

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
INTERIM FINANCIAL REPORTING
FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2019
AND REVIEW REPORT OF INDEPENDENT'S AUDITOR

Independent Auditor's Report on Review of Interim Financial

To the Board of Directors of Syntec Construction Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of Syntec Construction Public Company Limited and its subsidiaries as at March 31, 2019, and the related consolidated statements of comprehensive income for the three-month period then ended, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Syntec Construction Public Company Limited for the same period. 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

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 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.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

Other matters

The consolidated and separate statements of financial position for the year ended December 31, 2018, of Syntec Construction Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were audited by another auditor whose report dated on February 28, 2019, expressed an unqualified opinion on those financial statements the consolidated and separate.

Statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended March 31, 2018, of Syntec Construction Public Company Limited and its subsidiaries, presented herewith for comparative purpose only, were reviewed by another auditor, and concluded an unqualifying in her report dated on May 15, 2018.

Mr.Jadesada Hungsapruet

Certified Public Accountant (Thailand) No. 3759

Karin Audit Company Limited

May 13, 2019

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
		"REVIEWED"		"REVIEWED"	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		671,856	756,455	519,780	674,797
Current investments	6	1,346,721	992,267	1,345,876	991,425
Trade accounts receivable	5, 7	1,054,816	1,282,680	1,046,750	1,277,118
Other current receivables	5	109,974	124,342	117,087	94,166
Current retention receivables					
under construction contracts	8	93,067	114,231	93,067	114,231
Unbilled construction in progress	5, 9	823,264	730,136	823,264	730,136
Short-term loans	5	-	-	65,000	35,000
Inventories	10	161,354	140,472	160,197	139,362
Advance payments to subcontractors		105,122	208,953	105,122	208,953
TOTAL CURRENT ASSETS		4,366,174	4,349,536	4,276,143	4,265,188
NON-CURRENT ASSETS					
Available-for-sale investments	5	751,714	729,163	751,714	729,163
Investments in associate	11	173	187	-	-
Investment in subsidiaries	12	-	-	1,155,744	1,155,744
Other long-term investments		20,054	19,573	20,054	19,573
Non-current retention receivables					
under construction contracts	8	508,435	506,973	511,215	509,454
Investment properties		3,251	3,319	3,251	3,319
Property, plant and equipment	13	4,161,131	4,157,027	731,477	757,636
Leasehold right	14	377,976	382,946	284,856	289,826
Intangible assets		7,965	9,756	6,953	7,981
Withholding tax		64,965	34,206	53,802	24,093
Pledged deposit at bank		77,869	86,214	57,868	66,212
Other non-current assets		17,086	15,919	9,761	9,423
TOTAL NON-CURRENT ASSETS		5,990,619	5,945,283	3,586,695	3,572,424
TOTAL ASSETS		10,356,793	10,294,819	7,862,838	7,837,612

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
		"UNAUDITED"	"AUDITED"	"UNAUDITED"	"AUDITED"
		"REVIEWED"		"REVIEWED"	
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	15	-	100,040	-	99,140
Trade accounts payables	5, 16	510,203	416,616	501,404	406,893
Other current payables	5, 17	286,954	352,940	207,822	297,455
Current portion of long-term loans	19	115,982	108,189	-	-
Current portion of creditors under					
rehabilitation plan		12,055	-	12,055	-
Long-term in default	19	521,182	497,482	-	-
Advances received from customers					
under construction contracts	5, 9	700,565	650,030	700,565	650,030
Retention payables from subcontractors	5, 18	328,250	319,026	328,250	319,026
Undue value added tax		115,956	123,071	115,956	123,071
Current income tax payable		622	622	-	-
Other current provisions	20	7,178	8,024	7,178	8,024
Other current liabilities		25,944	26,394	7,895	7,498
TOTAL CURRENT LIABILITIES		2,624,891	2,602,434	1,881,125	1,911,137
NON-CURRENT LIABILITIES					
Long-term loans	19	1,320,485	1,331,402	-	-
Deferred tax liabilities		53,427	49,085	53,427	49,085
Non-current provisions for					
employee benefits		162,353	168,465	157,318	163,783
Other non-current provisions	20	37,092	58,465	37,092	58,465
Deposit from customers		21,325	20,297	-	-
TOTAL NON-CURRENT LIABILITIES		1,594,682	1,627,714	247,837	271,333
TOTAL LIABILITIES		4,219,573	4,230,148	2,128,962	2,182,470

