

Bangkok Expressway and Metro Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2018

## **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 2018, 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 2018, 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.

**Emphasis of matter**

I draw attention to Note 42.1.11 to the financial statements regarding the dispute over a competing road with Udon Ratthaya Expressway, which was ruled on by the Supreme Administrative Court in September 2018, in favour of the subsidiary. The dispute is only one of a number of all disputes relating to the Expressway Concession Agreements of the Company and the subsidiary and a number of these disputes are still being considered by a panel, arbitral tribunals, and administrative courts as described in Note 42 to the financial statements. The Company and the subsidiary have negotiated with the relevant government agencies to reach a comprehensive resolution of these disputes. The results of the dispute negotiation and settlement between the government agencies and the Company and the subsidiary are still pending, as the relevant government agencies are seeking approval from the cabinet. When approval is granted by the cabinet, the concession agreements are to be amended. As a result, there is still uncertainty about the compensation to be received by the subsidiary from the Expressway Authority of Thailand, as described in Note 42.1.11 to the financial statements. Therefore, in the financial statements as at 31 December 2018 the subsidiary did not record the compensation of Baht 1,790 million in the ruling of the Supreme Administrative Court regarding the dispute over a competing road with Udon Ratthaya Expressway, together with interest thereon and related expenses that may be incurred. My opinion is not modified in respect of this matter.

**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 to each matter are described below.

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

As discussed in Notes 1 B.1 to the financial statements, as a result of the concession agreement made with the Mass Rapid Transit Authority of Thailand, the Company has significant project which are operating under concession agreement. As at 31 December 2018, project costs under construction, in the statement of financial position, amounted to Baht 17,562 million. The project costs under construction recorded as “intangible assets under concession agreement of the MRT Blue Line Project”, as disclosed in Note 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 42.2.2 to the financial statements, a 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 compensation totaling Baht 1,587.7 million. As the dispute has just entered the consideration process of the Arbitral Tribunal, the management needs to exercise significant judgement in considering related laws and regulations to assess the outcome. Moreover, this dispute was included in the settlement and negotiation process for disputes related to the Second Stage Expressway (the Si Rat Expressway and Sector D) and the Bang Pa-in - Pak Kret Expressway (Udon Rattaya Expressway) with relevant government agency, as described in Note 42.1.11 to the financial statements. However, the actual outcome of the disputes 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 disputes 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, as well as the dispute settlements. 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 disputes and the probability of outcomes and the results of the dispute negotiation and settlements. Moreover, I sent confirmation letters to the external legal consultant retained by the Group to obtain details of cases and their status. I also assessed the expertise, ability, independence and integrity of the external legal consultant in accordance with relevant auditing standards and determined whether the laws and conditions referred to by the external legal consulting related to the subsidiary's disputes and the possibility of the dispute negotiation and settlements. In addition, I reviewed the disclosures relating to the disputes 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.

Isaraporn Wisutthiyan  
Certified Public Accountant (Thailand) No. 7480

EY Office Limited  
Bangkok: 27 February 2019



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

**Statement of financial position**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	526,200,490	2,627,062,725	423,687,097	2,526,936,395
Current investments	8	1,282,474,987	1,449,457,222	1,268,648,199	1,437,883,352
Bank deposit for unearned fare box revenue	9	150,016,110	-	150,016,110	-
Trade and other receivables	10	514,055,818	426,286,028	525,351,600	419,017,402
Current portion of long-term loans to related party	6	-	-	18,000,000	18,000,000
Current portion of receivable under the concession agreement	11	1,649,683,274	1,649,683,274	1,649,683,274	1,649,683,274
Other current assets		94,158,489	127,581,197	82,862,582	118,433,055
Total current assets		4,216,589,168	6,280,070,446	4,118,248,862	6,169,953,478
Non-current assets					
Long-term loans to and interest receivable					
from related parties, net of current portion	6	-	-	2,985,996,436	4,968,496,436
Receivable under the concession agreement, net of current portion	11	10,860,414,888	12,510,098,163	10,860,414,888	12,510,098,163
Investments in subsidiaries	12	-	-	363,869,867	303,585,600
Investments in associates	13	6,368,744,918	9,592,230,802	4,242,261,948	7,499,815,400
Other long-term investments	14	6,688,646,612	1,654,862,090	6,688,646,612	1,654,862,090
Investment properties	15	120,357,493	120,357,493	120,357,493	120,357,493
Building and equipment	16	323,936,668	361,168,428	282,540,765	315,812,844
Rights to operate expressway sectors	17	35,146,019,997	38,448,873,562	29,542,188,708	32,244,581,463
Rights to use sites for expressway construction	18	390,198,219	719,073,059	390,198,219	719,073,059
Intangible asset under concession agreement of					
the MRT Blue Line Project	19	35,427,555,680	25,954,096,373	35,089,506,008	25,608,388,894
Project cost of the MRT Chalong Ratchadham Line	20	654,691,451	666,742,626	654,691,451	666,742,626
Prepaid project remuneration	6	3,495,195,243	2,487,433,243	3,495,195,243	2,487,433,243
Other intangible assets	21	84,777,999	75,257,871	80,300,753	70,296,570
Deferred tax assets	35	6,312,191	4,997,667	-	-
Other non-current assets		47,468,811	44,103,679	18,021,920	17,152,796
Total non-current assets		99,614,320,170	92,639,295,056	94,814,190,311	89,186,696,677
Total assets		103,830,909,338	98,919,365,502	98,932,439,173	95,356,650,155

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 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	22	2,814,594,224	3,629,184,736	2,814,594,224	3,629,184,736
Trade and other payables	23	1,683,472,969	2,107,884,865	1,658,799,942	2,036,963,224
Current portion of long-term loans from financial institutions	24	3,041,760,069	3,808,760,069	3,041,760,069	3,808,760,069
Current portion of debentures	25	5,000,000,000	-	5,000,000,000	-
Unearned fare box revenue	9	163,117,129	138,261,714	163,117,129	138,261,714
Deposits on stored value ticket		65,265,286	54,367,547	65,265,286	54,367,547
Income tax payable		69,746,084	62,132,371	48,142,059	36,454,936
Current portion of provision for compensation					
for site acquisition cost	26	1,546,891,698	1,600,000,000	1,546,891,698	1,600,000,000
Other current liabilities					
Retention guarantees		45,609,821	19,917,415	42,328,505	12,233,232
Value added tax payable		76,044,732	56,978,843	64,873,941	48,315,285
Withholding tax deducted at source payable		90,510,248	94,180,664	87,258,577	90,214,039
Others		9,826,997	11,156,420	8,076,121	8,982,359
Total current liabilities		14,606,839,257	11,582,824,644	14,541,107,551	11,463,737,141
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	24	18,373,779,608	25,801,112,363	16,773,779,608	25,301,112,363
Debentures, net of current portion	25	33,169,822,210	28,170,623,095	33,169,822,210	28,170,623,095
Derivative financial liabilities		21,808,675	52,954,374	21,808,675	52,954,374
Provision for compensation for site acquisition cost,					
net of current portion	26	-	1,411,401,698	-	1,411,401,698
Unearned revenue from advertising management rights	27	-	-	11,865,402	13,113,762
Provision for long-term employee benefits	28	686,898,092	483,787,045	664,553,903	467,538,729
Deferred tax liabilities	35	1,353,842,048	217,152,225	1,353,842,048	217,152,225
Other non-current liabilities		5,892,925	20,211,885	999,709	1,751,708
Total non-current liabilities		53,612,043,558	56,157,242,685	51,996,671,555	55,635,647,954
Total liabilities		68,218,882,815	67,740,067,329	66,537,779,106	67,099,385,095

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 2018**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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
Capital deficit from change in shareholding in subsidiaries		(75,770,451)	(32,148,702)	-	-
Retained earnings					
Appropriated - statutory reserve	29	1,232,890,000	1,077,490,000	1,232,890,000	1,077,490,000
Unappropriated		12,133,780,735	8,948,481,343	7,095,892,083	6,120,200,475
Other components of shareholders' equity		1,105,927,958	(27,575,760)	2,963,939,900	(42,363,499)
Equity attributable to shareholders of the Company		35,498,766,326	31,068,184,965	32,394,660,067	28,257,265,060
Non-controlling interests of the subsidiaries		113,260,197	111,113,208	-	-
Total shareholders' equity		35,612,026,523	31,179,298,173	32,394,660,067	28,257,265,060
Total liabilities and shareholders' equity		103,830,909,338	98,919,365,502	98,932,439,173	95,356,650,155

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 2018**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>					
Revenue from expressway business		10,173,901,910	9,956,687,741	8,717,817,634	8,573,398,391
Revenue from rail business		4,736,002,363	4,520,903,061	4,736,002,363	4,520,903,061
Revenue from commercial development business	31	704,536,036	675,836,158	480,468,311	403,063,532
Other income					
Gains on sale of investments		499,393,573	11,887,334	561,521,690	11,584,181
Gain on reclassification of investment		2,496,266,396	-	-	-
Interest income		450,618,868	175,173,105	556,402,806	329,456,108
Dividend income	6, 13.2	-	-	493,938,904	551,455,190
Others		26,601,445	52,743,740	171,687,166	185,397,814
<b>Total revenues</b>		<b>19,087,320,591</b>	<b>15,393,231,139</b>	<b>15,717,838,874</b>	<b>14,575,258,277</b>
<b>Expenses</b>					
Cost of expressway business		1,837,541,483	1,735,419,841	1,611,214,005	1,518,255,658
Cost of rail business		3,541,571,456	3,352,428,083	3,541,571,456	3,352,428,083
Cost of commercial development business		169,940,207	177,294,401	156,742,337	90,559,239
Amortisation on rights to operate completed expressway sectors and compensation for site acquisition cost	17, 18, 26	4,036,823,398	3,694,893,202	3,436,362,588	3,156,353,460
Amortisation on intangible asset under concession agreement of the MRT Blue Line Project	19	188,047,080	246,289,965	150,553,499	214,655,637
Selling expenses		111,421,323	95,313,153	63,909,367	52,105,380
Administrative expenses		1,252,317,805	1,049,120,611	1,179,367,366	987,382,897
<b>Total expenses</b>		<b>11,137,662,752</b>	<b>10,350,759,256</b>	<b>10,139,720,618</b>	<b>9,371,740,354</b>
<b>Profit before share of profit from investments in associates,     finance cost and income tax expenses</b>		<b>7,949,657,839</b>	<b>5,042,471,883</b>	<b>5,578,118,256</b>	<b>5,203,517,923</b>
Share of profit from investments in associates	13.2	432,797,238	405,916,311	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>8,382,455,077</b>	<b>5,448,388,194</b>	<b>5,578,118,256</b>	<b>5,203,517,923</b>
Finance cost		(1,857,460,775)	(1,610,435,067)	(1,825,656,785)	(1,604,852,271)
<b>Profit before income tax expenses</b>		<b>6,524,994,302</b>	<b>3,837,953,127</b>	<b>3,752,461,471</b>	<b>3,598,665,652</b>
Income tax expenses	35	(1,189,146,759)	(695,602,106)	(645,031,218)	(623,194,397)
<b>Profit for the year</b>		<b>5,335,847,543</b>	<b>3,142,351,021</b>	<b>3,107,430,253</b>	<b>2,975,471,255</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		5,317,038,037	3,123,129,324	3,107,430,253	2,975,471,255
Non-controlling interests of the subsidiaries		18,809,506	19,221,697		
		<u>5,335,847,543</u>	<u>3,142,351,021</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	36	0.35	0.20	0.20	0.20

