

Bangkok Expressway and Metro Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

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 2019, 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 2019, 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 Rattaya 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 disputes relating to the Expressway Concession Agreements of the Group and some 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 Group has negotiated with the relevant government agencies to reach a comprehensive resolution of these disputes, and on 18 February 2020, the Cabinet passed a resolution to amend the concession agreements in order to settle all of disputes between the Group and Expressway Authority of Thailand (EXAT). The Group and EXAT have agreed to settle all disputes and to cancel enforcement in accordance with the judgment of the Supreme Administrative Court described in Note 42.4 to the financial statements. On 20 February 2020, the Group and EXAT signed the Second Stage Expressway agreement (Amendment) and the Bang Pa-In - Pak Kret Expressway Project agreement (Amendment). At present, the Group and EXAT are in the process of settling all disputes and the subsidiary is in the process of cancelling enforcement in accordance with the judgment of The Supreme Administrative Court, in line with the above resolution. As a result of the cancellation of enforcement, the management has determined that the Group will not record any revenue in relation to the judgment.

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 2019, project costs under construction, in the statement of financial position, amounted to Baht 12,748 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 is in 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 monitoring of disputes. 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, the probability of outcomes and the results of the dispute negotiation and settlements and the progress of settlements of disputes. 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: 26 February 2020

Bangkok Expressway and Metro Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	703,750,307	526,200,490	608,705,825	423,687,097
Current investments	8	1,157,746,702	1,282,474,987	1,136,558,315	1,268,648,199
Bank deposit for unearned fare box revenue	9	205,697,086	150,016,110	205,697,086	150,016,110
Trade and other receivables	10	481,786,671	514,055,818	474,295,921	525,351,600
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					
Prepaid expenses		83,599,640	78,021,423	78,383,203	73,597,627
Withholding tax deducted at source		128,148,743	-	128,148,743	-
Others		37,165,898	16,137,066	34,988,933	9,264,955
Total current assets		4,447,578,321	4,216,589,168	4,334,461,300	4,118,248,862
Non-current assets					
Long-term loans to and interest receivable					
from related parties, net of current portion	6	-	-	19,000,000	2,985,996,436
Receivable under the concession agreement, net of current portion	11	9,210,731,614	10,860,414,888	9,210,731,614	10,860,414,888
Investments in subsidiaries	12	-	-	633,109,867	363,869,867
Investments in associate	13	-	6,368,744,918	-	4,242,261,948
Other long-term investments	14	17,096,827,328	6,688,646,612	17,096,827,328	6,688,646,612
Investment properties	15	120,357,493	120,357,493	120,357,493	120,357,493
Building and equipment	16	311,376,837	323,936,668	269,338,043	282,540,765
Rights to operate expressway sectors	17	32,253,366,737	35,146,019,997	27,248,648,130	29,542,188,708
Rights to use sites for expressway construction	18	61,467,080	390,198,219	61,467,080	390,198,219
Intangible asset under concession agreement of					
the MRT Blue Line Project	19	42,338,899,443	35,427,555,680	41,998,706,257	35,089,506,008
Project cost of the MRT Chalong Ratchadham Line	20	644,950,810	654,691,451	644,950,810	654,691,451
Prepaid project remuneration	6	5,086,367,785	3,495,195,243	5,086,367,785	3,495,195,243
Other intangible assets	21	74,027,004	84,777,999	69,273,014	80,300,753
Deferred tax assets	35	6,951,994	6,312,191	-	-
Other non-current assets		43,867,537	47,468,811	12,629,280	18,021,920
Total non-current assets		107,249,191,662	99,614,320,170	102,471,406,701	94,814,190,311
Total assets		111,696,769,983	103,830,909,338	106,805,868,001	98,932,439,173

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	22	3,250,000,000	2,814,594,224	3,250,000,000	2,814,594,224
Trade and other payables	23	1,938,481,838	1,683,472,969	1,906,801,351	1,658,799,942
Current portion of long-term loans from financial institutions	24	3,166,120,069	3,041,760,069	2,541,760,069	3,041,760,069
Current portion of debentures	25	2,500,000,000	5,000,000,000	2,500,000,000	5,000,000,000
Unearned fare box revenue	9	212,234,424	163,117,129	212,234,424	163,117,129
Deposits on stored value ticket		79,946,797	65,265,286	79,946,797	65,265,286
Income tax payable		25,467,515	69,746,084	-	48,142,059
Provision for compensation for site acquisition cost	26	-	1,546,891,698	-	1,546,891,698
Other current liabilities					
Retention guarantees		56,227,880	27,735,192	51,920,211	24,474,876
Value added tax payable		61,238,396	76,044,732	50,202,207	64,873,941
Withholding tax deducted at source payable		99,118,066	90,510,248	95,264,199	87,258,577
Others		40,071,839	27,701,626	36,162,694	25,929,750
Total current liabilities		11,428,906,824	14,606,839,257	10,724,291,952	14,541,107,551
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	24	21,745,560,898	18,373,779,608	18,739,920,898	16,773,779,608
Debentures, net of current portion	25	35,670,826,818	33,169,822,210	35,670,826,818	33,169,822,210
Derivative financial liabilities		112,685,174	21,808,675	112,685,174	21,808,675
Unearned revenue from advertising management rights	27	-	-	10,617,042	11,865,402
Provision for long-term employee benefits	28	886,390,430	686,898,092	862,915,385	664,553,903
Deferred tax liabilities	35	3,025,459,610	1,353,842,048	3,026,721,050	1,353,842,048
Other non-current liabilities		3,758,883	5,892,925	247,708	999,709
Total non-current liabilities		61,444,681,813	53,612,043,558	58,423,934,075	51,996,671,555
Total liabilities		72,873,588,637	68,218,882,815	69,148,226,027	66,537,779,106

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Shareholders' equity					
Share capital					
Registered					
15,285,000,000 ordinary shares of Baht 1 each		<u>15,285,000,000</u>	<u>15,285,000,000</u>	<u>15,285,000,000</u>	<u>15,285,000,000</u>
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		(256,942,521)	(75,770,451)	-	-
Retained earnings					
Appropriated - statutory reserve	29	1,379,090,000	1,232,890,000	1,379,090,000	1,232,890,000
Unappropriated		15,052,068,973	12,133,780,735	7,501,046,895	7,095,892,083
Other components of shareholders' equity		<u>1,504,565,153</u>	<u>1,105,927,958</u>	<u>7,675,566,995</u>	<u>2,963,939,900</u>
Equity attributable to shareholders of the Company		38,780,719,689	35,498,766,326	37,657,641,974	32,394,660,067
Non-controlling interests of the subsidiaries		<u>42,461,657</u>	<u>113,260,197</u>	-	-
Total shareholders' equity		<u>38,823,181,346</u>	<u>35,612,026,523</u>	<u>37,657,641,974</u>	<u>32,394,660,067</u>
Total liabilities and shareholders' equity		<u>111,696,769,983</u>	<u>103,830,909,338</u>	<u>106,805,868,001</u>	<u>98,932,439,173</u>

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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Revenues					
Revenue from expressway business		10,302,412,750	10,173,901,910	8,852,072,694	8,717,817,634
Revenue from rail business		5,022,100,349	4,736,002,363	5,022,100,349	4,736,002,363
Revenue from commercial development business	31	782,564,040	704,536,036	719,567,838	480,468,311
Other income					
Gains on sale of investments	8, 13	181,078,813	499,393,573	269,243,228	561,521,690
Gain on reclassification of investment	13	3,408,628,533	2,496,266,396	-	-
Interest income		392,633,384	450,618,868	438,519,210	556,402,806
Dividend income	6, 13.2	257,868,552	-	488,801,682	493,938,904
Others		56,312,532	26,601,445	238,547,217	171,687,166
Total revenues		20,403,598,953	19,087,320,591	16,028,852,218	15,717,838,874
Expenses					
Cost of expressway business		1,991,458,088	1,837,541,483	1,756,712,478	1,611,214,005
Cost of rail business		3,796,981,929	3,541,571,456	3,796,981,929	3,541,571,456
Cost of commercial development business		210,292,457	169,940,207	445,115,520	156,742,337
Amortisation on rights to operate completed expressway sectors and compensation for site acquisition cost	17, 18, 26	4,048,131,964	4,036,823,398	3,444,574,582	3,436,362,588
Amortisation on intangible asset under concession agreement of the MRT Blue Line Project	19	263,394,239	188,047,080	219,560,536	150,553,499
Selling expenses		139,622,388	111,421,323	87,025,129	63,909,367
Administrative expenses		1,196,759,191	1,252,317,805	1,113,362,485	1,179,367,366
Total expenses		11,646,640,256	11,137,662,752	10,863,332,659	10,139,720,618
Profit before share of profit from investments in associates, finance cost and income tax expenses		8,756,958,697	7,949,657,839	5,165,519,559	5,578,118,256
Share of profit from investments in associates	13.2	172,910,981	432,797,238	-	-
Profit before finance cost and income tax expenses		8,929,869,678	8,382,455,077	5,165,519,559	5,578,118,256
Finance cost		(1,723,062,346)	(1,857,460,775)	(1,643,442,393)	(1,825,656,785)
Profit before income tax expenses		7,206,807,332	6,524,994,302	3,522,077,166	3,752,461,471
Income tax expenses	35	(1,754,942,103)	(1,189,146,759)	(598,451,284)	(645,031,218)
Profit for the year		5,451,865,229	5,335,847,543	2,923,625,882	3,107,430,253
Profit attributable to:					
Equity holders of the Company		5,434,819,325	5,317,038,037	2,923,625,882	3,107,430,253
Non-controlling interests of the subsidiaries		17,045,904	18,809,506	-	-
		5,451,865,229	5,335,847,543		
Basic earnings per share					
Profit attributable to equity holders of the Company	36	0.36	0.35	0.19	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 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit for the year		5,451,865,229	5,335,847,543	2,923,625,882	3,107,430,253
Other comprehensive income					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Unrealised gain (loss) from cash flow hedges, net of income tax		(72,701,199)	24,916,559	(72,701,199)	24,916,559
Unrealised gain on valuation of available-for-sale securities, net of income tax		482,287,536	1,112,425,756	4,784,328,294	2,981,386,840
Share of other comprehensive income of associate recognised due to reclassification of investment		(9,019,502)	(37,094,724)	-	-
Share of other comprehensive income from associates	13.2	(1,929,640)	33,256,127	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of income tax		398,637,195	1,133,503,718	4,711,627,095	3,006,303,399
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain (loss), net of income tax	28	(77,357,601)	10,711,355	(79,521,070)	10,711,355
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax		(77,357,601)	10,711,355	(79,521,070)	10,711,355
Other comprehensive income for the year		321,279,594	1,144,215,073	4,632,106,025	3,017,014,754
Total comprehensive income for the year		5,773,144,823	6,480,062,616	7,555,731,907	6,124,445,007
Total comprehensive income attributable to:					
Equity holders of the Company		5,755,875,433	6,461,253,110	7,555,731,907	6,124,445,007
Non-controlling interests of the subsidiaries		17,269,390	18,809,506	-	-
		5,773,144,823	6,480,062,616		