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

(Unit : Thousand Baht)

	Notes	Consolidated		Separate	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
		"UNAUDITED" "REVIEWED"	"AUDITED"	"UNAUDITED" "REVIEWED"	"AUDITED"
LIABILITIES AND EQUITY					
SHAREHOLDER'S EQUITY					
Share capital					
Authorized share capital		1,600,000	1,600,000	1,600,000	1,600,000
Issued and paid share capital		1,600,000	1,600,000	1,600,000	1,600,000
Treasury shares	21	(7,757)	(4,767)	(7,757)	(4,767)
Share premium					
Share premium on ordinary shares		24	24	24	24
Discount from changes in the ownership interests in subsidiary					
		(6,870)	(6,870)	-	-
Retained earnings					
Appropriated					
Legal reserve		160,000	160,000	160,000	160,000
Treasury shares reserve	21	7,757	4,767	7,757	4,767
Unappropriated		3,404,205	3,340,741	3,549,879	3,489,186
Other components of shareholders' equity		423,973	405,932	423,973	405,932
TOTAL EQUITY ATTRIBUTABLE TO OWNERS					
OF THE PARENT					
		5,581,332	5,499,827	5,733,876	5,655,142
Non-controlling interests		555,888	564,844	-	-
TOTAL SHAREHOLDERS' EQUITY					
		6,137,220	6,064,671	5,733,876	5,655,142
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		10,356,793	10,294,819	7,862,838	7,837,612

STATEMENTS OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		(Unit : Thousand Baht)			
		Consolidated		Separate	
Notes		2019	2018	2019	2018
Revenues					
	Contract revenues	1,804,510	1,568,881	1,817,057	1,576,409
	Revenue from rendering of services	128,247	98,667	31,232	29,690
	Gain on disposal and write off of assets	3,732	-	3,732	-
	Reversal of estimated allowance for litigation cases	20,813	-	20,813	-
	Interest income	1,329	534	1,779	958
	Other income	36,569	14,509	18,310	13,710
	Total revenues	1,995,200	1,682,591	1,892,923	1,620,767
Expenses					
	Contract costs	1,647,020	1,262,629	1,652,735	1,269,871
	Cost of rendering of services	88,490	69,994	23,527	21,172
	Distribution costs	11,727	7,963	4,704	4,633
	Administrative expenses	139,959	154,073	116,384	127,868
	Other expenses	481	699	481	699
	Finance costs	18,610	16,257	8	733
	Total expenses	1,906,287	1,511,615	1,797,839	1,424,976
	Share of loss of associate	11	(14)	-	-
	Profit before income tax expense	88,899	170,966	95,084	195,791
	Income tax expense	31,401	33,295	31,401	33,295
	Profit for the period	57,498	137,671	63,683	162,496
Other comprehensive income					
Items that will be reclassified					
subsequently to profit or loss :-					
	Gains on remeasuring available-for-sale investments	22,551	(45,103)	22,551	(45,103)
	Income tax relating to items that will be reclassified				
	subsequently to profit or loss	(4,510)	9,021	(4,510)	9,021
	Total items that will be reclassified				
	subsequently to profit or loss	18,041	(36,082)	18,041	(36,082)
	Other comprehensive income for the period, net of tax	18,041	(36,082)	18,041	(36,082)
	Total comprehensive income for the period	75,539	101,589	81,724	126,414