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 2018**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit for the year</b>		<b>5,335,847,543</b>	<b>3,142,351,021</b>	<b>3,107,430,253</b>	<b>2,975,471,255</b>
<b>Other comprehensive income</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Unrealised gain (loss) from cash flow hedges, net of income tax		24,916,559	(27,476,773)	24,916,559	(27,476,773)
Unrealised gain on valuation of available-for-sale securities, net of income tax		1,112,425,756	-	2,981,386,840	-
Share of other comprehensive income of associate recognised due to reclassification of investment		(37,094,724)	-	-	-
Share of other comprehensive income from associates	13.2	33,256,127	72,725,277	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		1,133,503,718	45,248,504	3,006,303,399	(27,476,773)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain, net of income tax	28	10,711,355	45,830,261	10,711,355	50,315,188
Share of other comprehensive income from associates	13.2	-	(2,635,896)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax		10,711,355	43,194,365	10,711,355	50,315,188
<b>Other comprehensive income for the year</b>		<b>1,144,215,073</b>	<b>88,442,869</b>	<b>3,017,014,754</b>	<b>22,838,415</b>
<b>Total comprehensive income for the year</b>		<b>6,480,062,616</b>	<b>3,230,793,890</b>	<b>6,124,445,007</b>	<b>2,998,309,670</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		6,461,253,110	3,213,133,396	6,124,445,007	2,998,309,670
Non-controlling interests of the subsidiaries		18,809,506	17,660,494		
		<b>6,480,062,616</b>	<b>3,230,793,890</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 2018

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the shareholders of the Company												
						Other components of shareholders' equity						
						Other comprehensive income				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	Capital deficit from change in shareholding in subsidiaries	Retained earnings		Unrealised gain (loss) from cash flow hedges	Unrealised valuation of available-for-sale securities	Share of other comprehensive income from associates	Total other components of shareholders' equity				
			Appropriated - statutory reserve	Unappropriated								
Balance as at 1 January 2017	15,285,000,000	5,816,938,084	(32,148,702)	928,690,000	7,763,596,451	(14,886,726)	-	(57,937,538)	(72,824,264)	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 37)	-	-	-	-	(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	(32,148,702)	1,077,490,000	8,948,481,343	(42,363,499)	-	14,787,739	(27,575,760)	31,068,184,965	111,113,208	31,179,298,173
Balance as at 1 January 2018	15,285,000,000	5,816,938,084	(32,148,702)	1,077,490,000	8,948,481,343	(42,363,499)	-	14,787,739	(27,575,760)	31,068,184,965	111,113,208	31,179,298,173
Profit for the year	-	-	-	-	5,317,038,037	-	-	-	-	5,317,038,037	18,809,506	5,335,847,543
Other comprehensive income for the year	-	-	-	-	10,711,355	24,916,559	1,112,425,756	(3,838,597)	1,133,503,718	1,144,215,073	-	1,144,215,073
Total comprehensive income for the year	-	-	-	-	5,327,749,392	24,916,559	1,112,425,756	(3,838,597)	1,133,503,718	6,461,253,110	18,809,506	6,480,062,616
Investment in subsidiary (Note 12)	-	-	(43,621,749)	-	-	-	-	-	-	(43,621,749)	(16,662,517)	(60,284,266)
Transferred to statutory reserve (Note 29)	-	-	-	155,400,000	(155,400,000)	-	-	-	-	-	-	-
Dividend paid (Note 37)	-	-	-	-	(1,987,050,000)	-	-	-	-	(1,987,050,000)	-	(1,987,050,000)
Balance as at 31 December 2018	15,285,000,000	5,816,938,084	(75,770,451)	1,232,890,000	12,133,780,735	(17,446,940)	1,112,425,756	10,949,142	1,105,927,958	35,498,766,326	113,260,197	35,612,026,523

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 2018**

(Unit: Baht)

	Separate financial statements							
					Other components of shareholders' equity			
					Other comprehensive income			Total shareholders' equity
					Unrealised gain (loss) from cash flow hedges	Unrealised gain on valuation of available-for-sale securities	Total other components of shareholders' equity	
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings					
			Appropriated - statutory reserve	Unappropriated				
<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)	-	(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)	-	(27,476,773)	22,838,415
Total comprehensive income for the year	-	-	-	3,025,786,443	(27,476,773)	-	(27,476,773)	2,998,309,670
Transferred to statutory reserve (Note 29)	-	-	148,800,000	(148,800,000)	-	-	-	-
Dividend paid (Note 37)	-	-	-	(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>-</u>	<u>(42,363,499)</u>	<u>28,257,265,060</u>
								-
<b>Balance as at 1 January 2018</b>	15,285,000,000	5,816,938,084	1,077,490,000	6,120,200,475	(42,363,499)	-	(42,363,499)	28,257,265,060
Profit for the year	-	-	-	3,107,430,253	-	-	-	3,107,430,253
Other comprehensive income for the year	-	-	-	10,711,355	24,916,559	2,981,386,840	3,006,303,399	3,017,014,754
Total comprehensive income for the year	-	-	-	3,118,141,608	24,916,559	2,981,386,840	3,006,303,399	6,124,445,007
Transferred to statutory reserve (Note 29)	-	-	155,400,000	(155,400,000)	-	-	-	-
Dividend paid (Note 37)	-	-	-	(1,987,050,000)	-	-	-	(1,987,050,000)
<b>Balance as at 31 December 2018</b>	<u>15,285,000,000</u>	<u>5,816,938,084</u>	<u>1,232,890,000</u>	<u>7,095,892,083</u>	<u>(17,446,940)</u>	<u>2,981,386,840</u>	<u>2,963,939,900</u>	<u>32,394,660,067</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 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	6,524,994,302	3,837,953,127	3,752,461,471	3,598,665,652
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Amortisation and depreciation	3,866,567,954	3,544,655,128	3,212,916,480	2,959,316,613
Allowance for doubtful debt (reversal)	(272,590)	272,590	-	-
Revenue recognition of unearned revenue from advertising management rights	-	-	(1,248,360)	(1,248,360)
Gains on sale of investments	(499,393,573)	(11,887,334)	(561,521,690)	(11,584,181)
Unrealised gain on change in value of investments	(10,442,237)	(29,720,956)	(10,427,852)	(29,711,197)
Gain on reclassification of investment	(2,496,266,396)	-	-	-
Loss (gain) on disposals/write-off of equipment, intangible asset under concession agreement of the MRT Blue Line Project and other intangible assets	(1,639,242)	6,028,232	(696,555)	6,384,610
Project remuneration expense	355,662,416	384,806,190	355,662,416	384,806,190
Compensation for site acquisition cost	464,364,839	495,800,643	464,364,839	495,800,643
Provision for long-term employee benefits	220,232,028	76,747,586	213,502,447	74,217,105
Share of profit from investments in associates	(432,797,238)	(405,916,311)	-	-
Unrealised loss (gain) on exchange rate	102,702	(105,460)	102,702	(105,460)
Interest income	(450,618,868)	(175,173,105)	(556,402,806)	(329,456,108)
Dividend income	-	-	(493,938,904)	(551,455,191)
Interest expenses	1,662,162,353	1,572,881,432	1,635,492,763	1,570,619,514
Financial fees	98,665,000	-	98,665,000	-
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>9,301,321,450</b>	<b>9,296,341,762</b>	<b>8,108,931,951</b>	<b>8,166,249,830</b>
<b>Operating assets (increase) decrease</b>				
Bank deposit for unearned fare box revenue	(150,016,110)	-	(150,016,110)	-
Trade and other receivables	(43,104,677)	155,095,799	(61,941,675)	170,916,997
Receivable under the concession agreement	1,649,683,275	412,420,819	1,649,683,275	412,420,819
Other current assets	85,434,222	101,986,629	86,187,884	94,045,237
Other non-current assets	(3,438,527)	13,393,495	(869,124)	15,511,002
Cash paid for project remuneration	(1,350,459,625)	(1,252,089,706)	(1,350,459,625)	(1,252,089,706)
<b>Operating liabilities increase (decrease)</b>				
Trade payables and other payables	21,244,663	8,049,920	57,066,771	13,469,473
Unearned fare box revenue	24,855,415	26,290,336	24,855,415	26,290,336
Deposits on stored value ticket	10,897,739	11,053,550	10,897,739	11,053,550
Other current liabilities	27,513,762	(8,194,092)	42,792,229	(14,817,064)
Other non-current liabilities	(14,318,960)	2,229,724	(751,999)	(1,004,420)
Cash paid for long-term employee benefits	(10,325,738)	(7,740,208)	(9,692,030)	(7,174,500)
Cash paid for compensation for site acquisition cost	(1,600,000,000)	(1,500,000,000)	(1,600,000,000)	(1,500,000,000)
<b>Net cash flows from operating activities</b>	<b>7,949,286,889</b>	<b>7,258,838,028</b>	<b>6,806,684,701</b>	<b>6,134,871,554</b>
Cash received from interest income	452,272,207	139,602,025	451,680,807	139,325,027
Cash paid for income tax	(334,491,602)	(248,930,830)	(250,907,959)	(190,353,092)
<b>Net cash flows from operating activities</b>	<b>8,067,067,494</b>	<b>7,149,509,223</b>	<b>7,007,457,549</b>	<b>6,083,843,489</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 2018**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Cash received from sales of current investments	13,949,038,431	19,366,871,411	12,412,038,431	17,894,971,411
Cash paid for purchase of current investments	(13,767,671,038)	(14,833,370,394)	(12,228,710,197)	(13,359,461,719)
Cash paid for purchase of investments in subsidiary	(60,284,267)	-	(60,284,267)	-
Cash received from sales of investments in associates	540,351,710	-	540,351,710	-
Cash received from sales of other long-term investment	2,075,443,606	-	2,075,443,606	-
Cash received from sales of investment before amalgamation	-	769,741,462	-	769,741,462
Increase in other long-term investments	(107,436,375)	(417,012,300)	(107,436,375)	(417,012,300)
Cash received from long-term loans to related parties	-	-	1,644,016,650	1,085,531,900
Cash paid for long-term loans to related party	-	-	-	(10,000,000)
Cash received from sales of equipment and intangible asset under concession agreement of the MRT Blue Line Project	3,215,729	7,706,184	2,080,600	7,139,543
Purchase of equipment	(23,042,080)	(89,131,306)	(13,351,832)	(87,335,527)
Advance payment for purchase of equipment	-	(77,040)	-	-
Cash received from interest income	4,676,477	21,484,010	449,535,434	399,511,649
Cash received from dividend income	493,938,904	551,455,191	493,938,904	551,455,191
Cash paid for project cost of the MRT Chalongs Ratchadham Line	(390,955)	(65,000,000)	(390,955)	(65,000,000)
Cash paid for intangible asset under concession agreement of the MRT Blue Line Project	(9,963,513,656)	(7,906,570,615)	(9,933,491,841)	(7,854,438,863)
Cash paid for expressway construction	(284,809,045)	(130,085,647)	(284,809,045)	(130,085,647)
Interest expenses capitalised as cost of projects	(181,764,061)	(48,805,714)	(181,764,061)	(48,805,714)
Increase in other intangible assets	<u>(30,649,444)</u>	<u>(25,644,761)</u>	<u>(29,079,944)</u>	<u>(23,533,540)</u>
<b>Net cash flows used in investing activities</b>	<u>(7,352,896,064)</u>	<u>(2,798,439,519)</u>	<u>(5,221,913,182)</u>	<u>(1,287,322,154)</u>
<b>Cash flows from financing activities</b>				
Cash received form short-term loan from financial institution	10,000,000,000	-	10,000,000,000	-
Repayment of short-term loans from financial institutions	(10,816,000,000)	(1,088,000,000)	(10,816,000,000)	(1,088,000,000)
Cash received from long-term loans from financial institutions	5,300,000,000	500,000,000	4,200,000,000	-
Repayment of long-term loans from financial institutions	(13,475,010,069)	(3,536,448,559)	(13,475,010,069)	(3,536,448,559)
Cash received from issuance of debentures	10,000,000,000	5,000,000,000	10,000,000,000	5,000,000,000
Cash paid for financial fees	(181,553,849)	(8,219,329)	(181,553,849)	(8,219,329)
Interest paid	(1,655,419,747)	(1,534,140,236)	(1,629,179,747)	(1,532,009,826)
Dividend paid	<u>(1,987,050,000)</u>	<u>(1,834,200,000)</u>	<u>(1,987,050,000)</u>	<u>(1,834,200,000)</u>
<b>Net cash flows used in financing activities</b>	<u>(2,815,033,665)</u>	<u>(2,501,008,124)</u>	<u>(3,888,793,665)</u>	<u>(2,998,877,714)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,100,862,235)</u>	<u>1,850,061,580</u>	<u>(2,103,249,298)</u>	<u>1,797,643,621</u>
Cash and cash equivalents at beginning of year	<u>2,627,062,725</u>	<u>777,001,145</u>	<u>2,526,936,395</u>	<u>729,292,774</u>
<b>Cash and cash equivalents at end of year</b>	<u>526,200,490</u>	<u>2,627,062,725</u>	<u>423,687,097</u>	<u>2,526,936,395</u>

