

## **Bangkok Expressway and Metro Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the period as from 30 December 2015 to 31 December 2015**

#### **1. General information**

##### **1.1 Corporate information**

Bangkok Expressway and Metro Public Company Limited (“the Company”) is a public company incorporated from an amalgamation on 30 December 2015 and domiciled in Thailand. The Company’s major shareholder is the CH. Karnchang Public Company Limited, which was incorporated in Thailand and its registered address is 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok. In addition, the Company has four branches.

The Company is principally engaged in the construction and management of expressways, the operation of metro services and commercial development with detail as follow.

##### **A. Construction and management of expressways**

The Company (previously “Bangkok Expressway Public Company Limited”) has entered into concession agreements with the Expressway Authority of Thailand (EXAT) for construction and management of expressways, as follows:

A.1 The Si Rat Expressway (the Second Stage Expressway System (SES)) under the Second Stage Expressway agreement (Sector A, Sector B and Sector C), for a period of 30 years commencing on 1 March 1990, and the Agreement for the Extension of the Second Stage Expressway, Sector D, for a period of 30 years commencing on 17 April 1997. The Company has the right to extend the contract for two further periods of 10 years each, depending upon such terms and conditions as may then be agreed by the parties. The SES consists of Sector A (Rama IX - Ratchadapisek), Sector B (Phayathai - Bangkhlo), Sector C (Ratchadapisek - Chaeng Watthana) and Sector D (Rama IX - Srinagarindra).

A.2 The Si Rat - Outer Ring Road Expressway Project under a concession agreement in respect of the investment, design, construction, management, operation and maintenance of the Si Rat - Outer Ring Road Expressway Project, with a concession period of 30 years commencing on 14 December 2012 with construction period of not more than 48 months. Currently, the project is under construction and is expected to be completed on schedule in 2016.

## B. Operation of metro services

The Mass Rapid Transit Authority of Thailand ("MRTA") has granted the Company (previously "Bangkok Metro Public Company Limited") concessions to operate metro services as follows:

B.1 Project - Chaloem Ratchamongkhon (Blue line) (Hua Lamphong Station – Bang Sue Station) ("the MRT Blue Line Project") under an agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line" ("the Concession Agreement"), for the design, manufacture, supply, installation, testing and commission of M&E Equipment, and for the operation and maintenance of the MRTA Initial System. The agreement is for 25 years from the date that MRTA issues a Notice of No Objection to Commencement of Revenue Service. The MRTA Initial System officially commenced operation on 3 July 2004. Under the Agreement, the Company agrees to apportion revenue to the MRTA, which consists of remuneration from fares, remuneration from commercial development, apportionment of profit calculated from the return on equity (ROE) and any benefit derived from the interest rate on a credit agreement being lower than a rate specified in the Concession Agreement.

B.2 The MRT purple line project, Bang Yai-Rat Burana, Bang Yai-Bang Sue Section (Klong Bang Phai Station-Tao Poon Station) (the "MRT Purple Line Project") Contract 4: Concession for Supply of M&E Systems and O&M Services, whereby the MRTA invests in all civil work costs, and the Company invests in the M&E Systems and rolling stock. In addition, the Company will provide operation and maintenance services in accordance with the service standards specified in the conditions of the agreement. The MRTA will be entitled to collect fare box revenues and commercial revenues from the use of all civil infrastructure and the M&E Systems, and will compensate the Company in the form of M&E System equipment costs (Phase I) and maintenance service fees (Phase II). Details are as below:

### Phase I Design and Build

The Company is to design, supply, install and test the M&E Systems within 1,200 days after the agreement date (4 September 2013). The Company will receive compensation totaling Baht 20,011 million from the MRTA in the form of monthly payments over a period of 10 years, beginning from the date of the Commissioning Certificate.

Subsequently, the Company subcontracted all Phase 1 works under its responsibility to a related company for fees amounting to Baht 20,011 million. However, the Company will pay the fees to the related company based on when the Company receives compensation from MRTA. The Company has entered into an agreement to assign the rights to receipts under the agreement with the MRTA to the related company's bank, as collateral.

#### Phase II O&M services

The Company is responsible for operation of metro services, including repair, maintenance and improvement of all equipment and materials related to the civil infrastructure works and M&E Systems for a period of 30 years from the date specified in the Commissioning Certificate and/or the date that the MRTA delivers the civil infrastructure and M&E Systems equipment to the Company. Compensation for Phase II under the agreement totals Baht 57,208 million (excluding escalations for inflation and adjustments to reflect electricity prices) and will be paid to the Company on a monthly basis over 30 years. At the end of the concession the Company is to transfer the civil infrastructure and M&E Systems to MRTA.

- B.3 The Company was selected as the operator of the MRT Purple Line Project, Bang Yai-Rat Burana, Bang Yai-Bang Sue Section (Tao Poon Station-Bang Sue Station, excluding the stations) under Contract 5, which is a concession agreement for the supply of M&E Systems and O&M Services ("Concession Agreement Contract 5") in accordance with a Cabinet resolution dated 28 October 2014. At present the conclusion of negotiations between the Company and the committee of selection of private participation for supply of M&E Systems and O&M Services the Purple Line Project (Bang Sue - Tao Poon station) are being proposed to the Cabinet for approval.

- C. Commercial development business, which consists of commercial developments related to the expressways and the operation of metro services.

### **1.2 Revision of toll rates**

The Second Stage Expressway System agreement and the Extension of Second Stage Expressway System (Sector D) agreement stipulate that EXAT and Bangkok Expressway Public Company Limited, as counterparties, have common obligations to consider a revision of the toll rates of the First and Second Stage Expressway Systems and Sector D of the Second State Expressway System every five years.

On 2 August 2013, the Ministry of Communications issued a Ministry of Communications Notification regarding the toll rates for the First and Second Stage Expressway Systems and Sector D of the Second Stage Expressway System, effective from 1 September 2013. However, the Company believes that the announced toll rates are not in accordance with the agreements, and is currently proceeding with action to dispute its rights and seek compensation that is in accordance with the agreements.

The Bang Pa-In - Pakkret Expressway System agreement stipulates that EXAT and Northern Bangkok Expressway Company Limited (“the subsidiaries”), as counterparties, have common obligations to consider a revision of the toll rates of the Bang Pa-In - Pakkret Expressway System every five years. On 2 August 2013, the Ministry of Communications issued Ministry of Communications Notification regarding the toll rates for the Bang Pa-In - Pakkret Expressway, effective from 1 November 2013. However, the subsidiary believes that announced rates are not in accordance with the agreement and is currently proceeding with action to dispute its rights and seek compensation that is in accordance with the agreement.

### **1.3 Amalgamation**

The Company was formed as a result of the amalgamation of 2 companies in accordance with the Public Limited Companies Act B.E. 2535 on 30 December 2015. The amalgamating companies were as follows:

- 1) Bangkok Expressway Public Company Limited
- 2) Bangkok Metro Public Company Limited

As a result of the amalgamation, the Company received the assets, liabilities, rights and obligations of these companies and therefore presented beginning account balances based on the total net book values presented in the financial statements as of 29 December 2015 of both companies. This amalgamation was thus considered to be a business combination under common control, and the Company presented information in the consolidated financial statements for the years ended 31 December 2015 and 31 December 2014 and the consolidated statement of financial position as at 1 January 2014 to reflect the financial position, operating results, and cash flows of the group of companies under common control on the basis of economic substance, even though the legal form of the Company was established subsequent to 1 January 2014.

The Stock Exchange of Thailand had approved the listing shares of the Company which were traded on the Stock Exchange of Thailand commencing from 5 January 2016 onwards.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Bangkok Expressway and Metro Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”). The details are as follows:

| Company's name                              | Nature of business  | Country of incorporation | Proportion of investment |                  |
|---|---|--------------------------|--------------------------|------------------|
|   |   |                          | 31 December 2015         | 31 December 2014 |
|   |   |                          | %                        | %                |
| Northern Bangkok Expressway Company Limited | Operation and management of Bang Pa-In - Pakkret Expressway   | Thailand                 | 99.99                    | 46.67            |
| Bangkok Metro Networks Limited              | Rental of retail space and provision of advertising services and telecommunication services in underground train stations | Thailand                 | 65.19                    | 65.19            |

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
  - e) Material balances and transactions between the Company and the subsidiaries have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investment in subsidiaries and associate presented under the cost method, have been prepared solely for the benefit of the public.

### **3. New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### **(a) Financial reporting standards that became effective in the current accounting year**

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

##### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The standard does not have any impact on the Company's and its subsidiaries' financial statements.

### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This financial reporting standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This financial reporting standard does not have any impact on the Company's and its subsidiaries' financial statements.

## **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

## **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

This financial reporting standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

### **b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's and subsidiaries' management believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue and expense recognition**

#### **a) Toll revenue**

Toll revenue represent the invoiced value, excluding value added tax, of service rendered.

#### **b) Fare box revenue recognition**

Smart card and smart token sales are recognised as revenue when the services are rendered. Prepaid value in stored value smart cards is recorded as unearned fare box revenue in current liabilities in the statement of financial position.



**c) Commercial development revenue**

Commercial development revenue is recognised as income when service has been rendered.

**d) Other revenues and expenses recognition**

Interest income is recognised as interest accrues based on the effective rate method.

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

Expenses are recognised on accrual basis.

**4.2 Cash and cash equivalents**

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

**4.3 Trade and other receivables**

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

**4.4 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- c) Investment in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- d) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associated companies are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the Company amount of the investment is recognised as in profit or loss.

#### **4.5 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

No depreciation has been provided for land awaiting sales.

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

#### **4.6 Building and equipment and depreciation**

Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of the building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

|                                       |                       |
|---------------------------------------|-----------------------|
| Building and construction improvement | 5 years               |
| Furniture and fixture                 | 5 years               |
| Tools, instruments and equipment      | 3 - 5 years, 20 years |
| Vehicles                              | 5 - 16 years          |

Depreciation is included in determining income. No depreciation has been provided for construction in process.

An item of building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.7 Amortisation of rights to operate completed expressway sectors and amortisation**

The rights to operate completed expressway sectors are amortised as expenses in income statements with the number of actual vehicle volume. The amortisation of rights to operate completed expressway sectors is calculated as follows:

$$\text{Annual amortisation} = \frac{\text{Net rights to operate completed expressway sectors} \times \text{Percentage of the number of vehicle volume for the year}}{\text{Percentage of the number of vehicle volume for the year}}$$

$$\text{Percentage of the number of vehicle volume for the year} = \frac{\text{Current year's number of actual vehicle volume}}{(\text{Current year's number of actual vehicle volume} + \text{Projected vehicle volume after current year to the remaining years of the agreement})}$$

$$\text{Net rights to operate completed expressway sectors} = \text{Total actual cost of rights to operate completed expressway sectors} - \text{Accumulated amortisation}$$

#### **4.8 Rights to use sites for expressway construction and amortisation**

The Company initially recorded the rights to use sites for expressway construction at cost, equal to the present value of future compensation for site acquisition cost to be paid to the Expressway Authority of Thailand under the Second Stage Expressway System agreement. Following initial recognition, the rights are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company amortises the rights to use sites for expressway construction as an expense in the income statement is proportion to the number of actual vehicle volume. The Company reviews for impairment of the asset whenever there are indications of impairment and reviews the amortisation method at least once per year.

#### **4.9 Intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line and amortisation**

Intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line are stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

All expenditures and other related expenses which are incurred to construct the System and to enable it to become operational are capitalised as assets and will be amortised over the concession period after the commencement of operations of the System. Such intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line include management and consultant fees, design costs, electrical and mechanical works and rolling stock purchased during the concession period, interest and other financing expenses.

#### Equipment - Metro system

The Company has been adopting the unit of throughput method to amortise such intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line based on the following formula:

$$\begin{aligned}
 \text{Amortisation for the year} &= \frac{\text{Net intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line at the beginning of the year} \times \text{Percentage of passengers for the year}}{\text{Current year's actual passengers}} \\
 \text{Percentage of Passengers for the year} &= \frac{\text{Current year's actual passengers}}{\text{(Actual passengers for the current year + Projected passengers during the remaining concession year)}} \\
 \text{Net intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line} &= \text{Total intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line - Accumulated amortisation}
 \end{aligned}$$

#### Equipment - Other system

Amortisation of intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line is calculated by reference to its cost on the straight-line basis over the following estimated useful lives:

|  |                               |
|--|-------------------------------|
| Equipment and rental area at station improvement | 5 years and concession period |
| Telecommunication equipment                      | 5 years and concession period |
| Advertising equipment                            | 5 years                       |

Amortisation intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line of the Company and its subsidiaries is included in profit or loss.

No amortisation is provided on assets under construction.

#### **4.10 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.11 Other intangible assets and amortisation**

The Company and its subsidiaries are initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite useful lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives is computer software with 3 years, 5 years and 10 years useful lives.

#### **4.12 Deferred financial fees**

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before the actual draw down of the loans are recorded as deferred financial fees. Deferred financial fees is presented as a deduction against the related loan account and amortised proportionately to the amount of the loan facility already drawn over the term of the loans.

The amortisation of deferred financial fees is capitalised as part of the cost of the respective assets until to get ready for their intended use.

#### **4.13 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost to business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.14 Related party transactions**

Related parties comprise enterprises and individuals or entities that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

#### **4.15 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.16 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **4.17 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the investments, investment property, building and equipment, rights to operate completed expressway sectors, rights to use sites for expressway construction, intangible asset under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **4.18 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### **Defined contribution plans**

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Companies and its subsidiaries are recognised as expenses when incurred.

###### **Defined benefit plans**

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

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.19 Provisions**

Provisions are recognised when the Company and its subsidiaries has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

###### **Provision for compensation for site acquisition cost**

The Company records provision for compensation for site acquisition cost based on the present value of future payments to be paid to the Expressway Authority of Thailand to compensate the site acquisition cost as stated in the Second Stage Expressway System agreement.



#### **4.20 Periodic maintenance**

All annual maintenance costs are charged directly to the income statement in the year on which they are incurred. The independent specialists have stated that if annual repairs are carried out in accordance with the specified standard, there will be no requirement for major maintenance. As a result, no further amounts are set aside as provision for maintenance.

#### **4.21 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred income tax.

##### **Current income tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred income tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.22 Hedge accounting - Cash flow hedges**

An associate applies hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency. Where the revenues from sales of electricity are designated as the hedged item and long-term loans in USD are the hedging instrument. The associate has recorded such transactions using cash flow hedge accounting.

The effective portion of the change in the fair value of the cash flow hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss. Gains or losses accumulated in other comprehensive income are then transferred to profit or loss in the period when the hedged items affect profit or loss.

#### **4.23 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for

assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments. Change in assumption which is related to calculating input, could affect fair value in financial statement and the disclosure of fair value hierarchy.

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates for individual account receivables based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of other investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Impairment of investment in subsidiaries**

The Company reviews impairment of investment in subsidiaries, which requires management to prepare projection of the cash flow expected to be generated by the investment in the future, and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Building and equipment/Depreciation**

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s plant and

equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Amortisation of rights to operate completed expressway sectors and rights to use sites for expressway construction**

In determining amortisation of rights to operate completed expressway sectors and rights to use sites for expressway construction, the management has to project vehicle volume after current year for the remaining years of the agreement. Vehicle volume is projected based on the number of vehicles as assessed by an independent appraiser, and adjusted by comparison to actual vehicle volume. However, the actual vehicle volume in the future could differ from the estimate depending upon changes in external factors that may affect toll rates and vehicle volume.

#### **Amortisation of intangible under concession agreement of the MRTA Initial System Project Chaloem Ratchamongkhon Line**

In determining amortisation of intangible under concession agreement of the MRTA Initial System Project Chaloem Ratchamongkhon Line, the management has to project the number of passengers after current year for the remaining year of the agreement. Various assumptions needed to project such as traffic model, network rail, average cost of fuel, and fare structure.