STATEMENTS OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		(Unit : Thousand Baht)			
		Consolidated		Separate	
Notes	2019	2018	2019	2018	
Profit (loss) attributable to :-					
Owners of the parent	66,454	147,606	63,683	162,496	
Non - controlling interests	(8,956)	(9,935)	-	-	
Profit for the period	57,498	137,671	63,683	162,496	
Total comprehensive income (loss) attributable to :-					
Owners of the parent	84,495	111,524	81,724	126,414	
Non - controlling interests	(8,956)	(9,935)	-	-	
Total comprehensive income for the period	75,539	101,589	81,724	126,414	
Earnings per share					
Basic (in Baht)	23	0.04	0.09	0.04	0.10

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

"UNAUDITED"

"REVIEWED"

(Unit : Thousand Baht)

Consolidated													
Equity attributable to owners of the parent													
Notes	Issued and paid share capital			Treasury shares	Share premium on ordinary shares	Discount from changes in the ownership interests in subsidiary	Retained earnings			Other components of shareholders' equity Available-for-sale investments	Total equity attributable to owners of the parent	Non Controlling interests	Total shareholders' equity
							Appropriated						
							Legal reserve	Treasury shares reserve	Unappropriated				
Balance as at January 1, 2018	1,600,000	-	24	(6,870)	160,000	-	2,984,005	285,658	5,022,817	540,892	5,563,709		
Total comprehensive income (expense) for the periods	-	-	-	-	-	-	147,606	(36,082)	111,524	(9,935)	101,589		
Ending balance as at March 31, 2018	<u>1,600,000</u>	<u>-</u>	<u>24</u>	<u>(6,870)</u>	<u>160,000</u>	<u>-</u>	<u>3,131,611</u>	<u>249,576</u>	<u>5,134,341</u>	<u>530,957</u>	<u>5,665,298</u>		
Balance as at January 1, 2019	1,600,000	(4,767)	24	(6,870)	160,000	4,767	3,340,741	405,932	5,499,827	564,844	6,064,671		
treasury stock reserve	-	(2,990)	-	-	-	-	-	-	(2,990)	-	(2,990)		
Total comprehensive income (expense) for the periods	-	-	-	-	-	-	66,454	18,041	84,495	(8,956)	75,539		
Allocation of treasury stock reserve	-	-	-	-	-	2,990	(2,990)	-	-	-	-		
Ending balance as at March 31, 2019	<u>1,600,000</u>	<u>(7,757)</u>	<u>24</u>	<u>(6,870)</u>	<u>160,000</u>	<u>7,757</u>	<u>3,404,205</u>	<u>423,973</u>	<u>5,581,332</u>	<u>555,888</u>	<u>6,137,220</u>		

The accompanying notes are an integral part of these interim financial statements.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

"UNAUDITED"

STATEMENTS OF CHANGES IN EQUITY

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

(Unit : Thousand Baht)

	Separate								
	Notes	Issued and paid share capital	Treasury shares	Share premium on ordinary shares	Retained earnings			Other components of shareholders' equity	Total shareholders' equity
					Legal reserve	Treasury shares reserve	Unappropriated	Available-for-sale investments	
Balance as at January 1, 2018		1,600,000	-	24	160,000	-	3,088,992	285,658	5,134,674
Total comprehensive income (expense) for the periods		-	-	-	-	-	162,496	(36,082)	126,414
Ending balance as at March 31, 2018		<u>1,600,000</u>	<u>-</u>	<u>24</u>	<u>160,000</u>	<u>-</u>	<u>3,251,488</u>	<u>249,576</u>	<u>5,261,088</u>
Balance as at January 1, 2019		1,600,000	(4,767)	24	160,000	4,767	3,489,186	405,932	5,655,142
treasury stock reserve		-	(2,990)	-	-	-	-	-	(2,990)
Total comprehensive income (expense) for the periods		-	-	-	-	-	63,683	18,041	81,724
Allocation of treasury stock reserve		-	-	-	-	2,990	(2,990)	-	-
Ending balance as at March 31, 2019		<u>1,600,000</u>	<u>(7,757)</u>	<u>24</u>	<u>160,000</u>	<u>7,757</u>	<u>3,549,879</u>	<u>423,973</u>	<u>5,733,876</u>

The accompanying notes are an integral part of these interim financial statements.