**Supplemental cash flows information**

Non-cash items consist of:

Purchase of intangible asset under concession agreement of the MRT Blue Line Project, the MRT Chalongs Ratchadham Line and increase in payable from expressway construction	13,607,477	1,228,818,865	13,607,477	1,228,818,865
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
Increase in accrued interest expenses capitalised as cost of projects	48,098,650	-	48,098,650	-

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 2018**

**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 Sector A, Sector B and Sector 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.

On 30 September 2018, the Company officially started operation the Connection between the Si Rat-Outer Ring Road Expressway and the north of Si Rat Expressway (heading to Chaeng Watthana Road).

- A.3 The Udon Rattaya Expressway Project (Bang Pa-In - Pak Kret 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 (Khlom 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.

On 6 August 2016, the Company delivered the M&E Systems and Rolling Stocks under Phase 1 of the concession agreement to the MRTA. The Company has recorded amounts receivable from the MRTA under the account of receivable under the concession agreement, as described in Note 11 to the financial statements.

## 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.

On 1 October 2018, the Company and Bangkok Metro Network Limited (a subsidiary company) agreed to terminate and replace the amendment to the commercial development right agreement dated 11 March 2017, and terminate the contract granting commercial development rights to manage advertising services through the Passenger Information Display System (PIDs) dated 1 January 2010. Under the agreements, the Company transferred the commercial development rights to provide services relating to the MRTA Initial System Project - Chaloem Ratchamongkhon Line and to manage advertising services through PIDs in the MRTA Initial System Project - Chaloem Ratchamongkhon Line to the subsidiary. It also had the right to receive commercial development revenue and share the revenue with the Company at the rates specified in the agreement. On the same day, the Company and the subsidiary entered into a management agreement for commercial development of the MRT Blue Line Project (the MRTA Initial System Project - Chaloem Ratchamongkhon Line and the MRT Blue Line Extension Project). Under this agreement, the Company authorised the subsidiary to act on its behalf in managing commercial development and advertising services through the Passenger Information Display System (PIDs) for the MRT Blue Line Project. The contract will expire in July 2029, and the Company is to pay a management fee to the subsidiary based on the specified rate. Therefore, for the period from 1 October 2018, the Company has recorded revenue and expenses relating to commercial development of the MRT Blue Line Project in profit or loss of the Company.

## 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>2018</u> (Percent)	<u>2017</u> (Percent)
Northern Bangkok Expressway Company Limited	Operation and management of Bang Pa-In - Pak Kret Expressway project	Thailand	99.99	99.99
Bangkok Metro Networks Limited	Management on commercial development of the MRT project	Thailand	69.67	65.19

As described in Note 12 to the financial statements, the Company made an additional investment in 4.48 percent of the issued and fully paid up share capital of Bangkok Metro Network Limited in December 2018.

- 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**

#### **(a) 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 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.



## **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programs
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

### **(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

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

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

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

###### **b) Toll revenue sharing recognition**

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

###### **c) Fare box revenue recognition**

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

###### **d) Revenue recognition 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) Revenue recognition from commercial development revenue**

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

###### **f) Financial revenue recognition**

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.

**4.2 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.

**4.3 Trade and other receivables**

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

**4.4 Receivable under the concession agreement**

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

**4.5 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 available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) 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.
- d) 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).
- e) Investment in associates are accounted for in the consolidated financial statements using the equity method.

- f) 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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

#### **4.6 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.

#### **4.7 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.

#### **4.8 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.

#### **4.9 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 - Pak Kret 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.

#### 4.10 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 in proportion to the number of actual vehicle volume. The Company reviews for impairment of the asset whenever there are indications of impairment and reviews the amortisation method at least once per year.

#### 4.11 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:

$$\text{Amortisation for the year} = \text{Net intangible assets under concession agreement of the MRT Blue Line Project} \\ \times \text{Percentage of passengers for the year}$$

$$\text{Percentage of Passengers for the year} = \frac{\text{Current year's actual passengers}}{(\text{Actual passengers for the current year} + \text{Projected passengers during the remaining concession year})}$$

### Equipment - Other system

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

#### **4.12 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.

#### **4.13 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.

#### **4.14 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.

#### **4.15 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.

#### **4.16 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.



#### **4.17 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.

#### **4.18 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.

#### **4.19 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.

#### **4.20 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.

#### **4.21 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.

## **4.22 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.

## **4.23 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.

## **4.24 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.

## **4.25 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.

## **4.26 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.

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

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

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

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes 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 subsidiary have contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. 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 its subsidiaries and those related parties.

The relationship between the Company and its subsidiaries and the related parties which have transactions with during the year summarised below.

Name of related parties	Relationship with the Company
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
TTW Public Company Limited	Associated company
CK Power Public Company Limited	Related company through common directors of the Company
Krungthai Bank Public Company Limited	Related company through a director of the company's authority in the bank
Bangkok Bank Public Company Limited	Related company through a director of the company's authority in the bank
Xayaburi Power Company Limited	Related company through common directors of the Company
Bangpa-in Land Development Company Limited	Related company through common directors of the Company
Plan B Public Company Limited	Related company through having common directors with a subsidiary company since 9 February 2018

Such significant transaction for the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with major shareholder</u>					
Interest income	-	13	-	13	Fixed rate per annum
Cost of rail projects	8,184	8,854	8,184	8,854	Based on contracts
Cost of expressway construction	217	69	217	69	Based on contracts
Expressway and civil works maintenance expenses	383	335	383	335	Based on contracts
Office rental and service expenses	8	8	-	-	Based on contracts
<u>Transactions with subsidiary companies</u> (eliminated from the consolidated financial statements)					
Commercial development revenue	-	-	240	327	Based on contracts
Interest income from long-term loans	-	-	106	154	Based on contracts
Project management income	-	-	150	144	Based on contract
Commercial development management fee	-	-	90	-	Based on contract
<u>Transactions with associated companies</u>					
Dividend income	-	-	494	551	As declared
Sale of other long-term investment	2,065	-	2,065	-	Based on contract
<u>Transactions with related companies</u>					
Commercial development revenue	94	9	41	9	Based on contracts
Interest income from M&E Systems	435	118	435	118	FDR plus stipulated margin per annum
Cost of commercial development	11	-	-	-	Agreed between the parties
Remuneration from fare box (Inclusive of VAT)	345	361	345	361	Concession agreement
Remuneration from commercial development	11	24	11	24	Concession agreement
Property tax	1	4	1	4	At the rates charged by Bangkok Metropolitan Administration
Utility expenses	2	-	2	-	Based on contract
Financial fee	73	23	71	20	Based on contracts
Interest expenses on long-term loans	267	369	267	369	At the interest rate of MLR minus stipulated margins, 6M FDR plus stipulated margin, FDR plus stipulated margin and 6M THBFIX plus stipulated margin per annum (2017: At the fixed rate and interest rate of MLR minus stipulated margins, FDR plus stipulated margin and 6M FDR plus stipulated margin per annum)



As at 31 December 2018 and 2017, the balances of the accounts between the Company and its subsidiaries and related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade and other receivables (Note 10)</u></b>				
<b><u>Trade receivables</u></b>				
Bangkok Metro Networks Limited	-	-	28,893	77,820
Mass Rapid Transit Authority of Thailand	374,324	326,236	374,324	326,236
Plan B Media Public Company Limited <sup>(1)</sup>	14,681	-	14,681	-
Krungthai Bank Public Company Limited	288	-	288	-
Bangkok Bank Public Company Limited	396	-	396	-
Total	<u>389,689</u>	<u>326,236</u>	<u>418,582</u>	<u>404,056</u>
<b><u>Other receivables</u></b>				
Northern Bangkok Expressway Company Limited	-	-	13,375	12,840
CH. Karnchang Public Company Limited	119	-	119	-
Total	<u>119</u>	<u>-</u>	<u>13,494</u>	<u>12,840</u>
<b><u>Prepaid expenses</u></b>				
Krungthai Bank Public Company Limited	31,096	6,467	28,791	4,162
Bangkok Bank Public Company Limited	22,208	-	22,208	-
Total	<u>53,304</u>	<u>6,467</u>	<u>50,999</u>	<u>4,162</u>
<b><u>Advance payment under service contract</u></b>				
CH. Karnchang Public Company Limited	<u>4,009</u>	<u>24,969</u>	<u>4,009</u>	<u>24,969</u>
<b><u>Long-term loans to and interest receivable</u></b>				
<b><u>from related parties</u></b>				
Northern Bangkok Expressway Company Limited	-	-	2,858,996	4,823,496
Bangkok Metro Networks Limited	-	-	145,000	163,000
Total	-	-	3,003,996	4,986,496
Less: current portion	-	-	(18,000)	(18,000)
Long-term loans to and interest receivable from related parties, net of current portion	<u>-</u>	<u>-</u>	<u>2,985,996</u>	<u>4,968,496</u>
<b><u>Receivable under the concession agreement (Note 11)</u></b>				
Mass Rapid Transit Authority of Thailand	<u>12,510,098</u>	<u>14,159,781</u>	<u>12,510,098</u>	<u>14,159,781</u>
<b><u>Prepaid project remuneration</u></b>				
Mass Rapid Transit Authority of Thailand	<u>3,495,195</u>	<u>2,487,433</u>	<u>3,495,195</u>	<u>2,487,433</u>

<sup>(1)</sup> This company is a related company since 9 February 2018.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Trade and other payables (Note 23)</u></b>				
Bangkok Metro Networks Limited	-	-	32,279	-
CH. Karnchang Public Company Limited	725,067	1,291,085	724,987	1,291,075
Mass Rapid Transit Authority of Thailand	125,148	111,928	125,146	111,928
Krungthai Bank Public Company Limited	1,221	1,545	1,095	1,476
Bangkok Bank Public Company Limited	656	1,254	656	1,254
Others	517	1,840	320	-
Total	<u>852,609</u>	<u>1,407,652</u>	<u>884,483</u>	<u>1,405,733</u>
<b><u>Unearned revenue</u></b>				
Plan B Media Public Company Limited <sup>(1)</sup>	<u>1,752</u>	<u>-</u>	<u>1,752</u>	<u>-</u>
<b><u>Retention guarantees</u></b>				
CH. Karnchang Public Company Limited	<u>16,781</u>	<u>4,153</u>	<u>16,781</u>	<u>2,874</u>
<b><u>Unearned revenue from advertising management rights (Note 27)</u></b>				
Bangkok Metro Networks Limited	<u>-</u>	<u>-</u>	<u>13,114</u>	<u>14,362</u>

<sup>(1)</sup> This company is a related company since 9 February 2018.