#### **Leases**

In determining whether a lease is to be classified as an operation lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Impairment testing of intangible asset under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line**

Impairment testing of intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line at the end of each reporting period requires management to prepare projections of the cash flows expected to be generated by the intangible assets under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigation**

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Cash and cash equivalents

|               | (Unit: Thousand Baht)                |                  |                                 |
|---------------|--------------------------------------|------------------|---------------------------------|
|               | Consolidated<br>financial statements |                  | Separate<br>financial statement |
|               | 31 December 2015                     | 31 December 2014 | 31 December 2015                |
| Cash          | 36,185                               | 30,756           | 34,630                          |
| Bank deposits | 4,447,190                            | 2,346,292        | 4,424,428                       |
| Total         | 4,483,375                            | 2,377,048        | 4,459,058                       |

The Company has pledged its rights to receive deposits from bank accounts, with outstanding balances as at 31 December 2015 of approximately Baht 107 million (2014: Baht 481 million) with a group of domestic lenders to secure its long-term loans from those lenders. The Company is able to withdraw these deposits for its use of regular operation.

## 7. Related party transactions

During the years/period, the Company and its subsidiaries had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

The relationship between the Company and the related parties which the Company and its subsidiaries has transaction with during 2015 and 2014 summarised below.

| Name of related parties                          | Relationship with the Company                |
|--|--|
| CH. Karnchang Public Company Limited             | Major shareholders                           |
| Northern Bangkok Expressway Company Limited      | Subsidiary                                   |
| Bangkok Metro Networks Limited                   | Subsidiary                                   |
| CK Power Public Company Limited                  | Associate                                    |
| TTW Public Company Limited                       | Associate                                    |
| Mass Rapid Transit Authority of Thailand         | Related party                                |
| CH. Karnchang-Tokyu Construction Company Limited | Related party                                |
| Krungthai Bank Public Company Limited            | the Company's director has authority in bank |
| Bangkok Bank Public Company Limited              | the Company's director has authority in bank |
| Construction Material Supply Company Limited     | Common directors                             |
| Finansa Public Company Limited                   | Common directors                             |
| Finansa Securities Company Limited               | Common directors                             |

Such significant transactions are summarised below.

(Unit: Million Baht)

|  | Consolidated financial statements         |   | Separate<br>financial statement                                      | Pricing policy                                  |
|--|---|---|--|---|
|  | For the<br>year ended<br>31 December 2015 | For the<br>year ended<br>31 December 2014 | For the period<br>as from<br>30 December 2015 to<br>31 December 2015 |   |
| <u>Transactions with subsidiaries</u>                            |   |   |  |   |
| (eliminated from the consolidated financial statements)          |   |   |  |   |
| Commercial development revenue                                   |   |   |  |   |
| Bangkok Metro Networks Limited                                   | -   | -   | 1  | Contract rate                                   |
| Interest income from long-term loans                             |   |   |  |   |
| Northern Bangkok Expressway Company Limited                      | -   | -   | 1  | At the rates of 3.65% - 3.74%<br>per annum      |
| Management income  |   |   |  |   |
| Northern Bangkok Expressway Company Limited                      | -   | -   | 1  | Baht 5 million and Baht 10<br>million per month |
| <u>Transaction with associates</u>                               |   |   |  |   |
| Payment for additional share subscription                        |   |   |  |   |
| CK Power Public Company Limited                                  | 1,088                                     | -   | -  | 362.82 million shares of Baht<br>3.00 each      |
| <u>Transactions with related parties</u>                         |   |   |  |   |
| Advance receipt for the MRT Purple<br>Line Project               | 86  | 260                                       | -  | Contract rate                                   |
| Commercial development revenue                                   |   |   |  |   |
| Krungthai Bank Public Company Limited                            | 4   | 4   | -  | Contract price                                  |
| Bangkok Bank Public Company Limited                              | 4   | 4   | -  | Contract price                                  |
| Total  | 8   | 8   | -  |   |
| Interest income  |   |   |  |   |
| CH. Karnchang Public Company Limited                             | 45  | -   | -  | At the rates 3.67% per annum                    |
| Gain on sales investment in Bangkok Metro Public Company Limited |   |   |  |   |
| CH. Karnchang Public Company Limited                             | 1,236                                     | -   | -  | 2,050 million shares of Baht<br>1.79 each       |
| Costs of fare box (Inclusive of VAT)                             |   |   |  |   |
| Mass Rapid Transit Authority of Thailand                         | 401                                       | 204                                       | 1  | Concession agreement                            |
| Costs of commercial development                                  |   |   |  |   |
| Mass Rapid Transit Authority of Thailand                         | 66  | 65  | -  | Concession agreement                            |
| Office rental and service  |   |   |  |   |
| CH. Karnchang Public Company Limited                             | 7   | 7   | -  | Contract rate                                   |
| Consulting fee   |   |   |  |   |
| Finansa Securities Company Limited                               | 40  | 15  | -  | Contract rate                                   |

(Unit: Million Baht)

|  | Consolidated financial statements         |   | Separate<br>financial statement                                      | Pricing policy   |
|--|---|---|--|--|
|  | For the<br>year ended<br>31 December 2015 | For the<br>year ended<br>31 December 2014 | For the period<br>as from<br>30 December 2015 to<br>31 December 2015 |  |
| Property tax   |   |   |  |  |
| Mass Rapid Transit Authority of Thailand                         | 37  | 9   | -  | At the rates charged by<br>Bangkok Metropolitan<br>Administration  |
| Interest expense   |   |   |  |  |
| CH. Karnchang Public Company Limited                             | -   | 3   | -  | Contract rate  |
| Cost incurred from expressway construction contracts             |   |   |  |  |
| CH. Karnchang Public Company Limited                             | 8,370                                     | 7,650                                     | -  | Contract price   |
| CH. Karnchang-Tokyu Construction Company<br>Limited              | -   | 91  | -  | Contract price   |
| Total  | 8,370                                     | 7,741                                     | -  |  |
| Expressway and civil works maintenance expenses                  |   |   |  |  |
| CH. Karnchang Public Company Limited                             | 19  | 67  | -  | Contract rate  |
| Financial arrangement fee  |   |   |  |  |
| Krungthai Bank Public Company Limited                            | 17  | 16  | -  | Contract rate  |
| Financial fee  |   |   |  |  |
| Krungthai Bank Public Company Limited                            | 32  | 5   | 1  | Contract rate  |
| Bangkok Bank Public Company Limited                              | 1   | 1   | 1  | Contract rate  |
| Total  | 33  | 6   | 2  |  |
| Interest expenses on short-term loans from financial institution |   |   |  |  |
| Krungthai Bank Public Company Limited                            | 78  | -   | 1  | At the rates of 3.55% per annum  |
| Interest expenses on long-term loans                             |   |   |  |  |
| Krungthai Bank Public Company Limited                            | 359                                       | 320                                       | 2  |  |
| Bangkok Bank Public Company Limited                              | 90  | 26  | 1  |  |
| Total  | 449                                       | 346                                       | 3  | At the rates of 4.00%, MLR,<br>MLR-2.525%, 6M FDR + 2%<br>and 6M FDR + 2.66875%<br>per annum   |
| Payments for additional shares subscription                      |   |   |  |  |
| Xayaburi Power Company Limited                                   | 214                                       | 265                                       | -  | 71.25 million shares of Baht<br>3.00 each (2014: 43.13 million<br>shares of Baht 1.67 each and<br>71.25 million shares of Baht<br>2.71 each) |



The balances of the accounts as at 31 December 2015 and 2014 between the Company and subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |                     | Separate<br>financial<br>statement |
|--|--------------------------------------|---------------------|------------------------------------|
|  | 31 December<br>2015                  | 31 December<br>2014 | 31 December<br>2015                |
| <b><u>Cash and cash equivalents</u></b>  |                                      |                     |                                    |
| Krungthai Bank Public Company Limited  | 268,029                              | 116,359             | 247,258                            |
| Bangkok Bank Public Company Limited  | 32                                   | 416                 | 32                                 |
| Total  | 268,061                              | 116,775             | 247,290                            |
| <b><u>Trade and other receivables (Note 9)</u></b>                                       |                                      |                     |                                    |
| Northern Bangkok Expressway Company Limited  | -                                    | -                   | 10,700                             |
| Bangkok Metro Networks Limited   | -                                    | -                   | 52,172                             |
| CH. Karnchang Public Company Limited   | 17,120                               | 12,840              | 17,120                             |
| Total  | 17,120                               | 12,840              | 79,992                             |
| <b><u>Receivable from sales of investment - due within<br/>and over 1 year</u></b>       |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | 1,369,741                            | -                   | 1,369,741                          |
| Less: Deferred interest income   | (48,892)                             | -                   | (48,892)                           |
| Total  | 1,320,849                            | -                   | 1,320,849                          |
| <b><u>Prepaid expenses</u></b>   |                                      |                     |                                    |
| Krungthai Bank Public Company Limited  | 5,312                                | 5,312               | 3,007                              |
| <b><u>Advance payment under service contract</u></b>                                     |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | 3,746                                | 2,197               | -                                  |
| <b><u>Long-term loans to and interest receivable<br/>from related company</u></b>        |                                      |                     |                                    |
| Northern Bangkok Expressway Company Limited  | -                                    | -                   | 6,854,496                          |
| <b><u>Advance payment under construction contract</u></b>                                |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | 398,250                              | 1,235,250           | 398,250                            |
| <b><u>Short term loans from financial institution<br/>(only principal) (Note 20)</u></b> |                                      |                     |                                    |
| Krungthai Bank Public Company Limited  | 18,410,000                           | -                   | 18,400,000                         |

(Unit: Thousand Baht)

|  | Consolidated<br>financial statements |                     | Separate<br>financial<br>statement |
|--|--------------------------------------|---------------------|------------------------------------|
|  | 31 December<br>2015                  | 31 December<br>2014 | 31 December<br>2015                |
| <b><u>Trade and other payables (Note 21)</u></b>   |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | 1,958,150                            | 1,350,621           | 1,957,506                          |
| Mass Rapid Transit Authority of Thailand   | 103,204                              | 89,556              | 103,204                            |
| Finansa Securities Company Limited   | 20,350                               | -                   | 20,350                             |
| Others   | 5,568                                | 2,126               | 4,630                              |
| Total  | <u>2,087,272</u>                     | <u>1,442,303</u>    | <u>2,085,690</u>                   |
| <b><u>Unearned revenue from advertising<br/>management rights</u></b>                                  |                                      |                     |                                    |
| Bangkok Metro Networks Limited   |                                      |                     |                                    |
| Current portion (Note 21, 25)  | -                                    | -                   | 1,248                              |
| Long-term portion (Note 25)  | -                                    | -                   | 15,611                             |
| Total  | <u>-</u>                             | <u>-</u>            | <u>16,859</u>                      |
| <b><u>Payable from purchase of investment -<br/>due within and over 1 year</u></b>                     |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | -                                    | 313,695             | -                                  |
| <b><u>Retention guarantees</u></b>   |                                      |                     |                                    |
| CH. Karnchang Public Company Limited   | 152,988                              | 186,057             | 152,988                            |
| CH. Karnchang-Tokyu Construction Company Limited   | -                                    | 12,887              | -                                  |
| Construction Material Supply Company Limited   | -                                    | 39                  | -                                  |
| Total  | <u>152,988</u>                       | <u>198,983</u>      | <u>152,988</u>                     |
| <b><u>Long-term loans and current portion of<br/>long-term loans (only principal)<br/>(Note22)</u></b> |                                      |                     |                                    |
| Krungthai Bank Public Company Limited  | 7,173,319                            | 4,971,814           | 7,016,633                          |
| Bangkok Bank Public Company Limited  | 2,945,855                            | 1,097,105           | 2,945,855                          |
| Total  | <u>10,119,174</u>                    | <u>6,068,919</u>    | <u>9,962,488</u>                   |

Short term loans from financial institution (only principal) as at 31 December 2015 and movement of short-term loans were as follow:

(Unit: Thousand Baht)

|                                       | Consolidated financial statements |            |                  |                            |
|---------------------------------------|-----------------------------------|------------|------------------|----------------------------|
|                                       | Balance                           | Increase   | Balance          | Interest rate              |
|                                       | as at                             | during the | as at            |                            |
| Short-term loans                      | 1 January 2015                    | year       | 31 December 2015 |                            |
| Krungthai Bank Public Company Limited | -                                 | 18,410,000 | 18,410,000       | 3.55% and MOR<br>per annum |

(Unit: Thousand Baht)

|                                       | Separate financial statement |             |                 |
|---------------------------------------|------------------------------|-------------|-----------------|
|                                       | Balance                      | Balance     | Interest rate   |
|                                       | as at                        | as at       |                 |
| Short-term loans                      | 30 December                  | 31 December |                 |
|                                       | 2015                         | 2015        |                 |
| Krungthai Bank Public Company Limited | 18,400,000                   | 18,400,000  | 3.55% per annum |

Long-term loans and current portion of long-term loans (only principal) as at 31 December 2015 and movement of long-term loans were as follow:

(Unit: Thousand Baht)

|                                       | Consolidated financial statements |            |           |                  |  |
|---------------------------------------|-----------------------------------|------------|-----------|------------------|--|
|                                       | Balance                           | Increase   | Repayment | Balance          | Interest rate  |
|                                       | as at                             | during the | During    | as at            |  |
| Long-term loans                       | 1 January 2015                    | year       | the year  | 31 December 2015 |  |
| Krungthai Bank Public Company Limited | 4,971,814                         | 2,242,005  | (40,500)  | 7,173,319        | 4.00%, MLR, MLR-<br>2.525%, 6M<br>FDR+2% and 6M<br>FDR+2.66875%<br>per annum |
| Bangkok Bank Public Company Limited   | 1,097,105                         | 1,848,750  | -         | 2,945,855        |  |
| Total                                 | 6,068,919                         | 4,090,755  | (40,500)  | 10,119,174       |  |

(Unit: Thousand Baht)

| Long-term loans                       | Separate financial statement |                              | Interest rate  |
|---------------------------------------|------------------------------|------------------------------|--|
|                                       | Balance                      | Balance                      |  |
|                                       | as at<br>30 December<br>2015 | as at<br>31 December<br>2015 |  |
| Krungthai Bank Public Company Limited | 7,016,633                    | 7,016,633                    | 4.00%, MLR, MLR -<br>2.525%, 6M FDR + 2%<br>and 6M FDR +<br>2.66875% per annum |
| Bangkok Bank Public Company Limited   | 2,945,855                    | 2,945,855                    |  |
| Total                                 | 9,962,488                    | 9,962,488                    |  |

During the current period, movements of long-term loans to and interest receivable from related company in the separate financial statement were as follow:

|  | 30 December<br>2015 | Increase<br>during period | Decrease<br>during period | 31 December<br>2015 | (Unit: Thousand Baht)<br>Interest rate |
|--|---------------------|---------------------------|---------------------------|---------------------|--|
|  |                     |                           |                           |                     |  |
| Northern Bangkok Expressway<br>Company Limited |                     |                           |                           |                     |  |
| Long-term loans                                | 5,673,827           | -                         | -                         | 5,673,827           | 3.65% - 3.74% per annum                |
| Interest receivable                            | 1,180,669           | 1,137                     | (1,137)                   | 1,180,669           |  |
| Total  | 6,854,496           | 1,137                     | (1,137)                   | 6,854,496           |  |

### **Directors and management's remuneration**

During the years, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

|                              | Consolidated financial statements          |  | Separate<br>financial statement   |
|------------------------------|--|--|---|
|                              | For the<br>year end<br>31 December<br>2015 | For the<br>year end<br>31 December<br>2014 | For the period<br>as from<br>30 December 2015<br>to<br>31 December 2015 |
|                              |  |  |   |
| Short-term employee benefits | 215,449                                    | 171,778                                    | 1,691   |
| Post-employment benefits     | 7,957                                      | 11,242                                     | 36  |
| Total                        | 223,406                                    | 183,020                                    | 1,727   |

