

Bangkok Expressway and Metro Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2017

## **Independent Auditor's Report**

To the Shareholders of Bangkok Expressway and Metro Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Bangkok Expressway and Metro Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Bangkok Expressway and Metro Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Expressway and Metro Public Company Limited and its subsidiaries and of Bangkok Expressway and Metro Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Capitalisation of project costs under construction*

As discussed in Notes 1 A.2 and B.1 to the financial statements, as a result of the agreements made with the Expressway Authority of Thailand and the Mass Rapid Transit Authority of Thailand, the Company has significant projects which are operating under concession agreements. As at 31 December 2017, project costs under construction, in the statement of financial position, amounted to Baht 8,055 million. The project costs under construction recorded as “rights to operate expressway sectors” and “intangible assets under concession agreement of the MRT Blue Line Project”, as disclosed in Notes 17 and 19 to the financial statements. I considered the capitalisation of project costs as assets to be a significant transaction. In addition, management needed to exercise substantial judgment in determining whether the costs were direct costs and could be recognised as costs of acquiring intangible assets, and in deciding to cease capitalisation of borrowing costs when they did not meet the conditions stipulated under financial reporting standards.

I assessed the method used for recognition of project costs under construction by inquiring with management to gain an understanding of the basis applied and judgement exercised by management in capitalising expenses as project costs under construction, including the capitalisation of borrowing costs, and disclosures in the notes to the financial statements. I reviewed the minutes of meetings, contracts and documents related to the project costs under construction. I also selected and checked representative samples of supporting documents for expenses recognised as project costs under construction incurred during the year to determine whether the recognition met the criteria under financial reporting standards. In addition, I tested the calculation and the recording of the borrowing costs capitalised as project costs under construction and reviewed the disclosures in the notes to the financial statements.

### *Disputes*

As discussed in Note 41.2.2 to the financial statements, the subsidiary was involved in a dispute, in which the Expressway Authority of Thailand demanded the subsidiary start the Phase II construction of the Udon Rattaya Expressway, and pay a compensation totaling Baht 1,587.7 million. As the dispute has just entered the court consideration process, the management needs to exercise significant judgement in considering related laws and regulations to assess the outcome. However, the actual outcome of the dispute may differ from the assessment made by the management.

I inquired with the Group's management and legal department regarding the procedures followed to monitor a dispute filed. I also inquired into the details and progress of disputes and the methods applied by management to assess the outcomes of the disputes, assessed the judgment exercised by management in assessing the outcomes of the disputes by reading relevant conditions and provisions of agreements, together with the claims and objections submitted by the subsidiary and counterparties to the Arbitral Tribunal for the purpose of providing background into the disputes. In addition, I made inquiry of and had discussion with the external legal consultant of the Group regarding the details, case status, objections to the dispute and the probability of outcomes. Moreover, I sent confirmation letters to the external legal consultant retained by the Group to obtain case details and status. I also assessed the expertise, ability, independence and integrity of the external legal consultant in accordance with relevant auditing standards and I determined whether the laws and conditions referred to by the external legal consulting related to the subsidiary's dispute. In addition, I reviewed the disclosures relating to disputes in the notes to the financial statements.

### *Recording and presentation of the MRT Blue Line Concession Agreement*

As discussed in Note 1 B.1 to the financial statements, on 31 March 2017, the Company signed the MRT Blue Line Concession Agreement ("Blue Line Concession Agreement") with the Mass Rapid Transit Authority of Thailand (MRTA) for a concession period of approximately 33 years. Under the MRT Blue Line Concession Agreement, the concession agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line ("Chaloem Ratchamongkhon Line Concession Agreement"), is deemed to be a part of the MRT Blue Line Concession Agreement, and only the clauses relating to the rights, duties and provisions with respect to fares, fare rates and payment of remuneration to the MRTA. The expiry date of the concession agreement with the Chaloem Ratchamongkhon Line has also been extended to the same date as that of the MRT Blue Line Concession Agreement from 2029 to 2050. Therefore, I have focused

on the recording and presentation of accounting entries relating to the MRT Blue Line Concession Agreement, and the disclosures made in the notes to financial statements.

I assessed the accounting records and the presentation of transactions related to the MRT Blue Line Concession Agreement, including the disclosures made in the notes to the financial statements, by reading and gaining an understanding of the substance of the transactions, the conditions and undertakings per the agreements made with the MRTA. I also inquired with the management regarding the rules, basis and judgement in recording and presenting these transactions. In addition, I reviewed the disclosures in the notes to financial statements.

*Presentation of M&E Systems equipment related to the MRT Chalong Ratchadham Line under the concession agreement*

As discussed in Note 1 B.2 to the financial statements, on 29 September 2017, the related company notified the Company of its transfer of all rights of claim under the concession agreement for Phase 1: Design and Build of the MRT Chalong Ratchadham Line Project to the group of lenders of its related company, and then the Company entered into an agreement to transfer such rights of claim to the group of lenders, who would become the Company's trade creditor in lieu of the related company. On the same day, the Company entered into the Novation and Debt Repayment Agreement with the group of lenders, changing the nature of debts, from trade creditor to loan, in line with the business objectives of the group of lenders. The Company therefore separately presented receivables under Phase I of the concession agreement expected to be received from the MRTA for the M&E Systems within a period of 10 years as assets (Note 11) and presented long-term loans from financial institutions (Note 24) as a separate line item in liabilities in the statement of financial position. The Company also separately presented the related interest income and expenses in profit or loss for the year ended 31 December 2017. Since the amounts of assets and liabilities separately presented in the financial statements are material, I have focused on the separate presentation of the transactions, and the disclosures made in the notes to the financial statements.

I examined the accounting presentation of transactions related to design and build of the M&E Systems under such concession agreement, and assessed the disclosures made in the notes to the financial statements by reading and gaining an understanding of the agreements made with the Mass Rapid Transit Authority of Thailand, the related company and the group of lenders. Moreover, I inquired with the Company's management regarding the substance of the transactions, as well as the conditions and undertakings per the agreements, and assessed the basis that management exercised in presenting these transactions. I also reviewed the disclosures made in the notes to the financial statements.

**Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Siraporn Ouuanunkun  
Certified Public Accountant (Thailand) No. 3844

EY Office Limited  
Bangkok: 27 February 2018

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

**Statement of financial position**

**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	2,627,062,725	777,001,145	2,526,936,395	729,292,774
Current investments	9	1,449,457,222	5,941,349,949	1,437,883,352	5,932,097,666
Trade and other receivables	10	426,286,028	1,614,563,463	419,017,402	1,619,496,342
Receivable from sales of investment	7	-	756,834,379	-	756,834,379
Current portion of long-term loans to related party	7	-	-	18,000,000	12,000,000
Current portion of receivable under the concession agreement	11	1,649,683,274	-	1,649,683,274	-
Other current assets		127,581,197	129,541,368	118,433,055	114,430,633
Total current assets		6,280,070,446	9,219,290,304	6,169,953,478	9,164,151,794
Non-current assets					
Long-term loans to and interest receivable					
from related parties, net of current portion	7	-	-	4,968,496,436	6,273,496,436
Receivable under the concession agreement, net of current portion	11	12,510,098,163	-	12,510,098,163	-
Investments in subsidiaries	12	-	-	303,585,600	303,585,600
Investments in associates	13	9,592,230,802	9,667,680,300	7,499,815,400	7,499,815,400
Other long-term investments	14	1,654,862,090	1,237,849,790	1,654,862,090	1,237,849,790
Investment properties	15	120,357,493	120,357,493	120,357,493	120,357,493
Building and equipment	16	361,168,428	340,732,838	315,812,844	283,862,387
Rights to operate expressway sectors	17	38,448,873,562	41,551,825,215	32,244,581,463	34,808,993,374
Rights to use sites for expressway construction	18	719,073,059	1,020,623,701	719,073,059	1,020,623,701
Intangible asset under concession agreement of					
the MRT Blue Line Project	19	25,954,096,373	17,048,090,154	25,608,388,894	16,722,780,980
Project cost of the MRT Chalong Ratchadham Line	20	666,742,626	627,255,954	666,742,626	627,255,954
Prepaid project remuneration	7	2,487,433,243	1,614,607,949	2,487,433,243	1,614,607,949
Other intangible assets	21	75,257,871	68,228,569	70,296,570	63,496,944
Deferred tax assets	34	4,997,667	201,887,940	-	198,541,907
Other non-current assets		44,103,679	67,132,878	17,152,796	32,663,799
Total non-current assets		92,639,295,056	73,566,272,781	89,186,696,677	70,807,931,714
Total assets		98,919,365,502	82,785,563,085	95,356,650,155	79,972,083,508

The accompanying notes are an integral part of the financial statements.

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

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	22	3,629,184,736	4,715,775,247	3,629,184,736	4,715,775,247
Trade and other payables	23	2,107,884,865	898,075,149	2,036,963,224	818,518,361
Current portion of long-term loans from financial institutions	24	3,808,760,069	2,066,750,000	3,808,760,069	2,066,750,000
Unearned fare box revenue		138,261,714	111,971,378	138,261,714	111,971,378
Deposits on stored value ticket		54,367,547	43,313,997	54,367,547	43,313,997
Income tax payable		62,132,371	31,444,025	36,454,936	13,598,158
Current portion of provision for compensation					
for site acquisition cost	26	1,600,000,000	1,500,000,000	1,600,000,000	1,500,000,000
Other current liabilities					
Retention guarantees		19,917,415	70,983,137	12,233,232	66,356,635
Others		162,315,927	119,444,343	147,511,683	108,205,343
Total current liabilities		11,582,824,644	9,557,757,276	11,463,737,141	9,444,489,119
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	24	25,801,112,363	16,952,402,523	25,301,112,363	16,952,402,523
Debentures	25	28,170,623,095	23,167,912,861	28,170,623,095	23,167,912,861
Derivative financial liabilities		52,954,374	18,608,408	52,954,374	18,608,408
Provision for compensation for site acquisition cost,					
net of current portion	26	1,411,401,698	2,817,151,698	1,411,401,698	2,817,151,698
Unearned revenue from advertising management rights	27	-	-	13,113,762	14,362,122
Provision for long-term employee benefits	28	483,787,045	471,043,876	467,538,729	461,245,260
Deferred tax liabilities	34	217,152,225	-	217,152,225	-
Other non-current liabilities		20,211,885	17,982,160	1,751,708	2,756,127
Total non-current liabilities		56,157,242,685	43,445,101,526	55,635,647,954	43,434,438,999
Total liabilities		67,740,067,329	53,002,858,802	67,099,385,095	52,878,928,118

The accompanying notes are an integral part of the financial statements.

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

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
15,285,000,000 ordinary shares of Baht 1 each		15,285,000,000	15,285,000,000	15,285,000,000	15,285,000,000
Issued and paid-up					
15,285,000,000 ordinary shares of Baht 1 each		15,285,000,000	15,285,000,000	15,285,000,000	15,285,000,000
Premium on ordinary shares		5,816,938,084	5,816,938,084	5,816,938,084	5,816,938,084
Retained earnings					
Appropriated - statutory reserve	29	1,077,490,000	928,690,000	1,077,490,000	928,690,000
Unappropriated		8,948,481,343	7,763,596,451	6,120,200,475	5,077,414,032
Other components of shareholders' equity		(59,724,462)	(104,972,966)	(42,363,499)	(14,886,726)
Equity attributable to shareholders of the Company		31,068,184,965	29,689,251,569	28,257,265,060	27,093,155,390
Non-controlling interests of the subsidiaries		111,113,208	93,452,714	-	-
Total shareholders' equity		31,179,298,173	29,782,704,283	28,257,265,060	27,093,155,390
Total liabilities and shareholders' equity		98,919,365,502	82,785,563,085	95,356,650,155	79,972,083,508

The accompanying notes are an integral part of the financial statements.

Directors

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

**Income statement**

**For the year ended 31 December 2017**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>					
Revenue from expressway business		9,956,687,741	9,300,724,132	8,573,398,391	7,977,852,606
Revenue from rail business		4,520,903,061	3,230,064,080	4,520,903,061	3,230,080,880
Revenue from commercial development business		675,836,158	573,349,010	403,063,532	359,433,237
Other income					
Interest income		175,173,105	68,199,690	329,456,108	246,333,581
Dividend income	7, 13.2	-	-	551,455,190	498,953,704
Others		64,631,074	61,057,711	196,981,995	182,983,354
<b>Total revenues</b>		<b>15,393,231,139</b>	<b>13,233,394,623</b>	<b>14,575,258,277</b>	<b>12,495,637,362</b>
<b>Expenses</b>					
Cost of expressway business		1,735,419,841	1,511,964,604	1,518,255,658	1,256,523,416
Cost of rail business		3,352,428,083	2,371,420,998	3,352,428,083	2,371,420,998
Cost of commercial development business		177,151,157	199,943,914	90,559,239	114,773,566
Amortisation of rights to operate expressway sectors and compensation for site acquisition cost	17, 18, 26	3,694,893,202	3,470,883,807	3,156,353,460	2,956,153,554
Amortisation on intangible asset under concession agreement of the MRT Blue Line Project	19	246,289,965	440,076,422	214,655,637	412,379,726
Selling expenses		95,250,353	92,540,321	52,105,380	59,370,640
Administrative expenses		1,048,996,443	892,093,625	987,382,897	833,217,672
<b>Total expenses</b>		<b>10,350,429,044</b>	<b>8,978,923,691</b>	<b>9,371,740,354</b>	<b>8,003,839,572</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>5,042,802,095</b>	<b>4,254,470,932</b>	<b>5,203,517,923</b>	<b>4,491,797,790</b>
Share of profit from investments in associates	13.2	405,916,311	347,349,465	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>5,448,718,406</b>	<b>4,601,820,397</b>	<b>5,203,517,923</b>	<b>4,491,797,790</b>
Finance cost		(1,610,765,279)	(1,426,027,697)	(1,604,852,271)	(1,416,993,054)
<b>Profit before income tax expenses</b>		<b>3,837,953,127</b>	<b>3,175,792,700</b>	<b>3,598,665,652</b>	<b>3,074,804,736</b>
Income tax expenses	34	(695,602,106)	(562,927,698)	(623,194,397)	(511,890,549)
<b>Profit for the year</b>		<b>3,142,351,021</b>	<b>2,612,865,002</b>	<b>2,975,471,255</b>	<b>2,562,914,187</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		3,123,129,324	2,605,854,468	2,975,471,255	2,562,914,187
Non-controlling interests of the subsidiaries		19,221,697	7,010,534	-	-
		<b>3,142,351,021</b>	<b>2,612,865,002</b>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	35	0.20	0.17	0.20	0.17

The accompanying notes are an integral part of the financial statements.