STATEMENTS OF CASH FLOWS

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit for the period	57,498	137,671	63,683	162,496
Adjustments to reconcile profit to cash receipts (payments)				
Doubtful debts expense	71	48	71	48
Depreciation and amortization	87,981	92,828	49,966	57,169
Interest income	(1,329)	(534)	(1,779)	(958)
Interest expense	18,610	16,257	8	733
Gain on disposal and write-off of equipment	(3,732)	(5,421)	(3,732)	(5,421)
Unrealized gains from changes in fair value				
of current investments	(4,416)	(4,374)	(4,413)	(4,372)
Unrealized gain on exchange rate	-	(622)	-	(622)
Share of loss of associate	14	10	-	-
Estimated costs of rectification in the period				
of guarantee work (reversal)	3,600	15,500	3,600	15,500
Provision for litigation	(20,403)	651	(20,403)	651
Provision for employee benefit	5,943	6,469	5,590	6,160
Tax expense	31,401	33,295	31,401	33,295
	175,238	291,778	123,992	264,679
Changes in operating assets and liabilities				
Trade accounts receivables	227,793	208,143	230,297	217,010
Other current receivables	13,680	(1,272)	(23,352)	5,303
Retention receivable under construction contract	19,701	3,713	19,403	2,799
Unbilled construction in progress	(93,128)	61,314	(93,128)	61,314
Inventories	(20,882)	2,218	(20,835)	2,334
Advance payments to subcontractors	103,830	(127,799)	103,830	(127,799)
Other non-current assets	(1,167)	(493)	(338)	338
Trade accounts payables	93,587	22,084	94,511	22,512
Advance received under construction contracts	50,535	(29,459)	50,535	(29,459)
Undue value added tax	(7,114)	(19,114)	(7,114)	(19,114)
Deposit receipt from customers	183	(1,952)	-	-

STATEMENTS OF CASH FLOWS

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
Retention payables from subcontractors	9,224	1,773	9,224	1,773
Other current payables	(68,408)	(289,637)	(92,140)	(279,441)
Other current liabilities	397	(231)	397	(231)
Payment of estimated costs of rectification in the period of guarantee work	(4,446)	(3,925)	(4,446)	(3,925)
Payment of provisions for litigation	(970)	-	(970)	-
Net Cash generated from operation	498,053	117,141	389,866	118,093
Withholding tax paid	(59,820)	(55,583)	(58,770)	(54,507)
Net cash from operating activities	438,233	61,558	331,096	63,586
Cash flows from investing activities				
Interest received	2,009	782	2,201	1,079
Purchase of current investments	(451,040)	(271,768)	(451,040)	(271,768)
Proceeds from current investments	101,003	461,675	101,003	461,675
Payment of short-term loans	-	-	(40,000)	(140,000)
Proceeds from short-term loans	-	-	10,000	50,000
Proceeds from long-term loans	(481)	-	(481)	-
Pledged deposit at bank	8,345	(40,878)	8,345	(40,878)
Purchase of property, plant and equipment	(88,530)	(99,057)	(21,015)	(21,496)
Payment of leasehold right in the process of registration	-	(9,000)	-	(9,000)
Purchase of intangible assets	-	(2,189)	-	(2,262)
Sales of equipment	7,004	8,953	7,004	8,953
Net cash from (used in) investing activities	(421,690)	48,518	(383,983)	36,303
Cash flows from financing activities				
Interest paid	(18,688)	(15,642)	-	-
Bank overdrafts Increase (Decrease)	(100,040)	(380)	(99,140)	-
Proceeds from long-term loans	31,800	80,000	-	-
Payment of long-term loans	(11,224)	(60,425)	-	-
Payment of treasury stock reserve	(2,990)	-	(2,990)	-
Net cash from (used in) financing activities	(101,142)	3,553	(102,130)	-
Net increase (decrease) in cash and cash equivalents	(84,599)	113,629	(155,017)	99,889
Cash and cash equivalents at 1 January	756,455	436,374	674,797	375,899
Cash and cash equivalents at 31 March	671,856	550,003	519,780	475,788