As at 31 December 2018 and 2017, the balance of long-term loans to and interest receivables between the Company and its subsidiaries and the movement in the separate financial statement are as follows:

	(Unit: Thousand Baht)			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2017	during the year	during the year	31 December 2018
Northern Bangkok Expressway Company Limited				
Long-term loan	3,992,709	-	(1,626,017)	2,366,692
Interest receivable	830,787	100,963	(439,446)	492,304
Total	<u>4,823,496</u>	<u>100,963</u>	<u>(2,065,463)</u>	<u>2,858,996</u>
Bangkok Metro Networks Limited				
Long-term loan	163,000	-	(18,000)	145,000
Interest receivable	-	5,412	(5,412)	-
Total	<u>163,000</u>	<u>5,412</u>	<u>(23,412)</u>	<u>145,000</u>
Grand total	<u>4,986,496</u>	<u>106,375</u>	<u>(2,088,875)</u>	<u>3,003,996</u>

The assets of Northern Bangkok Expressway Company Limited such as deposits at banks, current investments, rights in the Bang Pa-In - Pak Kret 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 2018 and 2017, the balance of long-term loans from financial institution (only principal) between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Krungthai Bank Public Company Limited	9,394,584	1,400,000	(4,824,306)	5,970,278
Bangkok Bank Public Company Limited	4,221,631	1,400,000	(4,221,631)	1,400,000
Total	13,616,215	2,800,000	(9,045,937)	7,370,278

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

For the year ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	154,460	135,953	134,534	119,834
Post-employment benefits	16,865	8,760	15,305	8,102
Total	171,325	144,713	149,839	127,936

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	34,934	31,734	32,484	29,954
Bank deposits	491,266	2,595,329	391,203	2,496,982
Total	<u>526,200</u>	<u>2,627,063</u>	<u>423,687</u>	<u>2,526,936</u>

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 2018, the balance of the pledged bank account amounted to Baht 1,022 (2017: Baht 1,018)

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Investments in trading securities</b>				
Unit trusts	1,235,602	895,985	1,221,781	884,415
Add: Unrealised gain on changes in value of investments	46,873	43,472	46,867	43,468
Unit trusts - Fair value	1,282,475	939,457	1,268,648	927,883
<b>Investments in held-to-maturity debt security</b>				
Bills of exchange	-	510,000	-	510,000
Total current investments	<u>1,282,475</u>	<u>1,449,457</u>	<u>1,268,648</u>	<u>1,437,883</u>

## 9. Bank deposit for unearned fare box revenue

In order to comply with the Notification of the Bank of Thailand applicable to electronic card businesses, the Company has to deposit cash received in advance from cardholders with financial institutions in amount not less than the outstanding balance of the advance receipts at the end of each day. These funds cannot be used for any purposes other than making payment to service providers on behalf of the cardholder.

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables</u>				
Trade receivables				
- Related parties (Note 6)	389,689	326,236	418,582	404,056
- Unrelated parties	116,002	101,923	80,785	-
Less: Allowance for doubtful debts	(4,910)	(5,182)	-	-
Total trade receivables - net	<u>500,781</u>	<u>422,977</u>	<u>499,367</u>	<u>404,056</u>
<u>Other receivables</u>				
Other receivables				
- Related parties (Note 6)	119	-	13,494	12,840
- Unrelated parties	2,631	1,585	1,966	1,544
Advances	-	1,177	-	30
Accrued income	10,525	547	10,525	547
Total other receivables	<u>13,275</u>	<u>3,309</u>	<u>25,985</u>	<u>14,961</u>
Trade and other receivables - net	<u><u>514,056</u></u>	<u><u>426,286</u></u>	<u><u>525,352</u></u>	<u><u>419,017</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 2018, the outstanding balances of trade receivables in the consolidated financial statements that are one year past due amounted to approximately Baht 7 million (2017: Baht 6 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 (2017: 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 2018	14,159,781
Collection	(1,649,683)
Net book value as at 31 December 2018	12,510,098
Current	1,649,683
Non-current	10,860,415
Total receivable under the concession agreement	12,510,098

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 24.4 and 24.5 to the financial statement.

Amounts receivable under the concession agreement that are due in over 5 years amount to approximately Baht 4,262 million and carry interest rate of FDR plus stipulated margin.

Interest income for M&E Systems for the year end 31 December 2018 amounted to Baht 435 million (31 December 2017: 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(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	69.67	65.19	226	166	(16)	(16)	210	150
Total							2,830	2,770	(2,466)	(2,466)	364	304

In December 2018, the Company purchased 1,137,439 ordinary shares of Bangkok Metro Networks Limited (subsidiary company) (equal to 4.48 percent of its issued and paid-up share capital) from its existing shareholders, for a total of Baht 60 million. As a result of this transaction, its shareholding in the subsidiary changed from 65.19 percent to 69.67 percent.

The purchase transaction of investment in the subsidiary was detailed below.

(Unit: Thousand Baht)	
Consolidated financial statements	
Purchase price of investment in subsidiary	60,284
Less: Non-controlling interests of subsidiary adjusted	(16,662)
Capital deficit from change in shareholding interest in subsidiary	43,622

### 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
			percentage				method
			<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u> <u>2017</u>
			(percent)				
CK Power Public Company Limited <sup>(1)</sup>	Investment in electricity generation and distribution business	Thailand	-	19.40	-	3,223	-   3,121
TTW Public Company Limited	Production and sales of treated water	Thailand	19.29	19.45	6,919	6,976	6,369   6,471
Total					<u>6,919</u>	<u>10,199</u>	<u>6,369</u> <u>9,592</u>

(Unit: Million Baht)						
		Separate financial statements				
Company's name	Nature of business	Incorporated country	Shareholding		Cost	
			percentage			
			<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(Percent)			
CK Power Public Company Limited <sup>(1)</sup>	Investment in electricity generation and distribution business	Thailand	-	19.40	-	3,223
TTW Public Company Limited	Production and sales of treated water	Thailand	19.29	19.45	<u>4,242</u>	<u>4,277</u>
Total					<u>4,242</u>	<u>7,500</u>

<sup>(1)</sup> Effective on 16 July 2018, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.



### 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				Separate financial statements	
	Share of profit from investments in associates		Share of other comprehensive income from investments in associates		Dividend received	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
CK Power Public Company Limited <sup>(1)</sup>	28	31	26	56	32	85
TTW Public Company Limited	405	375	7	14	462	466
Total	<u>433</u>	<u>406</u>	<u>33</u>	<u>70</u>	<u>494</u>	<u>551</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>2018</u>	<u>2017</u>
CK Power Public Company Limited <sup>(1)</sup>	-	5,777 <sup>(2)</sup>
TTW Public Company Limited	9,468	9,701
Total	<u>9,468</u>	<u>15,478</u>

<sup>(1)</sup> Effective on 16 July 2018, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

<sup>(2)</sup> Excluding the fair value of warrants as at 31 December 2017 amounting to 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 <sup>(1)</sup>		Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	-	6,294	4,216	3,279
Non-current assets	-	54,167	19,114	19,997
Current liabilities	-	(2,669)	(2,544)	(2,046)
Non-current liabilities	-	(27,134)	(8,421)	(9,353)
Non-controlling interests of the subsidiaries	-	(12,911)	(43)	(42)
<b>Net assets</b>	-	<b>17,747</b>	<b>12,322</b>	<b>11,835</b>
Shareholding percentage (percent)	-	19.40	19.29	19.45
<b>Share of net assets on equity method</b>	-	<b>3,442</b>	<b>2,377</b>	<b>2,302</b>
Elimination entries	-	(321)	-	-
Sales of investment in associate	-	-	(14)	-
Rights to produce and sell treated water	-	-	1,630	1,773
Goodwill	-	-	2,376	2,396
<b>Carrying amounts of associates based on equity method</b>	-	<b>3,121</b>	<b>6,369</b>	<b>6,471</b>

### Summarised information about comprehensive income

(Unit: Million Baht)				
	For the year ended 31 December			
	CK Power Public Company Limited <sup>(1)</sup>		TTW Public Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	-	6,930	5,949	5,747
Profit	-	159	2,842	2,663
Other comprehensive income	-	288	38	73
Total comprehensive income	-	447	2,880	2,736

<sup>(1)</sup>Effective on 16 July 2018, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

### **CK Power Public Company Limited**

In February 2018, the Company sold 4.5 million ordinary shares of CK Power Public Company Limited (“CKP”) amounting to Baht 19 million, and recorded gains on sale of investment in this associated company of Baht 9 million in profit or loss in the consolidated financial statements (Separate financial statements: Baht 9 million). As a result, its interest in the equity of CK Power Public Company Limited decreased from 19.40 percent to 19.34 percent.

On 20 June 2018, a meeting of the Company’s Board of Directors passed a resolution to approve the sale of investment in 111.2 million ordinary shares of CKP to an unrelated company for a total of Baht 437 million. As a result, its interest in the equity of CKP decreased from 19.34 percent to 17.83 percent. In addition, a meeting of the Board of Directors passed a resolution to approve the reclassification of investment in CKP from investment in associated company to investment in available-for-sale securities, which was consistent with the approval of the change in the purpose of investing in CKP shares from holding for long-term investment in order to receive returns in the form of interest and dividends to holding to convert to cash when the business opportunity and timing are appropriate.

Subsequently, in July 2018, the Company sold 111.2 million ordinary shares of CKP and recorded a gain on the sale of this investment of Baht 212 million in profit or loss in the consolidated financial statements (Separate financial statements: Baht 199 million). Following this sale, the Company reclassified its remaining investment in CKP from investment in associated company to investment in available-for-sale securities in line with the resolution passed by the meeting of the Board of Directors, which is consistent with the reduction in its interest in that in company’s equity and the purpose of holding the investment. The Company recorded a gain of Baht 2,496 million as a result of the reclassification of the investment in profit or loss in the consolidated financial statements in the current period.

### **TTW Public Company Limited**

In February 2018, the Company sold 6.3 million ordinary shares of TTW Public Company Limited amounting to Baht 85 million, and recorded gains on sale of investment in this associated company of Baht 32 million in profit or loss in the consolidated financial statements (Separate financial statements: Baht 50 million). As a result, its equity interest of TTW Public Company Limited decreased from 19.45 percent to 19.29 percent.