## 8. Current investments

| (Unit: Thousand Baht) |                                   |                |                  |                  |                               |
|-----------------------|-----------------------------------|----------------|------------------|------------------|-------------------------------|
|                       | Consolidated financial statements |                |                  |                  | Separate financial statement  |
|                       | 31 December 2015                  |                | 31 December 2014 |                  | 31 December 2015              |
|                       | Cost                              | Fair value     | Cost             | Fair value       | Cost      Fair value          |
| Unit trusts           | 454,678                           | 497,357        | 1,916,771        | 1,947,869        | 437,295      479,974          |
| Bills of exchange     | -                                 | -              | 400,000          | 400,000          | -      -                      |
|                       | <u>454,678</u>                    | <u>497,357</u> | <u>2,316,771</u> | <u>2,347,869</u> | <u>437,295</u> <u>479,974</u> |

## 9. Trade and other receivables

| (Unit: Thousand Baht)              |                                  |                  |                              |
|------------------------------------|----------------------------------|------------------|------------------------------|
|                                    | Consolidate financial statements |                  | Separate financial statement |
|                                    | 31 December 2015                 | 31 December 2014 | 31 December 2015             |
|                                    |                                  |                  |                              |
| <u>Trade receivable</u>            |                                  |                  |                              |
| Trade receivable                   |                                  |                  |                              |
| - Related parties (Note 7)         | 17,120                           | 12,840           | 69,292                       |
| - Unrelated parties                | 66,530                           | 72,772           | -                            |
| Less: Allowance for doubtful debts | (4,438)                          | (4,438)          | -                            |
| Total trade receivables - net      | <u>79,212</u>                    | <u>81,174</u>    | <u>69,292</u>                |
| <u>Other receivables</u>           |                                  |                  |                              |
| Advances                           | 273                              | 213              | 2                            |
| Accrued income                     | 3,014                            | 425              | 3,014                        |
| Other receivables                  |                                  |                  |                              |
| - Related parties (Note 7)         | -                                | -                | 10,700                       |
| - Unrelated parties                | 2,129                            | 20,003           | 2,048                        |
| Total other receivables            | <u>5,416</u>                     | <u>20,641</u>    | <u>15,764</u>                |
| Trade and other receivables - net  | <u>84,628</u>                    | <u>101,815</u>   | <u>85,056</u>                |

Most of the trade accounts receivable were within their credit terms. As at 31 December 2015, the outstanding balances of such receivables that are one year or more past due amounted to approximately Baht 6 million (2014: Baht 6 million) (The separate financial statement: Nil) The Company and its subsidiaries have assessed the recoverable value of the receivables and recorded allowance for doubtful accounts of the receivables that are over one year of Baht 4 million (2014: Baht 4 million) (The separate financial statements: Nil).

## 10. Investments in associates

### 10.1 Details of associates

(Unit: Million Baht)

| Company's name                  | Nature of business                            | Incorporated country | Consolidated financial statements |       |        |       |   |       |
|---------------------------------|---|----------------------|-----------------------------------|-------|--------|-------|---|-------|
|                                 |   |                      | Proportion of shareholding        |       | Cost   |       | Carrying amounts based on equity method |       |
|                                 |   |                      | 2015                              | 2014  | 2015   | 2014  | 2015                                    | 2014  |
|                                 |   |                      | %                                 | %     |        |       |   |       |
| CK Power Public Company Limited | Holding company                               | Thailand             | 19.40                             | 19.40 | 3,223  | 2,134 | 3,123                                   | 2,016 |
| TTW Public Company Limited      | Manufacture and distribution of treated water | Thailand             | 19.57                             | 19.66 | 7,018  | 7,050 | 6,713                                   | 6,878 |
|                                 |   |                      |                                   |       | 10,241 | 9,184 | 9,836                                   | 8,894 |

(Unit: Million Baht)

| Separate financial statement    |   |                      |                            |       |
|---------------------------------|---|----------------------|----------------------------|-------|
| 31 December 2015                |   |                      |                            |       |
| Company's name                  | Nature of business                            | Incorporated country | Proportion of shareholding | Cost  |
|                                 |   |                      | 2015                       | 2015  |
|                                 |   |                      | %                          |       |
| CK Power Public Company Limited | Holding company                               | Thailand             | 19.40                      | 3,223 |
| TTW Public Company Limited      | Manufacture and distribution of treated water | Thailand             | 19.57                      | 4,303 |
|                                 |   |                      |                            | 7,526 |

#### CK Power Public Company Limited

The Company agreed to provide sponsor support to CK Power Public Company Limited, whereby it will provide financial support to a subsidiary of CK Power Public Company Limited in proportion to its shareholding, or a total of not more than Baht 154 million, should its subsidiary be unable to comply with its obligations under the Financing Documents or default on loan repayment.

A 3-year silent period was imposed on the 175.6 million shares of CK Power Public Company Limited held by the Company as from the initial trading date of the shares on the SET (18 July 2013), although the Company may gradually allocate the shares

for sale beginning one year after the initial trading date under the Regulations of the Stock Exchange of Thailand.

In April 2015, the Annual General Meeting of the shareholders of CK Power Public Company Limited passed the following resolutions.

- a) To approve a change in the par value of its shares, from Baht 5 each with 1,100 million ordinary shares to be Baht 1 each with 5,500 million ordinary shares.
- b) To approve a Baht 3,740 million increase in its registered capital, from Baht 5,500 million to Baht 9,240 million, by issuing 3,740 million ordinary shares, with a par value of Baht 1 per share.
- c) To approve the issuance of up to 1,870 million warrants to purchase ordinary shares of a company to be offered to the existing shareholders who subscribed to and made subscription payment for its newly issued ordinary shares, at a rate of 1 warrant per 1 newly issued ordinary share. Each of warrant can be exercised to purchase 1 newly issued ordinary share at a price of Baht 6 per share.
- d) To approve the allocation of up to 1,870 million new ordinary shares with a par value of Baht 1 per share to the existing shareholders, in proportion to their respective shareholdings, at a rate of 0.34 new ordinary shares for every 1 ordinary share held, at a price of Baht 3 per share; and to approve the allocation of up to 1,870 million new ordinary shares with a par value of Baht 1 per share in order to accommodate the exercise of its ordinary share warrants.

In May 2015, the Company exercised to purchase 362.8 million additional ordinary shares, in proportion to its respective shareholdings, of Baht 3 each of CK Power Public Company Limited, for a total of Baht 1,088 million and received 362.8 million ordinary share warrants, with the Company's shareholding in CK Power Public Company Limited remaining unchanged at 19.40%.

#### TTW Public Company Limited

In January 2015, the Company disposed 3.6 million ordinary shares of TTW Public Company Limited, resulted in the decrease in proportion of shareholding from 19.66% to 19.57%.

## 10.2 Share of profit and dividend received

The Company has recognised its share of profit from investments in associates in the consolidated financial statements and dividend income in the separate financial statement as follows:

|                                 |  |      |   |      | (Unit: Million Baht)  |
|---------------------------------|--|------|---|------|---|
|                                 | Consolidated financial statements                              |      |   |      | Separate financial statement  |
|                                 | Share of profit from investments in associates during the year |      | Share of other comprehensive income from investment in associates during the year |      | Dividend received for the period as from 30 December 2015 to 31 December 2015 |
| Company's name                  | 2015   | 2014 | 2015  | 2014 |   |
| CK Power Public Company Limited | 80   | 98   | (37)  | (1)  | -   |
| TTW Public Company Limited      | 381  | 448  | (9)   | (1)  | -   |
| Total                           | 461  | 546  | (46)  | (2)  | -   |

## 10.3 Fair value of investments in listed associates

In respect of investments in associates those are listed companies on the Stock Exchange of Thailand, their fair values are as follows:

| Company's name                  | (Unit: Million Baht)          |        |
|---------------------------------|-------------------------------|--------|
|                                 | Fair values as at 31 December |        |
|                                 | 2015                          | 2014   |
| CK Power Public Company Limited | 2,803 <sup>(1)</sup>          | 3,799  |
| TTW Public Company Limited      | 8,198                         | 9,099  |
| Total                           | 11,001                        | 12,898 |

<sup>(1)</sup> Excluding the fair value of warrants amounting to Baht 127 million.



## 10.4 Summarised financial information of associates

### Summarised information about financial position

(Unit: Million Baht)

|   | CK Power Public Company Limited |               | TTW Public Company Limited |               |
|---|---------------------------------|---------------|----------------------------|---------------|
|   | <u>2015</u>                     | <u>2014</u>   | <u>2015</u>                | <u>2014</u>   |
| Current assets  | 5,196                           | 4,160         | 7,299                      | 7,082         |
| Non-current assets                                    | 49,371                          | 45,165        | 19,345                     | 17,546        |
| Current liabilities                                   | (2,416)                         | (2,220)       | (3,265)                    | (1,641)       |
| Non-current liabilities                               | (20,338)                        | (21,002)      | (11,949)                   | (11,597)      |
| Non-controlling interests of the subsidiaries         | (14,058)                        | (14,055)      | (40)                       | (38)          |
| <b>Net assets</b>                                     | <b>17,755</b>                   | <b>12,048</b> | <b>11,390</b>              | <b>11,352</b> |
| Shareholding percentage (%)                           | 19.40                           | 19.40         | 19.57                      | 19.66         |
| <b>Share of net assets</b>                            | <b>3,444</b>                    | <b>2,337</b>  | <b>2,229</b>               | <b>2,232</b>  |
| Elimination entries                                   | (321)                           | (321)         | -                          | -             |
| Rights to produce and sell treated water              | -                               | -             | 2,074                      | 2,224         |
| Goodwill  | -                               | -             | 2,410                      | 2,422         |
| Carrying amounts of associates based on equity method | <b>3,123</b>                    | <b>2,016</b>  | <b>6,713</b>               | <b>6,878</b>  |

### Summarised information about comprehensive income

(Unit: Million Baht)

|                            | CK Power Public Company Limited |             | TTW Public Company Limited |             |
|----------------------------|---------------------------------|-------------|----------------------------|-------------|
|                            | For the year ended 31 December  |             |                            |             |
|                            | <u>2015</u>                     | <u>2014</u> | <u>2015</u>                | <u>2014</u> |
| Revenue                    | 6,851                           | 7,025       | 5,574                      | 5,622       |
| Profit                     | 786                             | 881         | 2,698                      | 2,990       |
| Other comprehensive income | (433)                           | (23)        | (50)                       | (4)         |
| Total comprehensive income | 353                             | 858         | 2,648                      | 2,986       |

## 11. Investment in subsidiaries

Details of investments in subsidiaries as presented in separate financial statement as at 31 December 2015 are as follows:

(Unit: Million Baht)

| Company's name                              | Registered capital | Paid-up capital | Proportion of investment (%) | Cost  | Allowance for impairment | Cost - Net |
|---|--------------------|-----------------|------------------------------|-------|--------------------------|------------|
|   |                    |                 |                              |       | of investment            |            |
| Northern Bangkok Expressway Company Limited | 6,000              | 5,250           | 99.99                        | 2,604 | (2,450)                  | 154        |
| Bangkok Metro Networks Limited              | 254                | 254             | 65.19                        | 166   | (16)                     | 150        |
|   |                    |                 |                              | 2,770 | (2,466)                  | 304        |

On 6 November 2015, the Company increased its interest in the equity of Northern Bangkok Expressway Company Limited by purchasing 280 million shares of common stock from the other shareholders at a price of Baht 0.55 per share, totaling Baht 154 million. As a result, its shareholdings in the subsidiary increased from 53.33% to 99.9%.

The assets of Northern Bangkok Expressway Company Limited such as deposits at banks, current investments, rights in the Bang Pa-In - Pakkret Expressway System and rights in toll revenues and beneficiary rights under insurance policies are secured against such loans from the Company. However, the subsidiary is able to make withdrawals from deposit at banks and trading of current investments for use as regular operating expenses.

The Company has pledged all share certificates of investment in Bangkok Metro Networks Limited with a group of domestic lenders to secure its long-term loans from those lenders.

## 12. Other long-term investments

(Unit: Million Baht)

| Company's name                    | Nature of business                          | Incorporated country | Consolidated financial statements |        |                 |       |                            |      |      |      |
|-----------------------------------|---|----------------------|-----------------------------------|--------|-----------------|-------|----------------------------|------|------|------|
|                                   |   |                      | Registered capital                |        | Paid-up capital |       | Proportion of shareholding |      | Cost |      |
|                                   |   |                      | 2015                              | 2014   | 2015            | 2014  | 2015                       | 2014 | 2015 | 2014 |
|                                   |   |                      |                                   |        |                 |       |                            |      |      |      |
| <u>Other investments</u>          |   |                      |                                   |        |                 |       | %                          | %    |      |      |
| Xayaburi Power Company Limited    | Manufacture and distribution of electricity | Laos                 | 26,861                            | 26,861 | 12,175          | 9,325 | 7.50                       | 7.50 | 913  | 699  |
| Total other long-term investments |   |                      |                                   |        |                 |       |                            |      | 913  | 699  |

During the current year, Xayaburi Power Company Limited called up an additional 30% of the unpaid portion of 71.3 million shares held by the Company (par value of Baht 10 each), or a total of Baht 214 million. The Company already paid for such share subscription.

Subsequently in December 2015 and January 2016, Xayaburi Power Company Limited additionally called up Baht 43 million, or 6% of 71.3 million shares (par value of Baht 10 each). The Company made payments for those share subscriptions in January and February 2016.

The 121.9 million ordinary shares of Xayaburi Power Company Limited held by the Company have been pledged to secure of long-term loans of such company.

## 13. Investment properties

The fair value of the investment properties stated below:

|                     | (Unit: Million Baht)              |                  |                              |
|---------------------|-----------------------------------|------------------|------------------------------|
|                     | Consolidated financial statements |                  | Separate financial statement |
|                     | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
| Land awaiting sales | 302                               | 300              | 302                          |

The fair value of above investment properties has been determined by an accredited independent value based on market prices.

As at 31 December 2015, the Company has pledged investment properties amounting to Baht 120 million (2014: Baht 120 million) as collateral against credit facilities granted by group of lenders.

## 14. Building and equipment

(Unit: Thousand Baht)

|   | Consolidated financial statements           |                             |   |          |          |
|---|---|-----------------------------|---|----------|----------|
|   | Building and<br>construction<br>improvement | Furniture<br>and<br>fixture | Tools,<br>instruments<br>and<br>equipment | Vehicles | Total    |
| <b>Cost:</b>  |   |                             |   |          |          |
| 1 January 2014  | 33,610                                      | 44,985                      | 146,666                                   | 293,121  | 518,382  |
| Additions   | 286   | 1,886                       | 6,042                                     | 41,410   | 49,624   |
| Disposals/Write off   | -   | (598)                       | (6,433)                                   | (20,506) | (27,537) |
| Transfer in (out)   | -   | 4                           | (4)                                       | -        | -        |
| 31 December 2014  | 33,896                                      | 46,277                      | 146,271                                   | 314,025  | 540,469  |
| Additions   | 867   | 2,407                       | 8,869                                     | 27,207   | 39,350   |
| Disposals/Write off   | -   | (86)                        | (10,329)                                  | (14,179) | (24,594) |
| Transfer in (out)   | (36)  | 36                          | -   | -        | -        |
| 31 December 2015  | 34,727                                      | 48,634                      | 144,811                                   | 327,053  | 555,225  |
| <b>Accumulated Depreciation:</b>  |   |                             |   |          |          |
| 1 January 2014  | 20,684                                      | 37,545                      | 120,131                                   | 193,265  | 371,625  |
| Depreciation for the year   | 5,102                                       | 1,791                       | 10,843                                    | 26,385   | 44,121   |
| Depreciation on disposals/write off   | -   | (595)                       | (6,348)                                   | (20,413) | (27,356) |
| 31 December 2014  | 25,786                                      | 38,741                      | 124,626                                   | 199,237  | 388,390  |
| Depreciation for the year   | 4,435                                       | 1,923                       | 10,863                                    | 19,819   | 37,040   |
| Depreciation on disposals/write off   | -   | (86)                        | (10,306)                                  | (14,179) | (24,571) |
| 31 December 2015  | 30,221                                      | 40,578                      | 125,183                                   | 204,877  | 400,859  |
| <b>Net book value:</b>  |   |                             |   |          |          |
| 31 December 2014  | 8,110                                       | 7,536                       | 21,645                                    | 114,788  | 152,079  |
| 31 December 2015  | 4,506                                       | 8,056                       | 19,628                                    | 122,176  | 154,366  |
| <b>Depreciation for the year: (including in selling and administrative expense)</b> |   |                             |   |          |          |
| 2014  |   |                             |   |          | 44,121   |
| 2015  |   |                             |   |          | 37,174   |

(Unit: Thousand Baht)

|                                  | Separate financial statement                |                             |   |          |         |
|----------------------------------|---|-----------------------------|---|----------|---------|
|                                  | Building and<br>construction<br>improvement | Furniture<br>and<br>fixture | Tools,<br>instruments<br>and<br>equipment | Vehicles | Total   |
| <b>Cost:</b>                     |   |                             |   |          |         |
| 30 December 2015                 | 34,693                                      | 42,529                      | 133,035                                   | 316,011  | 526,268 |
| Additions                        | -   | -                           | -   | 4,281    | 4,281   |
| 31 December 2015                 | 34,693                                      | 42,529                      | 133,035                                   | 320,292  | 530,549 |
| <b>Accumulated depreciation:</b> |   |                             |   |          |         |
| 30 December 2015                 | 30,173                                      | 35,097                      | 114,833                                   | 199,656  | 379,759 |
| Depreciation for the period      | 13  | 10                          | 55  | 74       | 152     |
| 31 December 2015                 | 30,186                                      | 35,107                      | 114,888                                   | 199,730  | 379,911 |
| <b>Net book value:</b>           |   |                             |   |          |         |
| 31 December 2015                 | 4,507                                       | 7,422                       | 18,147                                    | 120,562  | 150,638 |

**Depreciation for the period as from 30 December 2015 to 31 December 2015**

(including in selling and administrative expenses)

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As at 31 December 2015, the Company and its subsidiaries have certain of building and equipment which have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 328 million (2014: Baht 266 million) and the Company only amounted to Baht 310 million.