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

1 General information

Syntec Construction Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 555/7-11 Sukhumvit Soi 63 (Ekamai), Sukhumvit Road, Klongton Nua, Wattana, Bangkok and a branch office located at 61 Soi Langsuan, Lumpini, Pathumwan, Bangkok.

The Company was listed on the Stock Exchange of Thailand on February 12, 1993.

The Company’s major shareholders who hold more than 10% of total paid share capital as at March 31, 2019 were as follows:

	<i>(% of total paid share capital)</i>
Phahusutr Group	29.55

The principal activities of the Company are construction and real estate development for room service or service apartment.

Details of the Company’s subsidiaries were as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
			March 31, 2019	December 31, 2018
Direct subsidiaries				
1) SCR Asset Management Co., Ltd.	Service apartment or real estate development for rental	Thailand	68.00	68.00
2) Natural Ville Service Apartment and Management Co., Ltd.	Personnel management for hotel, service apartment and other properties	Thailand	99.97	99.97
3) CSM Capital Partners Co., Ltd.	Service apartment or real estate development for rental	Thailand	60.00	60.00
4) JT Ten Co., Ltd. *	Service apartment or real estate development for rental	Thailand	84.98	84.98
5) PT Three Land Co., Ltd. *	Service apartment or real estate development for rental	Thailand	69.98	69.98

* Not commercial operations yet

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

2 Basis of preparation of interim financial statement

2.1 Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) Interim Financial Reporting; guidelines promulgated by the Federation of Accounting Professions (FAP); and related applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2018. The financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and the subsidiaries for the year ended December 31, 2018.

2.2 Functional and presentation currency

The interim financial statements are prepared and presented in Thai Baht, which is the Group's / Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand/million unless otherwise stated.

2.3 Use of estimates and judgments

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Group/Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements of the Company and its subsidiaries for the year ended December 31, 2018.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

2.3.1 Measurement of fair Value

Measuring the fair value of an asset or a liability, the Group/Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 5	Measurement of available-for-sale investments
Note 6	Measurement of current investments
Note 25	Financial instruments

- 2.4** The consolidated and separate financial statements for the three-month periods ended March 31, 2019 and 2018 included the investment and share of loss of an associate, which had been accounted for by equity method amounted to Baht 0.01 million and Baht 0.01 million, respectively, in the consolidated financial statements, based on financial statements of such associate, which had been reviewed by management. In addition, the Company had no obligation under the guarantee for such associate and an allowance for impairment of investment in the above mentioned associate was set up as at March, 31 2019 and December 31, 2018 in the amount of Baht 10 million and Baht 10 million, respectively, in the separate financial statements. Please also see note 11 to the interim financial statements. However, the values of the investments in the associate was immaterial.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

3 Significant accounting policies

These interim financial statements have been prepared by using the same accounting policies and methods of computation as were used in the preparation of the financial statements for the year ended December 31, 2018.

Revised accounting standards and financial reporting standards.

3.1 Financial reporting standards that becomes effective for fiscal years beginning on or after January 1, 2019.

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

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

TFRS 15	Revenue from Contracts with Customers
---------	---------------------------------------

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized 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.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020.

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

Financial reporting standards related to financial instruments

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TRFIC 16 Hedges of a Net Investment in a Foreign Operation

TRFIC 19 Extinguishing Financial Liabilities with Equity

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized 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.