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

**Statement of comprehensive income**

**For the year ended 31 December 2017**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit for the year</b>		<b>3,142,351,021</b>	<b>2,612,865,002</b>	<b>2,975,471,255</b>	<b>2,562,914,187</b>
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Unrealised loss from cash flow hedges of the Company, net of income tax		(27,476,773)	(14,886,726)	(27,476,773)	(14,886,726)
Share of other comprehensive income from associates, net of income tax	13.2	72,725,277	23,010,920	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		45,248,504	8,124,194	(27,476,773)	(14,886,726)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) of the Company, net of income tax	28, 34	45,830,261	(134,132,646)	50,315,188	(134,132,646)
Actuarial gain (loss) of associates, net of income tax	13.2	(2,635,896)	13,580	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax		43,194,365	(134,119,066)	50,315,188	(134,132,646)
<b>Other comprehensive income for the year</b>		<b>88,442,869</b>	<b>(125,994,872)</b>	<b>22,838,415</b>	<b>(149,019,372)</b>
<b>Total comprehensive income for the year</b>		<b>3,230,793,890</b>	<b>2,486,870,130</b>	<b>2,998,309,670</b>	<b>2,413,894,815</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		3,213,133,396	2,479,859,596	2,998,309,670	2,413,894,815
Non-controlling interests of the subsidiaries		17,660,494	7,010,534		
		<b>3,230,793,890</b>	<b>2,486,870,130</b>		

The accompanying notes are an integral part of the financial statements.

Bangkok Expressway and Metro Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements											
Equity attributable to the shareholders of the Company											
					Other components of shareholders' equity				Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Unrealised loss from cash flow hedges of the Company	Share of other comprehensive income from associates	Capital deficit from change in shareholding in subsidiary	Total other components of shareholders' equity			
			Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2016	15,285,000,000	5,816,938,084	800,490,000	7,254,261,049	-	(80,948,458)	(32,148,702)	(113,097,160)	29,043,591,973	86,442,180	29,130,034,153
Profit for the year	-	-	-	2,605,854,468	-	-	-	-	2,605,854,468	7,010,534	2,612,865,002
Other comprehensive income for the year	-	-	-	(134,119,066)	(14,886,726)	23,010,920	-	8,124,194	(125,994,872)	-	(125,994,872)
Total comprehensive income for the year	-	-	-	2,471,735,402	(14,886,726)	23,010,920	-	8,124,194	2,479,859,596	7,010,534	2,486,870,130
Transferred to statutory reserve (Note 29)	-	-	128,200,000	(128,200,000)	-	-	-	-	-	-	-
Dividend paid (Note 36)	-	-	-	(1,834,200,000)	-	-	-	-	(1,834,200,000)	-	(1,834,200,000)
Balance as at 31 December 2016	15,285,000,000	5,816,938,084	928,690,000	7,763,596,451	(14,886,726)	(57,937,538)	(32,148,702)	(104,972,966)	29,689,251,569	93,452,714	29,782,704,283
Balance as at 1 January 2017	15,285,000,000	5,816,938,084	928,690,000	7,763,596,451	(14,886,726)	(57,937,538)	(32,148,702)	(104,972,966)	29,689,251,569	93,452,714	29,782,704,283
Profit for the year	-	-	-	3,123,129,324	-	-	-	-	3,123,129,324	19,221,697	3,142,351,021
Other comprehensive income for the year	-	-	-	44,755,568	(27,476,773)	72,725,277	-	45,248,504	90,004,072	(1,561,203)	88,442,869
Total comprehensive income for the year	-	-	-	3,167,884,892	(27,476,773)	72,725,277	-	45,248,504	3,213,133,396	17,660,494	3,230,793,890
Transferred to statutory reserve (Note 29)	-	-	148,800,000	(148,800,000)	-	-	-	-	-	-	-
Dividend paid (Note 36)	-	-	-	(1,834,200,000)	-	-	-	-	(1,834,200,000)	-	(1,834,200,000)
Balance as at 31 December 2017	15,285,000,000	5,816,938,084	1,077,490,000	8,948,481,343	(42,363,499)	14,787,739	(32,148,702)	(59,724,462)	31,068,184,965	111,113,208	31,179,298,173

The accompanying notes are an integral part of the financial statements.



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

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2017**

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Unrealised loss from cash flow hedges	
<b>Balance as at 1 January 2016</b>	15,285,000,000	5,816,938,084	800,490,000	4,611,032,491	-	26,513,460,575
Profit for the year	-	-	-	2,562,914,187	-	2,562,914,187
Other comprehensive income for the year	-	-	-	(134,132,646)	(14,886,726)	(149,019,372)
Total comprehensive income for the year	-	-	-	2,428,781,541	(14,886,726)	2,413,894,815
Transferred to statutory reserve (Note 29)	-	-	128,200,000	(128,200,000)	-	-
Dividend paid (Note 36)	-	-	-	(1,834,200,000)	-	(1,834,200,000)
<b>Balance as at 31 December 2016</b>	<u>15,285,000,000</u>	<u>5,816,938,084</u>	<u>928,690,000</u>	<u>5,077,414,032</u>	<u>(14,886,726)</u>	<u>27,093,155,390</u>
<b>Balance as at 1 January 2017</b>	15,285,000,000	5,816,938,084	928,690,000	5,077,414,032	(14,886,726)	27,093,155,390
Profit for the year	-	-	-	2,975,471,255	-	2,975,471,255
Other comprehensive income for the year	-	-	-	50,315,188	(27,476,773)	22,838,415
Total comprehensive income for the year	-	-	-	3,025,786,443	(27,476,773)	2,998,309,670
Transferred to statutory reserve (Note 29)	-	-	148,800,000	(148,800,000)	-	-
Dividend paid (Note 36)	-	-	-	(1,834,200,000)	-	(1,834,200,000)
<b>Balance as at 31 December 2017</b>	<u>15,285,000,000</u>	<u>5,816,938,084</u>	<u>1,077,490,000</u>	<u>6,120,200,475</u>	<u>(42,363,499)</u>	<u>28,257,265,060</u>

The accompanying notes are an integral part of the financial statements.

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

**Cash flow statement**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>				
Profit before tax	3,837,953,127	3,175,792,700	3,598,665,652	3,074,804,736
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Amortisation and depreciation	3,544,655,128	3,422,513,416	2,959,316,613	2,872,420,659
Revenue recognition of unearned revenue from advertising management rights	-	-	(1,248,360)	(1,248,360)
Allowance for doubtful debt	272,590	471,546	-	-
Gain on investments	(41,608,290)	(31,090,443)	(41,295,378)	(45,235,624)
Loss on disposals/write-off of equipment, intangible asset under concession agreement of the MRT Blue Line Project and other intangible assets	6,028,232	1,197,724	6,384,610	1,282,797
Project remuneration expense	384,806,190	503,539,074	384,806,190	503,539,074
Compensation for site acquisition cost	495,800,643	550,049,984	495,800,643	550,049,984
Provision for long-term employee benefits	76,747,586	63,285,807	74,217,105	61,148,682
Share of profit from investments in associates	(405,916,311)	(347,349,465)	-	-
Unrealised loss (gain) on exchange rate	(105,460)	509,200	(105,460)	509,200
Interest income	(175,173,105)	(67,646,250)	(329,456,108)	(245,903,758)
Dividend income	-	-	(551,455,191)	(498,953,704)
Interest expenses	1,572,881,432	1,173,937,460	1,570,619,514	1,167,084,082
Profit from operating activities before changes in operating assets and liabilities	9,296,341,762	8,445,210,753	8,166,249,830	7,439,497,768
Operating assets (increase) decrease				
Trade and other receivables	155,095,799	(1,530,393,882)	170,916,997	(1,534,439,908)
Receivable under the concession agreement	412,420,819	-	412,420,819	-
Other current assets	101,986,629	118,245,333	94,045,237	115,077,421
Other non-current assets	13,393,495	(59,034,205)	15,511,002	(55,823,728)
Cash paid for project remuneration	(1,252,089,706)	(1,167,855,334)	(1,252,089,706)	(1,167,855,334)
Operating liabilities increase (decrease)				
Trade payables and other payables	8,049,920	27,111,561	13,469,473	(3,166,476)
Unearned fare box revenue	26,290,336	21,997,482	26,290,336	21,997,482
Deposits on stored value ticket	11,053,550	8,575,064	11,053,550	8,575,064
Other current liabilities	(8,194,092)	(14,279,907)	(14,817,064)	(16,791,607)
Other non-current liabilities	2,229,724	1,002,021	(1,004,420)	616,000
Cash paid for long-term employee benefits	(7,740,208)	(3,733,720)	(7,174,500)	(3,733,720)
Cash paid for compensation for site acquisition cost	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)
Net cash flows from operating activities	7,258,838,028	4,346,845,166	6,134,871,554	3,303,952,962
Cash received from interest income	139,602,025	14,076,604	139,325,027	14,052,160
Cash paid for income tax	(248,930,830)	(515,595,620)	(190,353,092)	(494,208,005)
<b>Net cash flows from operating activities</b>	<b>7,149,509,223</b>	<b>3,845,326,150</b>	<b>6,083,843,489</b>	<b>2,823,797,117</b>

The accompanying notes are an integral part of the financial statements.

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

**Cash flow statement (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	4,533,501,017	(5,419,545,593)	4,535,509,692	(5,428,000,700)
Cash received from sales of investments in associate	-	46,971,310	-	46,971,310
Cash received from sales of investment before amalgamation	769,741,462	600,000,000	769,741,462	600,000,000
Increase in other long-term investments	(417,012,300)	(324,762,300)	(417,012,300)	(324,762,300)
Cash received from long-term loans to related parties	-	-	1,085,531,900	612,586,000
Cash paid for long-term loans to related party	-	-	(10,000,000)	(170,000,000)
Cash received from sales of equipment and intangible asset under concession agreement of the MRT Blue Line Project	7,706,184	8,074,075	7,139,543	7,764,986
Purchase of equipment	(89,131,306)	(233,477,194)	(87,335,527)	(173,420,119)
Advance payment for purchase of equipment	(77,040)	(83,400)	-	-
Cash received from interest income	21,484,010	12,907,263	399,511,649	317,603,648
Cash received from dividend income	551,455,191	498,953,704	551,455,191	498,953,704
Cash paid for project cost of the MRT Chalong Ratchadham Line	(65,000,000)	(362,076,317)	(65,000,000)	(362,076,317)
Cash paid for intangible asset under concession agreement of the MRT Blue Line Project	(7,906,570,615)	(412,493,534)	(7,854,438,863)	(393,001,035)
Cash paid for expressway construction	(130,085,647)	(5,732,648,468)	(130,085,647)	(5,731,793,324)
Interest expenses capitalised as cost of projects	(48,805,714)	(301,989,908)	(48,805,714)	(301,989,908)
Increase in intangible assets	<u>(25,644,761)</u>	<u>(43,075,180)</u>	<u>(23,533,540)</u>	<u>(37,541,180)</u>
<b>Net cash flows used in investing activities</b>	<b>(2,798,439,519)</b>	<b>(11,663,245,542)</b>	<b>(1,287,322,154)</b>	<b>(10,838,705,235)</b>
<b>Cash flows from financing activities</b>				
Cash received for in short-term loans from financial institutions	-	10,400,000,000	-	10,400,000,000
Cash paid for short-term loans from financial institutions	(1,088,000,000)	(28,090,000,000)	(1,088,000,000)	(28,080,000,000)
Cash received from long-term loans from financial institutions	500,000,000	12,344,000,000	-	12,344,000,000
Repayment of long-term loans from financial institutions	(3,536,448,559)	(10,759,185,781)	(3,536,448,559)	(10,602,500,000)
Cash received from debentures	5,000,000,000	23,500,000,000	5,000,000,000	23,500,000,000
Cash paid for redemption of debentures	-	(300,000,000)	-	(300,000,000)
Cash paid for financial fees	(8,219,329)	(67,423,644)	(8,219,329)	(67,423,644)
Interest paid	(1,534,140,236)	(1,081,644,863)	(1,532,009,826)	(1,074,733,749)
Dividend paid	<u>(1,834,200,000)</u>	<u>(1,834,200,000)</u>	<u>(1,834,200,000)</u>	<u>(1,834,200,000)</u>
<b>Net cash flows from (used in) financing activities</b>	<b>(2,501,008,124)</b>	<b>4,111,545,712</b>	<b>(2,998,877,714)</b>	<b>4,285,142,607</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,850,061,580</b>	<b>(3,706,373,680)</b>	<b>1,797,643,621</b>	<b>(3,729,765,511)</b>
Cash and cash equivalents at beginning of year	<u>777,001,145</u>	<u>4,483,374,825</u>	<u>729,292,774</u>	<u>4,459,058,285</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>2,627,062,725</u></b>	<b><u>777,001,145</u></b>	<b><u>2,526,936,395</u></b>	<b><u>729,292,774</u></b>

**Supplemental cash flows information**

Non-cash items consist of:

Transfer of project costs under construction to completed expressway	-	19,600,400,995	-	19,600,400,995
Purchase of equipment under financial lease	-	3,255,708	-	3,255,708
Purchase of intangible asset under concession agreement of the MRT Blue Line Project and increase in payable from expressway construction	1,228,818,865	1,886,114,853	1,228,818,865	1,884,706,415
Increase in receivable under the concession agreement from the Novation and Debt Repayment Agreement	13,618,880,612	-	13,618,880,612	-
Transfer other receivable - related party to receivable under the concession agreement	953,321,643	-	953,321,643	-

The accompanying notes are an integral part of the financial statements.

**Bangkok Expressway and Metro Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2017**

**1. General 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. 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. Details are as follows:

**A. Construction and management of expressways**

The Company has been granted concessions by the Expressway Authority of Thailand (“EXAT”) for the construction and management of expressways, as follows:

**A.1 The Si Rat Expressway under the Second Stage Expressway agreement (Sector A, Sector B and Sector C) and the Extension of the Second Stage Expressway agreement (Sector D).**

The Company, as a concessionaire, invested in the design, construction and management of expressways. These consists of 4 sectors: Sector A (Rama IX-Ratchadapisek), Sector B (Phayathai-Bangkhlo), Sector C (Ratchadapisek-Chaeng Watthana) and Sector D (Rama IX-Srinagarindra). The concession periods are 30 years commencing on 1 March 1990 for Sectors A, B and C, and on 17 April 1997 for Sector D. The EXAT has the right to collect all toll revenues and is to compensate the Company in the form of toll revenue sharing at the rates specified in the concession agreement, throughout the concession period. The Company has the right to extend the concession for two further periods of 10 years each, depending upon terms and conditions that are to be agreed between the parties.