**15. Construction in process**

|   | Consolidated                                 |  | (Unit: Thousand Baht)   |
|---|--|--|---|
|   | financial statements                         |  | Separate<br>financial statement                                   |
|   | For the year<br>ended<br>31 December<br>2015 | For the year<br>ended<br>31 December<br>2014 | For the period as from<br>30 December 2015<br>to 31 December 2015 |
| Balance at the beginning of the<br>year/period                | 10,744,376                                   | 2,901,839                                    | 19,623,216  |
| Addition during the year/period                               | 8,888,519                                    | 8,126,457                                    | 2,614   |
| Transfer to rights to operate<br>completed expressway sectors | (7,065)                                      | (283,920)                                    | -   |

|                                       |            |            |            |
|---------------------------------------|------------|------------|------------|
| Balance at the end of the year/period | 19,625,830 | 10,744,376 | 19,625,830 |
|---------------------------------------|------------|------------|------------|

As at 31 December 2015, the Company had an outstanding balance of expressway under construction, the Si Rat - Outer Ring Road Expressway Project, amounting to Baht 19,626 million (2014: Baht 10,744 million). The construction has been financed with debentures and long-term loans from financial institutions. Borrowing costs amounting to Baht 430 million were capitalised during the year ended 31 December 2015 (2014: Baht 281 million). The weighted average rate of 2.9% has been used to determine the amount of borrowing costs eligible for capitalisation (2014: 4.39%).

#### 16. Rights to operate completed expressway sectors

The net book values of Rights to operate completed expressway sectors are presented below.

|                                | (Unit: Thousand Baht)             |                  |                              |
|--------------------------------|-----------------------------------|------------------|------------------------------|
|                                | Consolidated financial statements |                  | Separate financial statement |
|                                | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
| Cost                           | 61,616,349                        | 61,609,284       | 48,772,059                   |
| Less: Accumulated amortisation | (41,288,886)                      | (38,462,294)     | (35,702,158)                 |
| Net book value                 | 20,327,463                        | 23,146,990       | 13,069,901                   |

Movements of the rights to operate completed expressway sectors are summarised below.

|  | (Unit: Thousand Baht)             |                    |                                      |
|--|-----------------------------------|--------------------|--------------------------------------|
|  | Consolidated financial statements |                    | Separate financial statement         |
|  | For the year ended                | For the year ended | For the period as from               |
|  | 31 December 2015                  | 31 December 2014   | 30 December 2015 to 31 December 2015 |
|  |                                   |                    |                                      |
| Net book value at the beginning of the year/period | 23,146,990                        | 25,564,276         | 13,078,527                           |
| Transfer from construction in progress             | 7,065                             | 283,920            | -                                    |
| Amortisation for the year/period                   | (2,826,592)                       | (2,701,206)        | (8,626)                              |
| Net book value at the end of the year/period       | 20,327,463                        | 23,146,990         | 13,069,901                           |

Rights to operate completed expressway sectors represent the cost of construction of the Second Stage Expressway and Bang Pa-In - Pakkret Expressway. It is stated at cost less accumulated amortisation.

The Company has transferred its rights in the Second Stage Expressway to secure long-term loans.

## 17. Rights to use sites for expressway construction

The net book values of Rights to use sites for expressway construction are presented below.

|                                | (Unit: Thousand Baht)             |                  |                              |
|--------------------------------|-----------------------------------|------------------|------------------------------|
|                                | Consolidated financial statements |                  | Separate financial statement |
|                                | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
| Cost                           | 6,644,790                         | 6,644,790        | 6,644,790                    |
| Less: Accumulated amortisation | (5,324,596)                       | (5,032,913)      | (5,324,596)                  |
| Net book value                 | 1,320,194                         | 1,611,877        | 1,320,194                    |

Movements of the rights to use sites for expressway construction are summarised below.

|  | (Unit: Thousand Baht)               |                                     |   |
|--|-------------------------------------|-------------------------------------|---|
|  | Consolidated financial statements   |                                     | Separate financial statement                                |
|  | For the year ended 31 December 2015 | For the year ended 31 December 2014 | For the period as from 30 December 2015 to 31 December 2015 |
| Net book value at the beginning of the year/period | 1,611,877                           | 1,894,676                           | 1,321,274   |
| Less: Amortisation for the year/period             | (291,683)                           | (282,799)                           | (1,080)   |
| Net book value at the end of the year/period       | 1,320,194                           | 1,611,877                           | 1,320,194   |

The rights to use sites for expressway construction is a part of rights to operate completed expressway sectors.

# **18. Intangible asset under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line**

The net book value of Intangible asset under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line is presented below.

|                                | (Unit: Thousand Baht) |                     |                     |
|--------------------------------|-----------------------|---------------------|---------------------|
|                                | Consolidated          |                     | Separate            |
|                                | financial statements  |                     | financial statement |
|                                | 31 December<br>2015   | 31 December<br>2014 | 31 December<br>2015 |
| Cost                           | 20,284,392            | 20,142,533          | 19,768,880          |
| Less: Accumulated amortisation | (3,296,752)           | (2,896,854)         | (3,114,732)         |
| Net book value                 | 16,987,640            | 17,245,679          | 16,654,148          |

Movements of the Intangible asset under concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line are summarised below.

|  | (Unit: Thousand Baht)                        |  |  |
|--|--|--|--|
|  | Consolidated                                 |  | Separate   |
|  | financial statements                         |  | financial statement  |
|  | For the year<br>ended<br>31 December<br>2015 | For the year<br>ended<br>31 December<br>2014 | For the period<br>as from<br>30 December 2015 to<br>31 December 2015 |
| Net book value at the beginning of the year/period | 17,245,679                                   | 17,554,960                                   | 16,656,132   |
| Additions  | 141,868                                      | 81,439                                       | -  |
| Disposals/write-off                                | (8)  | (70)   | -  |
| Amortisation for the year/period                   | (399,899)                                    | (390,650)                                    | (1,984)  |
| Net book value at the end of the year/period       | 16,987,640                                   | 17,245,679                                   | 16,654,148   |



Project costs consist of M&E equipment, depot building and administration building. They will be transferred to the MRTA at the end of the concession period of 25 years, on an Acquire, Operate and Transfer basis.

The Company has pledged M&E equipment, depot building and administration building of the Project with a group of domestic lenders to secure its long-term loans from those lenders. In addition, the subsidiary has pledged part of its telecommunication equipment with the lender to secure the subsidiary's long-term loan.

## 19. Intangible assets

Details of intangible assets which are computer software are as follows:

|                                |  | (Unit: Thousand Baht)             |                              |
|--------------------------------|--|-----------------------------------|------------------------------|
|                                |  | Consolidated financial statements | Separate financial statement |
|                                |  | 31 December 2015                  | 31 December 2014             |
|                                |  |                                   | 31 December 2015             |
| Cost                           |  | 101,507                           | 92,736                       |
| Less: Accumulated amortisation |  | (65,270)                          | (58,144)                     |
| Net book value                 |  | 36,237                            | 34,592                       |

A reconciliation of the net book value of intangible assets is presented below.

|  |  | (Unit: Thousand Baht)             |                                      |
|--|--|-----------------------------------|--------------------------------------|
|  |  | Consolidated financial statements | Separate financial statement         |
|  |  | For the year ended                | For the year ended                   |
|  |  | 31 December 2015                  | 31 December 2014                     |
|  |  |                                   | 30 December 2015 to 31 December 2015 |
| Net book value at the beginning of the year/period |  | 34,592                            | 35,529                               |
| Acquisition of computer software                   |  | 8,771                             | 7,462                                |
| Amortisation for the year/period                   |  | (7,126)                           | (8,399)                              |
| Net book value at the end of the year/period       |  | 36,237                            | 34,592                               |

## 20. Short-term loans from financial institutions

(Unit: Thousand Baht)

|  | Interest rate<br>(% per annum) | Consolidated financial statements |             | Separate<br>financial<br>statement |
|--|--------------------------------|-----------------------------------|-------------|------------------------------------|
|  |                                | 31 December                       | 31 December | 31 December                        |
|  |                                | 2015                              | 2014        | 2015                               |
| Short-term loans from financial institutions |                                |                                   |             |                                    |
| - Related parties (Note 7)                   | 3.55 and MOR                   | 18,410,000                        | -           | 18,400,000                         |
| - Unrelated parties                          | 3.10 - 3.20                    | 4,000,000                         | 2,000,000   | 4,000,000                          |
| Total  |                                | 22,410,000                        | 2,000,000   | 22,400,000                         |

## 21. Trade and other payables

(Unit: Thousand Baht)

|  | Consolidated financial statements |             | Separate<br>financial<br>statement |
|--|-----------------------------------|-------------|------------------------------------|
|  | 31 December                       | 31 December | 31 December                        |
|  | 2015                              | 2014        | 2015                               |
| Trade payables - related parties (Note 7)                    | 2,062,292                         | 1,441,747   | 2,060,710                          |
| Trade payables - unrelated parties                           | 378,788                           | 306,165     | 359,687                            |
| Accrued interest - related parties (Note 7)                  | 4,630                             | 556         | 4,630                              |
| Accrued interest - unrelated parties                         | 1,127                             | 172,565     | 1,067                              |
| Accrued expense - related parties (Note 7)                   | 20,350                            | -           | 20,350                             |
| Accrued expense - unrelated parties                          | 102,016                           | 79,921      | 89,803                             |
| Unearned revenue from advertising management rights (Note 7) | -                                 | -           | 1,248                              |
| Other payables   | 10,351                            | 8,283       | 1,464                              |
| Total trade and other payables                               | 2,579,554                         | 2,009,237   | 2,538,959                          |

## 22. Long-term loans

|  |                |  |   |                       | (Unit: Thousand Baht)             |                  |                              |
|--|----------------|--|---|-----------------------|-----------------------------------|------------------|------------------------------|
|  |                |  |   |                       | Consolidated financial statements |                  | Separate financial statement |
|  |                |  |   |                       | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
|  | Credit         | Objective  | Interest rate                           | Period of repayment   |                                   |                  |                              |
|  | (Million Baht) |  |   |                       |                                   |                  |                              |
| 1. Tranche Gor<br>(Fully drew down)  | 29,888         | Refinance remaining long-term loans  | 4.0% p.a. from July 2012 onward         | Within July 2019      | 74,664                            | 74,664           | 74,664                       |
| 2. Tranche Khor<br>(Fully drew down)   | 4,998          | Lending to subsidiary company to repay its long-term loans from commercial banks | 4.0% p.a. from July 2012 onward         | Within July 2019      | 9,595                             | 9,595            | 9,595                        |
| 3. Tranche Chor<br>(Fully drew down)   | 1,000          | Working capital  | MLR - 2.525% and 6M FDR + 2.66875% p.a. | Within July 2019      | 1,000,000                         | 1,000,000        | 1,000,000                    |
| 4. Tranche Gor<br>(the credit facilities which have not yet been drawn down : 2,214 Million Baht)  | 5,750          | For the construction of expressway system  | MLR-2.525% p.a.                         | Within September 2027 | 3,536,250                         | 1,035,000        | 3,536,250                    |
| 5. Tranche Khor<br>(the credit facilities which have not yet been drawn down : 1,636 Million Baht) | 4,250          | For the construction of expressway system  | 6M FDR+2% p.a.                          | Within September 2027 | 2,613,750                         | 765,000          | 2,613,750                    |

| (Unit: Thousand Baht)                          |                |  |   |                     |                                   |                  |                              |
|--|----------------|--|---|---------------------|-----------------------------------|------------------|------------------------------|
|  |                |  |   |                     | Consolidated financial statements |                  | Separate financial statement |
|  |                |  |   |                     | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
|  | Credit         | Objective                              | Interest rate                                 | Period of repayment |                                   |                  |                              |
|  | (Million Baht) |  |   |                     |                                   |                  |                              |
| 6. Tranche A                                   | 11,000         | For the payment of intangible asset    | MLR + 0.25% p.a. (4.75% p.a. from 30 December | Within December     | 9,102,500                         | 9,102,500        | 9,102,500                    |
| (Fully drew down)                              |                | under concession agreement of the MRTA | 2015 to 31 December 2016)                     | 2024                |                                   |                  |                              |
|  |                | Initial System Project - Chaloem       |   |                     |                                   |                  |                              |
|  |                | Ratchamongkhon Line                    |   |                     |                                   |                  |                              |
| 7. Tranche F                                   | 1,500          | For the purchase of new rolling stock  | MLR + 0.25% p.a. (4.75% p.a. from 30 December | Within December     | 1,006,000                         | -                | 1,006,000                    |
| (the credit facilities which have not yet been |                | and to fund capital expenditures       | 2015 to 31 December 2016)                     | 2024                |                                   |                  |                              |
| drawn down : 494 Million Baht)                 |                |  |   |                     |                                   |                  |                              |
| 8. Long-term loan                              | 245            | Working capital of the subsidiary      | MLR p.a.                                      | Within December     | 156,686                           | 197,186          | -                            |
| (Fully drew down)                              |                |  |   | 2018                |                                   |                  |                              |
| Total  | 58,631         |  |   |                     | 17,499,445                        | 12,183,945       | 17,342,759                   |
| Less: Current portion for long-term loans      |                |  |   |                     | (118,500)                         | (40,500)         | (75,000)                     |
| Less: Deferred financial fee                   |                |  |   |                     | (26,449)                          | (54,427)         | (26,449)                     |
| Long-term loans - net of current portion       |                |  |   |                     | 17,354,496                        | 12,089,018       | 17,241,310                   |

Detail and movement of long-term loans account are as follows:

|                            |                      |             | (Unit: Thousand Baht) |
|----------------------------|----------------------|-------------|-----------------------|
|                            | Consolidated         |             | Separate              |
|                            | financial statements |             | financial statement   |
|                            | 31 December          | 31 December |                       |
|                            | 2015                 | 2014        | 31 December 2015      |
| Long-term loans            |                      |             |                       |
| - Related parties (Note 7) | 10,119,174           | 6,068,919   | 9,962,488             |
| - Unrelated parties        | 7,380,271            | 6,115,026   | 7,380,271             |
| Total                      | 17,499,445           | 12,183,945  | 17,342,759            |

|  |                      |              | (Unit: Thousand Baht) |
|--|----------------------|--------------|-----------------------|
|  | Consolidated         |              | Separate              |
|  | financial statements |              | financial statement   |
|  | For the year         | For the year | For the period as     |
|  | ended                | ended        | from 30 December      |
|  | 31 December          | 31 December  | 2015 to               |
|  | 2015                 | 2014         | 31 December 2015      |
| Balance at beginning of year/period    | 12,183,945           | 11,982,823   | 17,342,759            |
| Add: Drawdown during the year/period   | 5,356,000            | 2,460,186    | -                     |
| Less: Repayment during the year/period | (40,500)             | (2,259,064)  | -                     |
| Balance at end of year                 | 17,499,445           | 12,183,945   | 17,342,759            |

#### For the long-term loans number 1 to 5

Under the loan agreements, the Company must comply with normal financial covenants relating to various matters, such as the maintenance of debt service coverage ratio, debt to equity ratio, shareholding proportion in subsidiary company, dividend payment and conditions for mandatory prepayment. In this respect, the Company has the total financial expenses of Baht 4.8 million per year payable to the agents of the lenders (2014: Baht 4.8 million).