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

4 Seasonal operations

Revenue of the Group / Company is subject to seasonal and economic environment.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group / Company if the Group / Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Group / Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Subsidiaries		
1. SCR Asset Management Co., Ltd.	Thailand	Subsidiary, 68% shareholding, and some common directors
2. Natural Ville Service Apartment and Management Co., Ltd.	Thailand	Subsidiary, 99.97% shareholding and some common directors
3. CSM Capital Partners Co., Ltd.	Thailand	Subsidiary, 60% shareholding and some common directors
4. JT Ten Co., Ltd.	Thailand	Subsidiary, 84.98% shareholding and some common directors
5. PT Three Land Co., Ltd.	Thailand	Subsidiary, 69.98% shareholding and some common directors
Associate		
1. Natural Hotel Sukhumvit Co., Ltd	Thailand	Associate, 25% Shareholding
Joint ventures		
1. SVK Joint venture	Thailand	Joint venture, 51% portion of joint venture and registered to cease operations

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Name of entities	Country of incorporation/ nationality	Nature of relationships
Related companies		
1. Bangkok Expressway and Metro Public Company Limited	Thailand	Related company, 0.49% shareholding
2. Mivan (Thailand) Co., Ltd.	Thailand	Related company as a venture in Syntec-Mivan Joint Venture
3. Siam Syntec Planner Co., Ltd.	Thailand	Related company, some common directors
4. Tate Enterprise Co., Ltd.	Thailand	Related company, some common shareholder
5. N&J Assets Management Co., Ltd.	Thailand	Related company, some common directors
6. Narai Phand Co., Ltd.	Thailand	Related company, directors related to the director of the Company
7. N & J Hospitality Co., Ltd.	Thailand	Related company, directors related to the director of the Company
8. Pink Cafe Co., Ltd.	Thailand	Related company, directors related to the director of the Company
9. Safe Series Co., Ltd.	Thailand	Related company, shareholder as a key management personnel of the Company
10. Wrightman Corporation Co., Ltd.	Thailand	Related company, indirect held
11. Mankongsangtong Holding Co., Ltd.	Thailand	Related company, common shareholders
12. Thonglor Management Co., Ltd.	Thailand	Related company, shareholder related to the Company's directors
13. Wealthy Living Co.,Ltd.	Thailand	Related company, shareholder related to the Company's directors
14. Chuaphaibul Steel Co., Ltd.	Thailand	Related company, directors related to the director or shareholder of the Company
15. Wrightman Restaurant Co., Ltd.	Thailand	Related company, some common shareholder
16. Thai Roong Ruang Industry Co., Ltd.	Thailand	Related company, shareholder and director related to the shareholders and directors of the Company

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Name of entities	Country of incorporation/ nationality	Nature of relationships
17. TRR Property Co., Ltd.	Thailand	Related company, shareholder and director as the shareholder and director of the subsidiary
Related persons		
1. Six related persons	Thailand	Related persons, as the Company’s and the subsidiaries’ directors, shareholders, key management personnel or related to the key management personnel.
2. Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of the Group/Company (whether executive or otherwise).

The pricing policies for particular types of transactions are explained further below:

<u>Pricing policies</u>	
Sale of steel and others	Pricing policies
Interest income	MLR – 2.75 per annum
Contract revenues	Cost price plus profit margin not less than 12%
Rendering of service	Service income to be refunded under the contract on the basis determined by related concern which approximated the market price
Contract costs	Market price
Purchase of steel	Market price
Cost of service (management fee for service apartment and others)	Contract price on the basis determined by the related concerned which approximated the market rate
Service expenses	Contract price on the basis determined by the related concerned which was not higher than employment rate
Consulting fee for security system	Contract price on the basis determined by the related concerned

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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	<u>Pricing policies</u>
Administrative expenses	Market price
Land rental	Contract price on the basis determined by the related concerned which approximated the market rate
Interest expenses	MLR – 2.75 per annum
Directors benefit expenses represented meeting allowance and director bonus	Approval from the Company’s directors and shareholders
Directors and management benefit expenses represented salary and bonus	Approval from the Company’s directors and shareholders