- 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.

The Company, as concessionaire, invested in the design, construction, management, operation and maintenance of the Si Rat - Outer Ring Road Expressway Project, and is also responsible for expressway operation expenses throughout the concession period, which is for 30 years commencing on 15 December 2012. The Company has the right to collect all toll revenue and rights to all other related income, and is to compensate the EXAT in the form of toll revenue sharing at the rates specified in the concession agreement, throughout the concession period.

The Si Rat - Outer Ring Road Expressway started operation on 22 August 2016.

On 19 July 2017, the Company signed the additional amendment agreement for design and construction of the Connection between the Si Rat-Outer Ring Road Expressway and the north of Si Rat Expressway (heading to Chaeng Watthana Road) with the EXAT with a term of 18 months.

- A.3 The Udon Rattaya Expressway Project (Bang Pa-In - Pakkret Expressway) under a concession agreement in respect of the construction and management of the expressway project of a subsidiary.

The Subsidiary, as concessionaire, invested in the design, construction and management of the expressway, together with related business under a 30-year concession commencing on 27 September 1996. The EXAT has the right to collect all toll revenue and is to compensate the Subsidiary in the form of revenue sharing at the rates specified in the concession agreement, throughout the concession period. The Subsidiary has the right to extend the concession for two further periods of 10 years each, depending upon terms and conditions that are to be agreed between the parties.

## B. Operation of metro services

The Company received concessions from the Mass Rapid Transit Authority of Thailand (“MRTA”) to operate metro services, as follows:

### B.1 The MRT Blue Line Project.

The Company, as concessionaire of the MRTA Initial System Project - Chaloem Ratchamongkhon Line (The MRT Blue Line: Hua Lamphong Station - Bang Sue Station) under the MRTA Initial System Project - Chaloem Ratchamongkhon Line, invested in M&E Equipment and is to operate and maintain the MRTA Initial System for a concession period of 25 years, commencing on 2 July 2004.

Subsequently, the Company was selected as an operator of the MRT Blue Line Extension Project: Bang Sue station-Tao Poon station. On 16 February 2017, the Company signed an agreement for the supply of M&E Systems equipment, and operation and maintenance services with a term of 2 years, commencing from the official starting date of the operation of the MRT Blue Line Extension Project: Bang Sue station-Tao Poon station. In addition, if the Company signed the MRT Blue Line Concession Agreement, the requirements of the MRT Blue Line Concession Agreement were to be applied instead.

On 28 March 2017, the Company was selected as concessionaire of the MRT Blue Line Concession Agreement, in accordance with a cabinet resolution. On 31 March 2017, the Company signed the MRT Blue Line Concession Agreement for a concession period of approximately 33 years under the Build, Transfer and Operate basis, with the MRTA. Accordingly, the MRT Blue Line Extension Project: Bang Sue station-Tao Poon Station Agreement was canceled. The MRT Blue Line Project consists of the MRTA Initial System Project - Chaloem Ratchamongkhon Line: Hua Lamphong Station-Bang Sue Station and the MRT Blue Line Extension: Hua Lamphong Station-Lak Song Station and Bang Sue Station-Tha Phra Station.

Under the MRT Blue Line Concession Agreement, a concession agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line is deemed to be part of the MRT Blue Line Concession Agreement, and only the clauses relating the rights, duties and provisions with respect to fares, fare rates and payment of remuneration to the MRTA will remain in effect until the end of the concession agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line.

The Company, as concessionaire of the MRT Blue Line Concession Agreement is responsible for the supply, installation and testing of the M&E Systems of the MRT Blue Line Extension Project (Phase 1 of the concession, which has a terms of 36 months from the commencement date of work by the MRTA) and operation of the Through Operation systems of the MRT Blue Line Project (Phase 2 of the concession, which has a term of 30 years from the commencement date of the revenue-generating service on all sectors). The Company has rights, duties and obligations to claim, collect, and retain all fares, and to generate revenue from commercial development, and is responsible for all investment, payment of operating costs, and payment of remuneration to the MRTA in accordance with the Concession.

The Company is required to gradually commence operation of the MRT Blue Line Extension Project in 3 sectors.

Sector 1: Bang Sue Station-Tao Poon Station within 15 August 2017.

Sector 2: Hua Lamphong Station-Lak Song Station within 30 months.

Sector 3: Tao Poon Station-Tha Phra Station within 36 months.

On 11 August 2017, the Company officially commenced operation of the MRT Blue Line Extension Project: Bang Sue Station-Tao Poon Station.

- B.2 The MRT Chalong Ratchadham 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.

The Company, as concessionaire, invested in the M&E Systems and rolling stock. In addition, the Company provides operation and maintenance services. The MRTA has the right to collect fare box revenues and commercial revenues from the use of all civil infrastructure and the M&E Systems, and is to compensate the Company in the form of M&E Systems equipment costs (Phase I) and operation 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). In return the Company is to receive remuneration and interest 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, in September 2013, the Company subcontracted all Phase 1 works under its responsibility to a related company for fees and interest amounting to Baht 20,011 million. However, the Company will pay the fees to the related company based on when the Company receives remuneration from MRTA. In addition, the Company has entered into an agreement assigning the rights to receipts under the agreement with the MRTA to the related company's bank, as collateral for loans.

On 6 August 2016, the Company received the M&E Systems and Rolling Stocks under Phase 1 of the MRT Chalong Ratchadham Line Project from its related company and on the same date delivered the M&E Systems and Rolling Stocks to the MRTA. The Company had transferred the performance obligations and responsibilities under Phase 1 of the concession agreement to its related company and assigned the right to receive payments for the M&E Systems and Rolling Stocks under Phase 1 of the concession agreement from the MRTA to the group of lenders of the related company, as collateral for the loans used to fund investment in performance of work under such agreement in 2013. Therefore, since 6 August 2016 the Company has presented receivable from the MRTA - the M&E Systems and Rolling Stocks amounting to Baht 16,422 million, net of the amount payable to the related company for the M&E Systems and Rolling Stocks amounting to Baht 16,422 million. In addition, the Company presented the revenue associated with these transactions net of related expenses in the consolidated and separate financial statements.

The related company notified the Company of its transfer of all rights under Phase 1 of the concession agreement of the MRT Chalong Ratchadham Line Project to the group of lenders, as discussed in the preceding paragraph. According to the provisions of the law, this transfer gives the group of lenders the status of the Company's lender, instead of the related company, and the Company will enter into a novation agreement for the transfer of rights to change the identity of the lenders accordingly. Subsequently, on 23 August 2017, a Board of Directors' meeting passed a resolution to grant approval for the Company to enter into the Novation and Debt Repayment Agreement with the group of lenders, changing the nature of the debt from trade debt to loan.

On 29 September 2017, the related company issued notification to the Company of its transfer of all rights of claim under the concession agreement of Phase 1 of the MRT Chalong Ratchadham Line Project to the Company, and the Company entered into an agreement transferring all such rights of claim to the group of lenders, as the Company's creditor in lieu of the related company. On the same day, the Company entered into the Novation and Debt Repayment Agreement with the group of lenders, changing the nature of debts from trade debt to loan to be in line with the business objectives of the group of lenders. These debts comprised approximately Baht 13,557 million of loans - Tranche A and approximately Baht 62 million of loans - Tranche B, as described in Note 24 to the financial statements, and bank guarantees amounting to Baht 200 million, as described in Note 40.5 d) to the financial statements.



As at 31 December 2017, the Company has therefore presented amounts receivable within 10 years from the MRTA under the concession agreement for the M&E Systems, as described in Note 11 to the financial statements, separately from long-term loans from financial institutions a line item under assets and liabilities in the statement of financial position. The Company has also presented the related interest income separately from interest expenses in profit or loss for the year ended 31 December 2017.

#### Phase II: O&M services

The Company is responsible for the operation of metro services, including repair, maintenance and improvement of all equipment and materials related to the civil infrastructure works and M&E Systems from the date specified in the Commissioning Certificate until the end of the concession period. In addition, the Company shall transfer rights of civil infrastructure and M&E Systems to the MRTA when the concession agreement ends. The compensation for Phase II under the agreement, amounting to approximately Baht 57,208 million (excluding escalations for inflation and adjustments to reflect electricity prices), will be paid to the Company on a monthly basis until the expiration of the concession agreement (3 September 2043).

On 6 August 2016, the Company is delivered the operating civil infrastructure and M&E Systems equipment of the MRT Chalong Ratchadham Line from the MRTA. On that day, the operation of the MRT Chalong Ratchadham Line Project officially started.

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

## **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 11 October 2016, 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”). Details are as follows:

Company's name	Nature of business	Country of incorporation	Proportion of Shareholding	
			<u>2017</u> (Percent)	<u>2016</u> (Percent)
Northern Bangkok Expressway Company Limited	Operation and management of Bang Pa-In - Pakkret Expressway project	Thailand	99.99	99.99
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 associates presented under the cost method.

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

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Change in accounting estimates**

As described in Note 1 B.1 to the financial statements, the Company entered into the MRT Blue Line Concession Agreement on 31 March 2017, resulting in the end date of the concession period under a concession agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line being extended from 2029 to 2050, which is the same as the end date of the MRT Blue Line Extension Project. In the current year, the Company changed the estimated useful lives of Intangible assets under the concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line, which were presented under intangible assets under the concession agreement of the MRT Blue Line Project, to be in accordance with the concession period of the MRT Blue Line Concession Agreement. The management of the Company believes that the new useful lives of the assets are more appropriate, since they are consistent with the expected utility periods estimated by the Company.

The Company applied the change in estimates prospectively.

The effects of the change to the statements of financial position as at 31 December 2017 and the income statement for the year ended 31 December 2017 are summarised below.

(Unit: Million Baht)

	Consolidated and Separate financial statements	
	As at 31 December 2017	For the year ended 31 December 2017
<b><u>Statement of financial position</u></b>		
Increase in intangible asset under concession agreement of the MRT Blue Line Project	261	-
<b><u>Income statement</u></b>		
Decrease in amortisation on intangible asset under concession agreement of the MRT Blue Line Project	-	261
Increase in profit attributable to equity holders of the Company	-	261
<b><u>Earnings per share</u></b>		
Increase in basic earnings per share (Baht per share)	-	0.02

## 5. Significant accounting policies

### 5.1 Revenue and expense recognition

#### a) Toll revenue

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

#### b) Toll revenue sharing

Toll revenue sharing represent the invoiced value, excluding value added tax, on accrual basis.

#### c) Fare box revenue

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.

#### d) Revenue from provision of operating services

Revenue from provision of operating services is recognised when services have been rendered taking into accounting the stage of completion, excluding value added tax. Service rate charged is in accordance with rates stipulated in the agreement.

**e) Commercial development revenue**

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

**f) Financial revenue**

Financial revenue is revenue from receivable under the concession agreement and is realised over the installment period using the effective interest rate method. Revenue is recognised when installments come due, regardless of whether collection is made, and is presented under interest income in profit and loss.

**g) Other revenues and expenses recognition**

**Interest income**

Interest income is recognised on an accrual basis based on the effective interest rate.

**Dividends**

Dividends are recognised when the right to receive the dividends is established.

**Other expenses**

Expenses are recognised on accrual basis.

**5.2 Cash and cash equivalents**

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

**5.3 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.

**5.4 Receivable under the concession agreement**

Receivable under the concession agreement is stated at the contract value net of unrealised financial revenue.

## **5.5 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/accreted by the effective rate method with the amortised/accreted 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 impairment loss (if any).
- d) Investment in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates 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 of the year. 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 carrying amount of the investment is recognised in profit or loss.

## **5.6 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.

## 5.7 Building and equipment and depreciation

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

Depreciation of 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, 20 years
Furniture, fixture and equipment	3 - 5 years
Vehicles	5 - 16 years

Depreciation is included in determining income. No depreciation has been provided for assets under installations.

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.

## 5.8 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.

## 5.9 Amortisation of rights to operate expressway sectors and amortisation

Rights to operate expressway sectors represent the cost of construction of the Second Stage Expressway System, the Si Rat - Outer Ring Road Expressway and the Bang Pa-In - Pakkret Expressway. It is stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

The rights to operate completed expressway sectors are amortised as expenses in income statements with the unit of throughput method over the concession period. The amortisation of rights to operate expressway sectors is charged to profit or loss and calculated as follows:

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

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

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

No amortisation is provided for project costs under construction.

## 5.10 Rights to use sites for expressway and amortisation

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

The Company amortises the rights to use sites for expressway 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.

## 5.11 Intangible assets under concession agreement of the MRT Blue Line Project and amortisation

Intangible assets under concession agreement of the MRT Blue Line Project are stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

The Company and its subsidiary capitalised as assets all expenditures related to the MRT Blue Line Project, which including management and consultant fees, design costs, electrical and mechanical works and rolling stock purchased during the concession period, interest and other financing expenses. These will be amortised to expenses over the concession period after the commencement of operations.

### Equipment - Metro system

The Company has been adopting the unit of throughput method to amortise such intangible assets, which related to equipment of metro system, over concession period of the MRT Blue Line Project and based on the following methodology:

$$\begin{aligned} \text{Amortisation for the year} &= \text{Net intangible assets under concession agreement of the MRT Blue Line Project} \\ &\quad \times \text{Percentage of passengers for the year} \\ \\ \text{Percentage of Passengers} &= \frac{\text{Current year's actual passengers}}{\text{(Actual passengers for the current year + Projected passengers during the} \\ \text{for the year} &\quad \text{remaining concession year)}} \end{aligned}$$



### Equipment - Other system

Amortisation of intangible assets under concession agreement of the MRT Blue Line Project 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

Net intangible assets under concession agreement of the MRT Blue Line Project = Total intangible assets under concession agreement of the MRT Blue Line Project - Accumulated amortisation

Amortisation of intangible assets under concession agreement of the MRT Blue Line Project is included in profit or loss.

No amortisation is provided on assets under installations.

### **5.12 Project cost of the MRT Chalong Ratchadham Line**

Project cost of the MRT Chalong Ratchadham Line is stated at cost less accumulated amortisation and allowance for loss on impairment (if any). The amortisation is calculated on the straight-line basis over the concession period.

The amortisation is included in profit or loss.

### **5.13 Prepaid project remuneration**

The Company records remuneration expense of the MRT Blue Line Project in profit or loss for each year based on the proportion of projected remuneration to projected revenue under the concession agreement over the concession period. Differences between the remuneration that the Company pays to the MRTA and the recognised remuneration expenses are recorded under “prepaid project remuneration” in the statement of financial position.

The proportion of projected remuneration to projected revenue under the concession agreement is reviewed at least once a year.