The long-term loans are secured by assets of the Company such as land and structure thereon, rights under the Second Stage Expressway Agreement, rights in toll revenues, beneficiary rights under insurance policies.

#### For the long-term loans number 6 to 7

On 24 December 2015, the Company (previously “Bangkok Metro Public Company Limited”) obtained a letter from the group of domestic lenders authorising the Company to make payment of accrued interest before the due date without any penalty, and changing the interest rate of the Tranche A and Tranche F facilities from MLR + 0.25% per annum to 4.75% per annum, effective from the date of amalgamation (30 December 2015) until 31 December 2016. On 29 December 2015 the Company made payment of all outstanding accrued interest and rescheduling fees for the period from 1 April 2014 until 29 December 2015 to the group of domestic lenders.

The loans are secured by the mortgage of M&E equipment of the project, a depot building and administration building, pledges of the Company’s share certificates and share certificates for investment in a subsidiary, and the assignment of rights and obligations under the concession agreement and the rights to receive deposits at banks.

The loan agreements include covenants imposed by the lenders concerning, among other things, the percentage shareholdings of the principal shareholders, changes in the Company’s management, entering into other loan agreements, entering into any new business or activity which is not related to the Project, the maintenance of certain financial ratios.

#### For the long-term loan number 8

The long-term loan from financial institution of the subsidiary is secured by pledges of the subsidiary’s share certificates which are held by shareholders other than the Company and the transfer of rights to receive revenue from telecommunication customers, revenue from the Passenger Information Display business (PID), revenue from the Platform Screen Door advertising, and revenue from Digital Media and the pledge of some of the telecommunication equipment to the lender.

The loan agreement includes covenants imposed by the lender concerning, among other things, the percentage shareholding of the principal shareholders, repayment of loans and amounts payable to related companies and/or group companies, dividend payment and the maintenance of certain financial ratios.

## 23. Debentures

Debentures as at 31 December 2015 and 2014 have the following details:

| Type of<br>debenture  | Term             | Interest rate     | Maturity date    | Consolidated financial statements |                     |                        |                     | Separate financial<br>statement |
|---|------------------|-------------------|------------------|-----------------------------------|---------------------|------------------------|---------------------|---------------------------------|
|   |                  |                   |                  | Number of debentures (Units)      |                     | Amount (Thousand Baht) |                     | Number of debentures<br>(Units) |
|   |                  |                   |                  | 31 December<br>2015               | 31 December<br>2014 | 31 December<br>2015    | 31 December<br>2014 | 31 December<br>2015             |
|   |                  |                   |                  |                                   |                     |                        |                     |                                 |
| Unsubordinated, unsecured, registered debentures, with debentureholders' representative |                  |                   |                  |                                   |                     |                        |                     |                                 |
| - No. 3/2009  | 5 years 5 months | MLR-3% p.a.       | 30 May 2015      | -                                 | 2,000,000           | -                      | 2,000,000           | -                               |
| - No. 3/2010  | 7 years          | 6M FDR+1.65% p.a. | 31 March 2017    | -                                 | 1,500,000           | -                      | 1,500,000           | -                               |
| - No. 1/2011  |                  |                   |                  |                                   |                     |                        |                     |                                 |
| - Tranche II  | 10 years         | 4.72% p.a.        | 29 April 2021    | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| - No 2/2011   | 7 years          | 4.60% p.a.        | 29 December 2018 | -                                 | 900,000             | -                      | 900,000             | -                               |
| - No 1/2012   | 3 years          | 4.12% p.a.        | 28 March 2015    | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| - No 2/2012   | 4 years          | 4.08% p.a.        | 10 October 2016  | -                                 | 2,000,000           | -                      | 2,000,000           | -                               |
| - No 1/2013   |                  |                   |                  |                                   |                     |                        |                     |                                 |
| - Tranche I   | 3 years          | 3.60% p.a.        | 6 March 2016     | -                                 | 2,000,000           | -                      | 2,000,000           | -                               |
| - Tranche II  | 5 years          | 4.03% p.a.        | 6 March 2018     | -                                 | 2,000,000           | -                      | 2,000,000           | -                               |
| - Tranche III   | 7 years          | 4.36% p.a.        | 6 March 2020     | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| - No 2/2013   | 3 years          | 3.60% p.a.        | 12 March 2016    | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| - No 3/2013   | 5 years          | 4.70% p.a.        | 7 November 2018  | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| - No 1/2014   |                  |                   |                  |                                   |                     |                        |                     |                                 |
| - Tranche I   | 3 years          | 3.59% p.a.        | 27 February 2017 | -                                 | 3,000,000           | -                      | 3,000,000           | -                               |
| - Tranche II  | 5 years          | 4.35% p.a.        | 27 February 2019 | -                                 | 1,000,000           | -                      | 1,000,000           | -                               |
| Total   |                  |                   |                  | -                                 | 19,400,000          | -                      | 19,400,000          | -                               |
| Less: Current portion of debentures   |                  |                   |                  |                                   |                     | -                      | (3,000,000)         | -                               |
| Less: Deferred financial fee of debentures  |                  |                   |                  |                                   |                     | -                      | (15,405)            | -                               |
| Debentures - net of current portion   |                  |                   |                  |                                   |                     | -                      | 16,384,595          | -                               |

Movements in the debentures account are summarised below.

|   | (Unit: Thousand Baht)                  |  |   |
|---|--|--|---|
|   | Consolidated financial statements      |  | Separate financial statement            |
|   |  |  | For the period as from                  |
|   | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 | 30 December 2015 to<br>31 December 2015 |
| Balance at beginning of the year/period               | 19,400,000                             | 18,100,000                             | -                                       |
| Add: Issuance of debentures during the year/period    | -                                      | 4,000,000                              | -                                       |
| Less: Redemption of debentures during the year/period | (19,400,000)                           | (2,700,000)                            | -                                       |
| Balance at end of the year/period                     | -                                      | 19,400,000                             | -                                       |

During the year, the Company (previously “Bangkok Expressway Public Company Limited”) redeemed maturing debentures, amounting to Baht 3,000 million, and early redeemed the remaining Baht 16,400 million of debentures on 25 December 2015. The early redemption had been approved by a meeting of the debenture holders on 8 June 2015, with expenses in the form of early redemption charges amounting to Baht 479 million.

The above debentures contain covenants relating to various matters such as the maintenance of debt service coverage ratio, debt to equity ratio, making loans or granting guarantees under certain conditions.

## 24. Provision for compensation for site acquisition costs

|   | (Unit: Thousand Baht)                  |  |   |
|---|--|--|---|
|   | Consolidated financial statements      |  | Separate financial statement            |
|   |  |  | For the period as from                  |
|   | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 | 30 December 2015 to<br>31 December 2015 |
| Provision for compensation for site acquisition cost as at the beginning of year/period | 6,762,382                              | 7,619,522                              | 5,566,036                               |
| Payment during year/period  | (1,500,000)                            | (1,200,000)                            | -                                       |
| Interest cost   | 304,290                                | 342,860                                | 1,636                                   |
| Provision for compensation for site acquisition cost at the end of year/period          | 5,566,672                              | 6,762,382                              | 5,566,672                               |
| Less: Current portion of provision  | (1,500,000)                            | (1,500,000)                            | (1,500,000)                             |
| Provision for compensation for site acquisition cost - net of current portion           | 4,066,672                              | 5,262,382                              | 4,066,672                               |



The Company is committed to make payments totaling Baht 16,816 million to compensate the Expressway Authority of Thailand for site acquisition costs, from the fifteenth year to the thirtieth year of the agreement, or year 2004 to year 2019 as stipulated in the Second Stage Expressway Agreement.

As at 31 December 2015, the Company had already paid Baht 10,600 million of this compensation (2014: Baht 9,100 million).

## **25. Unearned revenue from advertising management rights**

The Company entered into a contract granting commercial development rights to the subsidiary, to manage advertising services through the Passenger Information Display System (PID), which is installed in underground stations and on trains. The agreement has started from the date the Company notifies the subsidiary of the commencement of advertising services through the PID (1 January 2010). During the current period, the Company extended the contract period from 31 December 2021 to 2 July 2029.

Under this agreement, the Company received remuneration from the subsidiary amounting to Baht 35 million which is presented under the caption of “Unearned revenue from advertising management rights” and amortised throughout the contract period. Moreover, the Company received an additional annual remuneration fee calculated at the contract rates starting from commencement date.

Movements in unearned revenue from advertising management rights account for the period as from 30 December 2015 to 31 December 2015 in the separate financial statement are summarised below.

|   | (Unit: Thousand Baht) |
|---|-----------------------|
| Balance as at 30 December 2015                      | 16,866                |
| Less: Recognise to revenue during the period        | (7)                   |
| Balance as at 31 December 2015                      | 16,859                |
| Less: Current portion                               | (1,248)               |
| Unearned revenue from advertising management rights |                       |
| - net of current portion                            | 15,611                |

## 26. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

|  | (Unit: Thousand Baht)               |  |
|--|-------------------------------------|--|
|  | Consolidated financial statements   | Separate                                   |
|  |                                     | financial statement                        |
|  |                                     | For the period as from 30 December 2015 to |
|  | For the year ended 31 December 2015 | For the year ended 31 December 2014        |
|  |                                     | 31 December 2015                           |
| <b>Defined benefit obligation at beginning of year/period</b>              | 217,143                             | 180,226                                    |
| Current service cost   | 27,915                              | 24,959                                     |
| Interest cost  | 8,429                               | 7,733                                      |
| Actuarial (gain) loss arising from   |                                     |  |
| Demographic assumptions changes  | (4,302)                             | 8,071                                      |
| Financial assumptions changes  | 3,811                               | (97)                                       |
| Experience adjustments   | (6,517)                             | (2,113)                                    |
| Benefits paid during the year/period                                       | (8,637)                             | (1,636)                                    |
| <b>Defined benefit obligation at end of year/period</b>                    | 237,842                             | 217,143                                    |
| Unrecognised transitional provisions                                       | -                                   | (5,880)                                    |
| <b>Provision for long-term employee benefits at end of the year/period</b> | <b>237,842</b>                      | <b>211,263</b>                             |
|  |                                     | 230,181                                    |

Long-term employee benefit expenses included in the profit or loss consist of the following:

| (Unit: Thousand Baht)  |                      |                    |                     |
|--|----------------------|--------------------|---------------------|
|  | Consolidated         |                    | Separate            |
|  | financial statements |                    | financial statement |
|  |                      |                    | For the period as   |
|  | For the year ended   | For the year ended | from 30 December    |
|  | 31 December          | 31 December        | 2015 to             |
|  | 2015                 | 2014               | 31 December         |
|  | 2015                 | 2014               | 2015                |
| Current service cost   | 27,915               | 24,959             | 129                 |
| Interest cost  | 8,429                | 7,733              | 44                  |
| Past service costs recognised during the year/period                       | 5,880                | 5,880              | 28                  |
| <b>Total expenses recognised in profit or loss</b>                         | <b>42,224</b>        | <b>38,572</b>      | <b>201</b>          |
| <b>Line items under which such expenses are included in profit or loss</b> |                      |                    |                     |
| Costs of toll  | 9,992                | 9,050              | 54                  |
| Costs of fare box  | 12,862               | 11,049             | 51                  |
| Costs of commercial development  | 594                  | 509                | -                   |
| Selling expenses   | 204                  | 174                | -                   |
| Administrative expenses  | 15,681               | 14,880             | 82                  |
| Finance Cost   | 2,891                | 2,910              | 14                  |

The Company and its subsidiaries expect to pay long-term employee benefits during the next year amounting to Baht 2 million (2014: Baht 4 million) (Separate financial statement: Baht 2 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit of the Company and its subsidiaries are 15.38 - 18.80 years (31 December 2014: 9.77 - 19.68 years) (Separate financial statement: 16.39 - 18.80 years).

Significant actuarial assumptions are summarised below:

|  | Consolidated financial statements |                  | Separate financial statement |
|--|-----------------------------------|------------------|------------------------------|
|  | 31 December 2015                  | 31 December 2014 | 31 December 2015             |
|  | (% p.a.)                          | (% p.a.)         | (% p.a.)                     |
| Discount rate                          | 3.4, 3.5, 4.2                     | 3.8, 3.9, 4.2    | 3.5, 4.2                     |
| Future salary increase rate            | 6.0 - 8.0                         | 6.0 - 7.5        | 6.0 - 8.0                    |
| Staff turnover rate (depending on age) | 3.0 - 21.0                        | 2.0 - 21.0       | 3.0 - 21.0                   |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

|                             | Consolidated financial statements |             | Separate financial statement |             |
|-----------------------------|-----------------------------------|-------------|------------------------------|-------------|
|                             | Increase 1%                       | Decrease 1% | Increase 1%                  | Decrease 1% |
| Discount rate               | (30)                              | 36          | (29)                         | 35          |
| Future salary increase rate | 34                                | (29)        | 33                           | (28)        |
| Staff turnover rate         | (25)                              | 24          | (24)                         | 24          |

(Unit: Million Baht)

## 27. Share capital

### 27.1 Share capital before amalgamation

#### Share capital of Bangkok Expressway Public Company Limited before amalgamation

The issued and paid-up share capital of Bangkok Expressway Public Company Limited before amalgamation consisted of 770 million ordinary shares with a par value of Baht 10 each.

#### Share capital of Bangkok Metro Public Company Limited before amalgamation

The issued and paid-up share capital of Bangkok Metro Public Company Limited as at 31 December 2014 consisted of 20,500 million ordinary shares with a par value of Baht 1 each.

On 2 April 2015, the Annual General Meeting of Shareholders of Bangkok Metro Public Company Limited for the year 2015 passed a resolution to approve a reduction of the Company's registered and paid-up share capital from Baht 20,500 million (20,500 million ordinary shares of Baht 1 each) to Baht 7,585 million (20,500 million ordinary shares of Baht 0.37 each), by decreasing the par value of each share, in order to write-off the retained losses of Baht 12,915 million as at 30 September 2014.

The issued and paid-up share capital of Bangkok Metro Public Company Limited before amalgamation, after registering the decrease in its share capital with the Ministry of Commerce on 24 June 2015 and writing off the retained losses, consisted of 20,500 million ordinary shares with a par value of Baht 0.37 each.

## **27.2 The allocation of share capital to shareholders as at amalgamation date**

As at 31 December 2015, the registered and paid-up share capital of Baht 15,285 million comprises 15,285 million ordinary shares with a par value of Baht 1 each, resulting from the combination of the issued and paid-up share capital of Bangkok Expressway Public Company Limited and Bangkok Metro Public Company Limited before amalgamation.