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 2019

(Unit: Baht)

Consolidated financial statements												
Equity attributable to the shareholders of the Company												
	Other components of shareholders' equity											
	Other comprehensive income											
	Issued and paid-up share capital	Premium on ordinary shares	Capital deficit from change in shareholding in subsidiaries	Retained earnings Appropriated - statutory reserve	Unappropriated	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	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
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	<u>15,285,000,000</u>	<u>5,816,938,084</u>	<u>(75,770,451)</u>	<u>1,232,890,000</u>	<u>12,133,780,735</u>	<u>(17,446,940)</u>	<u>1,112,425,756</u>	<u>10,949,142</u>	<u>1,105,927,958</u>	<u>35,498,766,326</u>	<u>113,260,197</u>	<u>35,612,026,523</u>
												-
Balance as at 1 January 2019	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
Profit for the year	-	-	-	-	5,434,819,325	-	-	-	-	5,434,819,325	17,045,904	5,451,865,229
Other comprehensive income for the year	-	-	-	-	(77,581,087)	(72,701,199)	482,287,536	(10,949,142)	398,637,195	321,056,108	223,486	321,279,594
Total comprehensive income for the year	-	-	-	-	5,357,238,238	(72,701,199)	482,287,536	(10,949,142)	398,637,195	5,755,875,433	17,269,390	5,773,144,823
Investment in subsidiary (Note 12)	-	-	(181,172,070)	-	-	-	-	-	-	(181,172,070)	(88,067,930)	(269,240,000)
Transferred to statutory reserve (Note 29)	-	-	-	146,200,000	(146,200,000)	-	-	-	-	-	-	-
Dividend paid (Note 37)	-	-	-	-	(2,292,750,000)	-	-	-	-	(2,292,750,000)	-	(2,292,750,000)
Balance as at 31 December 2019	<u>15,285,000,000</u>	<u>5,816,938,084</u>	<u>(256,942,521)</u>	<u>1,379,090,000</u>	<u>15,052,068,973</u>	<u>(90,148,139)</u>	<u>1,594,713,292</u>	<u>-</u>	<u>1,504,565,153</u>	<u>38,780,719,689</u>	<u>42,461,657</u>	<u>38,823,181,346</u>

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 2019

(Unit: Baht)

	Separate financial statements							
					Other components of shareholders' equity			
					Other comprehensive income			
	Retained earnings				Unrealised	Unrealised gain on valuation	Total other	
	Issued and paid-up	Premium on	Appropriated -		gain (loss) from	of available-for-sale	components of	Total
	share capital	ordinary shares	statutory reserve	Unappropriated	cash flow hedges	securities	shareholders' equity	shareholders' equity
Balance as at 1 January 2018	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)
Balance as at 31 December 2018	15,285,000,000	5,816,938,084	1,232,890,000	7,095,892,083	(17,446,940)	2,981,386,840	2,963,939,900	32,394,660,067
								-
Balance as at 1 January 2019	15,285,000,000	5,816,938,084	1,232,890,000	7,095,892,083	(17,446,940)	2,981,386,840	2,963,939,900	32,394,660,067
Profit for the year	-	-	-	2,923,625,882	-	-	-	2,923,625,882
Other comprehensive income for the year	-	-	-	(79,521,070)	(72,701,199)	4,784,328,294	4,711,627,095	4,632,106,025
Total comprehensive income for the year	-	-	-	2,844,104,812	(72,701,199)	4,784,328,294	4,711,627,095	7,555,731,907
Transferred to statutory reserve (Note 29)	-	-	146,200,000	(146,200,000)	-	-	-	-
Dividend paid (Note 37)	-	-	-	(2,292,750,000)	-	-	-	(2,292,750,000)
Balance as at 31 December 2019	15,285,000,000	5,816,938,084	1,379,090,000	7,501,046,895	(90,148,139)	7,765,715,134	7,675,566,995	37,657,641,974

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	7,206,807,332	6,524,994,302	3,522,077,166	3,752,461,471
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Amortisation and depreciation	4,026,462,692	3,866,567,954	3,362,011,432	3,212,916,480
Reversal of allowance for doubtful debt	(3,971,546)	(272,590)	-	-
Revenue recognition of unearned revenue from advertising management rights	-	-	(1,248,360)	(1,248,360)
Gains on sale of investments	(181,078,813)	(499,393,573)	(269,243,228)	(561,521,690)
Unrealised gain on change in value of investments	(24,997,738)	(10,442,237)	(24,962,055)	(10,427,852)
Gain on reclassification of investment	(3,408,628,533)	(2,496,266,396)	-	-
Gain on disposals/write-off of equipment and intangible asset under concession agreement of the MRT Blue Line Project	(1,331,425)	(1,639,242)	(1,328,045)	(696,555)
Project remuneration expense	393,651,735	355,662,416	393,651,735	355,662,416
Compensation for site acquisition cost	397,839,441	464,364,839	397,839,441	464,364,839
Provision for long-term employee benefits	102,201,396	220,232,028	98,366,202	213,502,447
Share of profit from investments in associates	(172,910,981)	(432,797,238)	-	-
Unrealised loss on exchange rate	276	102,702	276	102,702
Interest income	(392,633,384)	(450,618,868)	(438,519,210)	(556,402,806)
Dividend income	(257,868,552)	-	(488,801,682)	(493,938,904)
Interest expenses	1,670,220,735	1,662,162,353	1,593,730,537	1,635,492,763
Financial fees	-	98,665,000	-	98,665,000
Profit from operating activities before changes in operating assets and liabilities	9,353,762,635	9,301,321,450	8,143,574,209	8,108,931,951
Operating assets (increase) decrease				
Bank deposit for unearned fare box revenue	(55,680,976)	(150,016,110)	(55,680,976)	(150,016,110)
Trade and other receivables	(7,760,875)	(43,104,677)	7,054,111	(61,941,675)
Receivable under the concession agreement	1,649,683,274	1,649,683,275	1,649,683,274	1,649,683,275
Other current assets	(11,393,416)	85,434,222	(15,295,741)	86,187,884
Other non-current assets	(3,048,985)	(3,438,527)	5,392,640	(869,124)
Cash paid for project remuneration	(1,894,886,245)	(1,350,459,625)	(1,894,886,245)	(1,350,459,625)
Operating liabilities increase (decrease)				
Trade payables and other payables	181,841,193	21,244,663	176,731,078	57,066,771
Unearned fare box revenue	49,117,295	24,855,415	49,117,295	24,855,415
Deposits on stored value ticket	14,681,511	10,897,739	14,681,511	10,897,739
Other current liabilities	34,359,081	27,513,762	30,706,865	42,792,229
Other non-current liabilities	(2,134,042)	(14,318,960)	(752,001)	(751,999)
Cash paid for long-term employee benefits	(11,000,415)	(10,325,738)	(11,000,415)	(9,692,030)
Cash paid for compensation for site acquisition cost	(1,616,000,000)	(1,600,000,000)	(1,616,000,000)	(1,600,000,000)
Net cash flows from operating activities	7,681,540,035	7,949,286,889	6,483,325,605	6,806,684,701
Cash received from interest income	392,634,064	452,272,207	391,818,742	451,680,807
Cash paid for income tax	(332,798,583)	(334,491,602)	(259,889,590)	(250,907,959)
Net cash flows from operating activities	7,741,375,516	8,067,067,494	6,615,254,757	7,007,457,549