#### **5.14 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 allowance for loss on impairment (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 is include in profit or loss.

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

#### **5.15 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.

#### **5.16 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.

### **5.17 Related party transactions**

Related parties comprise individuals or enterprises 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 or enterprises 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.

### **5.18 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.

### **5.19 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency or that entity.

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.

## 5.20 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of their 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.

The Company and its subsidiaries recognise an impairment loss in profit or loss.

## 5.21 Employee benefits

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

The Company and its subsidiaries will recognise salaries, wages, bonuses and contributions to the social security fund 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 Company 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.

## **5.22 Provisions**

Provisions are recognised when the Company and its subsidiaries have 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 EXAT to compensate the site acquisition cost as stated in the Second Stage Expressway System.

## **5.23 Periodic maintenance on the expressway and rail systems**

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.

## **5.24 Income tax**

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

### **Current 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 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.

## **5.25 Derivative financial instruments and hedging**

### **Derivative financial instruments**

The Company and associated companies use derivative financial instruments to manage its risks associated with exchange rate and interest rate, such as interest rate swap agreements.

Such derivatives are initially recognised and measured at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value, which has been calculated using the quoted market rates, at the end of reporting period. Gains or losses resulting from changes in the fair value of the derivative financial instruments are recognised as financial assets or financial liabilities when the gain or loss occurs. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss from changes in the fair value depends on the nature of the item being hedged.

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

The Company and associated companies apply hedge accounting when the risk that has been hedged can be clearly identified and the effectiveness of the hedge can be measured. Gains or losses arising from changes in the fair value of hedging instruments or derivatives that effectively hedge exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognised financial asset or financial liability, or to a highly probable forecast transaction, are recognised directly in other comprehensive income and transferred to be recognised in profit or loss when the hedged cash flow transaction occurs. However, if the hedge instrument is not effective, any gain or loss from a change in the fair value of the derivative financial instrument is recognised immediately to profit or loss.

## **5.26 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.

## **6. 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 credit risks for both bank and counter parties 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.

### **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 improvement and equipment/Depreciation**

In determining depreciation of building improvement and equipment, the management is required to make estimates of the useful lives and residual values of the Company's building improvement and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review building improvement 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 asset under concession agreement of the MRT Blue Line Project**

In determining amortisation of intangible asset under concession agreement of the MRT Blue Line Project, the management has to project the number of passengers after current year for the remaining year of the agreement. Various assumptions needed to project by an accredited independent valuer, such as traffic model, network rail, average cost of fuel, and fare structure.

### **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 recognised, 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.

### **Disputes**

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.

## **7. Related party transactions**

During the year, 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, its subsidiaries and the related parties which have transactions with during the year summarised below.

<u>Name of related parties</u>	<u>Relationship with the Company</u>
CH. Karnchang Public Company Limited	Major shareholders
Mass Rapid Transit Authority of Thailand	Shareholders
Northern Bangkok Expressway Company Limited	Subsidiary
Bangkok Metro Networks Limited	Subsidiary
CK Power Public Company Limited	Associated company
TTW Public Company Limited	Associated company
Krungthai Bank Public Company Limited	Related company by the Company's director has authority in bank
Bangkok Bank Public Company Limited	Related company by the Company's director has authority in bank
Xayaburi Power Company Limited	Related company by Common directors

Such significant transaction for the year ended 31 December 2017 and 2016 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with major shareholder</u>					
Interest income	-	36	-	36	At the fixed rate per annum
Cost of rail projects	8,854	-	8,854	-	Based on contracts
Cost of expressway construction	69	3,983	69	3,983	Based on contracts
Expressway and civil works maintenance expenses	335	199	335	174	Based on contracts
Advance receivable for the MRT Chalong Ratchadham Line project	-	104	-	104	Based on contracts
Office rental and service expenses	8	7	-	-	Based on contracts
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Commercial development revenue	-	-	327	282	Based on contracts
Interest income from long-term loans	-	-	154	178	Based on contracts
Project management income	-	-	144	120	Baht 12 million per month (2016: Baht 10 million per month)
<u>Transactions with associated companies</u>					
Dividend income	-	-	551	499	As declared
<u>Transactions with related companies</u>					
Commercial development revenue	9	8	9	8	Based on contracts
Interest income for M&E Systems	118	-	118	-	Interest rate of FDR plus stipulated margins
Cost of fare box (Inclusive of VAT)	361	436	361	436	Based on concession agreement
Costs of commercial development	24	67	24	67	Based on concession agreement
Property tax	4	4	4	4	At the rates charged by Bangkok Metropolitan Administration
Financial fee	23	109	20	103	Based on contracts
Interest expenses on short-term loans	-	337	-	337	At the fixed rate and interest rate of MOR per annum
Interest expenses on long-term loans	369	325	369	320	At the fixed rate and interest rate of MLR minus stipulated margins, 6M FDR plus stipulated margin and FDR plus stipulated margin per annum

The balances of the accounts as at 31 December 2017 and 2016 between the Company and its subsidiaries and related parties are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Trade and other receivables (Note 10)</u></b>				
<b><u>Trade receivables</u></b>				
Bangkok Metro Networks Limited	-	-	77,820	74,473
CH. Karnchang Public Company Limited	-	12,840	-	12,840
Mass Rapid Transit Authority of Thailand	326,236	490,232	326,236	490,232
Total	<u>326,236</u>	<u>503,072</u>	<u>404,056</u>	<u>577,545</u>
<b><u>Other receivables</u></b>				
Northern Bangkok Expressway Company Limited	-	-	12,840	10,700
CH. Karnchang Public Company Limited	-	1,029,562	-	1,029,562
Total	<u>-</u>	<u>1,029,562</u>	<u>12,840</u>	<u>1,040,262</u>
<b><u>Receivable from sales of investment</u></b>				
CH. Karnchang Public Company Limited	-	769,741	-	769,741
Less: Deferred interest income	-	(12,907)	-	(12,907)
Total	<u>-</u>	<u>756,834</u>	<u>-</u>	<u>756,834</u>
<b><u>Prepaid expenses</u></b>				
Krungthai Bank Public Company Limited	<u>6,467</u>	<u>6,528</u>	<u>4,162</u>	<u>4,223</u>
<b><u>Advance payment under service contract</u></b>				
CH. Karnchang Public Company Limited	<u>24,969</u>	<u>3,906</u>	<u>24,969</u>	<u>3,906</u>
<b><u>Receivable under the concession agreement (Note 11)</u></b>				
Mass Rapid Transit Authority of Thailand	<u>14,159,781</u>	<u>-</u>	<u>14,159,781</u>	<u>-</u>
<b><u>Prepaid project remuneration</u></b>				
Mass Rapid Transit Authority of Thailand	<u>2,487,433</u>	<u>1,614,608</u>	<u>2,487,433</u>	<u>1,614,608</u>
<b><u>Trade and other payables (Note 23)</u></b>				
CH. Karnchang Public Company Limited	1,291,085	163,398	1,291,075	161,587
Mass Rapid Transit Authority of Thailand	111,928	102,916	111,928	102,916
Krungthai Bank Public Company Limited	1,545	1,192	1,476	1,123
Bangkok Bank Public Company Limited	1,254	871	1,254	871
Others	1,840	1,874	-	-
Total	<u>1,407,652</u>	<u>270,251</u>	<u>1,405,733</u>	<u>266,497</u>
<b><u>Retention guarantees</u></b>				
CH. Karnchang Public Company Limited	<u>4,153</u>	<u>57,925</u>	<u>2,874</u>	<u>56,646</u>
<b><u>Unearned revenue from advertising management rights (Note 27)</u></b>				
Bangkok Metro Networks Limited	<u>-</u>	<u>-</u>	<u>14,362</u>	<u>15,610</u>

As at 31 December 2017 and 2016, the balance of long-term loans to and interest receivables between the Company and those related parties and the movement in the separate financial statement are as follows:

	(Unit: Thousand Baht)			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2016	during the year	during the year	31 December 2017
Northern Bangkok Expressway Company Limited				
Long-term loans	5,066,241	-	(1,073,532)	3,992,709
Interest receivable	1,054,255	148,805	(372,273)	830,787
Total	6,120,496	148,805	(1,445,805)	4,823,496
Bangkok Metro Networks Limited				
Long-term loans	165,000	10,000	(12,000)	163,000
Interest receivable	-	5,755	(5,755)	-
Total	165,000	15,755	(17,755)	163,000
Grand total	6,285,496	164,560	(1,463,560)	4,986,496

The assets of Northern Bangkok Expressway Company Limited such as deposits at banks, current investments, rights in the Bang Pa-In - Pakkret Expressway System, rights in toll revenues and beneficiary rights under insurance policies are secured against the 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.

As at 31 December 2017 and 2016, the balance of long-term loans from financial institution (only principal) between the Company and those related parties and the movement are as follows:

	(Unit: Thousand Baht)			
	Consolidated and Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2016	during the year	during the year	31 December 2017
Krungthai Bank Public Company Limited	4,701,379	5,323,620	(630,415)	9,394,584
Bangkok Bank Public Company Limited	4,582,105	-	(360,474)	4,221,631
Total	9,283,484	5,323,620	(990,889)	13,616,215

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

For the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	135,953	115,857	119,834	100,582
Post-employment benefits	8,760	8,496	8,102	8,035
Total	144,713	124,353	127,936	108,617

## **8. Cash and cash equivalents**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	31,734	43,671	29,954	41,891
Bank deposits	2,595,329	733,330	2,496,982	687,402
Total	2,627,063	777,001	2,526,936	729,293

The Company has pledged the bank accounts used to deposit moneys received for work on the MRT Chalong Ratchadham Line Project, and transferred rights to debit or withdraw from the deposit accounts used to make payment of loans and related financial fees to a group of lenders to secure the Company's loan, as described in Note 24 to the financial statements.

As at 31 December 2017, the balance of the pledged bank account amounted to Baht 1,018.

## **9. Current investments**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Investments in trading securities</b>				
Unit trusts	895,985	4,432,102	884,415	4,422,853
Add: Unrealised gain on changes in value of investments	43,472	57,051	43,468	57,048
Unit trusts - Fair value	939,457	4,489,153	927,883	4,479,901
<b>Investments in held-to-maturity debt security</b>				
Bills of exchange	510,000	1,452,197	510,000	1,452,197
Total current investments	1,449,457	5,941,350	1,437,883	5,932,098

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables</u>				
Trade receivables				
- Related parties (Note 7)	326,236	503,072	404,056	577,545
- Unrelated parties	101,923	85,155	-	-
Less: Allowance for doubtful debts	(5,182)	(4,910)	-	-
Total trade receivables - net	<u>422,977</u>	<u>583,317</u>	<u>404,056</u>	<u>577,545</u>
<u>Other receivables</u>				
Other receivables				
- Related parties (Note 7)	-	1,029,562	12,840	1,040,262
- Unrelated parties	1,585	1,456	1,544	1,407
Advances	1,177	(54)	30	-
Accrued income	547	282	547	282
Total other receivables	<u>3,309</u>	<u>1,031,246</u>	<u>14,961</u>	<u>1,041,951</u>
Trade and other receivables - net	<u><u>426,286</u></u>	<u><u>1,614,563</u></u>	<u><u>419,017</u></u>	<u><u>1,619,496</u></u>

Most of the trade receivables of the Company and its subsidiaries were within their credit terms or past due up to 3 months. As at 31 December 2017, the outstanding balances of trade receivables in the consolidated financial statements that are one year past due amounted to approximately Baht 6 million (2016: Baht 5 million) (Separate financial statements: Nil). The Company and its subsidiaries assessed the net realisable value of the receivables that were past due and recorded an allowance for doubtful accounts amounting to Baht 5 million in the consolidated financial statements (2016: Baht 5 million) (Separate financial statements: Nil).

## 11. Receivable under the concession agreement

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Net book value as at 1 January 2017	-
Increase	14,572,202
Collection	(412,421)
Net book value as at 31 December 2017	14,159,781
Current	1,649,683
Non-current	12,510,098
Total receivable under the concession agreement	14,159,781

Receivable under the concession agreement is a receivable for M&E Systems (Inclusive of VAT) of Phase 1 of the MRT Chalong Ratchadham Line Project as described in Note 1 B.2 to the financial statements. The MRTA will pay the remuneration and interest in the form of monthly installments until 2026. The Company transferred rights to receive cash from receivable under the concession agreement to the group of lenders, in settlement of long-term loans from financial institutions, as described in Notes 24.7 and 24.8 to the financial statement.

Amounts receivable under the concession agreement that are due in over 5 years amount to approximately Baht 5,911 million and carry interest rate of FDR plus stipulated margin.

Interest income for M&E Systems for the year end 31 December 2017 amounted to Baht 118 million.

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

	(Unit: Million Baht)											
Company's name	Registered capital		Paid-up capital		Proportion of investment		Cost		Allowance for impairment		Net book value	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
					(percent)							
Northern Bangkok Expressway Company Limited	6,000	6,000	5,250	5,250	99.99	99.99	2,604	2,604	(2,450)	(2,450)	154	154
Bangkok Metro Networks Limited	254	254	254	254	65.19	65.19	166	166	(16)	(16)	150	150
Total							2,770	2,770	(2,466)	(2,466)	304	304

### 13. Investments in associates

#### 13.1 Details of investment in associates

(Unit: Million Baht)

		Consolidated financial statements						
Company's name	Nature of business	Incorporated country	Shareholding		Cost		Carrying amounts based on equity method	
			percentage					
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			(percent)					
CK Power Public Company Limited	Investment in electricity generation and distribution business	Thailand	19.40	19.40	3,223	3,223	3,121	3,121
TTW Public Company Limited	Production and sales of treated water	Thailand	19.45	19.45	6,976	6,976	6,471	6,547
Total					<u>10,199</u>	<u>10,199</u>	<u>9,592</u>	<u>9,668</u>

(Unit: Million Baht)

		Separate financial statements				
Company's name	Nature of business	Incorporated country	Shareholding		Cost	
			percentage			
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			(Percent)			
CK Power Public Company Limited	Investment in electricity generation and distribution business	Thailand	19.40	19.40	3,223	3,223
TTW Public Company Limited	Production and sales of treated water	Thailand	19.45	19.45	<u>4,277</u>	<u>4,277</u>
Total					<u>7,500</u>	<u>7,500</u>



### 13.2 Share of comprehensive income and dividend received

During the year, the Company has recognised its share of profit/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Million Baht)

Company's name	Consolidated financial statements					
	Share of profit from investments in associates		Share of other comprehensive income from investments in associates		Separate financial statements	
					Dividend received	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
CK Power Public Company Limited	31	10	56	18	85	32
TTW Public Company Limited	375	337	14	5	466	467
Total	<u>406</u>	<u>347</u>	<u>70</u>	<u>23</u>	<u>551</u>	<u>499</u>

### 13.3 Fair value investments in listed associates

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

(Unit: Million Baht)

Company's name	Fair values as at 31 December	
	<u>2017</u>	<u>2016</u>
CK Power Public Company Limited	5,777 <sup>(1)</sup>	5,062 <sup>(1)</sup>
TTW Public Company Limited	9,701	8,304
Total	<u>15,478</u>	<u>13,366</u>

<sup>(1)</sup> Excluding the fair value of warrants amounting to Baht 189 million (2016: Baht 189 million).