The basis of allocation of share capital to the shareholders of Bangkok Expressway Public Company Limited and Bangkok Metro Public Company Limited was as follows:

- 8.65537841 shares of the Company for every 1 existing share of Bangkok Expressway Public Company Limited
- 0.42050530 shares of the Company for every 1 existing share of Bangkok Metro Public Company Limited

## **28. Investment before amalgamation**

Investment before amalgamation is the ordinary shares of Bangkok Metro Public Company Limited held by Bangkok Expressway Public Company Limited which have a cost of Baht 2,340 million (2,050 million ordinary shares, or a shareholding of 10 percent).

In July 2015, Bangkok Expressway Public Company Limited sold and transferred all of the 2,050 million ordinary shares that it held in Bangkok Metro Public Company Limited, together with its pledge obligations, to CH. Karnchang Public Company Limited at a price of Baht 1.79 per share, or for a total of Baht 3,670 million. This was in accordance with resolutions approved by the 2015 Annual General Meeting of the shareholders on 2 April 2015. Bangkok Expressway Public Company Limited received Baht 2,000 million on the settlement date and CH. Karnchang Public Company Limited is to complete payment of the remaining amount of Baht 1,670 million within August 2017. Payment is to be made in five, six-monthly installments beginning in August 2015, with the first to the fourth installments amounting to Baht 300 million and the final installment amounting to Baht 470 million. Bangkok Expressway Public Company Limited recognised a gain on the sale of the investment of Baht 1,236 million in the consolidated statement of income, deferred interest income of Baht 94 million in the statement of financial position, netted against receivable from sales of investment, and reversed gain on change in value of available-for-sale investment and related deferred tax liabilities in other comprehensive income.

With reference to the amalgamation referred to in Note 1.3 to financial statements, the Company, therefore, presented this investment in the consolidated statements of financial position as at 31 December 2014 and 1 January 2014 as “Investment before amalgamation” as a deduction from shareholder’s equity of the Company, and reversed the related gain on change in value of available-for-sale investment and deferred tax liabilities of Baht 1,740 million and Baht 348 million, respectively (2013: reversed loss on change in value of available-for-sale investment of Baht 290 million).

## **29. Statutory reserve**

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

### 30. Toll revenues

Under the Construction and Management of the Second Stage Expressway System (SES) Contract, the Company and its subsidiaries and EXAT agreed to share toll revenues receive from the First Stage Expressway System (FES), the Second Stage Expressway System (SES) and the Bang Pa-In - Pakkret Expressway as follows:

|  | The<br>Company | EXAT |
|--|----------------|------|
|  | %              | %    |
| <u>Urban Network (FES and SES Sectors A and B)</u>   |                |      |
| (a) First 9 years from the “Priority Component Opening Date”<br>(PCOD) (already expired)                       | 60             | 40   |
| (b) Last 9 years ending 29 February 2020   | 40             | 60   |
| (c) Period between (a) and (b) above   | 50             | 50   |
| <u>Suburban Network (SES Sector C)</u>   |                |      |
| (a) The earlier of the PCOD to the completion of SES Sector<br>B or 19 October 1996                            | 60             | 40   |
| (b) Period after (a) above until end of contract period  | 100            | Nil  |
| <u>Suburban Network (SES Sector D)</u>   |                |      |
| From the construction completion date of relevant<br>Sections until end of contract period (21 April 2027)     | 100            | Nil  |
| <u>The Bang Pa-In - Pakkret Expressway</u>   |                |      |
| From the construction completion date of relevant Sections<br>until end of contract period (26 September 2026) | 100            | Nil  |

Effective from 2 September 2002, the ratio for the sharing of toll revenue from urban expressways (the First Stage Expressway System and the Second Stage Expressway System Sectors A and B) between the Company and EXAT was changed from 60:40 to 50:50, and effective from 1 March 2011, the ratio for the sharing of toll revenue from urban expressway was changed from 50:50 to 40:60.

Further share of toll revenues (derived from the FES only) is due to the Company for the period from the Priority Component Opening Date, as defined by the contract with EXAT, up to 2 September 1993. However, no such amount has been included in the financial statements because the determination of the Priority Component Opening Date and the applicable rates of toll are still matters of dispute between the Company and EXAT as discussed in Note 40.1.1.

### **31. Fare box revenue and commercial development revenue**

Under the Agreement, the Company agrees to apportion revenue to the MRTA, which consist of remuneration from fares, remuneration from commercial development, apportionment of profit calculated from the Return on Equity (ROE) and any benefit derived from the interest rate on a credit agreement being lower than a specified rate in the Concession Agreement.

#### **31.1 Remuneration from fares**

##### **a) Annual remuneration**

The Company agrees to apportion revenue from fares to the MRTA on an annual basis, commencing from the 11th year after commencement of the revenue-generating service until the end of the contract period. Total commitments amount to Baht 43,567 million (inclusive of VAT), with annual commitments in the amounts stipulated in the agreement.

##### **b) Percentage remuneration**

The Company agrees to apportion fares revenue to the MRTA in the form of monthly payments, at a percentage of total revenue from fares (inclusive of VAT) from the year it commences the revenue-generating service. The rates are 1 percent for the 1st - 14th years, 2 percent for the 15th year, 5 percent for the 16th - 18th years and 15 percent for the 19th - 25th years.

#### **31.2 Remuneration from commercial development**

##### **a) Annual remuneration**

The Company agrees to apportion revenue from commercial development to the MRTA on an annual basis from the year it commences the revenue-generating service until the end of the contract period. Total commitments amount to Baht 930 million (inclusive of VAT) with commitments in the amounts stipulated in the agreement.



b) Percentage remuneration

The Company agrees to apportion 7 percent of annual revenue from commercial development (inclusive of VAT) to the MRTA in the form of monthly payments, from the year it commences the revenue-generating service until the end of the contract period.

**32. Expenses by nature**

Significant expenses by nature are as follow:

|  | (Unit: Thousand Baht)                  |  |  |
|--|--|--|--|
|  | Consolidated<br>financial statements   | Separate<br>financial<br>statement     |  |
|  | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 | For the period as<br>from 30 December<br>2015 to<br>31 December 2015 |
| Amortisation and depreciation  | 3,270,658                              | 3,144,376                              | 10,803   |
| Salaries, wages and other employee benefits<br>for the Company's staff and its<br>subsidiaries | 1,175,958                              | 1,084,136                              | 9,330  |
| Salary, wages and other benefits of the<br>employee of EXAT                                    | 667,376                                | 617,158                                | 1,558  |
| Repair and maintenance expenses  | 774,541                                | 606,289                                | 293  |
| Compensation for site acquisition cost   | 595,974                                | 625,659                                | 2,716  |
| Utilities expenses   | 495,235                                | 522,012                                | 1,984  |
| Remuneration fees under concession<br>agreement  | 467,182                                | 273,041                                | 1,872  |
| Expenses with respect to facilitation and<br>safety on expressway and stations                 | 228,508                                | 226,676                                | 1,143  |
| Insurance expenses   | 104,377                                | 131,872                                | 517  |

### 33. Income tax

Income tax expenses are made up as follows:

|   | (Unit: Thousand Baht)               |                                     |   |
|---|-------------------------------------|-------------------------------------|---|
|   | Consolidated                        |                                     | Separate  |
|   | financial statements                |                                     | financial statement   |
|   | For the year ended 31 December 2015 | For the year ended 31 December 2014 | For the period as from 30 December 2015 to 31 December 2015 |
| <b>Current income tax:</b>                                    |                                     |                                     |   |
| Current income tax charge/period                              | 575,464                             | 597,003                             | 2,499   |
| Adjustment in respect of current income tax of previous year  | (175)                               | (1,995)                             | -   |
| <b>Deferred tax:</b>  |                                     |                                     |   |
| Relating to origination and reversal of temporary differences | 145,946                             | 107,294                             | (82)  |
| <b>Income tax expense reported in the income statements</b>   | <b>721,235</b>                      | <b>702,302</b>                      | <b>2,417</b>  |

The amounts of income tax relating to each component of other comprehensive income are as follows:

|  | (Unit: Thousand Baht)               |                                     |   |
|--|-------------------------------------|-------------------------------------|---|
|  | Consolidated                        |                                     | Separate  |
|  | financial statements                |                                     | financial statement   |
|  | For the year ended 31 December 2015 | For the year ended 31 December 2014 | For the period as from 30 December 2015 to 31 December 2015 |
| Deferred tax on unrealized gain from cash flow hedges of associate | 11,626                              | 439                                 | -   |
| Deferred tax relating to actuarial loss (gain)                     | (1,401)                             | 1,172                               | -   |
|  | <b>10,225</b>                       | <b>1,611</b>                        | <b>-</b>  |

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates are as follows:

|  | (Unit: Thousand Baht) |              |                     |
|--|-----------------------|--------------|---------------------|
|  | Consolidated          |              | Separate            |
|  | financial statements  |              | financial statement |
|  | For the year          | For the year | For the period as   |
|  | ended                 | ended        | from 30 December    |
|  | 31 December           | 31 December  | 2015 to             |
|  | 2015                  | 2014         | 31 December         |
|  |                       |              | 2015                |
| Accounting profit before tax                                   | 3,422,253             | 3,512,739    | 12,097              |
| Applicable tax rate  | 20%                   | 20%          | 20%                 |
| Accounting profit before tax multiplied by applicable tax rate | 684,451               | 702,548      | 2,419               |
| Adjustment in respect of current income tax of previous year   | (175)                 | (1,995)      | -                   |
| Effects of:  |                       |              |                     |
| Tax - exempt revenues  | (105,771)             | (103,668)    | -                   |
| Loss on investments  | 15,874                | 4,289        | -                   |
| Non-deductible expenses  | 11,711                | 8,055        | 4                   |
| Additional expense deductions allowed                          | (2,093)               | (1,702)      | -                   |
| Unused tax loss  | 117,179               | 90,441       | -                   |
| Others   | 59                    | 4,334        | (6)                 |
| Total  | 36,959                | 1,749        | (2)                 |
| Income tax expenses reported in the income statements          | 721,235               | 702,302      | 2,417               |

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

|  | (Unit: Thousand Baht)                |                     |                                    |
|--|--------------------------------------|---------------------|------------------------------------|
|  | Consolidated<br>financial statements |                     | Separate<br>financial<br>statement |
|  | 31 December<br>2015                  | 31 December<br>2014 | 31 December<br>2015                |
| <b>Deferred tax assets (liabilities)</b>                                     |                                      |                     |                                    |
| Allowance for doubtful accounts  | 231                                  | 888                 | -                                  |
| Accrued bonus  | 5,139                                | 6,515               | 4,146                              |
| Allowance for asset impairment   | 10,334                               | 15,468              | 10,334                             |
| Provision for long-term employee benefits                                    | 47,566                               | 42,521              | 46,036                             |
| Provision for compensation for site<br>acquisition cost                      | 1,113,334                            | 1,352,476           | 1,113,334                          |
| Unused tax loss  | -                                    | 31,892              | -                                  |
| Accumulated amortization - Rights to operate<br>completed expressway sectors | (438,946)                            | (498,957)           | (438,946)                          |
| Rights to use sites for expressway<br>construction                           | (264,039)                            | (322,375)           | (264,039)                          |
| Unrealised gain from revaluation of<br>investments                           | (8,536)                              | (6,220)             | (8,536)                            |
| Deferred interest income   | 9,778                                | -                   | 9,778                              |
| Deferred tax assets - net  | 474,861                              | 622,208             | 472,107                            |

#### 34. Promotional privileges

The Company (previously Bangkok Metro Public Company Limited) has received promotional privileges from the Board of Investment for the MRTA Initial System Project - Chaloem Ratchamongkhon Line (the blue line), pursuant to the investment promotion certificate No. 1029 (1)/2003 issued on 16 January 2003. Subject to certain imposed conditions, the main privileges include the following:

- a) Exemption from import duty on imported machinery that is imported in accordance with specified condition.
- b) Exemption from corporate income tax on net income from the promoted operations for a period of 8 years from the date the promoted operations commenced generating revenues (3 July 2004) and exemption from income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.

- c) If losses are incurred during the corporate income tax exemption period, the Company is allowed to utilize the losses as a deduction against net income for up to five years after the expiry of the tax exemption period.

Promotional privileges, no. 1029/2003 an a) and b) has ended on 2 July 2012, and c) expired on the date of amalgamation.

### 35. Earnings per share

Basic earnings per share is calculated by dividing profit for the year/period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year/period.

Earning per share are calculated as below:

|   | Consolidated<br>financial statements   |  | Separate<br>financial statement                                   |
|---|--|--|---|
|   | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 | For the period as from<br>30 December 2015 to<br>31 December 2015 |
| Profit for the year/period (Thousand Baht)                      | 2,649,736                              | 2,744,543                              | 9,679   |
| Weighted average number of ordinary<br>shares (Thousand shares) | 15,285,000                             | 15,285,000                             | 15,285,000  |
| Earnings per share (Baht/share)                                 | 0.173                                  | 0.180                                  | 0.001   |

For comparative purposes, basic earnings per share for the year ended 31 December 2014 was calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year for 2015, which is the number of ordinary shares held by outside shareholders after amalgamation and after the share allocation as described in Note 27.2 to financial statements. The number of ordinary shares is adjusted as if the share allocation had occurred at the beginning of the earliest period reported.

### 36. Dividend Payment

Dividend payment for the years ended 31 December 2015 and 2014 were dividends paid in respect of Bangkok Expressway Public Company Limited before the amalgamation, amounting to approximately Baht 1,925 million and Baht 1,309 million, respectively. This represents dividends per share, calculated based on the 770 million paid-up shares held by Bangkok Expressway Public Company Limited, of Baht 2.50 and Baht 1.70 per share, respectively.

### 37. Segment information

Operating segment information is reported in a manner consistent with the reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assets its performance.

Revenue and profit information the segment of the Company and its subsidiaries for the year ended 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

|  | For the year ended 31 December                   |       |   |       |   |      |                |      |               |        |                                       |       |               |         |
|--|--|-------|---|-------|---|------|----------------|------|---------------|--------|---------------------------------------|-------|---------------|---------|
|  | Construction and management of expressway system |       | The MRTA Initial System Project segment |       | Commercial development business segment <sup>1)</sup> |      | Other segments |      | Total Segment |        | Elimination of inter-segment revenues |       | Consolidation |         |
|  | 2015   | 2014  | 2015                                    | 2014  | 2015  | 2014 | 2015           | 2014 | 2015          | 2014   | 2015                                  | 2014  | 2015          | 2014    |
| Revenue from external customers                | 8,815  | 8,485 | 2,374                                   | 2,248 | 549   | 501  | 11             | 69   | 11,749        | 11,303 | -                                     | -     | 11,749        | 11,303  |
| Inter-segment revenues                         | -  | -     | -                                       | -     | 254   | 196  | 90             | 60   | 344           | 256    | (344)                                 | (256) | -             | -       |
| Total revenues                                 | 8,815  | 8,485 | 2,374                                   | 2,248 | 803   | 697  | 101            | 129  | 12,093        | 11,559 | (344)                                 | (256) | 11,749        | 11,303  |
| Segment income                                 | 4,152  | 4,057 | 181                                     | 337   | 235   | 221  | 11             | 69   | 4,579         | 4,684  | -                                     | -     | 4,579         | 4,684   |
| Unallocated expenses:                          |  |       |   |       |   |      |                |      |               |        |                                       |       |               |         |
| Interest income                                |  |       |   |       |   |      |                |      |               |        |                                       |       | 58            | 43      |
| Profit from investments                        |  |       |   |       |   |      |                |      |               |        |                                       |       | 1,298         | 537     |
| Share of profit from investments in associates |  |       |   |       |   |      |                |      |               |        |                                       |       | 461           | 546     |
| Selling expenses                               |  |       |   |       |   |      |                |      |               |        |                                       |       | (43)          | (28)    |
| Administrative expenses                        |  |       |   |       |   |      |                |      |               |        |                                       |       | (997)         | (833)   |
| Finance cost                                   |  |       |   |       |   |      |                |      |               |        |                                       |       | (1,934)       | (1,437) |
| Income tax expense                             |  |       |   |       |   |      |                |      |               |        |                                       |       | (721)         | (702)   |
| Non-controlling interests of the subsidiary    |  |       |   |       |   |      |                |      |               |        |                                       |       | (51)          | (66)    |
| Profit for the year                            |  |       |   |       |   |      |                |      |               |        |                                       |       | 2,650         | 2,744   |

(Unit: Million Baht)

|  | For the year ended 31 December                   |        |   |        |   |      |                |      |               |        |                                       |      |               |        |
|--|--|--------|---|--------|---|------|----------------|------|---------------|--------|---------------------------------------|------|---------------|--------|
|  | Construction and management of expressway system |        | The MRTA Initial System Project segment |        | Commercial development business segment <sup>1)</sup> |      | Other segments |      | Total Segment |        | Elimination of inter-segment revenues |      | Consolidation |        |
|  | 2015   | 2014   | 2015                                    | 2014   | 2015  | 2014 | 2015           | 2014 | 2015          | 2014   | 2015                                  | 2014 | 2015          | 2014   |
| Construction in progress                                       | 19,626   | 10,744 | -                                       | -      | -   | -    | -              | -    | 19,626        | 10,744 | -                                     | -    | 19,626        | 10,744 |
| Rights to operate completed                                    |  |        |   |        |   |      |                |      |               |        |                                       |      |               |        |
| expressway sectors   | 20,327   | 23,147 | -                                       | -      | -   | -    | -              | -    | 20,327        | 23,147 | -                                     | -    | 20,327        | 23,147 |
| Intangible asset under concession                              |  |        |   |        |   |      |                |      |               |        |                                       |      |               |        |
| agreement of the MRTA Initial System Project - Chaloem         |  |        |   |        |   |      |                |      |               |        |                                       |      |               |        |
| Ratchamongkhon Line  | -  | -      | 16,039                                  | 16,279 | 949   | 967  | -              | -    | 16,988        | 17,246 | -                                     | -    | 16,988        | 17,246 |
| Unallocated assets   |  |        |   |        |   |      |                |      |               |        |                                       |      | 21,179        | 18,889 |
| Total assets   |  |        |   |        |   |      |                |      |               |        |                                       |      | 78,120        | 70,026 |
| Additions to non-current assets other than deferred tax assets |  |        |   |        |   |      |                |      |               |        |                                       |      | 7,397         | 3,834  |

<sup>1)</sup> The Commercial development business segment includes the rental of retail space, and the provision of advertising media services and telecommunication services in underground train stations and expressway.

