |

* 1. As at 31 March 2023, 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 6,642.32 million
  2. As at 31 March 2023, a joint control company has outstanding commitments regarding to the agreement with the Government of the People’s Republic of Bangladesh, under the clause of Transfer of Technology during the course of the construction period of BDT 32.58 million.
  3. As at 31 March 2023, the Company has outstanding commitments of USD 8.35 million for share purchase agreement with a joint shareholder of an associated company.
  4. A subsidiary company has significant commitments with respect to obtaining potash mining concession as follows :
     + The subsidiary company shall pay an annual subsidizing to the Education Fund for the Department of Primary Industries and Mines of USD 0.20 million.
     + The subsidiary must pay subsidies for mining inspections with a limit of Baht 50 million.
     + The subsidiary are required to provide insurance during the mining project throughout the concession period the total amount is not less than Baht 500 million.
     + The subsidiary is required to deposit collateral for rehabilitation of the mining area throughout the project life and to heal those affected by the mining in the total amount of Baht 1,851 million.
     + Subsidiary must establish 7 funds in accordance with the prevention and monitoring environmental impacts, totaling of Baht 1,900 million throughout the project life.
  5. Several indirect subsidiary companies entered into service agreements with project consultant with committed consulting fees at rates specified in agreements.
  6. An oversea 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.
  7. 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.

1. **CONTINGENT LIABILITIES**

The Group has received notices from various customers claiming for compensation for breaches of contracts totalling Baht 5,557.52 million (the Company of Baht 4,705.07 million). Currently, these claims are under consideration of Civil Court of Baht 5,311.12 million and Arbitration Tribunal of Baht 246.40 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 believed 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.

1. **SEGMENT REPORTING**

The operations of the Group are principally engaged in a single industry segment, construction services and the most of selling and service are conducted in the following geographical segments.

Segment reporting is reported in the same manner as internal reports presented to the chief operation decision maker (who is considered to be the managing director) for use in resource allocation and performance evaluation.

The chief operating decision maker considers the segment reporting is presented as following:

|  | (Unit : Million Baht) | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated F/S | | | | | | | | | | | | | |
|  | For the three-month periods ended 31 March | | | | | | | | | | | | | |
|  | Thailand | | India | | Bangladesh | | Other countries | | Total | | Eliminate | | Grand Total | |
|  | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from construction work |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from third parties | 7,408 | 7,626 | 6,845 | 5,267 | 846 | 624 | 320 | 220 | 15,419 | 13,737 | - | - | 15,419 | 13,737 |
| Inter-segment revenues | 301 | 362 | 3 | 11 | 423 | 335 | - | - | 727 | 708 | (727) | (708) | - | - |
| Total gross segment revenues | 7,709 | 7,988 | 6,848 | 5,278 | 1,269 | 959 | 320 | 220 | 16,146 | 14,445 | (727) | (708) | 15,419 | 13,737 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from sales and services |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues from third parties | 1,281 | 1,569 | - | - | - | - | 513 | 563 | 1,794 | 2,132 | - | - | 1,794 | 2,132 |
| Inter-segment revenues | 454 | 220 | - | - | - | - | - | - | 454 | 220 | (454) | (220) | - | - |
| Total gross segment revenues | 1,735 | 1,789 | - | - | - | - | 513 | 563 | 2,248 | 2,352 | (454) | (220) | 1,794 | 2,132 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit (loss) | 627 | 986 | 740 | 394 | 749 | (606) | 167 | 184 | 2,283 | 958 | (424) | (185) | 1,859 | 773 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues disaggregated by pattern  of revenue recognition | | | | | | | | | | | | | | |
| Over time | 7,709 | 7,988 | 6,848 | 5,278 | 1,269 | 959 | 320 | 220 | 16,146 | 14,445 | (727) | (708) | 15,419 | 13,737 |
| At point in time | 1,735 | 1,789 | - | - | - | - | 513 | 563 | 2,248 | 2,352 | (454) | (220) | 1,794 | 2,132 |
| Total | 9,444 | 9,777 | 6,848 | 5,278 | 1,269 | 959 | 833 | 783 | 18,394 | 16,797 | (1,181) | (928) | 17,213 | 15,869 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  |  |  |  |  |  |  |  |  |  |  |  | 36 | 22 |
| Gain (loss) on fair value measurement   of derivatives |  |  |  |  |  |  |  |  |  |  |  |  | 1 | (34) |
| Depreciation and amortization |  |  |  |  |  |  |  |  |  |  |  |  | (1,124) | (1,131) |
| Allowance for impairment losses | | | | |  |  |  |  |  |  |  |  | (82) | (72) |
| Share of profit (loss) from investment in  associated and joint control companies, and joint ventures | |  |  |  |  |  |  |  |  |  |  |  | (42) | (11) |
| Financial costs |  |  |  |  |  |  |  |  |  |  |  |  | (681) | (628) |
| Income tax expense |  |  |  |  |  |  |  |  |  |  |  |  | (374) | (199) |
| Profit (loss) for the period |  |  |  |  |  |  |  |  |  |  |  |  | 404 | (733) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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1. **FINANCIAL INSTRUMENTS**

***Foreign currency risk***

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 March 2023 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 2023 |
|  | (Million) | (Million) | (Million) | (Million) | (Baht per foreign currency unit) |
|  |  |  |  |  |  |
| USD | 56 | 1 | 58 | 1 | 34.0125 |
| EUR | - | 3 | - | 2 | 37.5515 |
| LAK | - | 424 | - | - | 0.0020 |
| BDT | - | - | 1,123 | - | 0.3164 |
| JPY | - | - | 79 | - | 0.2528 |

Outstanding forward exchange contracts which as at 31 March 2023 are summarized below:

|  |  |  |
| --- | --- | --- |
| Currency | Balance (Million) | Forward contract exchange rate |
|  |  |  |
| EUR (buy) | 1 | 36.4046 - 36.4132 |

As at 31 March 2023, 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 | | |
|  | USD | EUR | LAK |
|  | Million | Million | Million |
|  |  |  |  |
| Trade accounts receivable retention | 9 | - | - |
| Trade accounts receivable retention |  |  |  |
| and loan to related companies | 46 | - | - |
| Trade accounts payable | 1 | 2 | 424 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | Separate F/S | | |
|  | USD | EUR | BDT |
|  | Million | Million | Million |
|  |  |  |  |
| Trade accounts receivables  and loans to related companies | 58 | - | 1,123 |
| 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 2023 are as follow:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit : Thousand Baht)  Consolidated F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Other long - term investments | 292,049 |  | - |  | 789,647 |  | 1,081,696 |
| Derivatives assets | - |  | 758 |  | - |  | 758 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 2,347,940 |  | - |  | 2,347,940 |
| Total | 292,049 |  | 2,348,698 |  | 789,647 |  | 3,430,394 |
|  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | (Unit : Thousand Baht) | | |
|  | Separate F/S | | | | | | |
|  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| **Assets** |  |  |  |  |  |  |  |
| Financial assets |  |  |  |  |  |  |  |
| Other long-term investments | 274,192 |  | - |  | 385,744 |  | 659,936 |
| Derivatives assets | - |  | 758 |  | - |  | 758 |
|  |  |  |  |  |  |  |  |
| Non-financial assets |  |  |  |  |  |  |  |
| Investment properties | - |  | 835,729 |  | - |  | 835,729 |
| Total | 274,192 |  | 836,487 |  | 385,744 |  | 1,496,423 |

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