### 13.4 Summarised financial information about material associates

#### Summarised information about financial position

(Unit: Million Baht)				
	CK Power Public		TTW Public	
	Company Limited		Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	6,294	7,622	3,279	5,298
Non-current assets	54,167	51,636	19,997	20,461
Current liabilities	(2,669)	(1,444)	(2,046)	(1,972)
Non-current liabilities	(27,134)	(27,311)	(9,353)	(12,253)
Non-controlling interests of the subsidiaries	(12,911)	(12,760)	(42)	(42)
<b>Net assets</b>	<b>17,747</b>	<b>17,743</b>	<b>11,835</b>	<b>11,492</b>
Shareholding percentage (percent)	19.40	19.40	19.45	19.45
<b>Share of net assets</b>	<b>3,442</b>	<b>3,442</b>	<b>2,302</b>	<b>2,235</b>
Elimination entries	(321)	(321)	-	-
Rights to produce and sell treated water	-	-	1,773	1,916
Goodwill	-	-	2,396	2,396
<b>Carrying amounts of associates based on equity method</b>	<b>3,121</b>	<b>3,121</b>	<b>6,471</b>	<b>6,547</b>

#### Summarised information about comprehensive income

(Unit: Million Baht)				
	For the year ended 31 December			
	CK Power Public Company Limited		TTW Public Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	6,930	6,359	5,747	5,499
Profit	159	52	2,663	2,468
Other comprehensive income	288	93	73	26
Total comprehensive income	447	145	2,736	2,494

## 14. Other long-term investments

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated and Separate financial statements							
			Registered capital		Paid-up capital		Proportion of investment		Cost	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
							(percent)			
Xayaburi Power Company Limited	Generating and sale of electricity	The Lao People's Democratic republic	26,861	26,861	22,065	16,505	7.50	7.50	1,655	1,238
Other long-term investments									<u>1,655</u>	<u>1,238</u>

During the December 2016 to November 2017, Xayaburi Power Company Limited called up additional parts of the unpaid portion of its shares, totaling Baht 417 million, and the Company made payment for the shares.

Subsequently in December 2017 and January 2018, Xayaburi Power Company Limited called up a further Baht 43 million. The Company made payments of the share capital in January and February 2018.

The 201.46 million ordinary shares of Xayaburi Power Company Limited held by the Company have been pledged to secure long-term loans of that company.

## 15. Investment properties

As at 31 December 2017, the Company has investment properties, consisting of land, which is presented in the consolidated and separate financial statements at its fair value of Baht 315 million (2016: Baht 315 million).

The fair value of above investment properties has been determined based on the valuation performance by an accredited independent valuer, using market approach.

The Company has pledged all investment properties as collateral against credit facilities received from a group of lenders. However, in October 2017, The company repaid all long-term loans and has release the collateral.

## 16. Building and equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Building and construction improvement	Furniture, fixture and Office equipment	Vehicles	Total
<b>Cost:</b>				
1 January 2016	34,727	193,445	327,053	555,225
Additions	4,663	85,425	146,643	236,731
Disposals/Write off	-	(13,928)	(32,741)	(46,669)
31 December 2016	39,390	264,942	440,955	745,287
Additions	18,954	15,064	55,113	89,131
Disposals/Write off	(106)	(43,389)	(36,620)	(80,115)
Transfer in (out)	26,836	(26,836)	-	-
31 December 2017	85,074	209,781	459,448	754,303
<b>Accumulated depreciation:</b>				
1 January 2016	30,221	165,761	204,877	400,859
Depreciation for the year	2,376	18,403	20,536	41,315
Depreciation on disposals/write off	-	(13,750)	(23,870)	(37,620)
31 December 2016	32,597	170,414	201,543	404,554
Depreciation for the year	6,509	22,494	27,414	56,417
Depreciation on disposals/write off	(71)	(37,692)	(30,073)	(67,836)
Transfer in (out)	12,004	(12,004)	-	-
31 December 2017	51,039	143,212	198,884	393,135
<b>Net book value:</b>				
31 December 2016	6,793	94,528	239,412	340,733
31 December 2017	34,035	66,569	260,564	361,168
<b>Depreciation for the year</b>				
2016 (Baht 18 million included in cost of services and the balance in selling and administrative expense)				41,315
2017 (Baht 29 million included in cost of services and the balance in selling and administrative expense)				56,417

(Unit: Thousand Baht)

	Separate financial statements			
	Building and construction improvement	Furniture, fixture and Office equipment	Vehicles	Total
<b>Cost:</b>				
1 January 2016	34,693	175,564	320,292	530,549
Additions	4,662	29,021	142,991	176,674
Disposals/Write off	-	(5,017)	(32,054)	(37,071)
31 December 2016	39,355	199,568	431,229	670,152
Additions	18,906	14,076	54,354	87,336
Disposals/Write off	(59)	(43,336)	(35,263)	(78,658)
Transfer in (out)	14,280	(14,280)	-	-
31 December 2017	72,482	156,028	450,320	678,830
<b>Accumulated depreciation:</b>				
1 January 2016	30,186	149,995	199,730	379,911
Depreciation for the year	2,376	12,432	19,714	34,522
Depreciation on disposals/write off	-	(4,960)	(23,183)	(28,143)
31 December 2016	32,562	157,467	196,261	386,290
Depreciation for the year	3,998	12,868	26,267	43,133
Depreciation on disposals/write off	(52)	(37,640)	(28,714)	(66,406)
Transfer in (out)	10,832	(10,832)	-	-
31 December 2017	47,340	121,863	193,814	363,017
<b>Net book value:</b>				
31 December 2016	6,793	42,101	234,968	283,862
31 December 2017	25,142	34,165	256,506	315,813
<b>Depreciation for the year</b>				
2016 (Baht 14 million included in cost of services and the balance in selling and administrative expense)				34,522
2017 (Baht 20 million included in cost of services and the balance in selling and administrative expense)				43,133

As at 31 December 2017, the Company has vehicles with net book value of Baht 4 million (2016: Baht 5 million) which were acquired under finance lease agreements.

As at 31 December 2017, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 271 million (2016: Baht 309 million) (The Company only: Baht 262 million, 2016: Baht 300 million).

## 17. Rights to operate expressway sectors

(Unit: Thousand Baht)

	Consolidated financial statements		
	Rights to operate completed expressway sector	Project costs under construction	Total
<b>Cost:</b>			
1 January 2016	61,616,349	19,600,401	81,216,750
Additions	-	4,544,795	4,544,795
Transfer in (out)	24,145,196	(24,145,196)	-
31 December 2016	85,761,545	-	85,761,545
Additions	29,034	67,107	96,141
31 December 2017	85,790,579	67,107	85,857,686
<b>Accumulated amortisation:</b>			
1 January 2016	41,288,886	-	41,288,886
Amortisation for the year	2,920,834	-	2,920,834
31 December 2016	44,209,720	-	44,209,720
Amortisation for the year	3,199,092	-	3,199,092
31 December 2017	47,408,812	-	47,408,812
<b>Net book value:</b>			
31 December 2016	41,551,825	-	41,551,825
31 December 2017	38,381,767	67,107	38,448,874
<b>Amortisation for the year</b>			
2016			2,920,834
2017			3,199,092

(Unit: Thousand Baht)

	Separate financial statements		
	Rights to operate		
	completed	Project costs under	
	expressway sector	construction	Total
<b>Cost:</b>			
1 January 2016	48,772,059	19,600,401	68,372,460
Additions	-	4,544,795	4,544,795
Transfer in (out)	24,145,196	(24,145,196)	-
31 December 2016	72,917,255	-	72,917,255
Additions	29,034	67,107	96,141
Transfer in (out)	-	-	-
31 December 2017	72,946,289	67,107	73,013,396
<b>Accumulated amortisation:</b>			
1 January 2016	35,702,158	-	35,702,158
Amortisation for the year	2,406,104	-	2,406,104
31 December 2016	38,108,262	-	38,108,262
Amortisation for the year	2,660,553	-	2,660,553
31 December 2017	40,768,815	-	40,768,815
<b>Net book value:</b>			
31 December 2016	34,808,993	-	34,808,993
31 December 2017	32,177,474	67,107	32,244,581
<b>Amortisation for the year</b>			
2016			2,406,104
2017			2,660,553

The Company transferred its rights in the Si Rat Expressway Project and the Si Rat - Outer Ring Road Expressway Project to secure long-term loans.

The Company repaid all long-term loans related to the Si Rat Expressway Project in October 2017 and the collateral has been released.

## 18. Rights to use sites for expressway construction

The net book value of rights to use sites for expressway construction as at 31 December 2017 and 2016 are presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Cost	6,644,790	6,644,790
Less: Accumulated amortisation	(5,925,717)	(5,624,166)
Net book value	<u>719,073</u>	<u>1,020,624</u>

A reconciliation of the net book value of the rights to use sites for expressway construction for the years 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at the beginning of the year	1,020,624	1,320,194
Amortisation for the year	(301,551)	(299,570)
Net book value at the end of the year	<u>719,073</u>	<u>1,020,624</u>

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



## 19. Intangible asset under concession agreement of the MRT Blue Line Project

(Unit: Thousand Baht)

Consolidated financial statements			
	Intangible asset under concession agreement of the MRT Blue Line Project	Project costs under construction	Total
<b>Cost:</b>			
1 January 2016	19,906,821	406,642	20,313,463
Additions	164,331	307,341	471,672
Disposals/write-off	(3,971)	-	(3,971)
Transfer in (out)	178,122	(178,122)	-
31 December 2016	20,245,303	535,861	20,781,164
Additions	1,164,228	7,939,445	9,103,673
Interest cost	-	48,806	48,806
Disposals/write-off	(339)	-	(339)
Transfer in (out)	535,861	(535,861)	-
31 December 2017	21,945,053	7,988,251	29,933,304
<b>Accumulated amortisation:</b>			
1 January 2016	3,296,750	-	3,296,750
Amortisation for the year	440,077	-	440,077
Accumulated amortisation on disposals/write off	(3,753)	-	(3,753)
31 December 2016	3,733,074	-	3,733,074
Amortisation for the year	246,290	-	246,290
Accumulated amortisation on disposals/write off	(156)	-	(156)
31 December 2017	3,979,208	-	3,979,208
<b>Net book value:</b>			
31 December 2016	16,512,229	535,861	17,048,090
31 December 2017	17,965,845	7,988,251	25,954,096
<b>Amortisation for the year</b>			
2016			440,077
2017			246,290

(Unit: Thousand Baht)

## Separate financial statements

	Intangible asset under concession agreement of the MRT Blue Line Project	Project costs under construction	Total
<b>Cost:</b>			
1 January 2016	19,562,180	235,774	19,797,954
Additions	154,012	298,045	452,057
Disposals/write-off	(136)	-	(136)
31 December 2016	19,716,056	533,819	20,249,875
Additions	1,112,013	7,939,445	9,051,458
Interest cost	-	48,806	48,806
Transfer in (out)	533,819	(533,819)	-
31 December 2017	21,361,888	7,988,251	29,350,139
<b>Accumulated amortisation:</b>			
1 January 2016	3,114,732	-	3,114,732
Amortisation for the year	412,380	-	412,380
Accumulated amortisation on disposals/write off	(18)	-	(18)
31 December 2016	3,527,094	-	3,527,094
Amortisation for the year	214,656	-	214,656
31 December 2017	3,741,750	-	3,741,750
<b>Net book value:</b>			
31 December 2016	16,188,962	533,819	16,722,781
31 December 2017	17,620,138	7,988,251	25,608,389
<b>Amortisation for the year</b>			
2016			412,380
2017			214,656

According to the MRTA Initial System Project - Chaloem Ratchamongkhon Line agreement dated 1 August 2000, M&E Systems equipment, depot building and administration building under the MRTA Initial System Project - Chaloem Ratchamongkhon Line were to be transferred to the MRTA at the end of the concession period of 25 years (2 July 2029), on an Acquire, Operate and Transfer basis. Then, on 31 March 2017, the Company entered into the MRT Blue Line Concession Agreement, which included the MRTA Initial System Project - Chaloem Ratchamongkhon Line as a part of the concession, as described in Note 1 B.1 to the financial statements. Thus, on 31 March 2017, The Company transferred the M&E Systems equipment, depot building and administration building under the MRTA Initial System Project - Chaloem Ratchamongkhon Line to the MRTA, as a requirement of the Concession, and on the same date, the MRTA transferred the rights to use the M&E Systems equipment, depot building and administration building to the Company for it to utilise in the provision of operation and maintenance services in accordance with the MRT Blue Line Concession Agreement.

During the year, the Company has capitalised the borrowing cost as part of intangible asset under concession agreement of the MRT Blue Line Project. The weighted average rate used to determine the amount of borrowing cost eligible from capitalisation was 2.93 percent.

