

TRC Construction Public Company Limited  
and its subsidiaries  
Review report and interim consolidated financial statements  
For the three-month and nine-month periods ended  
30 September 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of TRC Construction Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of TRC Construction Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of TRC Construction Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

Except for the matter as described in the *Basis for Qualified Conclusion* paragraph, I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Basis for Qualified Conclusion**

- a) As described in Note 7 to the interim consolidated financial statements, the Company has an investment in an associate, ASEAN Potash Chaiyaphum Public Company Limited (its shareholding is 25.13%, held through two subsidiaries). The investment is presented in the consolidated statement of financial position under the equity method as at 30 September 2018 at an amount of Baht 1,222 million, with share of loss from investment in this associate for the three-month and nine-month periods then ended amounting to Baht 12 million and Baht 37 million, respectively. Furthermore, as described in Note 2 to

the interim consolidated financial statements, for the purpose of investment in this associate, the Company provided unsecured long-term loans to the subsidiaries that are due at call, and the balance of these loans as at 30 September 2018 totals Baht 1,307 million, which is presented under long-term loans to related parties in the separate statement of financial position.

Moreover, as at 30 September 2018, the Company has an outstanding balance relating to construction services provided to this associate, presented in the consolidated and separate financial statements. It consists of trade and other receivables, unbilled receivables, accounts receivable - retention under construction contracts, advances paid to subcontractors under construction contracts and construction in progress, totaling Baht 696 million.

- b) Based on the interim financial information for quarter 1 and quarter 2 of the current year, the associate has an obligation to pay special state benefits for a concession (“the special state benefits”) in accordance with the conditions indicated in “The memorandum for the payment of special state benefits for concession granting”, consisting of the first installment of Baht 569 million together with a fine at 15 % per annum. The associate has requested a deferral of the special state benefit payment from the related government agencies but this has been refused. In addition, based on the associate’s management accounts for quarter 3 of the current year, as at 30 September 2018 the associate is unable to pay the special state benefits and there is no additional funding in the form of a capital injection by its shareholders and/or applications for credit approval by commercial banks. Furthermore, the associate’s current liabilities substantially exceeded its current assets. These circumstances raise substantial doubt as to the ability of the associate to continue as a going concern, especially the ability of the associate to retain the right to operate mining business under the concession.

I was unable to obtain a review report on the interim financial information of this associate for the current quarter from its auditor. The investment in this associate accounted for under the equity method was therefore valued based on the associate’s management accounts, which were not reviewed by its auditor. I was unable to apply other audit procedures to reach a conclusion regarding the financial position and the financial performance of the associate, especially the value of significant amounts of non-current assets under the concession to operate mining business.

- c) This circumstances of the associate may significantly affect the value of investment in associate, the value of long-term loans to related parties, and the balance relating to the construction services provided to this associate described above. I was unable to apply other audit procedures to reach a conclusion regarding these circumstances. I was therefore unable to conclude whether and to what extent it is necessary to adjust the values of investment in associate under the equity method, share of loss from investments in associate, long-term loans to related parties, and the balance relating to the construction services provided to this associate, and this constitutes a limitation imposed by circumstance.

Should adjustments be required as a result of the matters described above, they will affect the values of investment in associate under the equity method presented in the consolidated statement of financial position as at 30 September 2018, long-term loans to related parties presented in the separate statement of financial position as at 30 September 2018, the balance relating to the construction services provided to this associate and retained earnings as presented in the consolidated and separate statements of financial position as at 30 September 2018, as well share of loss from investments in associate as presented in the consolidated statements of income, profit as presented in the consolidated and separate statement of income, total comprehensive income as presented in the consolidated and separate statement of comprehensive income, other components of equity in the consolidated and separate statements of changes in shareholders' equity and cash flows for the three month and nine-month periods then ended.

### **Qualified conclusion**

Based on my review, except for the possible effects of the matter as described in the *Basis for Qualified Conclusion* paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Orawan Techawatanasirikul  
Certified Public Accountant (Thailand) No. 4807

EY Office Limited  
Bangkok: 12 November 2018

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	55,483	336,369	26,350	10,826
Trade and other receivables	2, 4	658,764	825,587	754,717	852,950
Unbilled receivables	2	1,132,355	854,291	732,561	359,023
Accounts receivable - retention under construction contracts	2	103,298	100,307	56,472	53,205
Advances paid to subcontractors under construction contracts	2	434,748	329,587	203,158	169,943
Construction in progress	2	186,876	56,244	179,714	46,651
Inventories	5	5,541	5,514	5,514	5,514
Short-term loans to related parties	2	-	-	3,221	2,914
Withholding tax deducted at source		56,166	55,306	36,020	20,999
Other current assets		46,227	35,914	31,962	22,371
<b>Total current assets</b>		<b>2,679,458</b>	<b>2,599,119</b>	<b>2,029,689</b>	<b>1,544,396</b>
<b>Non-current assets</b>					
Restricted deposits at banks	6	16,344	16,330	-	-
Long-term loans to related parties	2	-	-	1,306,517	1,306,517
Investment in associate	7	1,222,359	1,259,003	-	-
Investments in subsidiaries	8	-	-	476,073	476,073
Investments in joint ventures	9	23,324	7,359	2,376	2,376
Property, plant and equipment	10	650,006	684,744	611,624	644,062
Intangible assets		13,227	12,847	12,763	12,321
Deferred tax assets		12,827	12,396	8,643	9,816
Other non-current assets		5,840	6,581	5,516	6,264
<b>Total non-current assets</b>		<b>1,943,927</b>	<b>1,999,260</b>	<b>2,423,512</b>	<b>2,457,429</b>
<b>Total assets</b>		<b>4,623,385</b>	<b>4,598,379</b>	<b>4,453,201</b>	<b>4,001,825</b>

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

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	11	280,000	70,358	280,000	70,358
Trade and other payables	2, 12	491,452	451,030	337,405	220,148
Unbilled payable		417,257	414,274	184,350	221,110
Accounts payable - retention under construction contracts		42,774	48,783	13,353	12,370
Advances received from customers under construction contracts	2	320,254	371,280	41,811	81,990
Short-term loans		-	30,000	-	30,000
Short-term loans from related parties	2	-	-	456,000	98,000
Provision for liabilities under construction projects	13	19,029	19,650	7,890	14,962
Current portion of debentures	14	-	300,000	-	300,000
Current portion of liabilities under finance lease agreements	15	4,420	11,238	262	7,233
Income tax payable		1,554	1,852	-	-
Other current liabilities		39,692	48,687	34,496	43,182
<b>Total current liabilities</b>		<b>1,616,432</b>	<b>1,767,152</b>	<b>1,355,567</b>	<b>1,099,353</b>
<b>Non-current liabilities</b>					
Debentures - net of current portion	14	179,214	-	179,214	-
Liabilities under finance lease agreements - net of current portion	15	2,838	5,978	-	-
Provision for long-term employee benefits		55,288	49,425	47,013	42,760
Provision for litigation	23.1	20,000	20,000	20,000	20,000
<b>Total non-current liabilities</b>		<b>257,340</b>	<b>75,403</b>	<b>246,227</b>	<b>62,760</b>
<b>Total liabilities</b>		<b>1,873,772</b>	<b>1,842,555</b>	<b>1,601,794</b>	<b>1,162,113</b>

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

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>					
Share capital	16				
Registered					
6,163,177,960 ordinary shares of Baht 0.125 each					
(31 December 2017: 5,869,698,010 ordinary shares of Baht 0.125 each)		770,397	733,712	770,397	733,712
Issued and paid-up					
6,163,165,825 ordinary shares of Baht 0.125 each					
(31 December 2017: 5,869,693,296 ordinary shares of Baht 0.125 each)		770,396	733,712	770,396	733,712
Share premium	16	1,041,740	1,041,740	1,041,740	1,041,740
Other deficit		(2,956)	(2,956)	-	-
Retained earnings					
Appropriated - statutory reserve					
The Company		73,371	73,371	73,371	73,371
Subsidiary		4,108	4,108	-	-
Unappropriated		878,111	919,904	965,900	990,889
Other components of shareholders' equity		13,630	13,616	-	-
Equity attributable to owners of the Company		2,778,400	2,783,495	2,851,407	2,839,712
Non-controlling interests of the subsidiaries		(28,787)	(27,671)	-	-
<b>Total shareholders' equity</b>		<b>2,749,613</b>	<b>2,755,824</b>	<b>2,851,407</b>	<b>2,839,712</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,623,385</b>	<b>4,598,379</b>	<b>4,453,201</b>	<b>4,001,825</b>
		-	-	-	-