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 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash received from sales of current investments	17,447,889,696	13,949,038,431	15,920,389,696	12,412,038,431
Cash paid for purchase of current investments	(17,290,610,050)	(13,767,671,038)	(15,756,208,983)	(12,228,710,197)
Cash paid for purchase of investments in subsidiary	(269,240,000)	(60,284,267)	(269,240,000)	(60,284,267)
Cash received from sales of investments in associates	398,386,200	540,351,710	398,386,200	540,351,710
Cash received from sales of other long-term investments	78,219,853	2,075,443,606	78,219,853	2,075,443,606
Increase in other long-term investments	(400,000,000)	(107,436,375)	(400,000,000)	(107,436,375)
Cash received from long-term loans to related parties	-	-	2,474,692,518	1,644,016,650
Cash received from sales of equipment and intangible asset under concession agreement of the MRT Blue Line Project	1,695,689	3,215,729	1,692,278	2,080,600
Purchase of equipment	(46,552,497)	(23,042,080)	(31,665,004)	(13,351,832)
Cash received from interest income	-	4,676,477	539,004,884	449,535,434
Cash received from dividend income	488,801,682	493,938,904	488,801,682	493,938,904
Cash paid for project cost of the MRT Chalong Ratchadham Line	(29,307,405)	(390,955)	(29,307,405)	(390,955)
Cash paid for intangible asset under concession agreement of the MRT Blue Line Project	(6,840,809,764)	(9,963,513,656)	(6,793,327,698)	(9,933,491,841)
Cash paid for expressway construction	(706,974,948)	(284,809,045)	(704,364,628)	(284,809,045)
Interest expenses capitalised as cost of projects	(378,623,301)	(181,764,061)	(378,623,301)	(181,764,061)
Increase in other intangible assets	<u>(15,722,417)</u>	<u>(30,649,444)</u>	<u>(14,134,917)</u>	<u>(29,079,944)</u>
Net cash flows used in investing activities	<u>(7,562,847,262)</u>	<u>(7,352,896,064)</u>	<u>(4,475,684,825)</u>	<u>(5,221,913,182)</u>
Cash flows from financing activities				
Cash received from short-term loan from financial institution	4,882,000,000	10,000,000,000	4,882,000,000	10,000,000,000
Repayment of short-term loans from financial institutions	(4,448,000,000)	(10,816,000,000)	(4,448,000,000)	(10,816,000,000)
Cash received from long-term loans from financial institutions	6,530,000,000	5,300,000,000	4,500,000,000	4,200,000,000
Repayment of long-term loans from financial institutions	(3,041,760,069)	(13,475,010,069)	(3,041,760,069)	(13,475,010,069)
Cash received from debentures	5,000,000,000	10,000,000,000	5,000,000,000	10,000,000,000
Cash paid for redemption of debentures	(5,000,000,000)	-	(5,000,000,000)	-
Cash paid for financial fees	(11,516,532)	(181,553,849)	(11,516,532)	(181,553,849)
Interest paid	(1,618,951,836)	(1,655,419,747)	(1,542,524,603)	(1,629,179,747)
Dividend paid	<u>(2,292,750,000)</u>	<u>(1,987,050,000)</u>	<u>(2,292,750,000)</u>	<u>(1,987,050,000)</u>
Net cash flows used in financing activities	<u>(978,437)</u>	<u>(2,815,033,665)</u>	<u>(1,954,551,204)</u>	<u>(3,888,793,665)</u>
Net increase (decrease) in cash and cash equivalents	<u>177,549,817</u>	<u>(2,100,862,235)</u>	<u>185,018,728</u>	<u>(2,103,249,298)</u>
Cash and cash equivalents at beginning of year	<u>526,200,490</u>	<u>2,627,062,725</u>	<u>423,687,097</u>	<u>2,526,936,395</u>
Cash and cash equivalents at end of year	<u>703,750,307</u>	<u>526,200,490</u>	<u>608,705,825</u>	<u>423,687,097</u>
Supplemental cash flows information				
Non-cash items consist of:				
Increase in payable from expressway construction	50,664,315	13,607,477	48,829,935	13,607,477
Increase in accrued interest expenses capitalised as cost of projects	17,749,896	48,098,650	17,749,896	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 2019

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, Ratchacaphisek, 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 Group 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 rights 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 rights 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.

On 18 February 2020, the Cabinet passed a resolution to amend the concession agreements in order to settle all of the disputes described in Note 42 to the financial statements. On 20 February 2020, the Company and EXAT signed the Second Stage Expressway Agreement (Amendment), of which the substance are as follows:

- The terms of the agreements for both the Second Stage Expressway (Sector A, Sector B, and Sector C) and the Extension of the Second Stage Expressway (Sector D) are extended until 31 October 2035, with the Company retaining all rights to extend the concession specified in the existing agreements. The remaining periods of the existing agreements are 4 years and 4 months for the Second Stage Expressway agreement and 11 years and 6 months for the Extension of the Second Stage Expressway Agreement (Sector D) commencing from the end of the amended agreements.
- The toll rates are to be increased every 10 years by fixed amounts specified in the agreements, commencing from 1 September 2018.

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 rights to collect all toll revenue and 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 under the Bang Pa-In - Pak Kret Expressway 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 rights 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 rights 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.

On 18 February 2020, the Cabinet passed a resolution to amend the concession agreements in order to settle all the disputes described in Note 42 to the financial statements. On 20 February 2020, the subsidiary and EXAT signed the Bang Pa-In - Pak Kret Expressway Project Agreement (Amendment), of which the substance is as follows:

- The Bang Pa-In - Pak Kret Expressway Project Agreement is extended until 31 October 2035, with the subsidiary retaining all rights to extend the concession specified in the existing agreement. The remaining period of the existing agreement is 10 years and 11 months, commencing from the end of the amended agreement.
- The toll rates are to be increased every 10 years by fixed amounts specified in the agreement, commencing from 1 November 2018.

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.

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. 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.

On 29 September 2019, the Company officially commenced operation of the MRT Blue Line Extension Project: Hua Lamphong Station-Lak Song Station.

B.2 The MRT Chalong Ratchadham Line Project (Bang Yai-Rat Burana, Bang Yai-Bang Sue Section (Klong Bang Phai Station-Tao Poon Station)) (the "MRT Purple Line Project") Contract 4: Concession for Supply of M&E Systems and O&M Services.

The Company, as concessionaire, invested in the M&E Systems and rolling stock. In addition, the Company provides operation and maintenance services. The MRTA has the rights 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 rights 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 rights 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>2019</u> (Percent)	<u>2018</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	89.67	69.67

As described in Note 12 to the financial statements, the Company made an additional investment in 20 percent of the issued and fully paid up share capital of Bangkok Metro Network Limited in March 2019.

- 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 Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements, which present investment in subsidiaries and associate presented under the cost method.

3 New financial reporting standards

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

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 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 Programmes
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.

This standard does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in available-for-sale securities in listed companies
- Classification and measurement of investments in equity instruments of non-listed companies.
- Recognition of credit losses of trade receivables.

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group believes that adoption of this standard will not have any significant impact on the financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

a) Toll revenue recognition

Toll revenue represent the invoiced value, excluding value added tax, at a point in time upon completion of the service.

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 at a point in time upon completion of the service. 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 over time when services have been rendered, 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 over time when services have 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 rights 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 Group 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:

$$\begin{aligned}
 \text{Amortisation for the year} &= \text{Net rights to operate expressway sectors} \times \text{Percentage of the number of vehicle volume for the year} \\
 \text{Percentage of the number of vehicle volume for the year} &= \frac{\text{Current year's number of actual vehicle volume}}{(\text{Current year's number of actual vehicle volume} + \text{Projected vehicle volume after current year to the remaining years of the agreement})} \\
 \text{Net rights to operate expressway sectors} &= \text{Total actual cost of rights to operate expressway sectors} - \text{Accumulated amortisation}
 \end{aligned}$$

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

4.11 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 Group 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 Line such as rental area improvement, telecommunication equipment at station, advertising equipment etc. 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 Group is 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 Group, whether directly or indirectly, or which are under common control with the Group.

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 Group, key management personnel, directors and officers with authority in the planning and direction of the Group' 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 Group 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 Group recognises an impairment loss in profit or loss.

4.21 Employee benefits

Short-term employee benefits

The Group will recognise salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats 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 Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision for compensation for site acquisition cost

The Company records provision for compensation for site acquisition cost based on the present value of future payments to be paid to the 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 Group recognises 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 Group reviews 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 Group records 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 Group applies 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 Group measures 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 Group determines 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 Group has contingent liabilities as a result of litigation. The Company's management has used judgment to assess 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 Group 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 Group and those related parties.

The relationship between the Group 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	Related company through common directors of the 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 between 9 February 2018 and 27 March 2019

Such significant transaction for the year ended 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with major shareholder</u>					
Cost of rail projects	5,565	8,184	5,565	8,184	Based on contracts
Cost of expressway construction	743	217	743	217	Based on contracts
Expressway and civil works maintenance expenses	595	383	595	383	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	-	-	2	240	Based on contracts
Interest income from long-term loans	-	-	47	106	Based on contracts
Project management income	-	-	186	150	Based on contract
Commercial development management fee	-	-	360	90	Based on contract
<u>Transactions with associated companies</u>					
Dividend income	-	-	231	494	As declared
Sale of other long-term investment	-	2,065	-	2,065	Base on contract
<u>Transactions with related companies</u>					
Commercial development revenue	33	94	33	41	Based on contracts
Interest income from M&E Systems	380	435	380	435	FDR plus stipulated margin per annum
Dividend income	258	-	258	-	As declared
Cost of commercial development	9	11	-	-	Based on contract
Remuneration from fare box (Inclusive of VAT)	376	345	376	345	Concession agreement
Remuneration from commercial development	18	11	18	11	Concession agreement
Property tax	12	1	11	1	At the rates charged by Bangkok Metropolitan Administration
Utility expenses	2	2	2	2	Based on contract
Financial fee	37	73	34	71	Based on contracts
Interest expenses on long-term loans	305	267	305	267	At the interest rate of FDR plus stipulated margin and 6M THBFIX plus stipulated margin per annum (2018: MLR minus stipulated margins, 6M FDR plus stipulated margin, FDR plus stipulated margin and 6M THBFIX plus stipulated margin per annum)

As at 31 December 2019 and 2018, the balances of the accounts between the Group and related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables (Note 10)</u>				
<u>Trade receivables</u>				
Bangkok Metro Networks Limited	-	-	4,226	28,893
Mass Rapid Transit Authority of Thailand	337,040	374,324	337,040	374,324
Plan B Media Public Company Limited ⁽¹⁾	-	14,681	-	14,681
Others	-	684	-	684
Total	<u>337,040</u>	<u>389,689</u>	<u>341,266</u>	<u>418,582</u>
<u>Other receivables</u>				
Northern Bangkok Expressway Company Limited	-	-	16,585	13,375
CH. Karnchang Public Company Limited	111	119	111	119
Total	<u>111</u>	<u>119</u>	<u>16,696</u>	<u>13,494</u>
<u>Advance payment under service contract</u>				
CH. Karnchang Public Company Limited	<u>12,224</u>	<u>4,009</u>	<u>12,224</u>	<u>4,009</u>
<u>Long-term loans to and interest receivable</u>				
<u>from related parties</u>				
Northern Bangkok Expressway Company Limited	-	-	-	2,858,996
Bangkok Metro Networks Limited	-	-	37,000	145,000
Total	-	-	37,000	3,003,996
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>19,000</u>	<u>2,985,996</u>
<u>Receivable under the concession agreement (Note 11)</u>				
Mass Rapid Transit Authority of Thailand	<u>10,860,415</u>	<u>12,510,098</u>	<u>10,860,415</u>	<u>12,510,098</u>
<u>Prepaid project remuneration</u>				
Mass Rapid Transit Authority of Thailand	<u>5,086,368</u>	<u>3,495,195</u>	<u>5,086,368</u>	<u>3,495,195</u>

⁽¹⁾ This company is a related company between 9 February 2018 and 27 March 2019.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other payables (Note 23)</u>				
Bangkok Metro Networks Limited	-	-	32,603	32,279
CH. Karnchang Public Company Limited	753,448	725,067	753,347	724,987
Mass Rapid Transit Authority of Thailand	213,221	125,148	213,210	125,146
Others	339	2,394	320	2,071
Total	<u>967,008</u>	<u>852,609</u>	<u>999,480</u>	<u>884,483</u>
<u>Unearned revenue</u>				
Plan B Media Public Company Limited ⁽¹⁾	<u>-</u>	<u>1,752</u>	<u>-</u>	<u>1,752</u>
<u>Retention guarantees</u>				
CH. Karnchang Public Company Limited	<u>44,252</u>	<u>16,781</u>	<u>44,252</u>	<u>16,781</u>
<u>Guarantees for rental</u>				
Bangkok Metro Networks Limited	<u>-</u>	<u>-</u>	<u>800</u>	<u>85</u>
<u>Unearned revenue from advertising management rights (Note 27)</u>				
Bangkok Metro Networks Limited	<u>-</u>	<u>-</u>	<u>11,866</u>	<u>13,114</u>

⁽¹⁾ This company is a related company between 9 February 2018 and 27 March 2019.