## 20. Project cost of the MRT Chalong Ratchadham Line

The net book value of project cost of the MRT Chalong Ratchadham Line as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Cost	701,462	636,462
Less: Accumulated amortisation	(34,719)	(9,206)
Net book value	<u>666,743</u>	<u>627,256</u>

A reconciliation of the net book value of project cost of the MRT Chalong Ratchadham Line for the years 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at the beginning of the year	627,256	271,397
Additions	65,000	365,065
Amortisation for the year	(25,513)	(9,206)
Net book value at the end of the year	<u>666,743</u>	<u>627,256</u>

## 21. Other intangible assets

The net book value of other intangible assets which are computer software as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost	165,075	144,582	156,009	137,627
Less: Accumulated amortisation	(89,817)	(76,353)	(85,712)	(74,130)
Net book value	<u>75,258</u>	<u>68,229</u>	<u>70,297</u>	<u>63,497</u>

A reconciliation of the net book value of other intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at the beginning of the year	68,229	36,237	63,497	36,165
Acquisition of computer software	25,645	43,075	23,534	37,541
Write-off	(1,273)	-	(1,273)	-
Amortisation for the year	(17,343)	(11,083)	(15,461)	(10,209)
Net book value at the end of the year	<u>75,258</u>	<u>68,229</u>	<u>70,297</u>	<u>63,497</u>

## 22. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent)	Consolidated and Separate financial statements	
		<u>2017</u>	<u>2016</u>
Short-term loans	At the fixed rate	3,632,000	4,720,000
Less: Deferred financial fees		(2,815)	(4,225)
Total		<u>3,629,185</u>	<u>4,715,775</u>

## 23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties (Note 7)	1,334,514	219,023	1,334,366	217,143
Trade payables - unrelated parties	341,818	363,568	305,781	314,368
Accrued interest - related parties (Note 7)	2,416	1,651	2,416	1,651
Accrued interest - unrelated parties	134,374	96,397	134,242	96,397
Accrued expense - related parties (Note 7)	70,722	49,577	68,951	47,703
Accrued expense - unrelated parties	209,745	160,543	189,377	139,875
Other payables	14,296	7,316	1,830	1,381
Total trade and other payables	<u>2,107,885</u>	<u>898,075</u>	<u>2,036,963</u>	<u>818,518</u>

## 24. Long-term loans from financial institutions

					(Unit: Thousand Baht)			
Loans	Credit facility	Objective	Interest rate	Period of repayment	Consolidated		Separate	
					financial statements		financial statements	
					2017	2016	2017	2016
	(Million Baht)		(percent)					
24.1 Tranche Gor (Fully drew down)	29,888	Refinance remaining long-term loans	At fixed rate	To be repaid in full in July 2019	-	74,664	-	74,664
24.2 Tranche Khor (Fully drew down)	4,998	Lending to subsidiary to repay its long-term loans from commercial banks	At fixed rate	To be repaid in full in July 2019	-	9,595	-	9,595
24.3 Tranche Chor (Fully drew down)	1,000	Working capital	Interest rate of MLR minus stipulated margins and 6M FDR plus stipulated margins	To be repaid in full in July 2019	-	1,000,000	-	1,000,000
24.4 Tranche Gor (Fully drew down)	5,750	For construction of the Si Rat - Outer Ring Road Expressway	Interest rate of MLR minus stipulated margins	Repayment in monthly installments commencing October 2017 to September 2027	5,711,619	5,750,000	5,711,619	5,750,000
24.5 Tranche Khor (Fully drew down)	4,250	For construction of the Si Rat - Outer Ring Road Expressway	Interest rate of 6M FDR plus stipulated margins	Repayment in monthly installments commencing October 2017 to September 2027	4,221,631	4,250,000	4,221,631	4,250,000
24.6 Long-term loan (Fully drew down)	8,000	Working capital	At the fixed rate	Repayment installments in every six months commencing May 2017 to May 2021	6,000,000	8,000,000	6,000,000	8,000,000
24.7 Tranche A (Fully drew down)	13,557	To invest in the MRT Chalong Ratchadham Line Project	Interest rate of FDR plus stipulated margins	Repayment in monthly installments commencing October 2017 to July 2026	13,173,277	-	13,173,277	-
24.8 Tranche B (Fully drew down)	62	To invest in the MRT Chalong Ratchadham Line Project	Interest rate of FDR plus stipulated margins	Repayment in monthly installments commencing October 2017 to July 2026	60,163	-	60,163	-
24.9 Long-term loan (Available credit facilities to be drawn down Baht 4,900 million)	5,700	Repayment for loan obtained from the Company	Interest rate of 6M FDR plus stipulated margins	Repayment in quarterly installments commencing within September 2024	500,000	-	-	-
Total	73,205				29,666,690	19,084,259	29,166,690	19,084,259
Less: Current portion of long-term loans					(3,808,760)	(2,066,750)	(3,808,760)	(2,066,750)
Less: Deferred financial fees					(56,818)	(65,106)	(56,818)	(65,106)
Long-term loans - net of current portion					25,801,112	16,952,403	25,301,112	16,952,403

Movements in the long-term loans account for the year ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance at the beginning of the year	19,084,259	17,499,445	19,084,259	17,342,759
Add: Drawdown during the year	500,000	12,344,000	-	12,344,000
Add: Debt novation during the year	13,618,880	-	13,618,880	-
Less: Repayment during the year	(3,536,449)	(10,759,186)	(3,536,449)	(10,602,500)
Balance at the end of the year	<u>29,666,690</u>	<u>19,084,259</u>	<u>29,166,690</u>	<u>19,084,259</u>

For the long-term loans number 24.1 to 24.3

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

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 a subsidiary company, dividend payment and conditions for mandatory prepayment. In this respect, the Company has the total financial expenses of Baht 2.0 million per year payable to the agents of the lenders (2016: Baht 2.4 million).

In October 2017, the Company made full repayment of the long-term loans without prepayment fees. At present, the Company has been released the collaterals.

For the long-term loans number 24.4 to 24.5

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

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, dividend payment and conditions for mandatory prepayment. In this respect, the Company has the total financial expenses of Baht 2.4 million per year payable to the agents of the lenders (2016: Baht 2.4 million).

#### For the long-term loans number 24.6

The Company entered into an interest rate swap contract to change the interest rate from a floating rate of 6M THBFIX plus stipulated margins to a fixed rate of per annum.

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 and debt to equity ratio.

#### For the long-term loans number 24.7 to 24.8

As described in Note 1 B.2 to the financial statements, on 29 September 2017 the Company entered into the Novation and Debt Repayment Agreement, whereby the Company pledged bank accounts used to deposit moneys received for work on the M&E Systems of the MRT Chalong Ratchadham Line and transferred rights to receive payments for such work to the group of lenders. The Company had interest expenses amounting to Baht 118 million on such loans for the year ended 31 December 2017.

Under the Credit Facility Agreement, the Company must comply with normal financial covenants relating to various matters, such as maintenance of debt service coverage ratio and debt to equity ratio, dividend payment and conditions for mandatory prepayment.

#### For Long-term loan number 24.9

This is a loan of a subsidiary company. Under the loan agreement, the subsidiary must comply with normal financial covenants relating to various matters, such as the maintenance of debt service coverage ratio and debt to equity ratio, dividend payment and conditions for mandatory prepayment.

#### Long-term loan agreement for credit facility of Baht 14,000 million

On 26 January 2018, the Company signed a long-term loan agreement with a group of lenders, granting facility of Baht 14,000 million to invest in the procurement, installation and testing of the M&E Systems of the MRT Blue Line Project. The credit facility carries interest at a rate of 6M THBFIX plus stipulated margin, and are repayable in quarterly installments from December 2021 until December 2035.



## 25. Debentures

Debentures as at 31 December 2017 and 2016 have the following details:

					(Unit: Thousand Baht)	
					Consolidated and Separate	
					financial statements	
Type of debenture	Term	Issuance date	Maturity date	Interest rate	2017	2016
No. 1/2016				(% per annum)		
- Tranche 1	3 years	24 June 2016	24 June 2019	2.22	5,000,000	5,000,000
- Tranche 2	5 years	24 June 2016	24 June 2021	2.52	1,615,000	1,615,000
- Tranche 3	7 years	24 June 2016	24 June 2023	3.00	2,000,000	2,000,000
- Tranche 4	10 years	24 June 2016	24 June 2026	3.30	3,335,000	3,335,000
- Tranche 5	12 years	24 June 2016	24 June 2028	3.61	2,750,000	2,750,000
No. 2/2016	12 years	11 August 2016	24 June 2028	3.61	500,000	500,000
No. 3/2016						
- Tranche 1	4 years	21 October 2016	21 October 2020	2.62	2,500,000	2,500,000
- Tranche 2	9 years	21 October 2016	21 October 2025	3.78	2,500,000	2,500,000
- Tranche 3	11 years	21 October 2016	21 October 2027	3.95	3,000,000	3,000,000
No. 1/2017						
- Tranche 1	5 years	7 September 2017	7 September 2022	2.65	2,000,000	-
- Tranche 2	7 years	7 September 2017	7 September 2024	3.10	3,000,000	-
Total					28,200,000	23,200,000
Less: Deferred debenture issuing cost					(29,377)	(32,087)
Debentures - net					28,170,623	23,167,913

Movements in the debentures account for the year ended 31 December 2017 and 2016 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated and Separate	
			financial statements	
			2017	2016
Balance at the beginning of the year			23,200,000	-
Add: Issuance of debentures during the year			5,000,000	23,500,000
Less: Redemption of debentures during the year			-	(300,000)
Balance at the end of the year			28,200,000	23,200,000

All of the Company's debentures are registered debentures, unsubordinated, and unsecured, without a debenture holders' representative, that pay interest semi-annually. The debentures contain covenants relating to maintenance of interest bearing debt to equity ratio.

**26. Provision for compensation for site acquisition costs**

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Provision for compensation for site acquisition cost		
as at the beginning of the year	4,317,152	5,566,672
Payment during the year	(1,500,000)	(1,500,000)
Interest cost	194,250	250,480
Provision for compensation for site acquisition cost		
at the end of the year	3,011,402	4,317,152
Less: Current portion	(1,600,000)	(1,500,000)
Provision for compensation for site acquisition cost		
- net of current portion	<u>1,411,402</u>	<u>2,817,152</u>

The Company is committed to make payments totaling Baht 16,816 million to compensate the EXAT for site acquisition costs, from the 15th year to the 30th year of the agreement, or year 2004 to year 2019 as stipulated in the Second Stage Expressway Agreement.

As at 31 December 2017, the Company had already paid Baht 13,600 million of this compensation (2016: Baht 12,100 million).

## 27. 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 year 2015, 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 in the separated financial statements are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2016	16,859
Less: Recognise to revenue during the year	<u>(1,249)</u>
Balance as at 31 December 2016	15,610
Less: Recognise to revenue during the year	<u>(1,248)</u>
Balance as at 31 December 2017	14,362
Less: Current portion	<u>(1,248)</u>
Unearned revenue from advertising management rights - net of current portion	<u><u>13,114</u></u>

## 28. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of the year</b>	471,044	237,842	461,245	230,181
Included in profit or loss:				
Current service cost	67,236	59,308	65,036	57,428
Interest cost	11,656	9,962	11,326	9,704
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	18,230	46,248	15,730	46,248
- Financial assumptions changes	(146,877)	92,748	(145,472)	92,748
- Experience adjustments	70,238	28,670	66,848	28,670
Benefits paid during the year	(7,740)	(3,734)	(7,174)	(3,734)
<b>Provision for long-term employee benefits</b>				
<b>at end of the year</b>	<u>483,787</u>	<u>471,044</u>	<u>467,539</u>	<u>461,245</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of expressway business	20,879	14,326	20,879	14,326
Cost of rail business	30,890	21,047	30,890	21,047
Cost of commercial development business	1,300	939	205	163
Selling expenses	644	488	-	-
Administrative expenses	23,034	22,511	22,243	21,896
Finance Cost	-	3,975	-	3,717

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2016: Baht 23 million, Separate financial statements: Baht 22 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 12.65 - 17.47 years (Separate financial statements: 12.65 - 17.47 years (2016: 14.45 - 17.69 years, Separate financial statements: 14.45 - 17.69 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	2.6, 2.9	2.4, 2.5, 3.4	2.6, 2.9	2.4, 2.5
Future salary increase rate	5.5	7.0 - 7.5	5.5	7.5
Staff turnover rate (depending on age)	2.0 - 12.0	2.0 - 17.0	2.0 - 12.0	2.0 - 17.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(43)	50	(41)	48
Future salary increase rate	48	(42)	46	(40)
Staff turnover rate	(45)	32	(43)	31

	(Unit: Million Baht)			
	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(54)	66	(53)	64
Future salary increase rate	62	(53)	60	(52)
Staff turnover rate	(57)	36	(56)	35

## 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

30.1 Under the Construction and Management Contract of the Si Rat Expressway Project (the Second Stage Expressway System) and the Bang Pa-In - Pakkret Expressway Project, the Company and its subsidiary and the EXAT agreed to share toll revenues receive as follows:

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

30.2 Under a concession agreement of the Si Rat - Outer Ring Road Expressway Project, the Company and the EXAT agreed to share toll revenues receive as follows:

	The Company	The EXAT
	(Percent)	(Percent)
<u>The Si Rat - Outer Ring Road Expressway</u>		
From the construction completion date of relevant Sections until end of contract period (14 December 2042)	100	Nil

### 31. Revenue from commercial development business

Revenue from commercial development business derived from sources of income in separate financial statement for the year ended 31 December 2017, consisting of revenue on expressway system amounting to Baht 50 million (2016: Baht 48 million) and revenue on rail system amounting to Baht 353 million (2016: Baht 311 million).

## **32. Remuneration from fare box revenue and commercial development revenue**

### **32.1 The Concession agreement of the MRTA Initial System Project - Chaloem Ratchamongkhon Line**

The Company agrees to apportion revenues derived under the MRTA Initial System Project - Chaloem Ratchamongkhon Line concession agreement to the MRTA. These consist of remuneration from fares, remuneration from commercial development, apportionment of profit in excess of stipulated Return on Equity (ROE) and any benefit derived from the interest rate on a loan being lower the rate specified in the Concession Agreement

As described in Note 1 B.1 to the financial statement, the Company signed the MRT Blue Line Project Concession Agreement on 31 March 2017. Under the MRT Blue Line Concession Agreement, the MRTA Initial System Project - Chaloem Ratchamongkhon Line concession agreement is deemed to be part of the MRT Blue Line Concession Agreement, and only the clauses relating the rights, duties and provisions with respect to fares, fare rates and payment of remuneration to the MRTA will remain in effect until the end of the concession agreement with the MRTA for the MRTA Initial System Project - Chaloem Ratchamongkhon Line.

Remuneration paid to the MRTA under the MRTA Initial System Project - Chaloem Ratchamongkhon Line concession agreement is summarised in Part I of Note 32.2 to the financial statement.

### **32.2 The MRT Blue Line Concession agreement**

Under the MRT Blue Line Project concession agreement dated 31 March 2017, the Company agrees to apportion revenue under the concession agreement to the MRTA, which can be divided into two parts, as follows:

Part I: Remuneration from fares and commercial development revenues of the MRTA Initial System Project - Chaloem Ratchamongkhon Line earned under the related concession agreement until 1 July 2029, with detail as follow:

a) Remuneration from fare revenue

#### Annual remuneration

The Company has agreed to apportion fare revenue to the MRTA on an annual basis for the period from 2 July 2014 to 1 July 2029. The total amount payable is Baht 43,567 million (inclusive of VAT) divided into annual payments in amounts stipulated in the MRTA Initial System Project - Chaloem Ratchamongkhon Line concession agreement.

As at 31 December 2017, the Company recorded accumulated annual remuneration totaling Baht 3,745 million (2016: Baht 2,585 million).