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

Directors

(Unaudited but reviewed)

## TRC Construction Public Company Limited and its subsidiaries

## Income statement

For the three-month period ended 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Construction services income	2	644,136	452,109	357,205	187,700
Sales		1,718	-	-	-
Interest income	2	-	391	16,506	16,520
Other income	2	24,712	48,368	5,444	44,475
<b>Total revenues</b>		<b>670,566</b>	<b>500,868</b>	<b>379,155</b>	<b>248,695</b>
<b>Expenses</b>					
Cost of construction services	2	509,469	370,170	281,860	142,886
Cost of sales		2,054	-	-	-
Administrative expenses		80,533	83,179	70,742	70,881
<b>Total expenses</b>		<b>592,056</b>	<b>453,349</b>	<b>352,602</b>	<b>213,767</b>
<b>Profit before share of profit (loss) from investments in associate and joint ventures, finance cost, and income tax expenses</b>					
		78,510	47,519	26,553	34,928
Share of loss from investment in associate	7.2	(11,673)	(9,404)	-	-
Share of profit from investments in joint ventures	9.2	540	-	-	-
<b>Profit before finance cost and income tax expenses</b>					
		67,377	38,115	26,553	34,928
Finance cost	2	(5,821)	(4,161)	(7,968)	(4,152)
<b>Profit before income tax expenses</b>		<b>61,556</b>	<b>33,954</b>	<b>18,585</b>	<b>30,776</b>
Income tax expenses	17	(18,904)	(12,543)	(4,373)	(6,581)
<b>Profit for the period</b>		<b>42,652</b>	<b>21,411</b>	<b>14,212</b>	<b>24,195</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		43,128	21,760	14,212	24,195
Non-controlling interests of the subsidiaries		(476)	(349)	-	-
		42,652	21,411	-	-
		-	-	-	(Unit: Baht)
<b>Earnings per share</b>					
18					
Basic earnings per share					
Profit attributable to equity holders					
of the Company					
		0.007	0.004	0.002	0.004

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



(Unaudited but reviewed)

**TRC Construction Public Company Limited and its subsidiaries**

**Statement of comprehensive income**

**For the three-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit for the period</b>	<u>42,652</u>	<u>21,411</u>	<u>14,212</u>	<u>24,195</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>820</u>	<u>609</u>	<u>-</u>	<u>-</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	<u>820</u>	<u>609</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>820</u>	<u>609</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>43,472</u></u>	<u><u>22,020</u></u>	<u><u>14,212</u></u>	<u><u>24,195</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>43,137</u>	<u>21,773</u>	<u><u>14,212</u></u>	<u><u>24,195</u></u>
Non-controlling interests of the subsidiaries	<u>335</u>	<u>247</u>		
	<u><u>43,472</u></u>	<u><u>22,020</u></u>		
	-	-		

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

(Unaudited but reviewed)

## TRC Construction Public Company Limited and its subsidiaries

## Income statement

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Revenues</b>					
Construction services income	2	1,586,162	1,840,179	983,731	1,000,148
Sales		3,811	-	-	-
Interest income	2	654	760	49,136	49,082
Other income	2	33,623	53,981	10,910	50,201
<b>Total revenues</b>		<b>1,624,250</b>	<b>1,894,920</b>	<b>1,043,777</b>	<b>1,099,431</b>
<b>Expenses</b>					
Cost of construction services	2	1,289,228	1,493,979	779,953	752,558
Cost of sales		4,277	-	-	-
Administrative expenses		247,460	275,420	213,548	236,285
<b>Total expenses</b>		<b>1,540,965</b>	<b>1,769,399</b>	<b>993,501</b>	<b>988,843</b>
<b>Profit before share of profit (loss) from investments in associate and joint ventures, finance cost, and income tax expenses</b>					
Share of loss from investment in associate	7.2	(36,644)	(26,974)	-	-
Share of profit from investments in joint ventures	9.2	665	-	-	-
<b>Profit before finance cost and income tax expenses</b>					
Finance cost	2	(14,251)	(12,213)	(18,046)	(12,329)
<b>Profit before income tax expenses</b>		<b>33,055</b>	<b>86,334</b>	<b>32,230</b>	<b>98,259</b>
Income tax expenses	17	(27,805)	(34,849)	(8,795)	(21,154)
<b>Profit for the period</b>		<b>5,250</b>	<b>51,485</b>	<b>23,435</b>	<b>77,105</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		6,631	52,888	23,435	77,105
Non-controlling interests of the subsidiaries		(1,381)	(1,403)		
		<b>5,250</b>	<b>51,485</b>		
		-	-		(Unit: Baht)
<b>Earnings per share</b>					
18					
Basic earnings per share					
Profit attributable to equity holders					
of the Company		0.001	0.009	0.004	0.013

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

## Statement of comprehensive income

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Profit for the period</b>	5,250	51,485	23,435	77,105
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	279	2,478	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	279	2,478	-	-
<b>Other comprehensive income for the period</b>	279	2,478	-	-
<b>Total comprehensive income for the period</b>	5,529	53,963	23,435	77,105
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	6,645	52,932	23,435	77,105
Non-controlling interests of the subsidiaries	(1,116)	1,031		
	5,529	53,963		
	-	-		

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

(Unaudited but reviewed)

**TRC Construction Public Company Limited and its subsidiaries****Cash flows statement****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>				
Profit before tax	33,055	86,334	32,230	98,259
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	83,252	79,541	74,556	72,071
Allowance for doubtful debt (reversal)	-	(127)	284	-
Unrealised (gain) loss on exchange rate	3,299	(6,569)	1,692	8,454
(Gain) loss on disposal of equipment	(12)	198	(12)	227
Loss on write-off of equipment	1,420	804	1,475	767
Allowance for impairment loss on equipment	344	-	-	-
Share of loss from investment in associate	36,644	26,974	-	-
Share of profit from investments in joint ventures	(665)	-	-	-
Provision for liabilities under construction projects (reversal)	26,134	(1,696)	19,650	(1,696)
Provision for long-term employee benefits	8,865	7,120	7,255	5,878
Amortised transaction cost of debenture	294	-	294	-
Interest income	(654)	(760)	(49,136)	(49,082)
Interest expenses	14,640	14,120	18,747	14,381
Profit from operating activities before changes in operating assets and liabilities	206,616	205,939	107,035	149,259
(Increase) decrease in operating assets				
Trade and other receivables	163,752	(220,643)	146,603	(265,077)
Unbilled receivables	(278,441)	583,515	(374,650)	498,423
Accounts receivable - retention under construction contracts	(2,991)	(12,602)	(3,267)	(13,836)
Advances paid to subcontractors under construction contracts	(105,161)	216,032	(33,215)	(57,822)
Construction in progress	(130,632)	(64,932)	(133,063)	(64,550)
Inventories	(27)	-	-	-
Other current assets	(10,313)	(20,687)	(9,591)	(11,038)
Other non-current assets	741	691	748	700
Increase (decrease) in operating liabilities				
Trade and other payables	32,413	73,359	95,528	(79,736)
Unbilled payables	3,983	(383,677)	(35,760)	(46,468)
Accounts payable - retention under construction contracts	(6,009)	(344)	983	(8,954)
Advances received from customers under construction contracts	(51,026)	(18,791)	(40,179)	(41,515)
Provision for liabilities under construction projects	(27,755)	(3,913)	(27,722)	(3,344)
Other current liabilities	(8,347)	14,252	(7,431)	15,669
Provision for long-term employee benefits	(3,002)	-	(3,002)	-
Cash flows from (used in) operating activities	(216,199)	368,199	(316,983)	71,711
Cash paid for income tax	(43,643)	(66,391)	(22,643)	(53,757)
Cash received from withholding tax refund	14,249	-	-	-
<b>Net cash flows from (used in) operating activities</b>	<b>(245,593)</b>	<b>301,808</b>	<b>(339,626)</b>	<b>17,954</b>

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

(Unaudited but reviewed)