As at 31 December 2019 and 2018, 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 2018	during the year	during the year	31 December 2019
Northern Bangkok Expressway Company Limited				
Long-term loan	2,366,692	-	(2,366,692)	-
Interest receivable	492,304	42,022	(534,326)	-
Total	<u>2,858,996</u>	<u>42,022</u>	<u>(2,901,018)</u>	<u>-</u>
Bangkok Metro Networks Limited				
Long-term loan	145,000	-	(108,000)	37,000
Interest receivable	-	4,679	(4,679)	-
Total	<u>145,000</u>	<u>4,679</u>	<u>(112,679)</u>	<u>37,000</u>
Grand total	<u>3,003,996</u>	<u>46,701</u>	<u>(3,013,697)</u>	<u>37,000</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.

During the year 2019, Northern Bangkok Expressway Company Limited gradually made full settlement of loans and accrued interest receivable.

Directors and management's remuneration

For the year ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	176,380	154,460	158,271	134,534
Post-employment benefits	9,344	16,865	8,225	15,305
Total	<u>185,724</u>	<u>171,325</u>	<u>166,496</u>	<u>149,839</u>

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	46,526	34,934	43,609	32,484
Bank deposits	657,224	491,266	565,097	391,203
Total	<u>703,750</u>	<u>526,200</u>	<u>608,706</u>	<u>423,687</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 2019, the balance of the pledged bank account amounted to Baht 1,026 (2018: Baht 1,022)

8. Current investments

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Investments in trading securities				
Unit trusts	1,087,425	1,235,602	1,066,248	1,221,781
Add: Unrealised gain on changes in value of investments	70,321	46,873	70,310	46,867
Unit trusts - Fair value	1,157,746	1,282,475	1,136,558	1,268,648
Total current investments	1,157,746	1,282,475	1,136,558	1,268,648

9. Bank deposit for unearned fare box revenue

This bank account is a reserve account set aside in compliance with the Notification of the Bank of Thailand applicable to electronic card businesses. These funds cannot be used for any purpose other than making payment for fare box revenue.

10. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables</u>				
Trade receivables				
- Related parties (Note 6)	337,040	389,689	341,266	418,582
- Unrelated parties	137,513	116,002	109,798	80,785
Less: Allowance for doubtful debts	(938)	(4,910)	-	-
Total trade receivables - net	473,615	500,781	451,064	499,367
<u>Other receivables</u>				
Other receivables				
- Related parties (Note 6)	111	119	16,696	13,494
- Unrelated parties	3,308	2,631	2,616	1,966
Accrued income	4,753	10,525	3,920	10,525
Total other receivables	8,172	13,275	23,232	25,985
Trade and other receivables - net	481,787	514,056	474,296	525,352

Most of the trade receivables of the Group was within their credit terms or past due up to 3 months. As at 31 December 2019, the outstanding balances of trade receivables in the consolidated financial statements that are one year past due amounted to approximately Baht 2 million (2018: Baht 7 million) (Separate financial statements: Nil). The Group assessed the net realisable value of the receivables that were past due and recorded an allowance for doubtful accounts amounting to Baht 1 million in the consolidated financial statements (2018: 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 2019	12,510,098
Collection	(1,649,683)
Net book value as at 31 December 2019	10,860,415
Current	1,649,683
Non-current	9,210,732
Total receivable under the concession agreement	10,860,415

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 24.2 and 24.3 to the financial statements.

Amounts receivable under the concession agreement that are due in over 5 years amount to approximately Baht 2,612 million and carry interest rate of FDR plus stipulated margin.

Interest income for M&E Systems for the year end 31 December 2019 amounted to Baht 380 million (2018: Baht 435 million).

12. Investments in subsidiaries

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

Company's name	(Unit: Million Baht)											
	Registered capital		Paid-up capital		Proportion of investment		Cost		Allowance for impairment		Net book value	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
					(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	89.67	69.67	495	226	(16)	(16)	479	210
Total							3,099	2,830	(2,466)	(2,466)	633	364

In the year 2019, the Company purchased 5.1 million ordinary shares (2018: 1.1 million ordinary shares) of Bangkok Metro Networks Limited (subsidiary company) (equal to 20.0 percent of its issued and paid-up share capital (2018: 4.5 percent)) from its existing shareholders, for a total of Baht 269 million (2018: Baht 60 million). As a result of this transaction, its shareholding in the subsidiary changed from 69.67 percent to 89.67 percent (2018: 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	
	<u>2019</u>	<u>2018</u>
Purchase price of investment in subsidiary	269,240	60,284
Less: Non-controlling interests of subsidiary adjusted	(88,068)	(16,662)
Capital deficit from change in shareholding interest in subsidiary	181,172	43,622

13. Investments in associate

13.1 Details of investment in associate

(Unit: Million Baht)

Company's name	Nature of business	Incorporated country	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(percent)					
TTW Public Company Limited ⁽¹⁾	Production and sales of treated water	Thailand	-	19.29	-	6,919	-	6,369
Total					-	6,919	-	6,369

(Unit: Million Baht)

Company's name	Nature of business	Incorporated country	Separate financial statements			
			Shareholding percentage		Cost	
			2019	2018	2019	2018
			(Percent)			
TTW Public Company Limited ⁽¹⁾	Production and sales of treated water	Thailand	-	19.29	-	4,242
Total					-	4,242

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	
	2019	2018	2019	2018	2019	2018
CK Power Public Company Limited ⁽²⁾	-	28	-	26	-	32
TTW Public Company Limited ⁽¹⁾	173	405	(2)	7	231	462
Total	173	433	(2)	33	231	494

⁽¹⁾ Effective on 29 May 2019, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

⁽²⁾ Effective on 16 July 2018, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

13.3 Fair value investments in listed associate

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

Company's name	Fair values as at 31 December	
	<u>2019</u>	<u>2018</u>
TTW Public Company Limited ⁽¹⁾	-	9,468
Total	-	9,468

13.4 Summarised financial information about material associate

Summarised information about financial position as at 31 December 2019 and 2018

	TTW Public Company Limited ⁽¹⁾	
	<u>2019</u>	<u>2018</u>
Current assets	-	4,216
Non-current assets	-	19,114
Current liabilities	-	(2,544)
Non-current liabilities	-	(8,421)
Non-controlling interests of the subsidiaries	-	(43)
Net assets	-	12,322
Shareholding percentage (percent)	-	19.29
Share of net assets on equity method	-	2,377
Sales of investment in associate	-	(14)
Rights to produce and sell treated water	-	1,630
Goodwill	-	2,376
Carrying amounts of associates based on equity method	-	6,369

Summarised information about comprehensive income for the year ended 31 December 2019 and 2018

	TTW Public Company Limited ⁽¹⁾	
	<u>2019</u>	<u>2018</u>
Revenue	-	5,949
Profit	-	2,842
Other comprehensive income	-	38
Total comprehensive income	-	2,880

⁽¹⁾ Effective on 29 May 2019, the Company reclassified the investment from investment in associated company to investment in available-for-sale securities.

TTW Public Company Limited

In February 2018, the Company sold 6.3 million ordinary shares of TTW Public Company Limited (“TTW”) 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 decreased from 19.45 percent to 19.29 percent.

In March 2019, the Company sold 12 million ordinary shares of TTW amounting to Baht 146 million, and recorded gains on sale of investment in this associated company of Baht 45 million and Baht 80 million in profit or loss in the consolidated and separate financial statements, respectively. As a result, its equity interest of TTW decreased from 19.29 percent to 18.99 percent.

During the second quarter of the current year, the Company sold 21 million ordinary shares of TTW amounting to Baht 253 million, and recorded gain on sale of investment in this associated company of Baht 77 million and Baht 137 million in profit or loss in the consolidated and separate financial statements, respectively. As a result, its equity interest of TTW decreased from 18.99 percent to 18.47 percent.

On 29 May 2019, a meeting of the Company’s Board of Directors passed a resolution to approve the change in the purpose of investing in TTW shares and passed a resolution to approve the reclassification of the investment in TTW 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 TTW 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, the Company reclassified the investment in TTW from investment in associated company to investment in available-for-sale securities, which is consistent with the reduction of its interest in that company’s equity and the purpose of holding the investment. The Company recorded a gain of Baht 3,409 million as a result of the reclassification of the investment in profit or loss in the consolidated financial statements in the current year.

CK Power Public Company Limited

During the year 2018, the Company sold 115.7 million ordinary shares of CK Power Public Company Limited (“CKP”) amounted to Baht 456 million and recorded gains on sale of investment in this associated company of Baht 221 million in profit or loss in the consolidated financial statements (Separate financial statements: Baht 208 million). As a result, its equity interest of CKP decreased from 19.40 percent to 17.83 percent.

In addition, a meeting of the Board of Directors passed a resolution to approve the change in the propose of investing in CKP shares and the reclassification of investment in CKP from investment in associated company to investment in available-for-sale securities, which is consistent with the reduction of its interest in that company's equity and the change in 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 year 2018.