Transfer prices between business segments are as set out in Note 7 to the financial statements.

### **Geographic information**

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### **Major customers**

For the year ended 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## **38. Provident fund**

The Company, its subsidiaries and employees have participated in TISCO Ruamtun 2 Registered Provident Fund as approved by Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rates of 3-10 percent of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2015, the Company and its subsidiaries recognised the contribution of Baht 48 million (2014: Baht 41 million) as expenses and recognized the contribution of Baht 0.2 million in separate financial statement for the period ended 30 December 2015 to 31 December 2015.

## **39. Commitments and contingent liabilities**

### **39.1 Capital commitments**

As at 31 December 2015, the Company had capital commitments of Baht 3,660 million relating to the management of agreement for the Si Rat - Outer Ring Road Expressway Bangkok (31 December 2014: Baht 11,270 million), Baht 78 million relation to acquisition of equipment (31 December 2014: Baht 5 million), Baht 24 million and US Dollar 4 million relating to the upgrade the farebox collection systems (31 December 2014: Baht 21 million, US Dollar 5 million and Chinese Yuan 2 million) and Baht 3 million, related to reform the server room at administration building (31 December 2014: Nil).



### 39.2 Long-term service commitments

The Company has commitments in respect of the Procurement of M&E equipment and Maintenance of M&E equipment and trackwork contracts for the MRTA Initial System Project - Chaloem Ratchamongkhon Line with two companies, dated 19 December 2001, and five supplemental agreements dated from 3 July 2007 to 30 September 2013. These contracts will expire in 2024. In addition, the Company has commitments in respect of the M&E Systems and trackwork contract for the MRT Purple Line Project, dated 1 November 2013. This contract has a term of 10 years from the date specified in the commencement as notified in writing by the Company in the Notice to Proceed.

Future minimum service fees payable under these contracts, excluding escalation in accordance with the general consumer price index are as follows:

(Unit: Million)

| As at 31 December  |            |             |            |             |                             |            |            |             |            |            |            |       |
|--|------------|-------------|------------|-------------|-----------------------------|------------|------------|-------------|------------|------------|------------|-------|
| The MRTA Initial System Project -<br>Chaloem Ratchamongkhon Line |            |             |            |             | The MRT Purple Line Project |            |            |             |            |            |            |       |
| 2015   |            | 2014        |            | 2015        |                             |            |            | 2014        |            |            |            |       |
| <u>Baht</u>  | <u>EUR</u> | <u>Baht</u> | <u>EUR</u> | <u>Baht</u> | <u>EUR</u>                  | <u>SGD</u> | <u>YEN</u> | <u>Baht</u> | <u>EUR</u> | <u>SGD</u> | <u>YEN</u> |       |
| <u>Payable within:</u>   |            |             |            |             |                             |            |            |             |            |            |            |       |
| Less than 1 year   | 411        | 4           | 263        | 2           | 79                          | -          | 1          | 158         | -          | -          | -          | -     |
| In over 1 year and up to 5 years                                 | 1,463      | 12          | 1,512      | 13          | 756                         | 1          | 5          | 1,518       | 567        | 1          | 4          | 1,139 |
| In over 5 years  | 1,098      | 7           | 1,460      | 10          | 1,055                       | 1          | 7          | 2,119       | 1,323      | 1          | 9          | 2,656 |

### 39.3 Commitments under contracts to repair and maintain of infrastructure and civil works of the MRTA Initial System Project

The Company has commitments under 2 contracts with the two companies to repair and maintain infrastructure and civil works of the MRTA Initial System Project - Chaloem Ratchamongkhon Line, dated 6 November 2003 and dated 31 May 2010, with two additional contracts dated 1 March 2007 and 17 February 2010. These contracts will expire in 2018. The Company terminated the repair and maintenance contract above and renew the contract refer to Note 39.4

Future minimum maintenance fees payable under these contracts are as follows:

|                                  |   | (Unit: Million Baht) |      |
|----------------------------------|---|----------------------|------|
|                                  |   | As at 31 December    |      |
|                                  |   | 2015                 | 2014 |
| Payable within:                  |   |                      |      |
| Less than 1 year                 | - |                      | 120  |
| In over 1 year and up to 5 years | - |                      | 297  |

### 39.4 Commitments under contracts to repair and maintain of infrastructure and civil works of the MRTA Initial System Project

The Company has commitments under 2 contracts with the related company to repair and maintain M&E equipment and trackwork and infrastructure and civil works of the MRTA Initial System Project - Chaloem Ratchamongkhon Line and the MRT Purple Line Project, dated 17 November 2015. These contracts will expire on 30 October 2023.

Future minimum maintenance fees payable under these contracts as at 31 December 2015 are as follows:

|                                  |     | (Unit: Million Baht)  |                                |
|----------------------------------|-----|---|--------------------------------|
|                                  |     | The MRTA Initial<br>System Project -<br>Chaloem<br>Ratchamongkhon<br>Line | The MRT Purple<br>Line Project |
| Payable within:                  |     |   |                                |
| Less than 1 year                 | 26  |   | 113                            |
| In over 1 year and up to 5 years | 462 |   | 821                            |
| In over 5 years                  | 779 |   | 586                            |

### 39.5 Other service commitments

The Company and its subsidiaries have commitments under various service agreements. Future minimum service fees payable are as follows:

|                                  | (Unit: Million Baht) |      |
|----------------------------------|----------------------|------|
|                                  | As at 31 December    |      |
|                                  | 2015                 | 2014 |
| <u>Payable within:</u>           |                      |      |
| Less than 1 year                 | 95                   | 123  |
| In over 1 year and up to 4 years | 68                   | 31   |

### 39.6 Operating lease commitment

The Company and its subsidiaries had entered into several lease agreements in respect of the lease of office building space, equipment and motor vehicles. The terms of the agreements are generally between 2 and 5 years.

Future minimum lease payments required under these operating lease contracts were as follows:

|                                  | (Unit: Million Baht) |      |
|----------------------------------|----------------------|------|
|                                  | As at 31 December    |      |
|                                  | 2015                 | 2014 |
| <u>Payable within:</u>           |                      |      |
| Less than 1 year                 | 11                   | 12   |
| In over 1 year and up to 5 years | 15                   | 6    |

### 39.7 Guarantees

There were the following outstanding performance bonds and bank guarantees issued by banks on behalf of the Company.

|   | (Unit: Million Baht) |      |
|---|----------------------|------|
|   | As at 31 December    |      |
|   | 2015                 | 2014 |
| - Issued to the MRTA as required under the operation of the MRTA Initial System Project - Chaloem Ratchamongkhon Line | 150                  | 150  |
| - Issued to the Metropolitan Electricity Authority of the MRTA Initial System Project - Chaloem Ratchamongkhon Line   | 37                   | 36   |
| the MRT Purple Line Project   | 30                   | -    |

| (Unit: Million Baht)  |      |      |
|---|------|------|
| As at 31 December   |      |      |
|   | 2015 | 2014 |
| - Issued to the MRTA in accordance with phase I of the Agreement for the MRT Purple Line Project, Bangyai - Rat Burana, Bang Yai - Bang Sue Section (Khlomg Bang Phai Station - Tao Poon Station), using the credit line of a related party | 700  | 700  |
| - Issued to the MRTA as part of the proposal to invest in the Supply of M&E systems and O&M services for the MRT Purple Line Project, Tao Poon to Bang Sue Section.   | 31   | -    |
| - Issued to the EXAT in according to concession agreement in respect of the investment, design, construction, management, operation and maintenance of the Si Rat - Outer Ring Road Expressway Project                                      | 500  | 500  |
| - Other guarantees  | 12   | 13   |

### 39.8 Other commitments

| (Unit: Million Baht)   |       |       |
|--|-------|-------|
| As at 31 December  |       |       |
|  | 2015  | 2014  |
| - Commitments in respect of the uncalled portion of investments  |       |       |
| Northern Bangkok Expressway Company Limited  | 750   | 750   |
| Xayaburi Power Company Limited   | 1,101 | 1,315 |
| - Commitments in respect of undertaking to provide financial support to CK Power Public Company Limited (as detailed in Note 10.1) | 154   | 154   |
| - Commitments in respect of Inspection, replacement and improvement agreements of expressway (paid within one year)                | 21    | 12    |

#### **40. The disputes with Expressway Authority of Thailand (EXAT)**

The Company (previously Bangkok Expressway Public Company Limited) and the subsidiary had a total of 12 disputes with Expressway Authority of Thailand (EXAT), which were referred to the Arbitral Tribunal in accordance with the dispute settlement procedures under the Agreements and in the Administrative Court, divided into the disputes that the Company and the subsidiary referred to the dispute settlement proceedings under the Agreements and demanded for damages with the total amount until the date of submission of the disputes of approximately Baht 28,179.8 million; and the disputes that EXAT submitted claims for damages with the total amount until the date of submission of the disputes of approximately Baht 9 million. The essence of each dispute was as follows:

##### **40.1 Disputes submitted by the Company and the subsidiary claiming for damages**

###### **40.1.1 Priority Component Opening Date under the Second Stage Expressway Agreement**

The Company completed the construction of the “Priority Component” of the Si Rat Expressway on 13 November 1992, in respect of which the Agreement specified that the date on which the Construction Completion takes place in respect of the Priority Component should be deemed as the Priority Component Opening Date, and the Company would then be entitled to receive the toll revenue sharing, but EXAT just commenced sharing the toll revenue with the Company on 2 September 1993, thereby rendering the Company to lose such revenue which should have been received under the Agreement.

EXAT and the Company had different opinions as to which date was the Priority Component Opening Date, from which EXAT was obliged under the Agreement to commence sharing the toll revenue with the Company onwards.

On 9 July 2001, the Company then referred such dispute to the Arbitral Tribunal requesting an arbitral award requiring EXAT to compensate for the deficient revenue plus interest until the date of submission of the dispute in the amount of Baht 3,831.4 million. In this respect, EXAT raised an objection and counterclaimed in the total amount of Baht 15,575.4 million.

On 15 December 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to pay the toll revenue sharing for urban network which should have been received by the Company for the period from 13 November 1992 to 2 September 1993, amounting to Baht 1,974.6 million, calculated for interest up to 30 June 2001, amounting to Baht 1,856.8 million, totaling Baht 3,831.4 million, including the interest from 1 July 2001 onwards until the payment would be made in full to the Company, and dismissed EXAT's counterclaim requiring the Company to compensate for such toll revenue in the amount of Baht 15,575.4 million. In this regard, EXAT subsequently issued a letter refusing to comply with the arbitral award.

On 20 April 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award or order refusing to enforce compliance with the arbitral award, and on 19 October 2011, the Company submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award as another case, with the disputed amount of Baht 5,021.1 million.

On 13 September 2013, the Central Administrative Court adjudged to dismiss EXAT's petition requesting the Court to revoke the arbitral award and adjudged to enforce the Company's petition by requiring EXAT to pay the toll revenue sharing for urban network which should have been received by the Company for the period from 13 November 1992 to 2 September 1993, amounting to Baht 1,974.6 million, with interest under the Agreement calculated from 13 November 1992 up to 30 June 2001, amounting to Baht 1,856.8 million, including the interest calculated from 1 July 2001 up to the date on which the Company submitted the petition to the Court, namely, 19 October 2011, amounting to Baht 1,189.7 million, thereby bringing a total of the toll revenue sharing together with interest to Baht 5,021.1 million, to the Company, as well as requiring EXAT to pay the default interest on the principal until the payment would be made, together with interest, in full to the Company, whereby EXAT shall make such payment in full within 60 days from the date on which the case is final.

On 11 October 2013, EXAT lodged an appeal against the Central Administrative Court's judgment with the Supreme Administrative Court.

At present, it is pending the Supreme Administrative Court's consideration.

#### 40.1.2 Competing road with the Udon Ratthaya Expressway

The Agreement specified that during the term of the Agreement, should EXAT or the Government put into effect any arrangements for the construction or substantial improvement of any road or highway of an expressway standard within the primary catchment area of the Expressway, which has the effect of reducing the actual volume of traffic using the Expressway or the revenue arising therefrom from the projections, EXAT shall compensate the subsidiary for such effect.

Given that the Government granted permission for construction of the Extension of the Don Muang Tollway Project, from the National Memorial to Rangsit Section, which constituted a competing road under the Agreement, and affected the financial position of the subsidiary, the subsidiary therefore demanded EXAT to compensate for such effect as per the Independent Certification Engineer's letter certifying the effect upon the subsidiary.

On 20 December 2004, the subsidiary then referred such dispute to the Arbitral Tribunal for an arbitral award requiring EXAT to compensate for the deficient revenue, thereby rendering such damages until the date of submission of the dispute (excluding interest) to Baht 1,790 million.

On 27 November 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to compensate for the deficient revenue from the projection to the subsidiary for the year 1999 in the amount of Baht 730.8 million, with interest from 14 June 2000 onwards, until the payment would be made in full, and for the year 2000 in the amount of Baht 1,059.2 million, with interest from 22 March 2001 onwards, until the payment would be made in full.

Subsequently, EXAT issued a letter to the subsidiary, confirming that the arbitral award was illegitimate; and the enforcement of such arbitral award was considered a violation to the public order and good moral of the people, EXAT was thus unable to comply with such arbitral award.

On 3 March 2009, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

On 1 September 2011, the subsidiary submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award as another case, with the disputed amount of Baht 3,296.7 million.

On 3 May 2013, the Central Administrative Court adjudged to dismiss EXAT's petition requesting the Court to revoke the arbitral award and the Central Administrative Court also issued a judgment to enforce compliance with the arbitral award, thereby requiring EXAT to compensate for revenue reduced from the projection to the subsidiary for the year 1999 in the amount of Baht 730.8 million and for the year 2000 in the amount of Baht 1,059.2 million together with interest until the said payment would be made in full.