## 14. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b><u>Investment in available-for-sale securities</u></b>				
CK Power Public Company Limited				
- Ordinary shares <sup>(1)</sup>	5,178,082	-	2,813,840	-
- Warrants <sup>(1)</sup>	120,032	-	148,073	-
Add: Unrealised gain on changes in value of investments	1,390,533	-	3,726,734	-
	<u>6,688,647</u>	<u>-</u>	<u>6,688,647</u>	<u>-</u>
<b><u>Other investment</u></b>				
Xayaburi Power Company Limited	<u>-</u>	<u>1,654,862</u>	<u>-</u>	<u>1,654,862</u>
Other long-term investment - net	<u>6,688,647</u>	<u>1,654,862</u>	<u>6,688,647</u>	<u>1,654,862</u>

<sup>(1)</sup> Effective on 16 July 2018, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

### **Xayaburi Power Company Limited**

During December 2017 to April 2018, Xayaburi Power Company Limited called up additional parts of the unpaid portion of its shares, totaling Baht 107 million, and the Company made payment for the shares in the current period.

Subsequently in June 2018, the Company sold all investment in Xayaburi Power Company Limited to CK Power Public Company Limited for a total of Baht 2,065 million, and recorded gains on sale of this investment of Baht 244 million in profit or loss in the consolidated financial statements (Separate financial statements: 303 million).

## 15. Investment properties

As at 31 December 2018, the Company has investment properties, consisting of land, which is presented in the consolidated and separate financial statements at its fair value of Baht 320 million (2017: 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.

## 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 2017	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
Additions	5,941	9,073	8,028	23,042
Disposals/Write off	(14,643)	(6,711)	(7,224)	(28,578)
Reclassification	-	(208)	-	(208)
31 December 2018	76,372	211,935	460,252	748,559
<b>Accumulated depreciation:</b>				
1 January 2017	32,597	170,414	201,543	404,554
Depreciation for the year	6,509	22,494	27,414	56,417
Accumulated 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
Depreciation for the year	8,780	21,374	28,728	58,882
Accumulated depreciation on disposals/write off	(14,573)	(6,474)	(6,140)	(27,187)
Reclassification	-	(208)	-	(208)
31 December 2018	45,246	157,904	221,472	424,622
<b>Net book value:</b>				
31 December 2017	34,035	66,569	260,564	361,168
31 December 2018	31,126	54,031	238,780	323,937
<b>Depreciation for the year</b>				
2017 (Baht 29 million included in cost of services and the balance in selling and administrative expense)				56,417
2018 (Baht 30 million included in cost of services and the balance in selling and administrative expense)				58,882

(Unit: Thousand Baht)

	Separate financial statements			
	Building and construction improvement	Furniture, fixture and Office equipment	Vehicles	Total
<b>Cost:</b>				
1 January 2017	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
Additions	3,497	6,410	3,444	13,351
Disposals/Write off	(14,643)	(6,346)	(4,871)	(25,860)
Reclassification	-	(208)	-	(208)
31 December 2018	61,336	155,884	448,893	666,113
<b>Accumulated depreciation:</b>				
1 January 2017	32,562	157,467	196,261	386,290
Depreciation for the year	3,998	12,868	26,267	43,133
Accumulated 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
Depreciation for the year	6,223	11,546	27,470	45,239
Accumulated depreciation on disposals/write off	(14,573)	(6,116)	(3,787)	(24,476)
Reclassification	-	(208)	-	(208)
31 December 2018	38,990	127,085	217,497	383,572
<b>Net book value:</b>				
31 December 2017	25,142	34,165	256,506	315,813
31 December 2018	22,346	28,799	231,396	282,541
<b>Depreciation for the year</b>				
2017 (Baht 20 million included in cost of services and the balance in selling and administrative expense)				43,133
2018 (Baht 21 million included in cost of services and the balance in selling and administrative expense)				45,239

As at 31 December 2018, the Company and its subsidiaries had vehicles with net book value of Baht 6 million (2017: Baht 4 million) (The Company only: Baht 3 million, 2017: Baht 4 million) which were acquired under finance lease agreements.

As at 31 December 2018, the Company and its subsidiaries have certain items of building and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 267 million (2017: Baht 271 million) (The Company only: Baht 261 million, 2017: Baht 262 million).

## 17. Rights to operate expressway sectors

(Unit: Thousand Baht)

	Consolidated financial statements		
	Rights to operate		Total
	completed expressway sector	Project costs under construction	
<b>Cost:</b>			
1 January 2017	85,761,545	-	85,761,545
Additions	29,034	67,107	96,141
31 December 2017	85,790,579	67,107	85,857,686
Additions	39,956	229,649	269,605
Transfer in (out)	291,148	(291,148)	-
31 December 2018	86,121,683	5,608	86,127,291
<b>Accumulated amortisation:</b>			
1 January 2017	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
Amortisation for the year	3,572,459	-	3,572,459
31 December 2018	50,981,271	-	50,981,271
<b>Net book value:</b>			
31 December 2017	38,381,767	67,107	38,448,874
31 December 2018	35,140,412	5,608	35,146,020
<b>Amortisation for the year</b>			
2017			3,199,092
2018			3,572,459

(Unit: Thousand Baht)

## Separate financial statements

	Rights to operate completed expressway sector	Project costs under construction	Total
<b>Cost:</b>			
1 January 2017	72,917,255	-	72,917,255
Additions	29,034	67,107	96,141
31 December 2017	72,946,289	67,107	73,013,396
Additions	39,956	229,649	269,605
Transfer in (out)	291,148	(291,148)	-
31 December 2018	73,277,393	5,608	73,283,001
<b>Accumulated amortisation:</b>			
1 January 2017	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
Amortisation for the year	2,971,997	-	2,971,997
31 December 2018	43,740,812	-	43,740,812
<b>Net book value:</b>			
31 December 2017	32,177,474	67,107	32,244,581
31 December 2018	29,536,581	5,608	29,542,189
<b>Amortisation for the year</b>			
2017			2,660,553
2018			2,971,997



## 18. Rights to use sites for expressway construction

The net book value of rights to use sites for expressway construction as at 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)		
Consolidated and Separate		
financial statements		
	<u>2018</u>	<u>2017</u>
Cost	6,644,790	6,644,790
Less: Accumulated amortisation	(6,254,592)	(5,925,717)
Net book value	<u>390,198</u>	<u>719,073</u>

A reconciliation of the net book value of the rights to use sites for expressway construction for the years 2018 and 2017 are summarised below.

(Unit: Thousand Baht)		
Consolidated and Separate		
financial statements		
	<u>2018</u>	<u>2017</u>
Net book value at the beginning of the year	719,073	1,020,624
Amortisation for the year	(328,875)	(301,551)
Net book value at the end of the year	<u>390,198</u>	<u>719,073</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 2017	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
Additions	62,028	9,369,801	9,431,829
Interest cost	-	229,863	229,863
Disposals/write-off	(778)	-	(778)
Transfer in (out)	9,046	(9,046)	-
31 December 2018	22,015,349	17,578,869	39,594,218
<b>Accumulated amortisation:</b>			
1 January 2017	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
Amortisation for the year	188,047	-	188,047
Accumulated amortisation on disposals/write off	(593)	-	(593)
31 December 2018	4,166,662	-	4,166,662
<b>Net book value:</b>			
31 December 2017	17,965,845	7,988,251	25,954,096
31 December 2018	17,848,687	17,578,869	35,427,556
<b>Amortisation for the year</b>			
2017			246,290
2018			188,047

(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 2017	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
Additions	48,629	9,353,178	9,401,807
Interest cost	-	229,863	229,863
Transfer in (out)	9,046	(9,046)	-
31 December 2018	21,419,563	17,562,246	38,981,809
<b>Accumulated amortisation:</b>			
1 January 2017	3,527,094	-	3,527,094
Amortisation for the year	214,656	-	214,656
31 December 2017	3,741,750	-	3,741,750
Amortisation for the year	150,553	-	150,553
31 December 2018	3,892,303	-	3,892,303
<b>Net book value:</b>			
31 December 2017	17,620,138	7,988,251	25,608,389
31 December 2018	17,527,260	17,562,246	35,089,506
<b>Amortisation for the year</b>			
2017			214,656
2018			150,553

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 ( 1 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 2.88 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 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	<u>2018</u>	<u>2017</u>
Cost	715,460	701,462
Less: Accumulated amortisation	(60,769)	(34,719)
Net book value	<u>654,691</u>	<u>666,743</u>

A reconciliation of the net book value of project cost of the MRT Chalong Ratchadham Line for the years 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at the beginning of the year	666,743	627,256
Additions	13,998	65,000
Amortisation for the year	(26,050)	(25,513)
Net book value at the end of the year	<u>654,691</u>	<u>666,743</u>

## 21. Other intangible assets

The net book value of other intangible assets which are computer software as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost	195,933	165,075	185,297	156,009
Less: Accumulated amortisation	(111,155)	(89,817)	(104,996)	(85,712)
Net book value	<u>84,778</u>	<u>75,258</u>	<u>80,301</u>	<u>70,297</u>

A reconciliation of the net book value of other intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at the beginning of the year	75,258	68,229	70,297	63,497
Acquisition of computer software	30,650	25,645	29,080	23,534
Write-off	-	(1,273)	-	(1,273)
Amortisation for the year	(21,130)	(17,343)	(19,076)	(15,461)
Net book value at the end of the year	<u>84,778</u>	<u>75,258</u>	<u>80,301</u>	<u>70,297</u>

## 22. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated and Separate financial statements	
		<u>2018</u>	<u>2017</u>
Short-term loans - promissory notes	At the fixed rate	2,816,000	3,632,000
Less: Deferred financial fees		(1,406)	(2,815)
Total		<u>2,814,594</u>	<u>3,629,185</u>

On 30 March 2018, the Company issued a Baht 10,000 million promissory note that matures on 27 April 2018 to a commercial bank, to make payment of the long-term loans described in Note 24.1 and 24.2 to the financial statements.

As described in Note 25 to the financial statements, the Company used the funds of Baht 10,000 million generated by the issue of debenture No. 1/2018 to redeem the promissory note in April 2018.