14. Other long-term investments

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Investment in available-for-sale securities				
CK Power Public Company Limited				
- Ordinary shares	5,178,082	5,178,082	2,813,840	2,813,840
- Warrants	93,033	120,032	114,767	148,073
TTW Public Company Limited ⁽¹⁾				
- Ordinary shares	9,432,320	-	4,061,076	-
Add: Unrealised gain on changes in value of investments	<u>1,993,392</u>	<u>1,390,533</u>	<u>9,707,144</u>	<u>3,726,734</u>
Investment in available-for-sale securities - Net	16,696,827	6,688,647	16,696,827	6,688,647
Long-term investment				
Eastern High-Speed Rail Linking				
Three Airports Co., Ltd	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
Total other long-term investments - Net	<u>17,096,827</u>	<u>6,688,647</u>	<u>17,096,827</u>	<u>6,688,647</u>

⁽¹⁾ Effective on 29 May 2019, the Company reclassified this investment from investment in associated company to investment in available-for-sale securities.

15. Investment properties

As at 31 December 2019, the Company has investment properties, consisting of land, which is presented in the consolidated and separate financial statements at its fair value of Baht 321 million (2018: Baht 320 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	Asset during installation	Total
Cost:					
1 January 2018	83,017	209,781	457,673	3,832	754,303
Additions	5,348	9,073	8,028	593	23,042
Disposals/Write off	(14,643)	(6,711)	(7,224)	-	(28,578)
Reclassification/ Transfer in (out)	2,057	(208)	1,775	(3,832)	(208)
31 December 2018	75,779	211,935	460,252	593	748,559
Additions	11,622	13,244	7,887	13,798	46,551
Disposals/Write off	-	(9,688)	(12,147)	-	(21,835)
Reclassification/ Transfer in (out)	2,130	(32)	-	(593)	1,505
31 December 2019	89,531	215,459	455,992	13,798	774,780
Accumulated depreciation:					
1 January 2018	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
Depreciation for the year	9,824	21,848	28,579	-	60,251
Accumulated depreciation on disposals/write off	-	(9,638)	(11,832)	-	(21,470)
31 December 2019	55,070	170,114	238,219	-	463,403
Net book value:					
31 December 2018	30,533	54,031	238,780	593	323,937
31 December 2019	34,461	45,345	217,773	13,798	311,377
Depreciation for the year					
2018 (Baht 30 million included in cost of services and the balance in selling and administrative expense)					58,882
2019 (Baht 29 million included in cost of services and the balance in selling and administrative expense)					60,251

(Unit: Thousand Baht)

	Separate financial statements				
	Building and construction improvement	Furniture, fixture and office equipment	Vehicles	Asset during installation	Total
Cost:					
1 January 2018	70,425	156,028	448,545	3,832	678,830
Additions	3,497	6,410	3,444	-	13,351
Disposals/Write off	(14,643)	(6,346)	(4,871)	-	(25,860)
Reclassification/Transfer in (out)	2,057	(208)	1,775	(3,832)	(208)
31 December 2018	61,336	155,884	448,893	-	666,113
Additions	-	10,253	7,887	13,525	31,665
Disposals/Write off	-	(9,238)	(12,147)	-	(21,385)
31 December 2019	61,336	156,899	444,633	13,525	676,393
Accumulated depreciation:					
1 January 2018	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
Depreciation for the year	6,061	11,479	26,963	-	44,503
Accumulated depreciation on disposals/write off	-	(9,188)	(11,832)	-	(21,020)
31 December 2019	45,051	129,376	232,628	-	407,055
Net book value:					
31 December 2018	22,346	28,799	231,396	-	282,541
31 December 2019	16,285	27,523	212,005	13,525	269,338
Depreciation for the year					
2018 (Baht 21 million included in cost of services and the balance in selling and administrative expense)					45,239
2019 (Baht 20 million included in cost of services and the balance in selling and administrative expense)					44,503

As at 31 December 2019, the Group had vehicles with net book value of Baht 5 million (2018: Baht 6 million) (The Company only: Baht 2 million, 2018: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2019, the Group 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 265 million (2018: Baht 267 million) (The Company only: Baht 255 million, 2018: Baht 261 million).

17. Rights to operate expressway sectors

(Unit: Thousand Baht)

	Consolidated financial statements		
	Rights to operate	Project costs under	Total
	completed expressway sector	construction	
Cost:			
1 January 2018	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
Additions	320,200	437,439	757,639
Transfer in (out)	5,608	(5,608)	-
31 December 2019	86,447,491	437,439	86,884,930
Accumulated amortisation:			
1 January 2018	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
Amortisation for the year	3,650,292	-	3,650,292
31 December 2019	54,631,563	-	54,631,563
Net book value:			
31 December 2018	35,140,412	5,608	35,146,020
31 December 2019	31,815,928	437,439	32,253,367
Amortisation for the year			
2018			3,572,459
2019			3,650,292

(Unit: Thousand Baht)

	Separate financial statements		
	Rights to operate completed expressway sector	Project costs under construction	Total
Cost:			
1 January 2018	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
Additions	320,200	432,994	753,194
Transfer in (out)	5,608	(5,608)	-
31 December 2019	73,603,201	432,994	74,036,195
Accumulated amortisation:			
1 January 2018	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
Amortisation for the year	3,046,735	-	3,046,735
31 December 2019	46,787,547	-	46,787,547
Net book value:			
31 December 2018	29,536,581	5,608	29,542,189
31 December 2019	26,815,654	432,994	27,248,648
Amortisation for the year			
2018			2,971,997
2019			3,046,735

18. Rights to use sites for expressway construction

The net book value of rights to use sites for expressway construction as at 31 December 2019 and 2018 are presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Cost	6,644,790	6,644,790
Less: Accumulated amortisation	(6,583,323)	(6,254,592)
Net book value	<u>61,467</u>	<u>390,198</u>

A reconciliation of the net book value of the rights to use sites for expressway construction for the years 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Net book value at the beginning of the year	390,198	719,073
Amortisation for the year	(328,731)	(328,875)
Net book value at the end of the year	<u>61,467</u>	<u>390,198</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
Cost:			
1 January 2018	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
Additions	752,415	6,062,954	6,815,369
Reclassification	(1,505)	-	(1,505)
Interest cost	28,649	332,224	360,873
Transfer in (out)	11,226,336	(11,226,336)	-
31 December 2019	34,021,244	12,747,711	46,768,955
Accumulated amortisation:			
1 January 2018	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
Amortisation for the year	263,394	-	263,394
31 December 2019	4,430,056	-	4,430,056
Net book value:			
31 December 2018	17,848,687	17,578,869	35,427,556
31 December 2019	29,591,188	12,747,711	42,338,899
Amortisation for the year			
2018			188,047
2019			263,394

(Unit: Thousand Baht)

	Separate financial statements		
	Intangible asset under concession agreement of the MRT Blue Line Project	Project costs under construction	Total
Cost:			
1 January 2018	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
Additions	706,726	6,061,162	6,767,888
Interest cost	28,649	332,224	360,873
Transfer in (out)	11,209,713	(11,209,713)	-
31 December 2019	33,364,651	12,745,919	46,110,570
Accumulated amortisation:			
1 January 2018	3,741,750	-	3,741,750
Amortisation for the year	150,553	-	150,553
31 December 2018	3,892,303	-	3,892,303
Amortisation for the year	219,561	-	219,561
31 December 2019	4,111,864	-	4,111,864
Net book value:			
31 December 2018	17,527,260	17,562,246	35,089,506
31 December 2019	29,252,787	12,745,919	41,998,706
Amortisation for the year			
2018			150,553
2019			219,561

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 3.17 percent (2018: 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 2019 and 2018 is presented below.

		(Unit: Thousand Baht)	
		Consolidated and Separate financial statements	
		<u>2019</u>	<u>2018</u>
Cost		731,769	715,460
Less: Accumulated amortisation		(86,818)	(60,769)
Net book value		<u>644,951</u>	<u>654,691</u>

A reconciliation of the net book value of project cost of the MRT Chalong Ratchadham Line for the years 2019 and 2018 are summarised below.

		(Unit: Thousand Baht)	
		Consolidated and Separate financial statements	
		<u>2019</u>	<u>2018</u>
Net book value at the beginning of the year		654,691	666,743
Additions		16,309	13,998
Amortisation for the year		(26,049)	(26,050)
Net book value at the end of the year		<u>644,951</u>	<u>654,691</u>

21. Other intangible assets

The net book value of other intangible assets which are computer software as at 31 December 2019 and 2018 is presented below.

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost		211,655	195,933	199,432	185,297
Less: Accumulated amortisation		(137,628)	(111,155)	(130,159)	(104,996)
Net book value		<u>74,027</u>	<u>84,778</u>	<u>69,273</u>	<u>80,301</u>

A reconciliation of the net book value of other intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net book value at the beginning of the year	84,778	75,258	80,301	70,297
Acquisition of computer software	15,722	30,650	14,135	29,080
Amortisation for the year	(26,473)	(21,130)	(25,163)	(19,076)
Net book value at the end of the year	<u>74,027</u>	<u>84,778</u>	<u>69,273</u>	<u>80,301</u>

22. Short-term loans from financial institutions

	Interest rate	(Unit: Thousand Baht)	
		Consolidated and Separate	
		financial statements	
	(Percent per annum)	<u>2019</u>	<u>2018</u>
Short-term loans - promissory notes	At the fixed rate	3,250,000	2,816,000
Less: Deferred financial fees		-	(1,406)
Total		<u>3,250,000</u>	<u>2,814,594</u>

23. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties (Note 6)	882,909	779,566	915,381	811,497
Trade payables - unrelated parties	432,705	347,047	394,213	314,246
Accrued interest - related parties (Note 6)	-	1,132	-	1,132
Accrued interest - unrelated parties	205,868	188,799	205,244	188,238
Accrued expense - related parties (Note 6)	84,099	71,911	84,099	71,854
Accrued expense - unrelated parties	304,224	280,845	281,327	260,840
Other payables	28,677	14,173	26,537	10,993
Total trade and other payables	<u>1,938,482</u>	<u>1,683,473</u>	<u>1,906,801</u>	<u>1,658,800</u>