Significant transactions for the three-month periods ended March 31 with related parties were summarized as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	2019	2018	2019	2018
Revenue				
Subsidiaries				
Contract revenues	-	-	5,842	7,528
Rendering of service and others	-	-	2,447	300
Interest income	-	-	468	466
Related companies				
Contract revenues	88,643	48,457	88,643	48,457
Rental and service expenses	1,095	1,095	1,095	1,095
Other service expenses	800	-	-	-
Expenses				
Subsidiaries				
Cost of service	-	-	5,845	6,243
Related companies				
Contract costs	52,923	48,297	52,923	48,297
Cost of service	8,957	9,889	4,717	5,477
Space rental and services	694	694	694	694
Other service expenses	5,146	7,147	5,146	7,147
Purchase of steel	31,910	40,077	31,910	40,077

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

(Unit : Thousand Baht)

	Consolidated		Separate	
	2019	2018	2019	2018
Related Persons				
Consulting fee for security system	900	850	900	850
Land rental expense	19	-	19	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	15,023	18,235	15,023	18,235
Post-employment benefits	475	571	475	571
Total key management personnel compensation	15,498	18,806	15,498	18,806

Balance as at March 31, 2019 and December 31, 2018 with related parties were as follows:

(Unit : Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Assets				
<u>Trade accounts receivables - related parties</u>				
Subsidiaries	-	-	4,025	4,039
Related companies	18,614	32,356	18,614	32,356
Total	18,614	32,356	22,639	36,395
<u>Retention receivables under construction</u>				
<u>contracts - related parties</u>				
Subsidiaries	-	-	2,779	2,481
Related companies	21,018	13,664	21,018	13,664
Total	21,018	13,664	23,797	16,145

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

(Unit : Thousand Baht)

	Consolidated		Separate	
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018
<u>Other current receivables and advances</u>				
Subsidiaries	-	-	64,763	22,197
Related companies	111	704	111	94
Related persons	2,493	5,258	2,493	4,795
Total	2,604	5,962	67,367	27,086
Less allowance for doubtful accounts	-	-	-	-
Net	2,604	5,962	67,367	27,086
<u>Unbilled construction in progress - related parties</u>				
Related companies	-	1,621	-	1,621
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	65,000	35,000
<u>Available – for –sale investments</u>				
Related companies	751,714	729,163	751,714	729,163
<u>Liabilities</u>				
<u>Trade accounts payable – related parties</u>				
Related companies	42,173	23,362	40,983	23,102
<u>Other current payables – related parties</u>				
Subsidiaries	-	-	15,702	15,557
Related companies	2,174	12,391	734	10,306
Related persons	30,000	-	-	-
Total	32,174	12,391	16,436	25,863
<u>Advance received from customers under construction contracts – related parties</u>				
Related companies	54,928	57,016	54,928	57,016
<u>Retention payables from subcontractors – related parties</u>				
Related companies	4,514	3,917	4,514	3,917

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Movements of short – term loans to related parties for the three-month periods ended March 31 were as follows:

(Unit : Thousand Baht)

	Relationship	Separate			Balance as at March, 31 2019
		Balance as at January, 1 2019	During the period		
			Increase	Decrease	
Loan to related parties					
CSM Capital Partners Co., Ltd.	Subsidiary	25,000	-	(10,000)	15,000
PT Three Land Co., Ltd.	Subsidiary	10,000	5,000	-	15,000
SCR Asset Management Co., Ltd.	Subsidiary	-	35,000	-	35,000
		<u>35,000</u>	<u>40,000</u>	<u>(10,000)</u>	<u>65,000</u>

As at March 31, 2019 and December 31, 2018, the Company had short-term loans to a subsidiary (“CSM Capital Partners Co., Ltd.”) of Baht 15 million and Baht 25 million, respectively, represented short-term loans under 3 loan agreements, requiring payable on demand. The principal and interest will be repaid within 2 years, interest charged at MLR-2.75% per annum.