## 23. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties (Note 6)	779,566	1,334,514	811,497	1,334,366
Trade payables - unrelated parties	347,047	341,818	314,246	305,781
Accrued interest - related parties (Note 6)	1,132	2,416	1,132	2,416
Accrued interest - unrelated parties	188,799	134,374	188,238	134,242
Accrued expense - related parties (Note 6)	71,911	70,722	71,854	68,951
Accrued expense - unrelated parties	280,845	209,745	260,840	189,377
Other payables	14,173	14,296	10,993	1,830
Total trade and other payables	<u>1,683,473</u>	<u>2,107,885</u>	<u>1,658,800</u>	<u>2,036,963</u>

## 24. Long-term loans from financial institutions

					(Unit: Thousand Baht)			
					Consolidated financial statements		Separate financial statements	
Loans	Credit facility	Objective	Interest rate	Period of repayment	2018	2017	2018	2017
	(Million Baht)		(percent)					
24.1 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	-	5,711,619
24.2 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	-	4,221,631
24.3 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	4,000,000	6,000,000	4,000,000	6,000,000
24.4 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	11,638,526	13,173,277	11,638,526	13,173,277
24.5 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	53,154	60,163	53,154	60,163
24.6 Long-term loan (Available credit facilities to be drawn down Baht 9,800 million)	14,000	To invest in the MRT Blue Line Extension Project	Interest rate of 6M THBFIX plus stipulated margins	Repayment in quarterly installments commencing December 2021 to December 2035	4,200,000	-	4,200,000	-
24.7 Long-term loan (Available credit facilities to be drawn down Baht 3,160 million)	5,700	Repayment for loan obtained from the Company	Interest rate of 6M FDR plus stipulated margins	Repayment in quarterly installments within September 2024	1,600,000	500,000	-	-
Total	51,319				21,491,680	29,666,690	19,891,680	29,166,690
Less: Current portion of long-term loans					(3,041,760)	(3,808,760)	(3,041,760)	(3,808,760)
Less: Deferred financial fees					(76,140)	(56,818)	(76,140)	(56,818)
Long-term loans - net of current portion					18,373,780	25,801,112	16,773,780	25,301,112

Movements in the long-term loans account for the year ended 31 December 2018 and 2017 are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	29,666,690	19,084,259	29,166,690	19,084,259
Add: Drawdown during the year	5,300,000	500,000	4,200,000	-
Add: Debt novation during the year	-	13,618,880	-	13,618,880
Less: Repayment during the year	(13,475,010)	(3,536,449)	(13,475,010)	(3,536,449)
Balance at the end of the year	<u>21,491,680</u>	<u>29,666,690</u>	<u>19,891,680</u>	<u>29,166,690</u>

#### For the long-term loans number 24.1 to 24.2

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.

As described in Note 22 to the financial statements, on 30 March 2018, the Company issued a promissory note amounting to Baht 10,000 million, bearing interest at a fixed rate, to make full repayment of long-term loans number 24.1 and 24.2, together with prepayment fees of Baht 99 million. At present, the Company has already released the collateral.

#### For the long-term loans number 24.3

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 24.4 to 24.5

On 29 September 2017, the Company entered into the Novation and Debt Repayment Agreement with the group of lenders under the concession agreement of Phase 1 of the MRT Chalong Ratchadham Line Project, as described in Note 1 B.2 to the financial statements.

The Company pledged bank accounts used to deposit moneys received for work on the M&E system of Phase 1 of the MRT Chalong Ratchadham Line (Note 7) and transferred rights to receive payments for such work to the group of lenders (Note 11) as collateral to secure these loans. The Company had interest expenses amounting to Baht 435 million on such loans for the year ended 31 December 2018, respectively (2017: Baht 118 million).

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 24.6

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 Extension Project.

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 24.7

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.

## 25. Debentures

Debentures as at 31 December 2018 and 2017 have the following details:

					(Unit: Thousand Baht)	
					Consolidated and Separate	
					financial statements	
Type of debenture	Term	Issuance date	Maturity date	Interest rate	2018	2017
				(% per annum)		
No. 1/2016						
- 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	2,000,000
- Tranche 2	7 years	7 September 2017	7 September 2024	3.10	3,000,000	3,000,000
No. 1/2018						
- Tranche 1	3 years	5 April 2018	5 April 2021	2.05	3,000,000	-
- Tranche 2	5 years	5 April 2018	5 April 2023	2.46	3,500,000	-
- Tranche 3	7 years	5 April 2018	5 April 2025	3.01	3,500,000	-
Total					38,200,000	28,200,000
Less: Current portion of debenture					(5,000,000)	-
Less: Deferred debenture issuing cost					(30,178)	(29,377)
Debentures - net of current portion					33,169,822	28,170,623

Movements in the debentures account for the year ended 31 December 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	28,200,000	23,200,000
Add: Issuance of debentures during the year	10,000,000	5,000,000
Balance at the end of the year	<u>38,200,000</u>	<u>28,200,000</u>

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 cost

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Provision for compensation for site acquisition cost as at the beginning of the year	3,011,402	4,317,152
Payment during the year	(1,600,000)	(1,500,000)
Interest cost	<u>135,490</u>	<u>194,250</u>
Provision for compensation for site acquisition cost at the end of the year	1,546,892	3,011,402
Less: Current portion	<u>(1,546,892)</u>	<u>(1,600,000)</u>
Provision for compensation for site acquisition cost - net of current portion	<u>-</u>	<u>1,411,402</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 2018, the Company had already paid Baht 15,200 million of this compensation (2017: Baht 13,600 million).

## 27. Unearned revenue from advertising management rights

The Company received remuneration of Baht 35 million from the subsidiary for granting the right to manage advertising services through the Passenger Information Display System (PIDs), as described in Note 1 C. to the financial statements, on the execution date of the agreement (1 January 2010) and this right will expire in July 2029. The amount is presented under the caption of “Unearned revenue from advertising management rights” and is being amortised to revenue throughout the contract period.

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 2017	15,610
Less: Recognise to revenue during the year	(1,248)
Balance as at 31 December 2017	14,362
Less: Recognise to revenue during the year	(1,248)
Balance as at 31 December 2018	13,114
Less: Current portion	(1,249)
Unearned revenue from advertising management rights - net of current portion	11,865

## 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits</b>				
at beginning of the year	483,787	471,044	467,539	461,245
Included in profit or loss:				
Current service cost	75,870	67,236	72,898	65,036
Interest cost	18,667	11,656	18,152	11,326
Past service costs and losses on settlement	132,289	-	129,046	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	18,883	18,230	18,883	15,730
- Financial assumptions changes	(22,904)	(146,877)	(22,904)	(145,472)
- Experience adjustments	(9,368)	70,238	(9,368)	66,848
Benefits paid during the year	(10,326)	(7,740)	(9,692)	(7,174)
<b>Provision for long-term employee benefits</b>				
at end of the year	686,898	483,787	664,554	467,539

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (Separate financial statements: Baht 3 million) (2017: Baht 7 million, Separate financial statements: Baht 6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 12.62 - 17.13 years (Separate financial statements: 12.62 - 17.13 years) (2017: 12.65 - 17.47 years, Separate financial statements: 12.65 - 17.47 years).

Significant actuarial assumptions are summarised below.

	(Unit: Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.6, 3.0, 3.3	2.6, 2.9	3.0, 3.3	2.6, 2.9
Future salary increase rate	5.5	5.5	5.5	5.5
Staff turnover rate (depending on age)	1.0 - 9.0	2.0 - 12.0	1.0 - 9.0	2.0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(61)	73	(59)	70
Future salary increase rate	71	(62)	68	(59)
Staff turnover rate	(66)	46	(63)	45

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

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change by recognising past service costs as expenses immediately in the current year income statement.

## 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 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered 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 - Pak Kret Expressway Project, the Company and its subsidiary and the EXAT agreed to share toll revenues receive as follows:

	The Company (Percent)	The EXAT (Percent)
<u>Urban Network (FES and SES Sector A and Sector 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 - Pak Kret 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:

	<u>The Company</u> (Percent)	<u>The EXAT</u> (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 various sources of income, as presented in the separate financial statements for the year ended 31 December 2018, consisted of revenue from expressway system amounting to Baht 42 million (2017: Baht 50 million) and revenue from rail system amounting to Baht 438 million (2017: Baht 353 million). This included revenue from advertising management rights amounting to Baht 1 million (Note 27).

### **32. Revenue from telecommunications network services and income from provision of space and facilities for the installation of telecommunications equipment**

On 1 October 2018, the Company received the transfer of the rights to be a telecommunication operator type 2 with its own telecommunication network from Bangkok Metro Network Limited (the subsidiary), and has already received the Telecommunication License from the Office of The National Broadcasting and Telecommunications Commission (NBTC).

The Company's revenue from telecommunications network services and income from provision of space and facilities for the installation of telecommunications equipment for the period ended as from 1 October 2018 to 31 December 2018 was as follows:

	(Unit: Thousand Baht)
Telecommunications Business License Type 2	
with its own telecommunication network	48,438
Income from provision of space and facilities for the	
installation of telecommunications equipment	375
	<u>48,813</u>

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

#### **33.1 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 33.2 to the financial statement.

#### **33.2 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 2018, the Company recorded accumulated annual remuneration totaling Baht 4,990 million (2017: Baht 3,745 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 2018, the Company recorded accumulated annual remuneration totaling Baht 405 million (2017: Baht 355 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.

Part 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

### 34. Expenses by nature

Significant expenses classified by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Amortisation and depreciation	3,866,568	3,544,655	3,212,916	2,959,316
Salaries, wages and other employee benefits for the Company's staff and its subsidiaries	2,344,428	2,121,784	2,252,152	2,040,571
Salary, wages and other benefits of the employees of the EXAT	844,046	795,616	689,244	650,921
Repair and maintenance expenses	1,656,583	1,497,590	1,609,392	1,445,801
Compensation for site acquisition cost	464,365	495,801	464,365	495,801
Utilities expenses	591,121	612,080	571,546	592,394
Project remuneration expenses	355,662	384,806	355,662	384,806
Expenses with respect to facilitation and safety on expressway and stations	475,834	467,864	438,883	433,879
Insurance expenses	103,722	114,112	98,901	109,283

### 35. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Current income tax for the year	340,420	268,034	262,327	194,106
Adjustment in respect of current income tax of previous year	364	19,235	268	19,104
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	848,363	408,333	382,436	409,984
<b>Income tax expense reported in the income statement</b>	<u>1,189,147</u>	<u>695,602</u>	<u>645,031</u>	<u>623,194</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax related to				
- Unrealised gain (loss) from cash flow hedges	6,229	(6,869)	6,229	(6,869)
- Unrealised gain on valuation of available-for-sale securities	278,106	-	745,347	-
- Actuarial gain	2,678	12,579	2,678	12,579
Total	<u>287,013</u>	<u>5,710</u>	<u>754,254</u>	<u>5,710</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>6,524,994</u>	<u>3,837,953</u>	<u>3,752,461</u>	<u>3,598,666</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,304,999	767,591	750,492	719,733
Adjustment in respect of income tax of previous year	364	19,235	268	19,104
Effects of elimination entry on the consolidated financial statements	12,480	-	-	-
Effects of:				
Tax-exempt revenues	-	-	(98,788)	(110,291)
Share of profit from investment in associates	(86,559)	(81,183)	-	-
Gain on reclassification of investment	(32,013)	-	-	-
Non-deductible expenses	2,585	3,452	2,585	2,659
Additional expense deductions allowed	(10,812)	(10,544)	(6,914)	(6,626)
Others	(1,897)	(2,949)	(2,612)	(1,385)
Total	<u>(128,696)</u>	<u>(91,224)</u>	<u>(105,729)</u>	<u>(115,643)</u>
Income tax expenses reported in the income statement	<u>1,189,147</u>	<u>695,602</u>	<u>645,031</u>	<u>623,194</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Deferred tax assets (liabilities)</b>				
Allowance for doubtful accounts	325	380	-	-
Accrued bonus	7,589	9,938	6,551	8,858
Others accrued expense	2,554	4,080	2,074	3,792
Allowance for asset impairment	37	1,167	37	1,167
Provision for long-term employee benefits	137,380	96,757	132,911	93,508
Provision for compensation for site acquisition cost	309,378	602,280	309,378	602,280
Accumulated amortisation - Rights to operate				
expressway sectors	(465,759)	(475,770)	(465,759)	(475,770)
Rights to use sites for expressway construction	(78,040)	(143,815)	(78,040)	(143,815)
Prepaid project remuneration	(510,638)	(309,069)	(510,638)	(309,069)
Unrealised gain from revaluation of trading				
securities	(9,371)	(8,694)	(9,371)	(8,694)
Unrealised gain from revaluation in available-for-sale				
securities	(278,106)	-	(745,347)	-
Gain on reclassification of investment	(467,241)	-	-	-
Derivative financial liabilities	4,362	10,591	4,362	10,591
Deferred tax assets (liabilities) - net	<u>(1,347,530)</u>	<u>(212,155)</u>	<u>(1,353,842)</u>	<u>(217,152)</u>
<b>Presentation in the financial statement</b>				
Deferred tax assets	6,312	4,997	-	-
Deferred tax liabilities	<u>(1,353,842)</u>	<u>(217,152)</u>	<u>(1,353,842)</u>	<u>(217,152)</u>
	<u>(1,347,530)</u>	<u>(212,155)</u>	<u>(1,353,842)</u>	<u>(217,152)</u>

### 36. 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.

### 37. Dividends

Dividend declared for the year ended 31 December 2018 and 2017 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 2017	Annual General Meeting of the shareholders on 20 April 2018	1,070	0.07	14 May 2018
Dividend for the first half of the year 2018	Meeting of the Board of Directors on 22 August 2018	917	0.06	19 September 2018
Total dividend for the year ended 31 December 2018		1,987	0.13	
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		1,834	0.12	

### 38. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the investment of the MRT Blue Line Project, pursuant to the investment promotion certificate No. 60-1074-1-00-1-0 issued on 27 July 2017. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (11 August 2017).