24. Long-term loans from financial institutions

					(Unit: Thousand Baht)			
Loans	Credit facility	Objective	Interest rate	Period of repayment	Consolidated financial statements		Separate financial statements	
					2019	2018	2019	2018
	(Million Baht)		(percent)					
24.1 Long-term loan	8,000	Working capital	At the fixed rate	Repayment installments in every six month	2,500,000	4,000,000	2,500,000	4,000,000
(Fully drew down)				commencing May 2017 to May 2021				
24.2 Tranche A	13,557	To invest in the MRT Chalong	Interest rate of FDR plus	Repayment in monthly installments	10,103,776	11,638,526	10,103,776	11,638,526
(Fully drew down)		Ratchadham Line Project	stipulated margins	commencing October 2017 to July 2026				
24.3 Tranche B	62	To invest in the MRT Chalong	Interest rate of FDR plus	Repayment in monthly installments	46,144	53,154	46,144	53,154
(Fully drew down)		Ratchadham Line Project	stipulated margins	commencing October 2017 to July 2026				
24.4 Long-term loan	14,000	To invest in the MRT Blue Line	Interest rate of 6M THBFIX	Repayment in quarterly installments commencing	8,700,000	4,200,000	8,700,000	4,200,000
(Available credit facilities		Extension Project	plus stipulated margins	December 2021 to December 2035				
to be drawn down								
Baht 5,300 million)								
24.5 Long-term loan	3,630	Repayment for loan obtained from	Interest rate of 6M FDR	Repayment in quarterly installments	3,630,000	1,600,000	-	-
(Fully drew down)		the Company	plus stipulated margins	within September 2024				
Total	39,249				24,979,920	21,491,680	21,349,920	19,891,680
Less: Current portion of long-term loans					(3,166,120)	(3,041,760)	(2,541,760)	(3,041,760)
Less: Deferred financial fees					(68,239)	(76,140)	(68,239)	(76,140)
Long-term loans - net of current portion					21,745,561	18,373,780	18,739,921	16,773,780

Movements in the long-term loans account for the year ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balance at the beginning of the year	21,491,680	29,666,690	19,891,680	29,166,690
Add: Drawdown during the year	6,530,000	5,300,000	4,500,000	4,200,000
Less: Repayment during the year	(3,041,760)	(13,475,010)	(3,041,760)	(13,475,010)
Balance at the end of the year	<u>24,979,920</u>	<u>21,491,680</u>	<u>21,349,920</u>	<u>19,891,680</u>

(Unit: Thousand Baht)

For the long-term loan number 24.1

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.

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 24.2 to 24.3

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 380 million on such loans for the year ended 31 December 2019 (2018: Baht 435 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 24.4

The Company entered into interest rate swap agreements for parts of these loans to change the interest rate from a floating rate of 6M THBFIX plus a stipulated margins to a fixed rate.

Under the Credit Facility Agreements, 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 24.5

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 2019 and 2018 have the following details:

						(Unit: Thousand Baht)	
						Consolidated and Separate	
						financial statements	
Type of debenture	Term	Issuance date	Maturity date	Interest rate	2019	2018	
				(% per annum)			
1.	No. 1/2016						
	- Tranche 1	3 years	24 June 2016	24 June 2019	2.22	-	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
2.	No. 2/2016	12 years	11 August 2016	24 June 2028	3.61	500,000	500,000
3.	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
4.	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
5.	No. 1/2018						
	- Tranche 1	3 years	5 April 2018	5 April 2021	2.05	3,000,000	3,000,000
	- Tranche 2	5 years	5 April 2018	5 April 2023	2.46	3,500,000	3,500,000
	- Tranche 3	7 years	5 April 2018	5 April 2025	3.01	3,500,000	3,500,000
6.	No. 1/2019						
	- Tranche 1	3 years	9 May 2019	9 May 2022	2.65	1,000,000	-
	- Tranche 2	5 years	9 May 2019	9 May 2024	3.18	2,000,000	-
	- Tranche 3	7 years	9 May 2019	9 May 2026	3.59	1,000,000	-
	- Tranche 4	10 years	9 May 2019	9 May 2029	3.84	1,000,000	-
Total						38,200,000	38,200,000
Less: Current portion of debenture						(2,500,000)	(5,000,000)
Less: Deferred debenture issuing cost						(29,173)	(30,178)
Debentures - net of current portion						35,670,827	33,169,822

Movements in the debentures account for the year ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Balance at the beginning of the year	38,200,000	28,200,000
Add: Issuance of debentures during the year	5,000,000	10,000,000
Less: Redemption of debentures during the year	(5,000,000)	-
Balance at the end of the year	<u>38,200,000</u>	<u>38,200,000</u>

All of the Company's debentures are registered debentures, unsubordinated, and unsecured, without a debenture holders' representative, except for the debenture number 6 which has a 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>2019</u>	<u>2018</u>
Provision for compensation for site acquisition cost		
as at the beginning of the year	1,546,892	3,011,402
Payment during the year	(1,616,000)	(1,600,000)
Interest cost	69,108	135,490
Provision for compensation for site acquisition cost		
at the end of the year	-	1,546,892
Less: Current portion	-	(1,546,892)
Provision for compensation for site acquisition cost		
- net of current portion	-	-

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 2019, the Company had already fully paid.

27. Unearned revenue from advertising management rights

The Company received remuneration of Baht 35 million from the subsidiary for granting the rights 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 rights 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 separate financial statements are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2018	14,362
Less: Recognise to revenue during the year	(1,248)
Balance as at 31 December 2018	13,114
Less: Recognise to revenue during the year	(1,248)
Balance as at 31 December 2019	11,866
Less: Current portion	(1,249)
Unearned revenue from advertising management rights - net of current portion	10,617

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits				
at beginning of the year	686,898	483,787	664,554	467,539
Included in profit or loss:				
Current service cost	100,972	75,870	97,728	72,898
Interest cost	12,823	18,667	12,232	18,152
Past service costs and losses on settlement	1,026	132,289	1,026	129,046
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	617	18,883	600	18,883
- Financial assumptions changes	107,476	(22,904)	108,955	(22,904)
- Experience adjustments	(12,422)	(9,368)	(11,180)	(9,368)
Benefits paid during the year	(11,000)	(10,326)	(11,000)	(9,692)
Provision for long-term employee benefits				
at end of the year	886,390	686,898	862,915	664,554

The Group recorded the effect of the change in the legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, which entitles such employees to receive not less than 400 days compensation at the latest wage rate, by recognising past service costs as expenses immediately in the 2018 income statement.

The Group expects to pay Baht 43 million of long-term employee benefits during the next year (Separate financial statements: Baht 43 million) (2018: Baht 3 million, Separate financial statements: Baht 3 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 12.43 - 17.78 years (Separate financial statements: 12.43 - 17.78 years) (2018: 12.62 - 17.13 years, Separate financial statements: 12.62 - 17.13 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Discount rate	1.6, 1.7, 2.3	2.6, 3.0, 3.3	1.6, 1.7	3.0, 3.3
Future salary increase rate	4.6, 5.5	5.5	5.5	5.5
Staff turnover rate (depending on age)	1.0 - 8.0	1.0 - 9.0	1.0 - 8.0	1.0 - 9.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(83)	99	(81)	96
Future salary increase rate	94	(81)	91	(79)
Staff turnover rate	(87)	64	(84)	63

(Unit: Million Baht)

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

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 Group and the EXAT agreed to share toll revenues receive as follows:

	The Company	The EXAT
	(Percent)	(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:

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

31. Revenue from commercial development business

Revenue from commercial development business derived from various sources of income, as presented in the separate financial statements for the year ended 31 December 2019, consisted of revenue from expressway system amounting to Baht 44 million (2018: Baht 42 million) and revenue from rail system amounting to Baht 675 million (2018: Baht 438 million). This included revenue from advertising management rights amounting to Baht 1 million (2018: 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

The Company's revenue from telecommunications network services and income from provision of space and facilities for the installation of telecommunications equipment for the year ended 31 December 2019 was as follows:

	(Unit: Thousand Baht)
Telecommunications Business License Type 2 with its own telecommunication network	208,892
Income from provision of space and facilities for the installation of telecommunications equipment	1,500
	<hr/>
	210,392

33. Remuneration from fare box revenue and commercial development revenue

33.1 The Concession agreement of the MRTA Initial System Project - Chaloe m Ratchamongkhon Line

The Company agrees to apportion revenues derived under the MRTA Initial System Project - Chaloe m 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 - Chaloe m 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 - Chaloe m Ratchamongkhon Line.

Remuneration paid to the MRTA under the MRTA Initial System Project - Chaloe m Ratchamongkhon Line concession agreement is summarised in Part I of Note 33.2 to the financial statements.

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 2019, the Company recorded accumulated annual remuneration totaling Baht 6,778 million (2018: Baht 4,990 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 2019, the Company recorded accumulated annual remuneration totaling Baht 455 million (2018: Baht 405 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:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Amortisation and depreciation	4,026,463	3,866,568	3,362,011	3,212,916
Salaries, wages and other employee benefits				
for the Group's staff	2,365,977	2,342,993	2,261,593	2,252,152
Salary, wages and other benefits of the				
employees of the EXAT	882,421	844,046	722,169	689,244
Repair and maintenance expenses	1,877,830	1,656,583	1,827,233	1,609,392
Compensation for site acquisition cost	397,839	464,365	397,839	464,365
Utilities expenses	645,492	591,121	624,983	571,546
Project remuneration expenses	393,652	355,662	393,652	355,662
Expenses with respect to facilitation and				
safety on expressway and stations	523,786	475,069	484,509	438,883
Insurance expenses	105,817	105,103	99,738	98,901

35. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax for the year	167,079	340,420	83,657	262,327
Adjustment in respect of current income tax of previous year	(58)	364	(58)	268
Deferred tax:				
Relating to origination and reversal of temporary differences	1,587,921	848,363	514,852	382,436
Income tax expense reported in the income statement	<u>1,754,942</u>	<u>1,189,147</u>	<u>598,451</u>	<u>645,031</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax related to				
- Unrealised gain (loss) from cash flow hedges	(18,175)	6,229	(18,175)	6,229
- Unrealised gain on valuation of available-for-sale securities	120,572	278,106	1,196,082	745,347
- Actuarial gain (loss)	(19,340)	2,678	(19,880)	2,678
Total	<u>83,057</u>	<u>287,013</u>	<u>1,158,027</u>	<u>754,254</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>7,206,807</u>	<u>6,524,994</u>	<u>3,522,077</u>	<u>3,752,461</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,441,361	1,304,999	704,415	750,492
Adjustment in respect of income tax of previous year	(58)	364	(58)	268
Effects of elimination entry on the consolidated financial statements	17,718	12,480	-	-
Effects of:				
Tax-exempt revenues	(49,601)	-	(95,788)	(98,788)
Share of profit from investment in associates	(34,582)	(86,559)	-	-
Gain on reclassification of investment	392,523	(32,013)	-	-
Non-deductible expenses	806	2,585	806	2,585
Additional expense deductions allowed	(9,596)	(10,812)	(6,134)	(6,914)
Others	(3,629)	(1,897)	(4,790)	(2,612)
Total	<u>295,921</u>	<u>(128,696)</u>	<u>(105,906)</u>	<u>(105,729)</u>
Income tax expenses reported in the income statement	<u>1,754,942</u>	<u>1,189,147</u>	<u>598,451</u>	<u>645,031</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets (liabilities)				
Allowance for doubtful accounts	188	325	-	-
Accrued bonus	10,923	7,589	9,283	6,551
Others accrued expense	2,503	2,554	2,074	2,074
Allowance for asset impairment	-	37	-	37
Provision for long-term employee benefits	177,278	137,380	172,583	132,911
Provision for compensation for site acquisition cost	-	309,378	-	309,378
Accumulated amortisation - Rights to operate				
expressway sectors	(443,190)	(465,759)	(443,190)	(465,759)
Rights to use sites for expressway construction	(12,293)	(78,040)	(12,293)	(78,040)
Prepaid project remuneration	(828,889)	(510,638)	(828,889)	(510,638)
Unrealised gain from revaluation of trading				
securities	(14,062)	(9,374)	(14,062)	(9,374)
Unrealised gain from revaluation in available-for-sale				
securities	(398,678)	(278,106)	(1,941,429)	(745,347)
Gain on reclassification of investment	(1,542,751)	(467,241)	-	-
Gain from sale of investments	7,926	3	6,665	3
Derivative financial liabilities	22,537	4,362	22,537	4,362
Deferred tax assets (liabilities) - net	<u>(3,018,508)</u>	<u>(1,347,530)</u>	<u>(3,026,721)</u>	<u>(1,353,842)</u>
Presentation in the financial statements				
Deferred tax assets	6,952	6,312	-	-
Deferred tax liabilities	<u>(3,025,460)</u>	<u>(1,353,842)</u>	<u>(3,026,721)</u>	<u>(1,353,842)</u>
	<u>(3,018,508)</u>	<u>(1,347,530)</u>	<u>(3,026,721)</u>	<u>(1,353,842)</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 2019 and 2018 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 2018	Annual General Meeting of the shareholders on 26 April 2019	1,376	0.09	22 May 2019
Dividend for the first half of the year 2019	Meeting of the Board of Directors on 9 August 2019	917	0.06	4 September 2019
Total dividend for the year ended 31 December 2019		2,293	0.15	
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	

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 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Revenue from expressway business	-	-	8,852,073	8,717,818	8,852,073	8,717,818
Revenue from rail business	3,139,915	2,878,850	1,882,185	1,857,152	5,022,100	4,736,002
Revenue from commercial development business	-	-	719,568	480,468	719,568	480,468
Other income	2,205	2,495	1,432,906	1,781,056	1,435,111	1,783,551
Total revenue	3,142,120	2,881,345	12,886,732	12,836,494	16,028,852	15,717,839

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 Group is 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 Udon Ratthaya Expressway project 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 information regarding the Group's operating segments for the year ended 31 December 2019 and 2018.

(Unit: Million Baht)

	Expressway business segment		Rail business segment		Commercial development business segment		Other segments		Total segments		Elimination of inter-segment revenues		Consolidation	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	10,302	10,174	5,022	4,736	783	705	-	-	16,107	15,615	-	-	16,107	15,615
Inter-segment revenues	-	-	-	-	363	330	186	150	549	480	(549)	(480)	-	-
Total revenues	10,302	10,174	5,022	4,736	1,146	1,035	186	150	16,656	16,095	(549)	(480)	16,107	15,615
Segment profit	4,262	4,299	1,014	1,049	520	492	-	-	5,796	5,840	-	-	5,796	5,840
Unallocated income and expenses:														
Interest income													393	451
Gain on sale of investments													181	499
Gain on reclassification of investment													3,409	2,496
Other income													314	27
Share of profit from investments in associates													173	433
Selling expenses													(139)	(112)
Administrative expenses													(1,197)	(1,252)
Finance cost													(1,723)	(1,857)
Income tax expenses													(1,755)	(1,189)
Non-controlling interests of the subsidiaries													(17)	(19)
Profit for the year													5,435	5,317
Rights to operate expressway sectors	32,253	35,146	-	-	-	-	-	-	32,253	35,146	-	-	32,253	35,146
Intangible asset under concession agreement of the MRT Blue Line Project	-	-	41,070	34,584	1,267	844	-	-	42,339	35,428	-	-	42,339	35,428
Project cost of the MRT Chalong Ratchaham Line	-	-	645	655	-	-	-	-	645	655	-	-	645	655
Unallocated assets	-	-	-	-	-	-	37,190	33,925	37,190	33,925	(730)	(1,323)	36,460	32,602
Total assets													111,697	103,831

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

The Group operates 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 years 2019 and 2018, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

40. Provident fund

The Group 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 Group 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 2019, the Group recognised the contribution of Baht 95 million in the consolidated financial statements (2018: Baht 93 million) as expenses and recognised the contribution of Baht 92 million in the separate financial statements (2018: Baht 90 million).

41. Commitments and contingent liabilities

41.1 Capital commitments

The Group has capital commitments as follows:

	As at 31 December	
	2019	2018
a) Performance improvement for farebox collection systems	Baht 105 million and USD 2 million	Baht 26 million and USD 3 million
b) Acquisition of equipment	Baht 23 million	-
c) Supply, installation and testing of the M&E Systems of the MRT Blue Line Project	Baht 2,483 million and EUR 4 million	Baht 8,026 million and EUR 5 million
d) Improvement for civil infrastructure of expressway	Baht 50 million	Baht 3 million
e) Improvement of computerised maintenance management system	Baht 3 million	Baht 28 million
f) Other capital commitments	Baht 6 million	Baht 16 million

41.2 Long-term service commitments

The Group has 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 September 2017, October 2017, August 2018, December 2018, February 2019 and March 2019 with six companies. These contracts will expire during 2023 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									
	2019					2018				
	<u>Baht</u>	<u>USD</u>	<u>EUR</u>	<u>SGD</u>	<u>YEN</u>	<u>Baht</u>	<u>USD</u>	<u>EUR</u>	<u>SGD</u>	<u>YEN</u>
Payable:										
In up to 1 year	1,712	-	5	-	379	961	-	3	1	380
In over 1 year and up to 5 years	5,559	2	18	1	1,518	4,958	2	20	6	1,518
In over 5 years	4,383	2	19	1	601	4,287	2	22	3	980

41.3 Commitments under various service agreements

The Group has commitments under various service agreements as follows:

(Unit: Million Baht)

	As at 31 December	
	2019	2018
Payable:		
In up 1 year	497	372
In over 1 year and up to 5 years	362	269

41.4 Operating lease commitments

The Group 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	
	2019	2018
Payable:		
In up to 1 year	28	17
In over 1 year and up to 5 years	37	18

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	
	2019	2018
a) Issued to the EXAT in accordance with the operation of the Si Rat-Outer Ring Road Expressway Project agreement	-	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	118
e) Other guarantees	14	14

41.6 Other commitments

(Unit: Million Baht)		
As at 31 December		
	2019	2018
a) Commitments in respect of the uncalled portion of investments		
Northern Bangkok Expressway Company Limited	750	750
b) Commitment in respect of Expressway inspection, replacement and improvement agreements (paid within one year)	27	22

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

As at 31 December 2019, the Group had a total of 19 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 Group 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.

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, together with 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.

On 19 September 2019, the Central Administrative Court adjudge to revoke the arbitral award and dismiss the Company's petition to enforce the arbitral award. On 18 October 2019, the Company lodged an appeal against the Central Administrative Court's judgment with the Supreme Administrative Court.

It is pending the Supreme Administration 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, together with interest under the Agreement.

A) the dispute whereby EXAT requested the revocation of the arbitral award, 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 14 May 2019, the Central Administrative Court delivered the verdict revoke EXAT requested the revocation of the arbitral award. Then, on 12 June 2019, EXAT filed an appeal against the Central Administrative Court to the Supreme Administrative Court.

It is pending the Supreme Administrative Court for consideration.

B) the dispute whereby the Company requested a judgement to enforce of 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.

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.

On 25 January 2019, EXAT submitted a petition to the Central Administrative Court requesting the Court to revoke the arbitral award.

It is pending the Central Administrative Court's consideration.

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 (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.

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.

On 22 April 2019, the Arbitral Tribunal rendered the judgment awarded requiring EXAT to compensate the Company for damages caused by the revision of toll rates (Sector D of the Si Rat Expressway) for the year 2003, which was not in accordance with the Agreement together with interest, in the total amount of Baht 1,048.2 million, and interest under the Agreement shall be calculated on the principle of the damages, in the amount of Baht 914.3 million from 1 June 2008 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 29 August 2003 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 2008 to 31 August 2008, including default interest under the Agreement from 1 June 2008 onwards until EXAT will be paid such damage together interest in full to the Company.

On 25 July 2019, 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.

It is pending the Central Administrative Court'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 Arbitral Tribunal 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, together with interest under the Agreement.

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 Arbitral Tribunal 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, together with interest under the Agreement.

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 Arbitral Tribunal 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.

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 Arbitral Tribunal 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.

It is pending the proceedings of the Thai Arbitration Institute.

42.1.11 Competing road with the Udon Rattaya Expressway for the year 1999 - 2000

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 2018, 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 Group several times for the dispute settlement of all cases between EXAT and the Group under the Second Stage Expressway Agreement (Sector A, Sector B and Sector 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 Group has reached the agreement with EXAT for the negotiation and dispute settlement for all disputes as described in Note 42 to the financial statements.

The agreement can be summarised as follows;

- A) EXAT and the Group has 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 Group has 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, Sector B and Sector 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 21 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 Group is 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.