#### Percentage remuneration

The Company has agreed to apportion to the MRTA 1 percent to 15 percent of the fare revenue of the MRTA Initial System Project - Chaloem Ratchamongkhon Line (inclusive of VAT) from 2 July 2004 to 1 July 2029, in the form of monthly payments.

#### b) Remuneration from commercial development revenues

##### Annual remuneration

The Company has agreed to apportion commercial development revenues to the MRTA on an annual basis for the period from 2 July 2004 to 1 July 2029. The total amount payable is Baht 930 million (inclusive of VAT) divided into annual payments in amounts stipulated in the MRTA Initial System Project - Chaloem Ratchamongkhon Line concession agreement.

As at 31 December 2017, the Company recorded accumulated annual remuneration totaling Baht 355 million (2016: Baht 305 million).

##### Percentage remuneration

The Company has agreed to apportion to the MRTA 7 percent of commercial development revenues of the MRTA Initial System Project - Chaloem Ratchamongkhon Line (inclusive of VAT) from 2 July 2004 to 1 July 2029, in the form of monthly payments.

Phase II: Remuneration from fares and commercial development revenues of the MRT Blue Line Extension Project from 31 March 2017 until end of the MRT Blue Line concession period and remuneration from fares and commercial development revenues of the MRTA Initial System Project - Chaloem Ratchamongkhon Line from 2 July 2029 until end of the MRT Blue Line concession period.

The Company is to pay remuneration to MRTA when the Company earns a return on investment over the rate stipulated in the concession agreement, from its operation of the MRT Blue Line Extension Project, as from 31 March 2017, and from its operation of the MRTA Initial System Project - Chaloem Ratchamongkhon Line, as from 2 July 2029, until the end of the MRT Blue Line concession period. The compensation rates are as stipulated in the MRT Blue Line concession agreement



### 33. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Amortisation and depreciation	3,544,655	3,422,513	2,959,316	2,872,421
Salaries, wages and other employee benefits for the Company's staff and its subsidiaries	2,121,784	1,586,663	2,040,571	1,515,205
Salary, wages and other benefits of the employees of the EXAT	795,616	735,511	650,921	592,446
Repair and maintenance expenses	1,497,590	908,857	1,445,801	815,067
Compensation for site acquisition cost	495,801	550,050	495,801	550,050
Utilities expenses	612,080	512,964	592,394	482,544
Project remuneration expenses	384,806	503,539	384,806	503,539
Expenses with respect to facilitation and safety on expressway and stations	467,864	352,668	433,879	326,883
Insurance expenses	114,112	105,793	109,283	99,254

### 34. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax for the year	268,034	252,576	194,106	200,946
Adjustment in respect of current income tax of previous year	19,235	125	19,104	125
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	408,333	310,227	409,984	310,820
<b>Income tax expense reported in the income statement</b>	<u>695,602</u>	<u>562,928</u>	<u>623,194</u>	<u>511,891</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax related to				
- Unrealised loss from cash flow hedges	(6,869)	(3,722)	(6,869)	(3,722)
- Actuarial gain (loss)	12,579	(33,533)	12,579	(33,533)
Total	<u>5,710</u>	<u>(37,255)</u>	<u>5,710</u>	<u>(37,255)</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>3,837,953</u>	<u>3,175,793</u>	<u>3,598,666</u>	<u>3,074,805</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	767,591	635,159	719,733	614,961
Adjustment in respect of income tax of previous year	19,235	125	19,104	125
Effects of:				
Unrealised loss on investments	29,108	32,933	-	-
Tax-exempt revenues	(110,291)	(99,509)	(110,291)	(99,509)
Non-deductible expenses	3,452	3,628	2,659	2,590
Additional expense deductions allowed	(10,544)	(9,296)	(6,626)	(5,883)
Others	(2,949)	(112)	(1,385)	(393)
Total	<u>(91,224)</u>	<u>(72,356)</u>	<u>(115,643)</u>	<u>(103,195)</u>
Income tax expenses reported in the income statement	<u>695,602</u>	<u>562,928</u>	<u>623,194</u>	<u>511,891</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets (liabilities)</b>				
Allowance for doubtful accounts	380	325	-	-
Accrued bonus	9,938	6,658	8,858	5,597
Others accrued expense	4,080	-	3,792	-
Allowance for asset impairment	1,167	5,185	1,167	5,185
Provision for long-term employee benefits	96,757	94,209	93,508	92,249
Provision for compensation for site acquisition cost	602,280	863,430	602,280	863,430
Accumulated amortisation - Rights to operate expressway sectors	(475,770)	(424,200)	(475,770)	(424,200)
Rights to use sites for expressway construction	(143,815)	(204,125)	(143,815)	(204,125)
Prepaid project remuneration	(309,069)	(134,488)	(309,069)	(134,488)
Unrealised gain from revaluation of investments	(8,694)	(11,410)	(8,694)	(11,410)
Deferred interest income	-	2,582	-	2,582
Derivative financial liabilities	10,591	3,722	10,591	3,722
Deferred tax assets (liabilities) - net	<u>(212,155)</u>	<u>201,888</u>	<u>(217,152)</u>	<u>198,542</u>
<b>Presentation in the financial statement</b>				
Deferred tax assets	4,997	201,888	-	198,542
Deferred tax liabilities	<u>(217,152)</u>	<u>-</u>	<u>(217,152)</u>	<u>-</u>
	<u>(212,155)</u>	<u>201,888</u>	<u>(217,152)</u>	<u>198,542</u>

### 35. Earnings per share

Basic earnings per share is 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.

Earnings per share are calculated as below:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year (Thousand Baht)	3,123,129	2,605,854	2,975,471	2,562,914
Weighted average number of ordinary shares (Thousand shares)	15,285,000	15,285,000	15,285,000	15,285,000
Earnings per share (Baht/share)	0.20	0.17	0.20	0.17

### 36. Dividends

Dividend declared for the year ended 31 December 2017 and 2016 in the consolidated and separate financial statements consisted of the following:

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)	Paid on
Dividend for the second half of the year 2016	Annual General Meeting of the shareholders on 11 April 2017	917	0.06	4 May 2017
Dividend for the first half of the year 2017	Meeting of the Board of Directors on 23 August 2017	917	0.06	20 September 2017
Total dividend for the year ended 31 December 2017		<u>1,834</u>	<u>0.12</u>	
Dividend for the year 2015	Annual General Meeting of the shareholders on 5 April 2016	1,070	0.07	29 April 2016
Dividend for the first half of the year 2016	Meeting of the Board of Directors on 31 August 2016	764	0.05	27 September 2016
Total dividend for the year ended 31 December 2016		<u>1,834</u>	<u>0.12</u>	

### 37. Promotional privileges

The Company has received promotional privileges from the Board of Investment for investment in the MRT Blue Line Project. In addition, the Company has received 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 on all sectors from the operation of the through operation systems of the MRT Blue Line Project.

### **38. Segment information**

Operating segment information is reported in a manner consistent with the internal 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 assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- 1) The expressway business segment includes the construction and operation of the expressway.
- 2) The rail business segment includes the operation of the rapid transit system.
- 3) The commercial development business segment includes the rental of retail space, and the provision of advertising media services and telecommunication services inside and outside underground train stations and on expressway.
- 4) Other segments are segments where the Company is employed to operate Bang Pa-In - Pakkret Expressway of the subsidiary.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit and total assets/total liabilities information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Expressway business segment		Rail business segment		Commercial development business segment		Other segments		Total segments		Elimination of inter-segment revenues		Consolidation	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue from external customers	9,957	9,301	4,521	3,230	676	573	-	-	15,154	13,104	-	-	15,154	13,104
Inter-segment revenues	-	-	-	-	327	282	144	120	471	402	(471)	(402)	-	-
Total revenues	<u>9,957</u>	<u>9,301</u>	<u>4,521</u>	<u>3,230</u>	<u>1,003</u>	<u>855</u>	<u>144</u>	<u>120</u>	<u>15,625</u>	<u>13,506</u>	<u>(471)</u>	<u>(402)</u>	<u>15,154</u>	<u>13,104</u>
Segment profit	4,527	4,318	961	462	459	330	-	-	5,947	5,110	-	-	5,947	5,110
Unallocated income and expenses:														
Interest income													175	68
Gain from sales of investment													42	31
Other income													23	30
Share of profit from investments in associates													406	347
Selling expenses													(95)	(92)
Administrative expenses													(1,049)	(892)
Finance cost													(1,611)	(1,426)
Income tax expense													(696)	(563)
Non-controlling interests of the subsidiaries													(19)	(7)
<b>Profit for the year</b>													<u>3,123</u>	<u>2,606</u>
Right to operate expressway sectors	38,449	41,552	-	-	-	-	-	-	38,449	41,552	-	-	38,449	41,552
Intangible asset under concession agreement of the MRT Blue Line Project	-	-	25,105	16,117	849	931	-	-	25,954	17,048	-	-	25,954	17,048
Project cost of the MRT Chalong Ratchaham Line	-	-	667	627	-	-	-	-	667	627	-	-	667	627
Unallocated assets	-	-	-	-	-	-	43,533	25,512	-	-	(9,684)	(1,953)	<u>33,849</u>	<u>23,559</u>
Total assets													<u>98,919</u>	<u>82,786</u>

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 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## **39. Provident fund**

The Company, its subsidiaries and its 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 2017, the Company and its subsidiaries recognised the contribution of Baht 89 million in the consolidated financial statements (2016: Baht 60 million) as expenses and recognised the contribution of Baht 87 million in the separate financial statements (2016: Baht 59 million).

## **40. Commitments and contingent liabilities**

### **40.1 Capital commitments**

The Company and its subsidiaries have capital commitments as follows:

	As at 31 December	
	2017	2016
a) Performance improvement for farebox collection systems	Baht 29 million and USD 3 million	Baht 18 million and USD 3 million
b) Acquisition of equipment	Baht 19 million	Baht 49 million
c) Improvement of civil works	-	Baht 65 million
d) Supply, installation and testing of the M&E Systems of the MRT Blue Line Project	Baht 12,827 million	-
e) Additional for design and construction of the Si Rat - Outer Ring Road Expressway Project	Baht 217 million	-
f) Improvement of server room at the administration building	Baht 75 million	-
g) Other capital commitments	Baht 3 million	-

## 40.2 Long-term service commitments

The Company and its subsidiaries have commitments in respect of the Procurement of M&E equipment contract, and the Maintenance of M&E equipment and trackwork and infrastructure and civil works contracts of the M&E Project which were signed in December 2001, November 2013 and November 2015 with three companies. These contracts will expire during 2018 until 2024.

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							
	2017				2016			
	<u>Baht</u>	<u>EUR</u>	<u>SGD</u>	<u>YEN</u>	<u>Baht</u>	<u>EUR</u>	<u>SGD</u>	<u>YEN</u>
Payable:								
In up to 1 year	994	2	1	379	807	2	1	379
In over 1 year and up to 5 years	4,711	12	5	1,518	4,968	12	5	1,518
In over 5 years	5,419	12	5	1,360	2,395	6	6	1,739

## 40.3 Commitments under various service agreements

The Company and its subsidiaries have commitments under various service agreements as follows:

(Unit: Million Baht)

	As at 31 December	
	2017	2016
Payable:		
In up 1 year	360	290
In over 1 year and up to 5 years	55	196



#### 40.4 Operating lease commitments

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 agreements were as follows:

(Unit: Million Baht)		
As at 31 December		
	2017	2016
Payable:		
In up to 1 year	19	21
In over 1 year and up to 5 years	21	31

#### 40.5 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		
	2017	2016
a) Issued to the EXAT in accordance with the operation of the Si Rat-Outer Ring Road Expressway Project agreement	6	500
b) Issued to the MRTA in accordance with the operation of the MRT Blue Line Concession agreement	210	150
c) Issued to the MRTA in accordance with the Agreement for the MRT Chalong Ratchadham Line Project agreement, using the credit line of major shareholder	-	200
d) Issued to MRTA in accordance with the Agreement for the MRT Chalong Ratchadham Project agreement	200	-
e) Issued to the Metropolitan Electricity Authority to guarantee electricity under rail projects	67	67
f) Other guarantees	15	12

## 40.6 Other commitments

(Unit: Million Baht)		
As at 31 December		
	2017	2016
a) Commitments in respect of the uncalled portion of investments		
Northern Bangkok Expressway Company Limited	750	750
Xayaburi Power Company Limited	359	776
b) Commitment in respect of Expressway inspection, replacement and improvement agreements (paid within one year)	18	23

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

The Company and the subsidiary had a total of 11 disputes with EXAT, which were referred to the Arbitral Tribunal in accordance with the dispute settlement procedures under the Agreements and in the Administrative Court. The essence of each dispute was as follows:

### 41.1 Disputes submitted by the Company and the subsidiary claiming for damages in 8 disputes, with the total amount until the date of submission of the disputes of approximately Baht 28,179.8 million

#### 41.1.1 Priority Component Opening Date under the Second Stage Expressway Agreement

On 9 July 2001, the Company submitted a statement of claim requiring EXAT to compensate for the deficient revenue with interest in the amount of Baht 3,831.4 million, due to different opinions as to which date was the Priority Component Opening Date, which affected the commencement of the toll revenue sharing with the Company under the Agreement.

On 15 December 2008, the Arbitral Tribunal rendered its arbitral award on the dispute requiring EXAT to pay the toll revenue sharing including interest under the Agreement as required by the Company. EXAT subsequently issued a letter refusing to comply with the arbitral award.

And, 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. The interest was calculated up to the date on which the Company submitted the petition to the Court, amounting to Baht 1,189.7 million, with the total 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.

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

The Supreme Administrative Court has determined the end of fact inquisitorial date on 5 January 2017.

On 1 June 2017, the Supreme Administrative Court has convened the first trial date.

At present, it is pending the Supreme Administration Court schedule the date to deliver the verdict.

#### 41.1.2 Competing road with the Udon Rattaya Expressway

On 20 December 2004, the subsidiary submitted a statement of claim requiring EXAT to compensate for the deficient revenue, based on the ground 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, 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 with interest under the Agreement as required by the subsidiary. EXAT then issued a letter to the subsidiary refusing to comply with such arbitral award. And, 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, 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.

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

The Supreme Administrative Court has determined the end of fact inquisitorial date on 25 April 2017.

On 15 August 2017, the Supreme Administrative Court has convened the first trial date.

At present, it is pending the Supreme Administration Court schedule the date to deliver the verdict.

#### 41.1.3 Issuance of variation orders by EXAT

On 9 December 2009, the Company submitted a statement of claim requiring EXAT to compensate the Company for damages caused by EXAT's issuance of additional variation orders for certain construction work of the Si Rat Expressway in the total amount of Baht 209.1 million (excluding interest).