On 31 May 2013, EXAT lodged an appeal against the Central Administrative Court's judgment in both cases with the Supreme Administrative Court.

At present, it is pending the Supreme Administrative Court's consideration.

#### 40.1.3 Issuance of variation orders by EXAT

EXAT issued additional variation orders for certain construction work of the Si Rat Expressway and confirmed that EXAT would be responsible for such costs as actually incurred by such variation orders. The Independent Certification Engineer subsequently issued a letter certifying the additional costs in the total amount of Baht 209.1 million (excluding interest). EXAT refused to make such payment as certified by the Independent Certification Engineer.

On 9 December 2009, the Company submitted a statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by EXAT's issuance of three variation orders.

On 20 December 2013, the Arbitral Tribunal unanimously rendered its arbitral award requiring EXAT to pay the construction costs and expenses as per such variation orders in the total amount of the principal with interest of Baht 382.5 million, including the interest on the principal in the amount of Baht 209.1 million, calculated from the day following the date of submission of the statement of claim until the said payment would be made in full to the Company.



On 17 January 2014, the Company issued a letter to EXAT requiring compliance with the arbitral award. On 4 February 2014, EXAT issued a letter refusing to comply with the arbitral award because the arbitral award was illegitimate.

On 26 March 2014, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

At present, it is pending the Central Administrative Court's consideration.

#### 40.1.4 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Second Stage Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 14 May 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for 2003, which was not in accordance with the Agreement. Subsequently, on 27 March 2009, the Company submitted a petition for amendment to the statement of claim in respect of the figures of the toll rates for 2003 based on the Ministry of Interior Notification dated 23 October 1998 in accordance with the decision of the Supreme Court under the Supreme Court Judgment No. 11102/2551, thereby changing the total damages claimed by the Company against EXAT, together with interest up to 31 March 2008, to the total amount of Baht 4,368 million.

The Company had a total of five witnesses testify and EXAT had a total of four witnesses testify. The proceedings of this dispute thus ended.

At present, it is in the process of both disputing parties' submission of their closing statements to the Thai Arbitration Institute.

#### 40.1.5 Revision of toll rates of Sector D of the Si Rat Expressway for the year 2003

The Company requested to revise the toll rates under the Agreement for the Extension of the Second Stage Expressway System (Sector D) which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 24 July 2008, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages caused by the revision of toll rates for the year 2003, which was not in accordance with the Agreement, in the total amount of Baht 1,048.2 million.

The Company cited three witnesses to testify before the Arbitral Tribunal.

At present, it is in the process of the witness examination. The Arbitral Tribunal scheduled the hearing dates for examination of witnesses of EXAT to be held on 27 November 2015, and 8, 15 and 22 January 2016. Subsequently, EXAT requested cancellation of the hearing for witness examination on 27 November 2015.

#### 40.1.6 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2008

The Company requested to revise the toll rates under the Second Stage Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 13 June 2013, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages, together with interest calculated up to 31 May 2013, in the total amount of Baht 9,091.8 million, and interest shall be calculated on the principal of the damages in the amount of Baht 7,909.6 million calculated from 1 June 2013 onwards until EXAT would compensate the Company for such damages, together with interest in full; and also demanding EXAT to compensate for damages from 1 June 2013 onwards until EXAT would

adjust and apply the toll rates in accordance with the rates as proposed by the Company under the Agreement, together with interest on the principal of such damages.

At present, it is in the process of the witness examination.

40.1.7 Revision of toll rates of Sector D of the Si Rat Expressway for the year 2008

The Company requested to revise the toll rates under the Agreement for the Extension of the Second Stage Expressway System (Sector D) which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the Company had different opinions in respect of the calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the Company.

On 28 June 2013, the Company submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the Company for damages, together with interest calculated up to 31 May 2013, in the total amount of Baht 4,062.8 million, and interest shall be calculated on the principal of the damages in the amount of Baht 3,557.8 million from 1 June 2013 onwards until EXAT would compensate the Company for the principal of such damages, together with interest in full; and also demanding EXAT to compensate for damages from 1 June 2013 onwards until EXAT would adjust and apply the toll rates in accordance with the rates as proposed by the Company under the Agreement, together with interest on the principal of such damages.

On 16 June 2014, the Company submitted a letter of appointment of its arbitrator. On 10 July 2015, EXAT submitted a letter of appointment of its arbitrator to the Thai Arbitration Institute.

At present, it is pending selection of candidates for appointment as the Chairman of the Arbitral Tribunal.

#### 40.1.8 Revision of toll rates of Udon Ratthaya Expressway for the year 2003

The subsidiary requested to revise the toll rates under the Bang Pa-in - Pak Kret Expressway Agreement which stipulates that the toll rates shall be revised every five year interval. In this regard, EXAT and the subsidiary had different opinions in respect of the calculation of the tolls to be revised, and as such, EXAT issued the toll rate notification which did not increase the toll rates as proposed by the subsidiary.

On 22 October 2013, the subsidiary submitted the statement of claim to the Thai Arbitration Institute, demanding EXAT to compensate the subsidiary for damages, together with interest, in the total amount of Baht 908.7 million, and interest shall be calculated on a daily basis on the principal of the damages in the amount of Baht 561.9 million from the day following the date of submission of the statement of claim until EXAT would compensate the subsidiary for the principal of such damages, together with interest in full.

On 23 June 2014, the subsidiary submitted a letter of appointment of its arbitrator. On 25 June 2015, EXAT submitted a letter of appointment of its arbitrator to the Thai Arbitration Institute.

At present, it is pending selection of candidates for appointment as the Chairman of the Arbitral Tribunal.

#### **40.2 Disputes submitted by EXAT claiming for damages**

EXAT referred four disputes to the Arbitral Tribunal requiring the Company and its subsidiary to be held liable for costs, in the total amount of Baht 9 million, which the Company and its subsidiary were of the view that such costs claimed by EXAT were not within their scope of responsibility under the Agreements. In this regard, the Arbitral Tribunal rendered its arbitral awards on three disputes, two disputes of which were referred by EXAT to the Administrative Court for enforcement of the arbitral award and revocation of the arbitral award.

#### 41. Lawsuit

The expressway user sued the Expressway Authority of Thailand (EXAT) and the Company on grounds of wrongful act in relation to traffic management and safety on the Si Rat Expressway System, whereby EXAT was the first defendant and the Company was the second defendant. The Court of First Instance adjudged to dismiss the plaintiff's plaint. The Appeal Court adjudged to require EXAT and the Company to jointly compensate the plaintiff in a total amount of Baht 2.3 million, with interest at the rate of 7.5% per annum, from 21 May 2005 onwards until the payment would be made in full. In this regard, the Company, EXAT and the plaintiff lodged their respective appeals with the Supreme Court.

On 30 June 2015, the Supreme Court adjudged to confirm the Appeal Court's judgment requiring EXAT and the Company to jointly compensate the plaintiff. On 10 August 2015, the Company duly deposited such payment with the Court per the judgment.

#### 42. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

|   | (Unit: Million Baht)              |         |         |        |
|---|-----------------------------------|---------|---------|--------|
|   | Consolidated financial statements |         |         |        |
|   | Level 1                           | Level 2 | Level 3 | Total  |
| <b>Asset measured at fair value</b>                   |                                   |         |         |        |
| Current investment                                    |                                   |         |         |        |
| unit trust  | -                                 | 497     | -       | 497    |
| <b>Asset for which fair value are disclosed</b>       |                                   |         |         |        |
| Other long-term investment                            | -                                 | -       | 809     | 809    |
| Investment Property                                   | -                                 | 302     | -       | 302    |
| <b>Liabilities for which fair value are disclosed</b> |                                   |         |         |        |
| Long-term loans                                       | -                                 | -       | 16,181  | 16,181 |

|   | (Unit: Million Baht)         |         |         |        |
|---|------------------------------|---------|---------|--------|
|   | Separate financial statement |         |         |        |
|   | Level 1                      | Level 2 | Level 3 | Total  |
| <b>Asset measured at fair value</b>                   |                              |         |         |        |
| Current investment                                    |                              |         |         |        |
| unit trust  | -                            | 480     | -       | 480    |
| <b>Asset for which fair value are disclosed</b>       |                              |         |         |        |
| Other long-term investment                            | -                            | -       | 809     | 809    |
| Investment Property                                   | -                            | 302     | -       | 302    |
| <b>Liabilities for which fair value are disclosed</b> |                              |         |         |        |
| Long-term loans                                       | -                            | -       | 16,181  | 16,181 |

### 43. Financial instruments

#### 43.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade and other receivables, receivable from sales of investment, short-term loan from financial institution, trade and other payable, payable from purchase of investment, long-term loans, debenture and provision for compensation for site acquisition cost. The financial risks associated with these financial instruments and how they are managed is described below.

##### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

##### ***Interest rate risk***

The Company and its subsidiaries are exposed to interest rate risk relate primarily to their cash at banks, current investment, short-term loans from financial institution, debentures and long-term loan. However, since most the financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed

interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

| Consolidated financial statements                    |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
|--|----------------------|-------|------------------|--------|-------------------|-------|---------------|--------|--------------|-------|--------|--------|---------------|-------------|
| As at 31 December                                    |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
|  | Fixed interest rates |       |                  |        |                   |       | Floating      |        | Non-interest |       | Total  |        | Interest rate |             |
|  | Within 1 year        |       | Over 1 - 5 years |        | More than 5 years |       | interest rate |        | bearing      |       |        |        |               |             |
|  | 2015                 | 2014  | 2015             | 2014   | 2015              | 2014  | 2015          | 2014   | 2015         | 2014  | 2015   | 2014   | 2015          | 2014        |
|  | (% p.a.)             |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
| Financial assets                                     |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
| Cash and cash equivalents                            | 400                  | 1,300 | -                | -      | -                 | -     | 2,119         | 566    | 1,964        | 511   | 4,483  | 2,377  | 0.38 - 2.80   | 0.13 - 2.35 |
| Current investments                                  | -                    | 400   | -                | -      | -                 | -     | 497           | 1,948  | -            | -     | 497    | 2,348  | 1.10 - 4.47   | 1.74 - 4.47 |
| Trade and other receivables                          | -                    | -     | -                | -      | -                 | -     | -             | -      | 85           | 102   | 85     | 102    | -             | -           |
| Receivable from sales of investment                  | 564                  | -     | 757              | -      | -                 | -     | -             | -      | -            | -     | 1,321  | -      | Note 7        |             |
|  | 964                  | 1,700 | 757              | -      | -                 | -     | 2,616         | 2,514  | 2,049        | 613   | 6,386  | 4,827  |               |             |
| Financial liabilities                                |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
| Short-term loans from financial institution          |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
|  | 22,400               | 2,000 | -                | -      | -                 | -     | 10            | -      | -            | -     | 22,410 | 2,000  | Note 7, 20    |             |
| Trade and other payables                             | -                    | -     | -                | -      | -                 | -     | -             | -      | 2,580        | 2,009 | 2,580  | 2,009  | -             | -           |
| Payable from purchase of investment                  | -                    | -     | -                | -      | -                 | -     | -             | -      | -            | 314   | -      | 314    | -             | -           |
| Long-term loans                                      | 10,108               | -     | 84               | 84     | -                 | -     | 7,281         | 12,046 | -            | -     | 17,473 | 12,130 | Note 22       |             |
| Debentures   | -                    | 1,000 | -                | 12,886 | -                 | 1,999 | -             | 3,500  | -            | -     | -      | 19,385 | Note 23       |             |
| Provision for compensation for site acquisition cost |                      |       |                  |        |                   |       |               |        |              |       |        |        |               |             |
|  | 1,500                | 1,500 | 4,067            | 5,262  | -                 | -     | -             | -      | -            | -     | 5,567  | 6,762  | 4.50          | 4.50        |
|  | 34,008               | 4,500 | 4,151            | 18,232 | -                 | 1,999 | 7,291         | 15,546 | 2,580        | 2,323 | 48,030 | 42,600 |               |             |

(Unit: Million Baht)

| Separate financial statement   |                      |                   |                           |                         |        |                           |
|--|----------------------|-------------------|---------------------------|-------------------------|--------|---------------------------|
| As at 31 December 2015   |                      |                   |                           |                         |        |                           |
|  | Fixed interest rates |                   | Floating<br>interest rate | Non-interest<br>bearing | Total  | Interest rate<br>(% p.a.) |
|  | Within 1<br>year     | Over 1-5<br>years |                           |                         |        |                           |
| <b>Financial assets</b>  |                      |                   |                           |                         |        |                           |
| Cash and cash equivalents  | 400                  | -                 | 2,097                     | 1,962                   | 4,459  | 0.38 - 2.80               |
| Current investments  | -                    | -                 | 480                       | -                       | 480    | 1.10 - 4.47               |
| Trade and other receivables  | -                    | -                 | -                         | 85                      | 85     | -                         |
| Receivable from sales of<br>investment                               | 564                  | 757               | -                         | -                       | 1,321  | Note 7                    |
| Long-term loans and interest<br>receivable from related<br>companies | -                    | -                 | 5,674                     | 1,180                   | 6,854  | Note 7                    |
|  | 964                  | 757               | 2,577                     | 3,227                   | 13,199 |                           |
| <b>Financial liabilities</b>   |                      |                   |                           |                         |        |                           |
| Short-term loans from financial<br>institution                       | 22,400               | -                 | -                         | -                       | 22,400 | Note 7, 20                |
| Trade and other payables   | -                    | -                 | -                         | 2,539                   | 2,539  | -                         |
| Long-term loans  | 10,108               | 84                | 7,124                     | -                       | 17,316 | Note 22                   |
| Provision for compensation for site<br>acquisition cost              | 1,500                | 4,067             | -                         | -                       | 5,567  | 4.50                      |
|  | 34,008               | 4,151             | 7,124                     | 2,539                   | 47,822 |                           |

**Foreign currency risk**

The Company has a significant foreign currency risk in respect of construction payable. As at 31 December 2015, the Company has outstanding financial liabilities denominated in euro amounting to EUR 0.4 million (2014: EUR 2 million) which have not yet been hedged against foreign exchange risk (the majority of these liabilities are repayable within 1 year)



### 43.2 Fair values of financial instruments

Since the majority of the financial instruments of the Company and its subsidiaries are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position. However, the Company and its subsidiaries have assets and liabilities of the type of long-value which the carrying value is different from the fair value.

Set out below is a comparison, by category of carrying amount and fair value, of the financial assets and liabilities as of 31 December 2015 and 2014.

|                              | (Unit: Million Baht) |            |                  |            |
|------------------------------|----------------------|------------|------------------|------------|
|                              | 31 December 2015     |            | 31 December 2014 |            |
|                              | Carrying amount      | Fair value | Carrying amount  | Fair value |
| <b>Financial assets</b>      |                      |            |                  |            |
| Other long-term investments  | 913                  | 809        | 699              | 626        |
| <b>Financial liabilities</b> |                      |            |                  |            |
| Long-term loans              | 17,473               | 16,181     | 12,130           | 10,351     |
| Debentures                   | -                    | -          | 19,385           | 19,824     |

The Company and its subsidiaries establish fair value of their financial instruments by adopting the following methods and assumptions:

- For debts and equity securities, fair value is generally derived from quoted market prices, or based on generally accepted pricing models.
- For long-term loans and debentures with fixed interest rate, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans carrying interest at the rate approximate to the market rate, the carrying amount in the statements of financial position approximate fair value.

During the current period there were no transfer within the hierarchy of the fair value.

#### **44. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure to preserve the ability to continue its business as a going concern and maximise shareholder value

The Company manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in a long-term loan agreements, which requires the Company to maintain a debt-to-equity ratio of not more than 2.5:1.

#### **45. Events after the reporting period**

On 25 February 2016, a meeting of the Board of Directors passed a resolutions to propose a dividend payment of Baht 0.07 per share for a total of Baht 1,070 million to the Annual General Meeting of the Company's shareholders for their approval. The dividend payment is to distributed from unappropriated retained earnings.

#### **46. Approval of financial statements**

These financial statements were authorized for issue by the Company's Board of Directors on 25 February 2016.