As at 31 December 2019, 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).

On 18 February 2020, the Cabinet passed a resolution to amend the concession agreements in order to settle all the disputes for both the Second Stage Expressway (The Si Rat Expressway including Sector D) and the Bang Pa-In - Pak Kret Expressway Project (The Udon Rattaya Expressway) as described in Note 42.4 to the financial statements.

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.

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 Arbitral Tribunal 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 described in 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.

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 Arbitral Tribunal 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.

It is pending the proceedings of the Thai Arbitration Institute.

As at 31 December 2019, the disputes are under the negotiation and disputes settlement, the Group therefore did not record such entries in the financial statements.

42.3 Disputes submitted by the Group claiming for damages which was in the Panel proceedings, in 5 disputes, with the total amount to date of submission of the disputes of approximately Baht 78,181.9 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. On 5 July 2019, EXAT and the Company could not reach the amicable settlement in the date of appearance. Therefore, the Panel agreed to terminate the consideration and referred the dispute into the arbitration class.

It 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. On 5 July 2019, EXAT and the Company could not reach the amicable settlement in the date of appearance. Therefore, the Panel agreed to terminate the consideration and referred the dispute into the arbitration class.

It 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 24.9 million, and the interest of the principle damage in an amount of Baht 24.9 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. On 5 July 2019, EXAT and the Company could not reach the amicable settlement in the date of appearance. Therefore, the Panel agreed to terminate the consideration and referred the dispute into the arbitration class.

It is pending to submit to the Thai Arbitration Institute.

42.3.4 Competing road with the Udon Ratthaya Expressway for the year 2001 - 2017

As a result of the Government's permission to the construction of the Don Muang Tollway extension project from the National Memorial to Rangsit Section, which the Supreme Administrative Court has ruled in the year 1999 - 2000 case of the same on 17 September 2018 for EXAT to compensate for the deficit revenue to the subsidiary. Therefore, it is clear and settle that the subsidiary affected by the construction of the competing road. On 3 May 2019, the subsidiary requested the EXAT compensate for the deficit revenue from the estimated according to the Appendix VIII attached to the Bang Pa-In - Pak Kret Expressway Agreement for the year 2001 - 2017 for the total of Baht 46,300.2 million together with the cumulative interest calculated until 30 April 2019 in the total of Baht 25,925.3 million, and compensate for the interest of the principle amount total Baht 46,300.2 million calculated from 1 May 2019 until EXAT shall pay the principle amount together with the interest in the amount of Baht 72,225.5 million in full to the subsidiary.

It is pending to submit to the Thai Arbitration Institute.

42.3.5 Competing road with the Udon Ratthaya Expressway for the year 2018

On 29 October 2019, the subsidiary requested the EXAT compensate for the deficit revenue, as mentioned on Notes 42.3.4 to the financial statements. From the estimated according to the Appendix VIII attached to the Bang Pa-In Pak Kret Expressway Agreement for the year 2018 for the total of Baht 4,771 million together with the cumulative interest calculated until 29 October 2019 in the total of Baht 278.3 million, and compensate for the interest of the principle amount total Baht 4,771 million calculated from 30 October 2019 until EXAT shall pay the principle amount together with the interest in the amount of Baht 5,049.3 million in full to the subsidiary.

It is pending to the proceeding of the Panel.

42.4 Disputes Settlement

As described in Note 42.1.11 to the financial statements, on 6 January 2020, EXAT and the Group reached agreements to settle all disputes, subject to the approval of the Cabinet. The substance of the agreements was as follows;

- 1) EXAT and the Group agreed to settle all existing disputes and potential future disputes over the same issues in relation to the Concession Agreements.
- 2) The disputes were settled by extending the concessions without requiring investment in and improvement of the Second Stage Expressway, and construction of the Double Deck, with the terms of all three agreements extended until 31 October 2035.
- 3) The Group retains all rights to extend the concessions specified in the existing agreements. The remaining periods of the existing agreements are 4 years and 4 months for the Second Stage Expressway agreement, 11 years and 6 months for the Extension of the Second Stage Expressway agreement (Sector D) and 10 years and 11 months for the Bang Pa-In - Pak Kret Expressway Project agreement, commencing from the end of the amended agreements.
- 4) The toll rates are to be increased every 10 years by fixed amounts specified in the agreements.

On 18 February 2020, the Cabinet passed a resolution to amend the concession agreements in order to settle all disputes for both the Second Stage Expressway Project (The Si Rat Expressway including Sector D) and the Bang Pa-In - Pak Kret Expressway Project (the Udon Rattaya Expressway). On 20 February 2020, the Group and EXAT signed the Second Stage Expressway Agreement (Amendment) and the Bang Pa-In - Pak Kret Expressway Project Agreement (Amendment) as described in Notes 1 A.1 and A.3 to the financial statements.

At present, the Group and EXAT are in the process of settling all disputes, as described in Note 42 to the financial statements, and the Subsidiary is in the process of cancelling enforcement in accordance with the judgement of the Supreme Administrative Court (Note 42.1.11). As a result of cancellation of enforcement, the management has determined that the Group will not record any revenue in relation to the judgment.

43. Fair value hierarchy

As at 31 December 2019 and 2018, the Group 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Asset measured at fair value								
Current investment								
Unit trust	-	-	1,158	1,282	-	-	1,158	1,282
Investment in available-for- sale securities	16,697	6,689	-	-	-	-	16,697	6,689
Liabilities measured at fair value								
Derivative								
Interest rate swap	-	-	113	22	-	-	113	22
Asset for which fair value are disclosed								
Investment in associates	-	9,468	-	-	-	-	-	9,468
Investment properties	-	-	-	-	321	320	321	320

(Unit: Million Baht)

	Separated financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Asset measured at fair value								
Current investment								
Unit trust	-	-	1,137	1,269	-	-	1,137	1,269
Investment in available-for- sale securities	16,697	6,689	-	-	-	-	16,697	6,689
Liabilities measured at fair value								
Derivative								
Interest rate swap	-	-	113	22	-	-	113	22
Asset for which fair value are disclosed								
Investment in associates	-	9,468	-	-	-	-	-	9,468
Investment properties	-	-	-	-	321	320	321	320

44. Financial instruments

44.1 Financial risk management

The financial instruments of the Group, 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, other long-term investments, short-term loans from financial institution, trade and other payable, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other accounts receivable. The Group manages 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 Group is 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 Group bears 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 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	520	184	704	0.35 - 1.50
Current investments	-	-	-	-	1,158	1,158	-
Bank deposit for unearned fare box revenue	-	-	-	206	-	206	1.50 - 2.00
Trade and other receivables	-	-	-	-	482	482	-
Receivable under the concession agreement	-	-	-	10,860	-	10,860	Note 11
Other long-term investments	-	-	-	-	17,097	17,097	-
	-	-	-	11,586	18,921	30,507	
Financial liabilities							
Short-term loans from financial institution	3,250	-	-	-	-	3,250	2.02 - 2.50
Trade and other payables	-	-	-	-	1,938	1,938	-
Long-term loans	1,000	1,494	-	22,418	-	24,912	Note 24
Debentures	2,500	18,115	17,556	-	-	38,171	Note 25
	6,750	19,609	17,556	22,418	1,938	68,271	

(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				
Financial assets							
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
Other long-term investments	-	-	-	-	6,689	6,689	-
	-	-	-	13,027	8,644	21,671	
Financial liabilities							
Short-term loans from financial institution	2,815	-	-	-	-	2,815	1.85 - 2.50
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)

	Separated financial statements						
	As at 31 December 2019						
	Fixed interest rates			Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total	interest rate
							(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	446	163	609	0.35 - 1.50
Current investments	-	-	-	-	1,137	1,137	-
Bank deposit for unearned fare box revenue	-	-	-	206	-	206	1.50 - 2.00
Trade and other receivables	-	-	-	-	474	474	-
Long-term loans and interest receivable from related parties	-	-	-	37	-	37	Note 6
Receivable under the concession agreement	-	-	-	10,860	-	10,860	Note 11
Other long-term investments	-	-	-	-	17,097	17,097	-
	-	-	-	11,549	18,871	30,420	
Financial liabilities							
Short-term loans from financial institution	3,250	-	-	-	-	3,250	2.02 - 2.50
Trade and other payables	-	-	-	-	1,907	1,907	-
Long-term loans	1,000	1,494	-	18,788	-	21,282	Note 24
Debentures	2,500	18,115	17,556	-	-	38,171	Note 25
	6,750	19,609	17,556	18,788	1,907	64,610	

(Unit: Million Baht)

	Separated financial statements						
	As at 31 December 2018						
	Fixed interest rates			Floating	Non-interest		Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total	interest rate
							(% p.a.)
Financial assets							
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
Other long-term investments	-	-	-	-	6,689	6,689	-
	-	-	-	15,453	9,118	24,571	
Financial liabilities							
Short-term loans from financial institution	2,815	-	-	-	-	2,815	1.85 - 2.50
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	

The Company entered into an interest rate swap contract with the local commercial banks to manage risk associated with some of its long-term loan, carrying interest at a floating rate. As at 31 December 2019, the Company has interest rate swap contract, granting facilities of long-term loan of Baht 5,500 million, to swap a floating interest rate of 6M THBFIX plus stipulated margins to a fixed rate. The interest rate swap contract terminates in 2021 and 2026.

Foreign currency risk

The Company has a significant foreign currency risk in respect of construction payable. As at 31 December 2019, the Company has outstanding financial liabilities denominated in foreign currency amounting to JPY 102 million, EUR 0.6 million, USD 0.3 million and SGD 0.1 million (2018: JPY 101 million, SGD 0.4 million and EUR 0.1 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 Group 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 2019, the book value of the Company's debentures was Baht 38,171 million, whereas the fair value was Baht 39,829 million (2018: book value of the Company's debentures was Baht 38,170 million, whereas the fair value was Baht 37,998 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

On 26 February 2020, a meeting of the Board of Directors passed a resolution to propose a dividend payment from the 2019 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 4 September 2019 and the final dividend payment at the rate of at the rate Baht 0.09 per share will be paid within May 2020. This dividend payment is subject to the approval of the Annual General Meeting of the shareholders.

47. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2020.