On 20 December 2013, the Arbitral Tribunal unanimously rendered its arbitral award requiring EXAT to pay the construction costs and expenses as per the Notice of Variation in the total amount of Baht 382.5 million, including interest under the Agreement.

On 4 February 2014, EXAT issued a letter refusing to comply with such arbitral award. And, on 26 March 2014, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

The Central Administrative Court has determined the end of fact inquisitorial date on 23 September 2016.

On 21 October 2016, the Company submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award.

On 18 January 2017, the Central Administrative Court issued the order of joinder trial and canceled the prescribed end of fact inquisitorial date (23 September 2016) by way of establishing the case that EXAT filed a petition for the withdrawal of the arbitral award as the major case.

On 13 March 2017, EXAT submitted its testimonial for the case that the Company submitted the petition to the Court to enforce the compliance with the arbitral award (minor case)

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

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

On 14 November 2008, the Company submitted a statement of claim requiring EXAT to compensate the Company for damages caused by the revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for 2003, which was not in accordance with the Agreement, thereby causing the damages, including interest, in the total amount of Baht 4,368 million.

On 12 February 2016, the Arbitral Tribunal, by the majority of votes, rendered its arbitral award requiring EXAT to compensate the Company for damages in the amount of Baht 4,368 million, including interest under the Agreement.

EXAT then issued a letter refusing to comply with such arbitral award. And, on 30 May 2016, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

On 4 November 2016, the Company submitted its answer to the petition to the Central Administrative Court.

EXAT lodged its opposition to the Company's answer to the petition to the Central Administrative Court on 15 March 2017.

On 19 July 2017, the Company submitted the opposition to the EXAT's answer to the Central Administrative Court.

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

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

On 24 July 2008, the Company submitted a statement of claim requiring EXAT to compensate the Company for damages caused by the revision of toll rates of Sector D of the Si Rat Expressway for the year 2003, which was not in accordance with the Agreement, in the total amount of Baht 1,048.2 million.

On 22 February 2017, the Company submitted the closing statement to the Thai Arbitration Institute. EXAT submitted the closing statement on 15 May 2017.

At present, the dispute is pending the Arbitral Tribunal to render the judgment.

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

On 13 June 2013, the Company submitted a statement of claim to the Arbitral Tribunal requiring EXAT to compensate the Company for damages caused by the revision of toll rates (of the Chalerm Mahanakorn Expressway and the Si Rat Expressway) for the year 2008, which was not in accordance with the Agreement, in the total amount of Baht 9,091.8 million, together with interest under the Agreement.

The Thai Arbitration Institute has determined the date for the Claimants to submit their closing statements within 20 February 2018.

At present, the dispute is pending for the Claimants to submit their closing statements.

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

On 28 June 2013, the Company submitted a statement of claim to the Thai Arbitration Institute requiring EXAT to compensate the Company for damages caused by the revision of toll rates of Sector D of the Si Rat Expressway for the year 2008, which was not in accordance with the Agreement, together with interest calculated up to 31 May 2013, in the total amount of Baht 4,062.8 million, including interest under the Agreement.

At present, it is pending the required arbitration proceedings of the Thai Arbitration Institute.

41.1.8 Revision of toll rates of Udon Rattaya Expressway for the year 2003

On 22 October 2013, the subsidiary submitted a statement of claim to the Thai Arbitration Institute requiring EXAT to compensate the subsidiary for damages, caused by the revision of toll rates of the Udon Rattaya Expressway for the year 2003, which was not in accordance with the Agreement, in the amount of Baht 908.7 million, together with interest under the Agreement.

At present, it is pending the required arbitration proceedings of the Thai Arbitration Institute.

**41.2 Disputes submitted by EXAT claiming for damages in 3 disputes, with the total amount until the date of submission of the disputes of approximately Baht 1,589.2 million**

**41.2.1 Cost of arrangements of the entrance - exit and resolution of complaints**

On 11 May 2007, EXAT submitted a statement of claim requiring the Company to be responsible for the cost of arrangements of the entrance - exit claimed by complainants, and the cost of free flow drains, in the total amount of Baht 0.4 million, which the Arbitral Tribunal rendered its arbitral award ruling that EXAT had no right to claim for such costs.

On 7 May 2014, EXAT submitted a petition for revocation of the arbitral award.

On 9 August 2017, the Central Administrative Court has determined the first trial date.

On 30 August 2017, the Central Administrative Court issued the judgment to revoke the arbitral award only on the second ground part - the cost of free flow drains. The Court rules that the Arbitral Tribunal has illegally received the claim because EXAT submitted the case when the ground part was precluded by prescription.

On 29 September 2017, the Company appealed the Central Administrative Court's judgment to the Supreme Administrative Court.

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

**41.2.2 Construction of the Udon Ratthaya Expressway, Phase 2**

On 29 January 2016, EXAT submitted a statement of claim to the Thai Arbitration Institute requiring the subsidiary to complete the construction of the Udon Ratthaya Expressway, Phase 2, in accordance with Clause 8.5 a. of the conditions of the Bang Pa-In - Pak Kret Expressway Agreement, and compensate for the amount of Baht 1,587.7 million, together with interest under the Agreement. The Agreement states that although the conditions of the Agreement to commence the construction has been fulfilled, the subsidiary shall not yet be obliged to carry out the construction if EXAT breach of the Agreement causing the subsidiary to suffer financial set back materially. EXAT are in breach of the Agreement with the competing road and the revision of toll rates. Therefore, the subsidiary acquired its rights to not commence the construction and EXAT is not entitled to claim for indemnity.

On 1 February 2018, the Arbitral Tribunal has determined on disputes issues and terms of arbitral procedures that the witness examinations date for EXAT has been set to convene in November 2018 and in December 2018 - February 2019 for the subsidiary.

At present, it is pending the witness examination procedures.

#### 41.2.3 Cost of utilization of the Control Center Building (Bang Phun)

On 27 February 2009, EXAT submitted a statement of claim to the Thai Arbitration Institute requiring the subsidiary to be responsible for the cost of utilization of the Control Center Building (Bang Phun) in the amount of Baht 1.1 million, which the subsidiary was of the view that such cost claimed by EXAT was not within its scope of responsibility under the Agreement.

On 3 and 30 November 2017, EXAT has submitted a witness for an examination and the Arbitral Tribunal has determined the date to further examinations in April to May 2018 for EXAT and in June 2018 for the subsidiary.

At present, it is pending the witness examination procedures.

Since the disputes are pending consideration, the Company and the subsidiary therefore did not record such entries in the financial statements.

## 42. Fair value hierarchy

As at 31 December 2017 and 2016, 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	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Asset measured at fair value</b>									
Current investment									
Unit trust		-	-	939	4,489	-	-	939	4,489
<b>Liabilities measured at fair value</b>									
Derivative									
Interest rate swap		-	-	53	19	-	-	53	19
<b>Asset for which fair value are disclosed</b>									
Investment in associates		15,478	13,366	-	-	-	-	15,478	13,366
Investment properties		-	-	-	-	315	315	315	315



(Unit: Million Baht)

	Separated financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Asset measured at fair value</b>								
Current investment								
Unit trust	-	-	928	4,480	-	-	928	4,480
<b>Liabilities measured at fair value</b>								
Derivative								
Interest rate swap	-	-	53	19	-	-	53	19
<b>Asset for which fair value are disclosed</b>								
Investment in associates	15,478	13,366	-	-	-	-	15,478	13,366
Investment properties	-	-	-	-	315	315	315	315

## 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, current investments, trade and other receivables, receivable from sales of investment, long-term loans and interest receivables to related parties, receivable under the concession agreement, short-term loans from financial institution, trade and other payable, long-term loans, debentures 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 accounts receivable. 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. The maximum exposure to credit risk is limited to the carrying amounts of trade and other accounts receivable 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 financial institution, current investments, long-term loans and interest receivables to related parties short-term loans, debentures and long-term loans. 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 2017							
	Fixed interest rates			Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total	interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2,263	364	2,627	0.38 - 1.60
Current investments	-	-	-	1,449	-	1,449	0.98 - 2.72
Trade and other receivables	-	-	-	-	426	426	-
Receivable under the concession agreement	-	-	-	14,160	-	14,160	Note 11
	-	-	-	17,872	790	18,662	
<b>Financial liabilities</b>							
Short-term loans from financial institution	3,629	-	-	-	-	3,629	Note 22
Trade and other payables	-	-	-	-	2,108	2,108	-
Long-term loans	2,000	3,986	-	23,624	-	29,610	Note 24
Debentures	-	11,115	17,056	-	-	28,171	Note 25
Provision for compensation for site acquisition cost	1,600	1,411	-	-	-	3,011	4.50
	7,229	16,512	17,056	23,624	2,108	66,529	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing		interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	390	387	777	0.38 - 1.60
Current investments	-	-	-	5,941	-	5,941	0.98 - 2.72
Trade and other receivables	-	-	-	-	1,615	1,615	-
Receivable from sales of investment	757	-	-	-	-	757	Note 7
	757	-	-	6,331	2,002	9,090	
<b>Financial liabilities</b>							
Short-term loans from financial institution	4,716	-	-	-	-	4,716	Note 22
Trade and other payables	-	-	-	-	898	898	-
Long-term loans	2,000	6,066	-	10,953	-	19,019	Note 24
Debentures	-	9,115	14,053	-	-	23,168	Note 25
Provision for compensation for site acquisition cost	1,500	2,817	-	-	-	4,317	4.50
	8,216	17,998	14,053	10,953	898	52,118	

(Unit: Million Baht)

## Separated financial statements

As at 31 December 2017

	Fixed interest rates			Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing		interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2,209	318	2,527	0.48 - 1.59
Current investments	-	-	-	1,438	-	1,438	0.77 - 2.27
Trade and other receivables	-	-	-	-	419	419	-
Long-term loans and interest receivable from related parties	-	-	-	4,155	831	4,986	Note 7
Receivable under the concession agreement	-	-	-	14,160	-	14,160	Note 11
	-	-	-	21,962	1,568	23,530	
<b>Financial liabilities</b>							
Short-term loans from financial institution	3,629	-	-	-	-	3,629	Note 22
Trade and other payables	-	-	-	-	2,037	2,037	-
Long-term loans	2,000	3,986	-	23,124	-	29,110	Note 24
Debentures	-	11,115	17,056	-	-	28,171	Note 25
Provision for compensation for site acquisition cost	1,600	1,411	-	-	-	3,011	4.50
	7,229	16,512	17,056	23,124	2,037	65,958	

(Unit: Million Baht)

	Separated financial statements						
	As at 31 December 2016						
	Fixed interest rates			Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total	interest rate
							(% p.a.)
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	353	377	730	0.38 - 1.60
Current investments	-	-	-	5,932	-	5,932	0.98 - 2.72
Trade and other receivables	-	-	-	-	1,619	1,619	-
Receivable from sales of investment	757	-	-	-	-	757	Note 7
Long-term loans and interest							
receivable from related parties	-	-	-	5,231	1,054	6,285	Note 7
	757	-	-	11,516	3,050	15,323	
<b>Financial liabilities</b>							
Short-term loans from financial institution	4,716	-	-	-	-	4,716	Note 22
Trade and other payables	-	-	-	-	819	819	-
Long-term loans	2,000	6,066	-	10,953	-	19,019	Note 24
Debentures	-	9,115	14,053	-	-	23,168	Note 25
Provision for compensation							
for site acquisition cost	1,500	2,817	-	-	-	4,317	4.50
	8,216	17,998	14,053	10,953	819	52,039	

The Company entered into an interest rate swap contract with a local commercial bank to manage risk associated with some of its long-term loan, carrying interest at a floating rate. As at 31 December 2017, the Company has interest rate swap contract, granting facilities of long-term loan of Baht 6,000 million, to swap a floating interest rate of 6M THBFIX plus stipulated margins to a fixed rate. The interest rate swap contract terminates in May 2021.

### **Foreign currency risk**

The Company has a significant foreign currency risk in respect of construction payable. As at 31 December 2017, the Company has outstanding financial liabilities denominated in foreign currency amounting to JPY 97 million, SGD 0.3 million and USD 0.2 million (2016: JPY 68 million, SGD 0.4 million and USD 0.5 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 carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position. However, the Company has long-term liabilities in the form of debentures of which carrying value is different from the fair value. As at 31 December 2017, the book value of the Company's debentures was Baht 28,171 million, whereas the fair value was Baht 28,279 million (2016: book value was Baht 23,168 million, whereas the fair value was Baht 22,425 million).

The fair value of debentures is determined using the yield curve announced by the Thai Bond Market Association.

During the current year, 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**

### **45.1 Sales of other long-term investments**

On 27 February 2018, a meeting of the Board of Directors passed a resolution to propose the sale of all investment in Xayaburi Power Limited to CK Power Public Company Limited to the Annual General Meeting of the shareholders for approval. This sale of these investment is subject to the approval of the Annual General Meeting of the shareholders.

### **45.2 Dividend payment**

On 27 February 2018, a meeting of the Board of Directors passed a resolution to propose a dividend payment from the 2017 earnings at a rate of Baht 0.13 per share to the Annual General Meeting of the shareholders for approval. The Company paid an interim dividend at the rate of Baht 0.06 per share on 20 September 2017 and the final dividend payment at the rate of at the rate Baht 0.07 per share will be paid within May 2018. This dividend payment is subject to the approval of the Annual General Meeting of the shareholders.

#### 46. Reclassification

The Company has reclassified certain accounts in the statements of financial position as at 31 December 2016 and 1 January 2016 and the income statement for year ended 31 December 2016 to conform to the current period presentation. The reclassifications, which had no effect on previously reported net profit or shareholders' equity, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2016		As at 1 January 2016	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Statement of financial position</b>				
<b>Current liabilities</b>				
Trade and other payables	898,075	819,414	2,627,335	2,579,554
Other current liabilities	119,445	198,106	66,367	114,148

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2016		As at 1 January 2016	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Statement of financial position</b>				
<b>Current liabilities</b>				
Trade and other payables	818,519	749,456	2,580,488	2,538,959
Other current liabilities	108,205	177,268	57,940	99,469

(Unit: Thousand Baht)

	For the year ended 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<b>Income statement</b>				
Cost of expressway business	1,511,965	1,345,933	1,256,523	1,096,699
Cost of rail business	2,371,421	1,959,861	2,371,421	1,959,861
Amortisation of intangible asset under concession agreement of the MRT Blue Line Project	440,076	851,636	412,380	823,939
Administrative expenses	892,094	1,038,037	833,218	975,453
Finance cost	1,426,028	1,446,117	1,416,993	1,434,582

#### 47. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.