**TRC Construction Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	361	-	361
Increase in restricted deposits at bank	(14)	(15)	-	-
Increase in short-term loans to related parties	-	-	(594)	(337)
Cash paid for investment in subsidiary	-	-	-	(250)
Cash paid for investment in joint venture	(15,300)	-	-	-
Interest income	654	795	163	167
Cash received from disposal of equipment	24	234	24	105
Cash paid for purchase of equipment	(42,057)	(42,327)	(24,949)	(42,160)
Cash paid for purchase of intangible assets	(1,169)	(1,980)	(1,169)	(1,980)
<b>Net cash flows used in investing activities</b>	<b>(57,862)</b>	<b>(42,932)</b>	<b>(26,525)</b>	<b>(44,094)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from banks	209,642	4,910	209,642	4,910
Increase (decrease) in short-term loans	(30,000)	30,000	(30,000)	30,000
Increase in short-term loans from related parties	-	-	358,000	7,000
Cash received from issuance of debenture	180,000	100,000	180,000	100,000
Cash paid for transaction cost of debenture	(1,080)	-	(1,080)	-
Repayment of debenture	(300,000)	(100,000)	(300,000)	(100,000)
Dividend paid	(11,740)	(20,545)	(11,740)	(20,545)
Interest expenses	(14,678)	(14,212)	(16,176)	(14,464)
Decrease in liabilities under finance lease agreements	(9,958)	(9,548)	(6,971)	(6,710)
<b>Net cash flows from (used in) financing activities</b>	<b>22,186</b>	<b>(9,395)</b>	<b>381,675</b>	<b>191</b>
<b>Increase in translation adjustment</b>	<b>383</b>	<b>3,430</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(280,886)</b>	<b>252,911</b>	<b>15,524</b>	<b>(25,949)</b>
Cash and cash equivalents at beginning of the period	336,369	109,026	10,826	28,840
<b>Cash and cash equivalents at end of the period (Note 3)</b>	<b>55,483</b>	<b>361,937</b>	<b>26,350</b>	<b>2,891</b>
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Increase (decrease) in purchase of assets that have yet to be paid	7,444	(2,879)	17,929	(2,885)
Transfer construction supplies to assets under construction	-	1,608	-	1,608
Interest expenses recorded as cost of project	1,132	2,658	1,132	2,658
Stock dividend	36,684	91,714	36,684	91,714

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

(Unaudited but reviewed)

## TRC Construction Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to the parent's shareholders													
	Note	Other deficit				Retained earnings			Other components of equity				
		Issued and paid-up share capital	Share premium	Deficit on revaluation of investment in subsidiaries	Total other deficit	Appropriated - Statutory reserve			Other comprehensive income		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						The Company	Subsidiary	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity			
<b>Balance as at 1 January 2017</b>		641,998	1,041,740	(2,956)	(2,956)	72,637	4,108	941,491	13,543	13,543	2,712,561	(28,706)	2,683,855
Profit for the period		-	-	-	-	-	-	52,888	-	-	52,888	(1,403)	51,485
Other comprehensive income for the period		-	-	-	-	-	-	-	44	44	44	2,434	2,478
Total comprehensive income for the period		-	-	-	-	-	-	52,888	44	44	52,932	1,031	53,963
Increase in capital from issuance of stock dividends	19	91,714	-	-	-	-	-	(91,714)	-	-	-	-	-
Dividend paid	19	-	-	-	-	-	-	(20,545)	-	-	(20,545)	-	(20,545)
<b>Balance as at 30 September 2017</b>		<u>733,712</u>	<u>1,041,740</u>	<u>(2,956)</u>	<u>(2,956)</u>	<u>72,637</u>	<u>4,108</u>	<u>882,120</u>	<u>13,587</u>	<u>13,587</u>	<u>2,744,948</u>	<u>(27,675)</u>	<u>2,717,273</u>
<b>Balance as at 1 January 2018</b>		733,712	1,041,740	(2,956)	(2,956)	73,371	4,108	919,904	13,616	13,616	2,783,495	(27,671)	2,755,824
Profit for the period		-	-	-	-	-	-	6,631	-	-	6,631	(1,381)	5,250
Other comprehensive income for the period		-	-	-	-	-	-	-	14	14	14	265	279
Total comprehensive income for the period		-	-	-	-	-	-	6,631	14	14	6,645	(1,116)	5,529
Increase in capital from issuance of stock dividends	16, 19	36,684	-	-	-	-	-	(36,684)	-	-	-	-	-
Dividend paid	19	-	-	-	-	-	-	(11,740)	-	-	(11,740)	-	(11,740)
<b>Balance as at 30 September 2018</b>		<u>770,396</u>	<u>1,041,740</u>	<u>(2,956)</u>	<u>(2,956)</u>	<u>73,371</u>	<u>4,108</u>	<u>878,111</u>	<u>13,630</u>	<u>13,630</u>	<u>2,778,400</u>	<u>(28,787)</u>	<u>2,749,613</u>

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

(Unaudited but reviewed)

**TRC Construction Public Company Limited and its subsidiaries**

**Statement of changes in shareholders' equity**

**For the nine-month period ended 30 September 2018**

(Unit: Thousand Baht)

	Note	Separate financial statements				Total shareholders' equity
		Issued and paid-up share capital	Share premium	Retained earnings		
				Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 1 January 2017</b>		641,998	1,041,740	72,637	1,002,583	2,758,958
Profit for the period		-	-	-	77,105	77,105
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	77,105	77,105
Increase in capital from issuance of stock dividends	19	91,714	-	-	(91,714)	-
Dividend paid	19	-	-	-	(20,545)	(20,545)
<b>Balance as at 30 September 2017</b>		<u>733,712</u>	<u>1,041,740</u>	<u>72,637</u>	<u>967,429</u>	<u>2,815,518</u>
<b>Balance as at 1 January 2018</b>		733,712	1,041,740	73,371	990,889	2,839,712
Profit for the period		-	-	-	23,435	23,435
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	23,435	23,435
Increase in capital from issuance of stock dividends	16, 19	36,684	-	-	(36,684)	-
Dividend paid	19	-	-	-	(11,740)	(11,740)
<b>Balance as at 30 September 2018</b>		<u>770,396</u>	<u>1,041,740</u>	<u>73,371</u>	<u>965,900</u>	<u>2,851,407</u>

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

**TRC Construction Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 2018**

**1. General information**

**1.1 Corporate information**

TRC Construction Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 8, Soi Sukhapiban 5 Soi 32, Kwang Tha Raeng, Khet Bang Khen, Bangkok.

**1.2 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**1.3 Basis of consolidation**

These consolidated interim financial statements are prepared on the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2017, with there being no changes in the structure of shareholding in subsidiaries during the current period.



## **1.4 New financial reporting standards**

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

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

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

#### **1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

## 2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of construction services	-	-	2	3	Cost plus margin
Interest income	-	-	17	17	At rates of 3.5% - 5.0% p.a.
Interest expenses	-	-	2	1	At rate of 2.5% p.a.
Other income	-	-	2	-	Cost plus margin
<u>Transactions with associated company</u>					
Construction service income	-	77	-	77	Cost plus margin
Rental income	1	1	1	1	Contract price
<u>Transactions with related parties</u>					
Construction service income	-	1	-	1	Cost plus margin
Other service income	19	-	-	-	Contract price
Other income	4	-	3	-	Cost plus margin

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of construction services	-	-	7	9	Cost plus margin
Interest income	-	-	49	49	At rates of 3.5% - 5.0% p.a.
Interest expenses	-	-	4	1	At rate of 2.5% p.a.
Other income	-	-	3	-	Cost plus margin
<u>Transactions with associated company</u>					
Construction service income	20	254	20	254	Cost plus margin
Rental income	2	2	2	2	Contract price
<u>Transactions with related parties</u>					
Construction service income	-	1	-	1	Cost plus margin
Other service income	19	-	-	-	Contract price
Other income	5	-	4	-	Cost plus margin

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
<b><u>Trade and other receivables - related parties (Note 4)</u></b>				
Subsidiary companies	-	-	185,558	146,099
Associated company	385,228	380,104	385,228	380,104
Joint venture	2,442	223	2,277	-
Total	387,670	380,327	573,063	526,203
<b><u>Unbilled receivables - related parties</u></b>				
Subsidiary company	-	-	-	617
Associated company	1,342	11,992	1,342	11,992
Total	1,342	11,992	1,342	12,609
<b><u>Account receivable - retention under construction contracts - related parties</u></b>				
Associated company	7,854	7,514	7,854	7,514
Joint venture	45,691	45,691	45,691	45,691
Total	53,545	53,205	53,545	53,205
<b><u>Advances paid to subcontractors under construction contracts - related party</u></b>				
Joint venture	42,379	-	-	-
Total	42,379	-	-	-
<b><u>Construction in progress - related party</u></b>				
Associated company	159,699	46,651	159,699	46,651
Total	159,699	46,651	159,699	46,651
<b><u>Short-term loans to related parties</u></b>				
Subsidiary companies	-	-	3,221	2,914
Total	-	-	3,221	2,914
<b><u>Long-term loans to related parties</u></b>				
Subsidiary companies	-	-	1,306,517	1,306,517
Total	-	-	1,306,517	1,306,517
<b><u>Trade and other payables - related parties (Note 12)</u></b>				
Subsidiary companies	-	-	10,429	22,705
Joint venture	34,149	-	-	-
Total	34,149	-	10,429	22,705

