

## **REPORT OF INDEPENDENT AUDITOR**

To the shareholders of Italian-Thai Development Public Company Limited

I have audited the accompanying consolidated financial statements of Italian-Thai Development Public Company Limited and its subsidiaries and joint ventures which comprise the consolidated statement of financial position as at 31 December 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of Italian-Thai Development Public Company Limited which comprise the separate statement of financial position as at 31 December 2014, the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a reasonable basis for my qualified audit opinion.

#### **Basis for Qualified Opinion**

The consolidated financial statements as at 31 December 2014 include investments in associated companies accounted for under the equity method of Baht 627.51 million, and share of profit from associated companies under the equity method for the year then ended of Baht 8.32 million. Those financial statements are based on financial information compiled by the management of such associated companies which have not been audited by their auditors because those associated companies are not under the control of the Company's management.

The consolidated financial statements as at 31 December 2014 include trade accounts receivable and un-billed work in progress of overseas subsidiary and joint venture of Baht 721.18 million and Baht 1,468.25 million, respectively, which represent a number of variation order claims recognized some years ago based on the terms and conditions implicit in the contracts. These claims are technical in nature and subject to arbitration tribunal. The subsidiary and joint venture have assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and legal opinion from an independent counsel and has not provided allowance for non collection for such matter in the accounts. In addition, the consolidated financial statement as at 31 December 2014 include trade receivables and un-billed work in progress of overseas subsidiary of Baht 119.22 million and 81.72 million, respectively. These amounts are presently under negotiation with the customers. I am unable to determine the effect (if any) on these balances.

### **Qualified Opinion**

In my opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position as at 31 December 2014 and the consolidated results of operations and cash flows for the year then ended of Italian-Thai Development Public Company Limited and its subsidiaries and joint ventures, and the separate financial position as at 31 December 2014 and its results of operations and cash flows for the year then ended of Italian-Thai Development Public Company Limited in accordance with Thai Financial Reporting Standards.

### **Emphasis of Matter**

As discussed in Note 14 to the financial statements, the Company has land lease concessions and projects under development in the Dawei Special Economic Zone with investment costs amounting to Baht 6,031 million. This project is dependent on the cooperation of the governments of Thailand and Myanmar as the new concessionaires and promoter of the Dawei Project. The Company has the right to reimburse such amount, including other expenses during negotiation from Special Purpose Vehicle, after the completion of the due diligence work performed by the consultants of the two governments.

As discussed in Note 15 to the financial statements, a subsidiary company has potash mining rights and an application for potash mining concessions in process. The Company's management believes that this project will be approved by the government and will become operational as planned in the near future.

My opinion is not qualified in respect of the matters above.

**Mr. Teerasak Chuasrisakul**

Certified Public Accountant

Registration No. 6624

Bangkok, Thailand

2 March 2015