The Company's operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Revenue from expressway business	-	-	8,717,818	8,573,398	8,717,818	8,573,398
Revenue from rail business	2,878,850	1,089,653	1,857,152	3,431,250	4,736,002	4,520,903
Revenue from commercial development business	-	-	480,468	403,064	480,468	403,064
Other income	2,495	313	1,781,056	1,077,580	1,783,551	1,077,893
Total revenue	2,881,345	1,089,966	12,836,494	13,485,292	15,717,839	14,575,258

(Unit: Thousand Baht)

### 39. 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 - Pak Kret 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 2018 and 2017.

(Unit: Million Baht)

	Expressway business segment		Rail business segment		Commercial development business segment		Other segments		Total segments		Elimination of inter-segment revenues		Consolidation	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue from external customers	10,174	9,957	4,736	4,521	705	676	-	-	15,615	15,154	-	-	15,615	15,154
Inter-segment revenues	-	-	-	-	330	327	150	144	480	471	(480)	(471)	-	-
Total revenues	<u>10,174</u>	<u>9,957</u>	<u>4,736</u>	<u>4,521</u>	<u>1,035</u>	<u>1,003</u>	<u>150</u>	<u>144</u>	<u>16,095</u>	<u>15,625</u>	<u>(480)</u>	<u>(471)</u>	<u>15,615</u>	<u>15,154</u>
Segment profit	4,299	4,527	1,049	961	492	459	-	-	5,840	5,947	-	-	5,840	5,947
Unallocated income and expenses:														
Interest income													451	175
Gain on sale of investments													499	12
Gain on reclassification of investment													2,496	-
Other income													27	53
Share of profit from investments in associates													433	406
Selling expenses													(112)	(95)
Administrative expenses													(1,252)	(1,049)
Finance cost													(1,857)	(1,611)
Income tax expenses													(1,189)	(696)
Non-controlling interests of the subsidiaries													(19)	(19)
<b>Profit for the year</b>													<u>5,317</u>	<u>3,123</u>
Rights to operate expressway sectors	35,146	38,449	-	-	-	-	-	-	35,146	38,449	-	-	35,146	38,449
Intangible asset under concession agreement of the MRT Blue Line Project	-	-	34,584	25,105	844	849	-	-	35,428	25,954	-	-	35,428	25,954
Project cost of the MRT Chalong Ratchaham Line	-	-	655	667	-	-	-	-	655	667	-	-	655	667
Unallocated assets	-	-	-	-	-	-	33,925	37,114	33,925	37,114	(1,323)	(3,265)	<u>32,602</u>	<u>33,849</u>
Total assets													<u>103,831</u>	<u>98,919</u>

Transfer prices between business segments are as set out in Note 6 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 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

#### **40. 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 2018, the Company and its subsidiaries recognised the contribution of Baht 93 million in the consolidated financial statements (2017: Baht 89 million) as expenses and recognised the contribution of Baht 90 million in the separate financial statements (2017: Baht 87 million).

#### **41. Commitments and contingent liabilities**

##### **41.1 Capital commitments**

The Company and its subsidiaries have capital commitments as follows:

	As at 31 December	
	2018	2017
a) Performance improvement for farebox collection systems	Baht 26 million and USD 3 million	Baht 29 million and USD 3 million
b) Acquisition of equipment	-	Baht 19 million
c) Supply, installation and testing of the M&E Systems of the MRT Blue Line Project	Baht 8,026 million and EUR 5 million	Baht 12,827 million
d) Additional for design and construction of the Si Rat - Outer Ring Road Expressway Project	Baht 3 million	Baht 217 million
e) Improvement of computerised maintenance management system	Baht 28 million	Baht 75 million
f) Other capital commitments	Baht 16 million	Baht 3 million



## 41.2 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 November 2013, November 2015, September 2017 and October 2017 with four companies. These contracts will expire during 2021 until 2029.

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								
	2018					2017			
	<u>Baht</u>	<u>USD</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	961	-	3	1	380	994	2	1	379
In over 1 year and up to 5 years	4,958	2	20	6	1,518	4,711	12	5	1,518
In over 5 years	4,287	2	22	3	980	5,419	12	5	1,360

## 41.3 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	
	2018	2017
Payable:		
In up 1 year	372	360
In over 1 year and up to 5 years	269	55

#### 41.4 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	
	2018	2017
Payable:		
In up to 1 year	17	19
In over 1 year and up to 5 years	18	21

#### 41.5 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	
	2018	2017
a) Issued to the EXAT in accordance with the operation of the Si Rat-Outer Ring Road Expressway Project agreement	6	6
b) Issued to the MRTA in accordance with the operation of the MRT Blue Line Concession agreement	210	210
c) Issued to MRTA in accordance with the Agreement for the MRT Chalong Ratchadham Project agreement	200	200
d) Issued to the Metropolitan Electricity Authority to guarantee electricity under rail projects	118	67
e) Other guarantees	14	15

#### 41.6 Other commitments

(Unit: Million Baht)		
As at 31 December		
	2018	2017
a) Commitments in respect of the uncalled portion of investments		
Northern Bangkok Expressway Company Limited	750	750
Xayaburi Power Company Limited	-	359
b) Commitment in respect of Expressway inspection, replacement and improvement agreements (paid within one year)	22	18

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

The Company and the subsidiary had a total of 17 disputes with EXAT, which were referred to the Panel and 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:

##### 42.1 Disputes submitted by the Company and the subsidiary claiming for damages in 11 disputes, with the total amount until the date of submission of the disputes of approximately Baht 54,503.7 million

###### 42.1.1 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, which the Arbitral Tribunal, on 15 December 2008, 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 refused to comply with the arbitral award and submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award. Whereas the Company submitted a petition requesting a judgment from the Central Administrative Court to enforce compliance with the arbitral award and calculate the interest 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 then 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.

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

#### 42.1.2 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), which the Arbitral Tribunal, on 20 December 2013, 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.

EXAT refused to comply with such arbitral award and submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award. Whereas, the Company submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award.

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

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

On 14 May 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, which the Arbitral Tribunal, on 12 February 2016, 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 refused to comply with such arbitral award and submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

On 12 February 2019, the Company submitted a petition to the Central Administrative Court requesting a judgment to enforce compliance with the arbitral award.

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

#### 42.1.4 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.

On 24 October 2018, the Arbitral Tribunal rendered the unanimously judgment awarded 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 together with interest, in the total amount of Baht 9,091.8 million, and interest under the Agreement shall be calculated on the principle of the damages, in the amount of Baht 7,909.6 million from 1 June 2013 until EXAT will make such payment in full and compensation for damages from the difference of toll revenue sharing based on the toll rates under the Ministry of Transport's Announcement dated 15 August 2008 and the toll rates which the Company entitled to receive under the Agreement, by calculating based on the actual number of vehicles in each category using the expressways on a daily basis from 1 June 2013 onwards, including default interest under the Agreement from 1 June 2013 onwards until the EXAT will be paid such damage together interest in full to the Company.

At present, it is pending the results of dispute settlement with EXAT.

#### 42.1.5 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2013

On 16 August 2018, 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 2013, which was not in accordance with the Agreement, in the total amount of Baht 14,662.7 million, together with interest under the Agreement.

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

42.1.6 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.

At present, the dispute is pending the Arbitral Tribunal's consideration.

42.1.7 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, in the total amount of Baht 4,062.8 million, including interest under the Agreement.

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

42.1.8 Revision of toll rates of Sector D of the Si Rat Expressway for the year 2013

On 21 August 2018, 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 2013, which was not in accordance with the Agreement, in the total amount of Baht 6,936.4 million, including interest under the Agreement.

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

42.1.9 Revision of toll rates of Udon Ratthaya 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 Ratthaya 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 proceedings of the Thai Arbitration Institute.

42.1.10 Revision of toll rates of Udon Ratthaya Expressway for the year 2008 and 2013

On 21 August 2018, 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 Ratthaya Expressway for the year 2008 and 2013, which was not in accordance with the Agreement, in the amount of Baht 4,724.8 million, together with interest under the Agreement.

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

#### 42.1.11 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, which the Arbitral Tribunal, on 27 November 2008, rendered its arbitral award on the dispute requiring EXAT to compensate for the deficient revenue with interest as required by the subsidiary.

EXAT refused to comply with such arbitral award and submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award. Whereas, 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 million. On 3 May 2013, The Central Administrative Court subsequently adjudged to dismiss EXAT's petition requesting the Court to revoke the arbitral award and 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. On 21 September 2018, the Supreme Administrative Court ruled to affirm the Judgement of the Administrative Court to enforce the arbitral award of the arbitral tribunal to compensate for the deficient revenue from the projection to the subsidiary under the Bang Pa-In - Pak Kret Expressway Agreement in total of Baht 1,790 million which composed of the compensation for the year 1999 in the total of Baht 730.8 million with interest from 14 June 2000 until the payment is paid in full and the compensation for the year 2000 in the total of Baht 1,059.2 million with interest from 22 March 2001 until the payment is paid in full. EXAT shall be required to fully comply with the Judgement within 90 days from the date the Supreme Administrative Court has ruled the Judgement, which will be due on 20 December 2018.

On 2 October 2018, the Council of Ministers' Meeting resolved that in order to alleviate the loss and damage which would occur to the Government and to protect the utmost benefits of the Government sector in the case that the Government agency has the dispute under the Court of Arbitration or is filed a lawsuit with the Administrative Court as one or several cases in the same issue or as connected thereto, for instance, the case under the responsibility of the Ministry of Transport

(Expressway Authority of Thailand), on which the Arbitral Tribunal rendered its arbitral award, thereby giving rise to the case proceedings in the Supreme Administrative Court, in which case, the Arbitral Tribunal rendered its arbitral award requiring the Government agency to compensate for the damages or others; as a result, the resolution has been passed to require that such Government agency may conduct a negotiation with its disputing party to alleviate the damage of the Government and to ensure the justice to the people, provided that such negotiation shall be conducted transparently and legitimately by mainly taking into account the benefits of the nation.