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
<b><u>Advances received from customers under</u></b>				
<b><u>construction contracts - related party</u></b>				
Associated company	-	27,869	-	27,869
Total	-	27,869	-	27,869
<b><u>Short-term loans from related parties</u></b>				
Subsidiary companies	-	-	456,000	98,000
Total	-	-	456,000	98,000

As at 30 September 2018 and 31 December 2017, the balance of loans to and short-term loans from between the Company and related companies and the movements are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements				
		Balance as at		Exchange rate	Balance as at	
		31 December	Increase		Decrease	adjustment
		2017				2018
TRC Investment Limited	Subsidiary company	1,263,422	310	-	(3)	1,263,729
TRC International Limited	Subsidiary company	46,009	-	-	-	46,009
TRC Engineering LLC	Subsidiary company	56,623	81	-	-	56,704
TRC Middle East LLC	Subsidiary company	-	203	-	-	203
ASEAN Potash Chaiyaphum Public Company Limited	Associated company	-	13,000	(13,000)	-	-
Total		1,366,054	13,594	(13,000)	(3)	1,366,645
Less: Allowance for doubtful debts		(56,623)	(284)	-	-	(56,907)
Loans to related parties - net		1,309,431	13,310	(13,000)	(3)	1,309,738
Less: Short-term loans		(2,914)	(13,310)	13,000	3	(3,221)
Long-term loans		1,306,517	-	-	-	1,306,517

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (31 December 2017: 3.5% - 7.0% per annum), due for repayment on demand and no security to guarantee.

(Unaudited but reviewed)

The purpose of loans to TRC Investment Limited and TRC International Limited are long-term investments in ordinary share of ASEAN Potash Chaiyaphum Public Company Limited as described in Note 7. The Company classifies these loans as long-term loans to related parties in the separate financial statements.

(Unit: Thousand Baht)

Short-term loans from	Related by	Separate financial statements			
		Balance as at 31 December 2017	Increase	Decrease	Balance as at 30 September 2018
Sahakarn Wisavakorn Company Limited	Subsidiary company	31,000	692,000	(319,000)	404,000
Hydrotek Sahakarn Joint Venture	Subsidiary company	67,000	88,000	(103,000)	52,000
Total		98,000	780,000	(422,000)	456,000

Short-term loans from related parties carried interest at rate of 2.5% per annum (31 December 2017: 2.5% per annum), due for repayment on demand and no security to guarantee.

#### Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	8	9	8	9
Post-employment benefits	1	1	1	1
Total	9	10	9	10

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	24	27	24	27
Post-employment benefits	2	1	2	1
Total	26	28	26	28

(Unaudited but reviewed)

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 22.5.

During the current period, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, entered into joint venture contract with Hydrotek Public Company Limited under the name of "Sahahydro Joint Venture" in order to bid and execution a new project from Provincial Waterworks Authority. The portion of investment between Sahakarn Wisavakorn Company Limited and Hydrotek Public Company Limited was 49% and 51%, respectively. Later, both parties agree that Sahakarn Wisavakorn Company Limited will not share any gain and loss as well as damage maybe arisen from this project whereas Hydrotek Public Company Limited will be responsible for project execution. The subsidiary has outstanding obligation by Baht 112 million in respect of bank guarantee provided to the joint venture.

### **3. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 September	31 December	30 September	31 December	
2018	2017	2018	2017	
Cash	1,435	1,375	522	481
Deposits at banks	54,048	199,069	25,828	10,345
Investment in mutual fund	-	135,925	-	-
Total	<u>55,483</u>	<u>336,369</u>	<u>26,350</u>	<u>10,826</u>

Investment in mutual fund consist of the money market fund which invests in deposits at banks and short-term debt instruments with an average maturity of three months or less and not subject to withdrawal restrictions.

(Unaudited but reviewed)

## 4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b><u>Trade accounts receivable - related parties</u></b>				
Aged on the basis of due dates				
Not yet due	-	14,102	-	14,102
Past due				
Up to 3 months	10,627	131,071	10,627	132,636
3 - 6 months	9,548	-	9,943	-
6 - 12 months	153,372	234,918	155,598	234,918
Over 12 months	210,627	-	210,627	-
<b>Total trade accounts receivable - related parties - net</b>	<b>384,174</b>	<b>380,091</b>	<b>386,795</b>	<b>381,656</b>
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	179,075	408,714	96,266	290,666
Past due				
Up to 3 months	89,403	33,742	83,067	33,742
3 - 6 months	8	-	-	-
Over 12 months	12,582	12,685	-	-
<b>Total trade accounts receivable - unrelated parties</b>	<b>281,068</b>	<b>455,141</b>	<b>179,333</b>	<b>324,408</b>
Less: Allowance for doubtful debt	(11,928)	(11,928)	-	-
Translation adjustment	(654)	(757)	-	-
<b>Total trade accounts receivable - unrelated parties - net</b>	<b>268,486</b>	<b>442,456</b>	<b>179,333</b>	<b>324,408</b>
<b>Total trade accounts receivable - net</b>	<b>652,660</b>	<b>822,547</b>	<b>566,128</b>	<b>706,064</b>
<b><u>Other receivables</u></b>				
Advance to related parties	3,496	236	9,262	16,514
Interest receivable from related parties	-	-	192,909	141,160
Others	2,608	2,804	2,321	2,339
<b>Total other receivables</b>	<b>6,104</b>	<b>3,040</b>	<b>204,492</b>	<b>160,013</b>
Less: Allowance for doubtful debt	-	-	(15,903)	(13,127)
<b>Total other receivables - net</b>	<b>6,104</b>	<b>3,040</b>	<b>188,589</b>	<b>146,886</b>
<b>Total trade and other receivables - net</b>	<b>658,764</b>	<b>825,587</b>	<b>754,717</b>	<b>852,950</b>



(Unaudited but reviewed)

The Company and the subsidiary transferred rights to receive payment under construction contracts to secure the credit facilities with banks. Pledged trade accounts receivable amounting to Baht 637 million included in the trade accounts receivable balance as at 30 September 2018 (the Company only: Baht 549 million) (31 December 2017: Baht 800 million, the Company only: Baht 692 million).

## 5. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
Cost		Reduce cost to net realisable value		Inventories - net		
30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
Raw materials and construction supplies	7,908	7,892	(2,378)	(2,378)	5,530	5,514
Finished goods	11	-	-	-	11	-
Total	<u>7,919</u>	<u>7,892</u>	<u>(2,378)</u>	<u>(2,378)</u>	<u>5,541</u>	<u>5,514</u>

(Unit: Thousand Baht)

Separate financial statements						
Cost		Reduce cost to net realisable value		Inventories - net		
30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
Raw materials and construction supplies	7,892	7,892	(2,378)	(2,378)	5,514	5,514
Total	<u>7,892</u>	<u>7,892</u>	<u>(2,378)</u>	<u>(2,378)</u>	<u>5,514</u>	<u>5,514</u>

## 6. Restricted deposits at banks

These represent saving deposit and fixed deposits pledged with banks to secure credit facilities and bank guarantee facilities issued by the banks on behalf of subsidiaries, as described in Note 22.4.

## 7. Investment in associate

### 7.1 Details of associate

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Held by TRC Investment Limited</u>								
ASEAN Potash Chaiyaphum Public Company Limited	Mining Industries	Thailand	22.46	22.46	1,261,274	1,261,274	1,135,346	1,168,092
<u>Held by TRC International Limited</u>								
ASEAN Potash Chaiyaphum Public Company Limited	Mining Industries	Thailand	2.67	2.67	100,000	100,000	87,013	90,911
Total					<u>1,361,274</u>	<u>1,361,274</u>	<u>1,222,359</u>	<u>1,259,003</u>

On 18 January 2012, the meeting No. 1/2012 of the Company's Board of Directors approved an investment of Baht 50 million by TRC International Limited, which is the Company's subsidiary in Hong Kong, in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT). On 6 January 2015, TRC International Limited (TRCI), increased its investment in APOT by purchasing additional 250,000 ordinary shares from its shareholders at Baht 200 per share, a total of Baht 50 million. As a result, TRCI's investment increased to Baht 100 million.

On 16 September 2015, the Meeting No. 9/2015 of the Company's Board of Directors approved TRC Investment Limited, a subsidiary in Mauritius, to acquire additional ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited at the aggregate of not exceeding 6.3 million shares, at price of Baht 200 per share, total value of Baht 1,260 million from Thermal Trade and Investment Limited. Subsequently, on 15 October 2015, TRC Investment Limited made the first payment for APOT's shares totaling of Baht 355 million in accordance with terms of payment stipulated in Share Sale and Purchase Agreement ("SPA"). On 30 October 2015, APOT's share certificates of 1.8 million shares were transferred to TRC Investment Limited.

During January and May 2016, TRC Investment Limited made the second to the fourth payments for the 4.5 million share subscription totaling Baht 906 million. As a result, TRC Group's shareholding in APOT increased to 26.22% (consisting of 23.43% shareholding of TRC Investment Limited and 2.79% shareholding of TRC International Limited) with current paid-up capital as of 31 December 2016 of Baht 2,688 million and the subsidiary classifies this investment as investment in an associate.

(Unaudited but reviewed)

During the year 2017, APOT received the proceeds of Baht 80 million from a shareholder in payment for additional ordinary shares 1,174,866 newly issued shares at the price of Baht 68.43 per share), and registered the change in its paid-up capital from Baht 2,688 million to Baht 2,806 million. As a result, TRC Group's shareholding in APOT decreased from 26.22% at the end of 2016 to 25.13% at the end of 2017 (consisting of 22.46% interest held by TRC Investment Limited and a 2.67% interest held by TRC International Limited). The Company recorded the net result from the change in the shareholders' equity of Baht 35 million, presenting in the consolidated comprehensive income for the year ended 31 December 2017.

In accordance with the concession agreements with the Department of Primary Industries and Mines, attached to the Ministry of Industry, in January 2015, APOT has an obligations to pay a special state benefits for concession in 8 equal, annual installments commencing from 2018, and to pay various funds each year throughout the concession period. APOT was to pay the first installment of special state benefits amounting to Baht 433 million, together with interest at the rate of 6.5% per annum, or a total of Baht 569 million. Before the due date of the first installment, APOT has submitted a letter to the related government agencies to request for the deferral of the special state benefits payment. However, APOT's request has been refused and APOT has obligation to pay a the first installment of special state benefits amounting to Baht 569 million, together with a fine at 15% per annum.

From the associate's management accounts as at 30 September 2018, APOT is unable to comply with the terms of special state benefit payment since APOT is in the process of seeking additional capital injection by its shareholders and/or applying for credit approval by commercial banks.

## 7.2 Share of loss

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company has recognised its share of loss from investment in associated company in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Share of loss from		Share of other	
	investments in associate		comprehensive income from investments in associate	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
ASEAN Potash Chaiyaphum Public Company Limited	11,673	9,404	-	-
Total	11,673	9,404	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Share of loss from investments in associate		Share of other comprehensive income from investments in associate	
	For the nine-month periods ended 30 September			
	2018	2017	2018	2017
ASEAN Potash Chaiyaphum Public Company Limited	36,644	26,974	-	-
<b>Total</b>	<b>36,644</b>	<b>26,974</b>	<b>-</b>	<b>-</b>

## 8. Investments in subsidiaries

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method		
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
					(%)	(%)	(Baht)	(Baht)	
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	500,000,000 Baht	500,000,000 Baht	99.99	99.99	620,894,691	620,894,691	
TRC Investment Limited*	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32	
TRC Utility Company Limited	To produce and distribute tap water	Thailand	250,000 Baht	250,000 Baht	99.97	99.97	249,925	249,925	
<b>Total</b>							<b>621,144,648</b>	<b>621,144,648</b>	
							<b>(145,071,416)</b>	<b>(145,071,416)</b>	
							<b>476,073,232</b>	<b>476,073,232</b>	
Less: Allowance for loss on impairment of investment									
Total investments in subsidiaries - net									

Details of investments in subsidiaries which are held by the Company's subsidiaries are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method		
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	
					(%)	(%)	(Baht)	(Baht)	
<u>Held by Sahakarn Wisavakorn Company Limited</u>									
Hydrotek Sahakarn Joint Venture	Construction services	Thailand	1,000,000 Baht	1,000,000 Baht	49.00	49.00	490,000	490,000	
<u>Held by TRC Investment Limited</u>									
TRC International Limited*	Holding company	Hong Kong	10 HKD	10 HKD	100.00	100.00	33	33	
<u>Held by TRC International Limited</u>									
TRC Middle East LLC*	Construction services	Sultanate of Oman	150,000 Omani Rial	150,000 Omani Rial	70.00	70.00	12,322,330	12,322,330	
TRC Engineering LLC*	Construction services	Sultanate of Oman	250,000 Omani Rial	250,000 Omani Rial	70.00	70.00	13,654,506	13,654,506	
<b>Total</b>							<b>26,466,869</b>	<b>26,466,869</b>	
Less: Allowance for loss on impairment of investment								<b>(25,976,836)</b>	<b>(25,976,836)</b>
Total investments in subsidiaries which are held by the Company's subsidiaries - net								<b>490,033</b>	<b>490,033</b>

\* The financial statements of the subsidiary was prepared by the management of the subsidiary and not reviewed by other auditors.

(Unaudited but reviewed)

Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, and Hydrotek Public Company Limited agree that the subsidiary will be responsible for project execution of Hydrotek Sahakarn Joint Venture whereas Hydrotek Public Company Limited will not receive any share gain and loss as well as damage maybe arisen from this project.

On 10 March 2016, the Meeting No. 3/2016 of the Company's Board of Directors passed a resolution to approve the closure of TRC Middle East LLC and TRC Engineering LLC. On 30 September 2018, these subsidiaries have been in the liquidation process.

## 9. Investments in joint ventures

### 9.1 Details of joint ventures

		Consolidated financial statements					
Company's name	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Held by the Company</u>							
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	2,376	2,376
<u>Held by Sahakarn Wisavakorn Company Limited</u>							
SH Crossings Company Limited	Construction service	51	51	20,399	5,099	20,948	4,983
Total				<u>22,775</u>	<u>7,475</u>	<u>23,324</u>	<u>7,359</u>
		Separate financial statements					
Company's name	Nature of business	Shareholding percentage		Cost			
		30 September 2018	31 December 2017	30 September 2018	31 December 2017	(Thousand Baht)	(Thousand Baht)
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376		
Total				<u>2,376</u>	<u>2,376</u>		

(Unaudited but reviewed)

On 12 March 2018, The Meeting No. 3/2018 of the Company's Board of Directors passed its resolution to approve the establishment of a joint venture with SINOHYDRO (Thailand) Company Limited to be the subcontractor for Surface Processing Plant and Facilities of ASEAN Potash Mining Project in Bamnet Narong District, Chaiyaphum Province from which the Company obtained the letter of award for the captioned works in February 2016.

On 20 March 2018, The Meeting No. 1/2018 of SH Crossings Company Limited's Board of Directors passed its resolution to approve calling for the capital increase of remaining registered capital of Baht 30 million or 75% of a total shares. The joint venture received the full payment of addition shares on 30 April 2018.

## 9.2 Share of profit

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company has recognised its share of profit from investments in joint ventures in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)			
	Share of profit from		Share of other	
	investments in joint ventures		comprehensive income from	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
SH Crossings Company Limited	540	-	-	-
Total	540	-	-	-

Company's name	(Unit: Thousand Baht)			
	Share of profit from		Share of other	
	investments in joint ventures		comprehensive income from	
	For the nine-month periods ended 30 September			
	2018	2017	2018	2017
SH Crossings Company Limited	665	-	-	-
Total	665	-	-	-

The consolidated financial statements for the three-month and nine-month periods ended 30 September 2018 and 2017 do not include share of profit (loss) on investment in Sinopec-TRC Joint Venture because the effect of these transactions on the financial statements is immaterial.

(Unaudited but reviewed)

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	684,744	644,062
Acquisitions during period - at cost	48,910	42,287
Disposal during period - net book value at disposals date	(12)	(12)
Write - off during period - net book value at write - off date	(1,420)	(1,475)
Transfer to intangible assets	(385)	(385)
Depreciation for the period	(81,487)	(72,853)
Allowance for impairment loss	(344)	-
Net book value as at 30 September 2018	<u>650,006</u>	<u>611,624</u>

As at 30 September 2018 and 31 December 2017, the Company has mortgaged land which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the banks.

## 11. Short-term loans from banks

	Interest rate (% per annum)	(Unit: Thousand Baht)	
		Consolidated/Separate financial statements	
		30 September 2018	31 December 2017
Trust receipt	- (31 December 2017: 4.35%)	-	70,358
Promissory note	3.00 - 3.52 %	280,000	-
Total		<u>280,000</u>	<u>70,358</u>

As at 31 December 2017, trust receipt has been secured by the transfer of right to receive from accounts receivable, as described in Note 4.