Subsequently, EXAT issued a letter dated 31 October 2018 to the subsidiary, informing that the Board of EXAT has appointed a subcommittee to consider determining the guidelines for compliance with the judgment of the Supreme Administrative Court of the dispute in the case of the competing road between EXAT and the subsidiary, so as to consider determining the guidelines for compliance with such judgment of the Supreme Administrative Court, as well as conducting a negotiation with the subsidiary and inviting the subsidiary to attend the negotiation meeting to reach an agreement for such matter.

On 19 December 2019, EXAT and the subsidiary issued their letters to reply the letter of the Bureau of Administrative Case Execution dated 11 October 2018 regarding the compliance with the Supreme Administrative Court's judgement that it is pending on the negotiation process to conclude the Supreme Administrative Court's judgement.

During December 2018, the subcommittee attended the meetings for negotiation with the Company and the subsidiary several times for the dispute settlement of all cases between EXAT and the Company/ the subsidiary under the Second Stage Expressway Agreement (Sector A, B and C), the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement. On 21 December 2018, the Company / the subsidiary have reached the agreement with EXAT for the negotiation and dispute settlement for all disputes as mentioned on Note 42 to the financial statements. This includes the dispute regarding Competing road with the Udon Rattaya Expressway, in which the Notice of claim has been issued to require EXAT to comply with the Agreement in an amount of Baht 74,590 million.



The agreement can be summarised as follows;

- A) EXAT and the Company/ the subsidiary have agreed to settle all disputes which already took place or would take place in the future in the same issues in relation with the Concession Agreements.
- B) EXAT and the Company /the subsidiary have mutually agreed to review and amend the Concession Agreements as follows;
  - B1. The respective periods of time of the Second Stage Expressway Agreement (Sector A, B and C), the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement, shall be extended from which would formerly end in 2020, 2027, and 2026 respectively, to end on April 2057;
  - B2. The Company shall provide the O&M Services of the Second Stage Expressway and the subsidiary shall provide the O&M Services of the Bang Pa-in - Pak Kret Expressway, provided that the Company/the subsidiary are entitled to receive toll revenue sharing throughout the respective agreement periods at the rates ranging from 40 to 100 percent according to the rates specified in the Agreements;
  - B3. The revision of toll rates shall be revised to constantly increase every 10 years;
  - B4. The Company shall have duty to invest, construct and improve the Second Stage Expressway in the total investment amount of approximately Baht 31,500 million to solve the traffic congestion problem.

At present, the results of the negotiation and disputes settlement are pending for the relevant government agency to propose to the Cabinet for an approval in conformity with the Private Investment in State Undertaking Act B.E. 2556, in which there might be the possibilities to be altered from which summarised in A) and B).

Since the agreement to settle the disputes from the negotiation process is pending for the relevant government agencies to propose for approval from the Cabinet. And, should there be an approval, it requires the process of signing the reviewed and amended concession agreements. Thus, there remains uncertainly as to the compensation to be derived by the subsidiary from EXAT, the subsidiary has not yet recorded revenue from compensation under the judgment of the Supreme Administrative Court in relation to the dispute regarding the competing road with the Udon Rattaya Expressway in the total amount of Baht 1,790 million, together with interest and related expenses to be incurred, in the financial statement for the year 31 December 2018.

## **42.2 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**

### **42.2.1 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.

EXAT submitted a petition for revocation of the arbitral award to the Central Administrative Court. The Central Administrative Court subsequently issued the judgment, on 30 August 2017, 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.

### **42.2.2 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 construct the Udon Ratthaya Expressway, Phase 2, in accordance with 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, as mentioned on Notes 42.1.9, 42.1.10 and 42.1.11 to the financial statements. Therefore, the subsidiary acquired its rights to not commence the construction and EXAT is not entitled to claim for indemnity.

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

#### 42.2.3 Cost of utilisation 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 utilisation 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.

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

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

#### **42.3 Disputes submitted to the Panel where the Company/the subsidiary pending to submit to the Thai Arbitration Institute claiming for damages in 3 disputes, with the total amount to date of submission of the disputes of approximately Baht 907.1 million.**

##### 42.3.1 Revision of toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway for the year 2018

On 16 November 2018, the Company requested EXAT to compensate for the damages from 1 September 2018 to 31 October 2018, together with the interest, in an amount of Baht 592.9 million, and the interest of the principle damage in an amount of Baht 590.8 million on a daily basis from 1 November 2018 onwards, and compensate for the differences of toll revenue according to the Notification of the Ministry of Transport dated 2 August 2013 from 1 November 2018 onwards together with the default interest under the Agreement.

At present, the dispute is pending to submit to the Thai Arbitration Institute.

##### 42.3.2 Revision of toll rates of the Si Rat Expressway Sector D for the year 2018

On 16 November 2018, the Company requested EXAT to compensate for the damages from 1 September 2018 to 31 October 2018, together with the interest, in an amount of Baht 289.3 million, and the interest of the principle damage in an amount of Baht 288.3 million on a daily basis from 1 November 2018 onwards, and compensate for the differences of toll revenue according to the Notification of the Ministry of Transport dated 2 August 2013 from 1 November 2018 onwards together with the default interest under the Agreement.

At present, the dispute is pending to submit to the Thai Arbitration Institute.

### 42.3.3 Revision of toll rates of Udon Ratthaya Expressway for the year 2018

On 16 November 2018, the subsidiary requested EXAT to compensate for the damages from 1 November 2018 to 11 November 2018, together with the interest, in an amount of Baht 24.92 million, and the interest of the principle damage in an amount of Baht 24.90 million on a daily basis from 12 November 2018 onwards, and compensate for the differences of toll revenue according to the Notification of the Ministry of Transport dated 2 August 2013 from 12 November 2018 onwards together with the default interest under the Agreement.

At present, the dispute is pending to submit to the Thai Arbitration Institute.

## 43. Fair value hierarchy

As at 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Asset measured at fair value</b>								
Current investment								
Unit trust	-	-	1,282	939	-	-	1,282	939
Investment in available-for- sale securities	6,689	-	-	-	-	-	6,689	-
<b>Liabilities measured at fair value</b>								
Derivative								
Interest rate swap	-	-	22	53	-	-	22	53
<b>Asset for which fair value are disclosed</b>								
Investment in associates	9,468	15,478	-	-	-	-	9,468	15,478
Investment properties	-	-	-	-	320	315	320	315

(Unit: Million Baht)

	Separated financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Asset measured at fair value</b>								
Current investment								
Unit trust	-	-	1,269	928	-	-	1,269	928
Investment in available-for- sale securities	6,689	-	-	-	-	-	6,689	-
<b>Liabilities measured at fair value</b>								
Derivative								
Interest rate swap	-	-	22	53	-	-	22	53
<b>Asset for which fair value are disclosed</b>								
Investment in associates	9,468	15,478	-	-	-	-	9,468	15,478
Investment properties	-	-	-	-	320	315	320	315

## 44. Financial instruments

### 44.1 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, bank deposit for unearned fare box revenue, trade and other receivables, long-term loans and interest receivables to related parties, receivable under the concession agreement, investment in available-for-sale securities, 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 2018							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate  (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	367	159	526	0.38 - 1.30
Current investments	-	-	-	-	1,282	1,282	-
Bank deposit for unearned fare box revenue	-	-	-	150	-	150	0.38
Trade and other receivables	-	-	-	-	514	514	-
Receivable under the concession agreement	-	-	-	12,510	-	12,510	Note 11
Investment in available-for-sale securities	-	-	-	-	6,689	6,689	-
	-	-	-	13,027	8,644	21,671	
<b>Financial liabilities</b>							
Short-term loans from financial institution	2,815	-	-	-	-	2,815	Note 22
Trade and other payables	-	-	-	-	1,683	1,683	-
Long-term loans	1,500	2,491	-	17,425	-	21,416	Note 24
Debentures	5,000	14,615	18,555	-	-	38,170	Note 25
Provision for compensation for site acquisition cost	1,547	-	-	-	-	1,547	4.50
	10,862	17,106	18,555	17,425	1,683	65,631	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	2,263	364	2,627	0.38 - 1.60
Current investments	510	-	-	-	939	1,449	1.40
Trade and other receivables	-	-	-	-	426	426	-
Receivable under the concession agreement	-	-	-	14,160	-	14,160	Note 11
	510	-	-	16,423	1,729	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)

## Separated financial statements

As at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	281	143	424	0.38 - 1.30
Current investments	-	-	-	-	1,269	1,269	-
Bank deposit for unearned fare box revenue	-	-	-	150	-	150	0.38
Trade and other receivables	-	-	-	-	525	525	-
Long-term loans and interest receivable from related parties	-	-	-	2,512	492	3,004	Note 6
Receivable under the concession agreement	-	-	-	12,510	-	12,510	Note 11
Investment in available-for-sale securities	-	-	-	-	6,689	6,689	-
	-	-	-	15,453	9,118	24,571	
<b>Financial liabilities</b>							
Short-term loans from financial institution	2,815	-	-	-	-	2,815	Note 22
Trade and other payables	-	-	-	-	1,659	1,659	-
Long-term loans	1,500	2,491	-	15,825	-	19,816	Note 24
Debentures	5,000	14,615	18,555	-	-	38,170	Note 25
Provision for compensation for site acquisition cost	1,547	-	-	-	-	1,547	4.50
	10,862	17,106	18,555	15,825	1,659	64,007	

(Unit: Million Baht)

	Separated 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	-	-	-	2,209	318	2,527	0.48 - 1.59
Current investments	510	-	-	-	928	1,438	1.40
Trade and other receivables	-	-	-	-	419	419	-
Long-term loans and interest receivable from related parties	-	-	-	4,155	831	4,986	Note 6
Receivable under the concession agreement	-	-	-	14,160	-	14,160	Note 11
	510	-	-	20,524	2,496	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	

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 2018, 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 2018, the Company has outstanding financial liabilities denominated in foreign currency amounting to JPY 101 million, SGD 0.4 million and EUR 0.1 million (2017: JPY 97 million, SGD 0.3 million and USD 0.2 million) which have not yet been hedged against foreign exchange risk (the majority of these liabilities are repayable within 1 year).



#### **44.2 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 2018, the book value of the Company's debentures was Baht 38,170 million, whereas the fair value was Baht 37,998 million (2017: book value was Baht 28,171 million, whereas the fair value was Baht 28,279 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.

#### **45. 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

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

##### **46.1 Dividend payment**

On 27 February 2019, a meeting of the Board of Directors passed a resolution to propose a dividend payment from the 2018 earnings at a rate of Baht 0.15 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 19 September 2018 and the final dividend payment at the rate of at the rate Baht 0.09 per share will be paid within May 2019. This dividend payment is subject to the approval of the Annual General Meeting of the shareholders.

#### **46.2 The settlement of disputes with the EXAT**

On 6 February 2019, a meeting of the Board of Directors of the Company passed a resolution to propose the settlement of the disputes with the EXAT by means of review and amendment of the Second Stage Expressway System agreement, the Extension of the Second Stage Expressway System (Sector D) agreement, and the Bang Pa-in - Pak Kret Expressway agreement to an Extraordinary General Meeting of the shareholders for approval, as described in Note 42.1.11 to the financial statements. Settlement of the disputes by means of review and amendment of the agreements is subject to approval by the Extraordinary General Meeting of the shareholders to be held on 18 March 2019.

#### **47. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.