(Unaudited but reviewed)

**12. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Trade accounts payable - related party	18,042	-	-	-
Trade accounts payable - unrelated parties	375,088	367,312	256,790	141,540
Advances from related parties	-	-	7,640	22,526
Fixed assets payable	19,414	11,322	19,313	129
Accrued interest expense - related parties	-	-	2,789	179
Accrued expense - related party	16,107	-	-	-
Accrued expenses - unrelated parties	62,801	72,396	50,873	55,774
<b>Total trade and other payables</b>	<b>491,452</b>	<b>451,030</b>	<b>337,405</b>	<b>220,148</b>

**13. Provision for liabilities under construction projects**

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Penalties	Loss on	
			construction	Total
As at 1 January 2018	18,774	-	876	19,650
Increase during the period	31,650	164	-	31,814
Decrease from occurrence of actual expense	(27,755)	-	-	(27,755)
Reversal of provisions	(3,804)	-	(876)	(4,680)
<b>As at 30 September 2018</b>	<b>18,865</b>	<b>164</b>	<b>-</b>	<b>19,029</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Penalties	Loss on	
			construction	Total
As at 1 January 2018	14,962	-	-	14,962
Increase during the period	20,650	-	-	20,650
Decrease from occurrence of actual expense	(27,722)	-	-	(27,722)
<b>As at 30 September 2018</b>	<b>7,890</b>	<b>-</b>	<b>-</b>	<b>7,890</b>



(Unaudited but reviewed)

#### 14. Debentures

The Company has issued unsubordinated and unsecured debentures without a debentureholders' representative in the name-registered, as detailed below.

(Unit: Thousand Baht)

Debentures	Interest rate	Interest payment schedule	Terms	Due date	Consolidated / Separate financial statements	
					30 September 2018	31 December 2017
Debentures 1/2016	4.40%	Quarterly, starting from 10 June 2016	2 years	10 March 2018	-	200,000
Debentures 1/2017	4.50%	Quarterly, starting from 12 October 2017	1 year	12 July 2018	-	100,000
Debentures 1/2018	4.80%	Quarterly, starting from 17 March 2018	2 years 2 days	17 March 2020	180,000	-
Total debentures - at face value					180,000	300,000
Less: Unamortised portion of deferred transaction costs					(786)	-
Debentures - net					179,214	300,000
Less: Current portion					-	(300,000)
Debentures - net of current portion					179,214	-

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of interest bearing debt to equity ratio and EBITDA to interest ratio at the rate prescribed in the agreements along with debentures periods (debts mean only interest bearing loans).

#### 15. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Liabilities under finance lease agreements	7,570	17,992	263	7,374
Less: Deferred interest	(312)	(776)	(1)	(141)
Total	7,258	17,216	262	7,233
Less: Current portion	(4,420)	(11,238)	(262)	(7,233)
Liabilities under finance lease agreements - net of current portion	2,838	5,978	-	-

(Unaudited but reviewed)

The Company and its subsidiary had entered into the finance lease agreements with leasing companies for rental of tools and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 - 5 years.

Future minimum lease payments required under the finance lease agreements were as follows.

(Unit: Thousand Baht)

	As at 30 September 2018					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	4,678	2,892	7,570	263	-	263
Deferred interest expenses	(258)	(54)	(312)	(1)	-	(1)
Present value of future minimum lease payments	<u>4,420</u>	<u>2,838</u>	<u>7,258</u>	<u>262</u>	<u>-</u>	<u>262</u>

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	11,789	6,203	17,992	7,374	-	7,374
Deferred interest expenses	(551)	(225)	(776)	(141)	-	(141)
Present value of future minimum lease payments	<u>11,238</u>	<u>5,978</u>	<u>17,216</u>	<u>7,233</u>	<u>-</u>	<u>7,233</u>

## 16. Share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

Description	Number	Amount	Premium	Registration date
	of shares	(Thousand Baht)	on ordinary shares	with the Ministry of Commerce
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)	
<u>Registered share capital</u>				
At the beginning of the period	5,869,698	733,712		
Decrease during the period	(5)	(1)		23 May 2018
Increase during the period	293,485	36,686		25 May 2018
At the end of the period	<u>6,163,178</u>	<u>770,397</u>		
<u>Issued and paid-up share capital</u>				
At the beginning of the period	5,869,693	733,712	1,041,740	
Increase in capital from stock dividend	293,473	36,684	-	30 May 2018
At the end of the period	<u>6,163,166</u>	<u>770,396</u>	<u>1,041,740</u>	

(Unaudited but reviewed)

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed the following significant resolutions:

- 16.1 Approved a stock dividend with a total value of up to 293.5 million ordinary shares with a par value of Baht 0.125 per share to be distributed at a rate of 1 dividend share for every 20 existing shares, equivalent to a dividend of Baht 0.00625 per share.
- 16.2 Approved a decrease in the registered capital of the Company from Baht 733.7123 million to Baht 733.7117 million consisting of 5,869.7 million shares with a par value of Baht 0.125 each, by cancelling the Company's unissued ordinary shares. The Company registered the decrease of its registered capital at the Ministry of Commerce on 23 May 2018.
- 16.3 Approved an increase in the registered capital from Baht 733.7 million to Baht 770.4 million through the issuance of an additional 293.5 million ordinary shares with a par value of Baht 0.125 each, to be reserved for the distribution of the stock dividend. On 25 May 2018, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 770.4 million, or 6,163.2 million shares, which it issued and paid-up capital to Baht 733.7 million, or 5,869.7 million shares.

## 17. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	18,817	6,622	2,834	6,599
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	87	5,921	1,539	(18)
<b>Income tax expense reported in the statement of income</b>	<b>18,904</b>	<b>12,543</b>	<b>4,373</b>	<b>6,581</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	28,236	24,378	7,622	21,390
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(431)	10,471	1,173	(236)
<b>Income tax expense reported in the statement of income</b>	<b>27,805</b>	<b>34,849</b>	<b>8,795</b>	<b>21,154</b>

## 18. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 27 April 2018, as discussed in Note 16. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share:

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit for the period (Thousand Baht)	43,128	21,760	14,212	24,195
Weighted average number of ordinary shares (Thousand shares)	6,163,166	6,163,166	6,163,166	6,163,166
Earnings per share (Baht per share)	0.007	0.004	0.002	0.004

(Unaudited but reviewed)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Profit for the period (Thousand Baht)	6,631	52,888	23,435	77,105
Weighted average number of ordinary shares (Thousand shares)	6,163,166	6,163,166	6,163,166	6,163,166
Earnings per share (Baht per share)	0.001	0.009	0.004	0.013

### 19. Dividends / stock dividends

Dividends / stock dividends	Approved by	Total dividends	Dividend per share
		(Thousand Baht)	(Baht)
Dividend from operations of 2017	Annual General Meeting of the shareholders on 27 April 2018	11,740	0.0020000
Stock dividend from operations of 2017	Annual General Meeting of the shareholders on 27 April 2018	36,684	0.0062500
Total dividend and stock dividend paid in 2018		<u>48,424</u>	<u>0.0082500</u>
Dividend from operations of 2016	Annual General Meeting of the shareholders on 28 April 2017	20,545	0.0040000
Stock dividend from operations of 2016	Annual General Meeting of the shareholders on 28 April 2017	91,714	0.0178571
Total dividend and stock dividend paid in 2017		<u>112,259</u>	<u>0.0218571</u>

### 20. Contracts in progress

As at 30 September 2018, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company and its subsidiaries was approximately Baht 10,646 million (the Company only: Baht 7,295 million), gross amounts due from customers for contracts in progress were approximately Baht 1,319 million (the Company only: Baht 912 million), and gross amounts due to customers for contracts in progress were approximately Baht 320 million (the Company only: Baht 42 million).

(Unaudited but reviewed)

**21. Segment information**

The Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments in the consolidated financial statements for the three-month and nine-month periods ended 30 September 2018 and 2017, respectively.

(Unit: Thousand Baht)

For the three-month period ended 30 September 2018							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenue from external customers	261,922	105,118	277,096	1,718	645,854	-	645,854
Depreciation	(17,489)	(7,270)	(2,642)	(1,066)	(28,467)	375	(28,092)
Administrative expenses	(43,503)	(17,923)	(8,266)	(405)	(70,097)	960	(69,137)
<b>Segment profit (loss)</b>	<b>22,660</b>	<b>(4,539)</b>	<b>32,877</b>	<b>(784)</b>	<b>50,214</b>	<b>3,584</b>	<b>53,798</b>
Other income							24,712
Interest expenses							(5,821)
Share of loss from investment in associate							(11,673)
Share of profit from investments in joint venture							540
<b>Profit before income tax expenses</b>							<b>61,556</b>
Income tax expenses							(18,904)
<b>Profit for the period</b>							<b>42,652</b>

(Unit: Thousand Baht)

For the three-month period ended 30 September 2017							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenue from external customers	109,117	39,485	224,925	-	373,527	-	373,527
Revenue from associate	-	-	77,182	-	77,182	-	77,182
Revenue from joint venture	1,400	-	-	-	1,400	-	1,400
Depreciation	(15,927)	(57)	(10,113)	-	(26,097)	368	(25,729)
Administrative expenses	(42,488)	(758)	(30,549)	-	(73,795)	-	(73,795)
<b>Segment profit (loss)</b>	<b>(7,388)</b>	<b>1,362</b>	<b>909</b>	<b>-</b>	<b>(5,117)</b>	<b>3,877</b>	<b>(1,240)</b>
Other income							48,368
Interest income							391
Interest expenses							(4,161)
Share of loss from investment in associate							(9,404)
<b>Profit before income tax expenses</b>							<b>33,954</b>
Income tax expenses							(12,543)
<b>Profit for the period</b>							<b>21,411</b>

## (Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2018

	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenue from external customers	800,428	270,905	494,448	3,811	1,569,592	-	1,569,592
Revenue from associate	-	-	-	370	370	(370)	-
Revenue from joint venture	-	-	20,381	-	-	-	20,381
Depreciation	(53,650)	(18,125)	(8,490)	(2,338)	(82,603)	1,116	(81,487)
Administrative expenses	(137,734)	(46,729)	(27,445)	(5,051)	(216,959)	2,202	(214,757)
<b>Segment profit (loss)</b>	<b>46,316</b>	<b>(38,286)</b>	<b>35,729</b>	<b>(5,529)</b>	<b>38,230</b>	<b>10,778</b>	<b>49,008</b>
Other income							33,623
Interest income							654
Interest expenses							(14,251)
Share of loss from investment in associate							(36,644)
Share of profit from investments in joint venture							665
<b>Profit before income tax expenses</b>							<b>33,055</b>
Income tax expenses							(27,805)
<b>Profit for the period</b>							<b>5,250</b>

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2017

	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenue from external customers	891,233	276,143	417,353	-	1,584,729	-	1,584,729
Revenue from associate	-	-	254,050	-	254,050	-	254,050
Revenue from joint venture	1,400	-	-	-	1,400	-	1,400
Depreciation	(52,555)	(3,385)	(23,011)	-	(78,951)	1,093	(77,858)
Administrative expenses	(161,783)	(11,644)	(72,454)	-	(245,881)	-	(245,881)
<b>Segment profit (loss)</b>	<b>64,863</b>	<b>1,665</b>	<b>(6,898)</b>	<b>-</b>	<b>59,630</b>	<b>11,150</b>	<b>70,780</b>
Other income							53,981
Interest income							760
Interest expenses							(12,213)
Share of loss from investment in associate							(26,974)
<b>Profit before income tax expenses</b>							<b>86,334</b>
Income tax expenses							(34,849)
<b>Profit for the period</b>							<b>51,485</b>

Transfer prices between business segments are as set out in Note 2.

(Unaudited but reviewed)

## 22. Commitments and contingent liabilities

### 22.1 Purchase construction materials and subcontracted work commitments

As at 30 September 2018, the Company and the subsidiary have outstanding commitments of Baht 1,769 million, Euro 37 million and USD 4 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 260 million, Euro 37 million and USD 4 million) (31 December 2017: Baht 1,196 million, Euro 40 million and USD 3 million, the Company only: Baht 233 million, Euro 40 million and USD 3 million).

### 22.2 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of land, machineries, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Payable:				
In up to 1 year	20	19	17	17
In over 1 and up to 5 years	14	24	13	21

### 22.3 Service agreement commitments

The Company and its subsidiary have entered into service agreements in respect of the consultant and security. The terms of the agreements are generally between 1 and 2 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Payable:				
In up to 1 year	1	1	1	1



## 22.4 Bank guarantees

As at 30 September 2018 and 31 December 2017, bank guarantees issued by banks on behalf of the Company and the subsidiary in respect of certain performance bonds as required in the normal course of business were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Guarantee of construction contract and bidding	Baht 1,292 million	Baht 1,518 million	Baht 585 million	Baht 1,101 million
	-	EUR 2 million	-	EUR 1 million
Guarantee of advance payment bond and retention	Baht 741 million	Baht 1,007 million	Baht 138 million	Baht 442 million
	-	USD 1 million	-	USD 1 million
	EUR 3 million	EUR 3 million	-	EUR 1 million
	-	SGD 2 million	-	SGD 2 million
Guarantee of others	Baht 6 million	Baht 24 million	Baht 6 million	Baht 24 million
Total	Baht 2,093 million	Baht 2,549 million	Baht 729 million	Baht 1,567 million
	-	USD 1 million	-	USD 1 million
	EUR 3 million	EUR 5 million	-	EUR 2 million
	-	SGD 2 million	-	SGD 2 million

## 22.5 Guarantees

- (a) As at 30 September 2018, the Company has commitments from guarantee of credit facilities of the subsidiary amounting to Baht 515 million (31 December 2017: Baht 515 million) and guarantee of liabilities under finance lease agreements of the subsidiary amounting to Baht 23 million (31 December 2017: Baht 23 million).
- (b) As at 30 September 2018, the subsidiary has commitment from guarantee of credit facilities of the Company amounting to Baht 300 million (31 December 2017: Baht 300 million).
- (c) As at 30 September 2018, the Company and its subsidiary have commitment from cross guarantee of credit facilities of the Company and its subsidiary amounting to Baht 2,355 million (31 December 2017: Baht 1,405 million).

## 23. Litigations

23.1 On 6 December 2011, a government agency sent a letter to a bank asking to hold the bank guarantee of Baht 20 million that the Company deposited as the mortgage since the said agency claimed that the Company failed to perform according to the contract.

On 29 December 2011, the Company filed the abovementioned agency and its parties to the Central Administrative Court for the sentence of releasing the captioned bank guarantee with the compensation charge totally Baht 27.5 million plus the interest rate of 7.5 % per annum including any related fee from the next day of filing date until completion of payment since the Company considered that such a claim was not caused by the Company's fault on the contrary, the Company could not perform according to the contract due to the law of restricted areas.

On 20 May 2015, the Central Administrative Court had rendered judgement and ordered the government agency to return the Company's Baht 20 million bank guarantee dated 31 August 2007 to the Company under the condition that both the Company and government agency jointly shared the responsibility to pay the total of Baht 10 million plus the interest rate of 7.5 % per annum from the next day of filing date (29 December 2011) until completion of payment or within 60 days starting from the date of final judgement whereas all remaining parts to be dismissed.

On 19 June 2015, the government agency made an appeal to the Central Administrative Court and later on 16 October 2015, the Company made an appeal clarification to the court and for ease of reference as of 30 September 2018 and 31 December 2017, the Company has already recorded the contingent liabilities of Baht 20 million maybe arisen in the financial statements.

23.2 On 24 May 2011, a private company (litigant) filed the case to the Commercial Court against the subsidiary claiming that the subsidiary defaulted the contract with recover damage of Baht 17.5 million plus the interest rate of 7.5 % per annum starting from the filing date until completion of payment.

On 21 September 2011, the subsidiary submitted the clarification statement to the Commercial Court by refusing the accusation of the litigant and requested the court for dismissal and also to order the litigant to pay the completed work charge of Baht 10.9 million, according to the contract, to the subsidiary.

On 21 July 2014, the Commercial Court made a sentence to have the subsidiary to pay to the litigant the penalty charge of Baht 11 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment and cost of execution of Baht 0.1 million for the litigant.

However, the fact for litigation, the subsidiary then submitted an appeal for the Civil Court's judgement to the court since both parties had made an agreement to terminate the contract in a form of compromise agreement causing an effect to both parties to be responsible for its own benefit and have no further claim against each other as a result of any breach of a statutory obligation. Therefore, this proved that the plaintiff had waived any objection and both parties can restrain the dispute.

On 8 July 2015, the subsidiary submitted a request to place the mortgage as per the Civil Court's judgement to waive the judgement execution and the court later ordered on 21 July 2015 that the subsidiary had placed the mortgage as per the report dated 8 July 2015 consisting of a deposit account book and confirmation letter of deposited amount of Baht 15.4 million at Kasikorn Bank Plc. and the certificate of utilisation of land (Nor Sor 3) located at Nongkradorn Sub-district, Muang Nakhonsawan District, Nakhonsawan Province, totally 7 plots of 102 rai, 9 ngan and 289 square wah with the certificate of land appraisal issued by Nakhonsawan Land Office dated 3 July 2015, totally Baht 3.1 million. The court therefore restrained the judgement execution temporarily until the Appeal Court shall issue an order for the request to suspend the execution of the sentence.

On 20 October 2015, the Appeal Court sentenced to vacate judgement of the Civil Court to dispose of the case in order for both plaintiff and defendant to settle their dispute through institutional arbitration and the executing officer later issued the withdrawal order of sequestration on 28 October 2015.

On 12 November 2015, the court ordered to return the mortgage and pay the appeal fee of Baht 0.2 million including the related fee of Baht 0.3 million to the subsidiary.

On 19 November 2015, the litigant submitted a petition whereas on 28 January 2016, the subsidiary also submitted a petition to the Supreme Court, respectively. On 13 September 2016, the Supreme Court rendered judgement to dismiss the lawsuit since the Commercial Court had no authority to consider and also advised the plaintiff to proceed the dispute through institutional arbitration.

On 16 January 2017, the litigant, had submitted the requirement to the arbitral institution for claiming that the subsidiary to compensate the breach of contract with recover damage of Baht 24.4 million.

On 7 April 2017, the subsidiary filed an objection against the requirement of the litigant and later on 20 April 2017, the institutional arbitration accepted the subsidiary's objection and proceeds to submit the objection to the litigant.

(Unaudited but reviewed)

On 21 March 2018, the arbitral institution ordered the subsidiary and the Party to define the dispute and scheduled the date of taking evidence to be during June to November 2018. Both parties shall submit its closing argument within December 2018.

Since the mentioned case is not yet finalised. The subsidiary believed that the subsidiary's the fact and the matter of law can defend against the Party. The management of the subsidiary believes this case will be dismissed and that there will be no significant impact to the subsidiary's financial position. Therefore, the subsidiary has not yet recognised provision for contingent liabilities in the financial statements.

23.3 On 4 December 2007, the subsidiary filed a suit to the Central Administrative Court against a government agency (litigant) in order for payment of a penalty charge of Baht 13.4 million for termination of construction contract by deducting the advance payment of Baht 7.7 million as per the contract and the total of penalty charge to be paid Baht 6.1 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment. However, the litigant submitted its pleading to the court on 20 August 2008 claiming that the amount of the penalty charge was overrated and the third resolution of the Compensation Committee was made on 16 July 2008 to order the government agency to pay the compensation of Baht 0.8 million to the subsidiary whereas ordered the subsidiary to return the amount of Baht 6.8 million to the government agency, respectively.

After that, several amendments to the petition and pleadings of both parties were made.

On 20 April 2010, the litigant submitted its latest amended pleadings to the Central Administrative Court about the fee of the advance payment bank guarantee of Baht 0.1 million and the litigant asked the court for dismissal and order the subsidiary to return the litigant the advance amount of Baht 7.7 million in order to proceed as per the construction contract.

The subsidiary submitted its latest amended pleadings to the court on 24 January 2012 requesting the court to render judgement ordering the litigant to bring the compensation amount of Baht 19.4 million to be deducted by the amount of Baht 7.7 million advanced to the subsidiary to proceed as per the construction contract as well as paying the penalty charge of Baht 12.5 million to the subsidiary plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment.

The litigant submitted its refusal pleadings and asked the court for dismissal and returning of the aforementioned advance payment amount as well.

(Unaudited but reviewed)

On 31 July 2012, the court rendered judgement ordering the subsidiary to receive Baht 3.3 million and also return Baht 4.4 million to the litigant. The subsidiary then submitted its appeal for the judgement to the Supreme Administrative Court on 29 August 2012.

Since this case remains under the consideration, the subsidiary has not yet been recorded in financial statements.

23.4 On 24 April 2008, a private company and its partner (litigant) filed suit to the Administrative Court of First Instance against the Company and its partner on violation against the contract and sued for damages of Baht 6 million plus the interest rate of 7.5% per annum starting from the filing date until completion of payment.

On 29 May 2012, the court rendered judgement of dismissal but later on 20 June 2013, the litigant appealed to the Supreme Administrative Court and on 9 August 2013, the Company submitted an amendment of appeal requesting for the dismissal.

Since this case remains under the consideration of the Supreme Administrative Court and since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in financial statements.

23.5 On 14 September 2015, the plaintiff (the litigant) filed a lawsuit against a government agency and 8 co-defendants to the Administrative Court for compensation of damages from loss of income of Baht 87.5 million. The Company is sued as the fifth defendant on 11 March 2016 and then on 28 October 2016, submitted an objection against the plaintiff's request to waive the court fee.

On 12 January 2017, the Company has just submitted the statement of defence to the court and the court ordered the Company to submit the additional statement within 30 days.

During 7 February 2017 to 31 March 2017 the Company had requested to extend the submission of the additional clarification to the Administration Court and later on 4 April 2017, the Administrative Court had ordered to the Company to submit the additional clarification within 12 May 2017. On 12 June 2017, the Company submitted the additional statement to the Administration Court.

Since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in the financial statements.

(Unaudited but reviewed)

23.6 On 6 December 2017, the co-contractor of the Company's construction project had filed a lawsuit to the arbitrator requesting the Company to return the collateral held at the amount of SGD 1.6 million or equivalent to Baht 39.4 million with interest rate of 7.5% per annum starting from the filing date until completion of payment. On 21 June 2018, the arbitral Institution had announced the appointment of the chairman of arbitration. On 17 July 2018, the Company and the Party were present before the arbitrator for determination of the dispute and the date of taking evidence. The proceeding of witness hearing of this case will be conducted in November 2018.

Since the mentioned case is not yet finalised. The Company believed that the Company's the fact and the matter of law can defend against the Party. Therefore, the Company has not yet recognised provision for contingent liabilities in the financial statements.

23.7 On 5 February 2018, the supplier for the Company's construction project had filed a lawsuit to the Commercial Court requesting for material payment of outstanding amount of Baht 23.5 million with interest rate of 7.5% per annum starting from filing date until completion of payment. On 16 May 2018, the Company submitted the testimony to the Court and the mediation was conducted on 28 August 2018 but could not come to an agreement. On 1 October 2018, the Court ordered the Company and the Party to determine the dispute and scheduled the date of taking evidence from both parties in March 2019.

Since the case remains under the process of answering preparation with all related supporting documents to be submitted to the court for a dispute testimony and the captioned outstanding amount has been already recorded in the financial statements, the additional reserve for this liability was then not required to be provided.

## 24. Foreign currency assets and liabilities

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Baht per 1 foreign currency unit)	31 December 2017 (Baht per 1 foreign currency unit)
US Dollar	1	1	-	-	32.4066	32.6809
Euro	-	5	-	-	37.7206	39.0273

(Unaudited but reviewed)

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Baht per 1 foreign currency unit)	31 December 2017 (Baht per 1 foreign currency unit)
US Dollar	1	1	-	-	32.4066	32.6809

As at 30 September 2018 and 31 December 2017, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements / Separate financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	30 September 2018 (Million)	31 December 2017 (Million)	30 September 2018 (Baht per 1 foreign currency unit)	31 December 2017 (Baht per 1 foreign currency unit)	30 September 2018	31 December 2017
Euro	-	3.5	-	38.63 - 39.43	-	January 2018 - June 2018

## 25. Fair value hierarchy

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

								(Unit: Million Baht)
Consolidated Financial Statements								
As at 30 September 2018				As at 31 December 2017				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Assets measured at fair value</b>								
Investments in mutual fund	-	-	-	-	-	135.9	-	135.9
<b>Liabilities for which fair value are disclosed</b>								
Derivatives								
Foreign currency forward contracts	-	-	-	-	-	(0.7)	-	(0.7)
								(Unit: Million Baht)
Separate Financial Statements								
As at 30 September 2018				As at 31 December 2017				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Liabilities for which fair value are disclosed</b>								
Derivatives								
Foreign currency forward contracts	-	-	-	-	-	(0.7)	-	(0.7)

**26. Events after the reporting period**

On 12 November 2018, the meeting No.7/2018 of the Company's Board of Directors passed its resolution to approve the Company's guarantee of promissory note facilities amounting to Baht 100 million that Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, received from the bank.

**27. Approval of interim consolidated financial statements**

These interim consolidated financial statements were authorised for issue by the Company's Board of Directors on 12 November 2018.