As at March 31, 2019 the Company had short-term loans to a subsidiary (“SCR Asset Management Co., Ltd.”) of Baht 35 million, represented short-term loans under 4 loan agreements, requiring payable on demand. The principal and interest will be repaid within 1 years, interest charged at MLR-2.75% per annum.

As at March 31, 2019 and December 31, 2018, the Company had short-term loans to a subsidiary (“PT Three Land Co., Ltd.”) of Baht 15 million and Baht 10 million, respectively, represented short-term loans under 3 loan agreements, requiring payable on demand. The principal and interest will be repaid within 2 years, interest charged at MLR-2.75% per annum.

The commitments with related parties

The Ordinary General Meeting of Shareholders of the Company held on April 26, 2019 resolved the approval of Directors’ remunerations for the year 2019 which were represented the meeting allowance of Baht 18,000 per time per head, and the annual audit committee directors’ remunerations of Baht 330,000 per head.

The Ordinary General Meeting of Shareholders of the Company held on April 27, 2018 resolved the approval of Directors’ remunerations for the year 2018 which were represented the meeting allowance of Baht 18,000 per time per head, and the annual audit committee directors’ remunerations of Baht 350,000 per head.

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

6 Current investments

(Unit : Thousand Baht)

	Consolidated			
	March 31, 2019		December 31, 2018	
	Cost	Fair value	Cost	Fair value
Current investments				
Premium savings	22,092	22,092	22,092	22,092
Mutual fund – debt securities	1,320,213	1,324,629	960,402	970,175
Total	1,342,305	1,346,721	982,494	992,267

(Unit : Thousand Baht)

	Separate			
	March 31, 2019		December 31, 2018	
	Cost	Fair value	Cost	Fair value
Current investments				
Premium savings	22,092	22,092	22,092	22,092
Mutual fund – debt securities	1,319,371	1,323,784	959,570	969,333
Total	1,341,463	1,345,876	981,662	991,425

As at March 31, 2019 and December 31, 2018, current investments in mutual fund – debt securities of the Company amounted to Baht 160 million and Baht 161 million, respectively, had been used as collateral for liabilities under letter of guarantee with two domestic commercial banks.

7 Trade accounts receivables

(Unit : Thousand Baht)

	Consolidated		Separate	
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018
Related companies	18,614	32,356	22,639	36,395
Other parties	1,048,893	1,262,943	1,036,802	1,253,342
Total	1,067,507	1,295,299	1,059,441	1,289,737
<u>Less allowance for doubtful accounts</u>	<u>(12,691)</u>	<u>(12,619)</u>	<u>(12,691)</u>	<u>(12,619)</u>

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Net	<u>1,054,816</u>	<u>1,282,680</u>	<u>1,046,750</u>	<u>1,277,118</u>
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Aging analyses for trade accounts receivables were as follows:

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Within credit terms	528,325	839,329	525,111	833,554
Still litigation	109,137	109,137	109,137	109,137
Overdue:				
- Less than 3 months	226,670	229,716	221,818	228,022
- Over 3 months to 6 months	74,497	92,691	74,497	91,755
- Over 6 months to 12 months	115,204	23,086	115,204	25,929
- Over 12 months	13,674	1,340	13,674	1,340
Total overdue	<u>430,045</u>	<u>346,833</u>	<u>425,193</u>	<u>347,046</u>
Total	<u>1,067,507</u>	<u>1,295,299</u>	<u>1,059,441</u>	<u>1,289,737</u>

The normal credit term granted by the Group/Company ranges from 15 days to 45 days.

8 Retentions receivables under construction contracts

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Related companies	21,018	13,664	23,797	16,145
Other parties	599,414	626,470	599,415	626,470
Total	620,432	640,134	623,212	642,615
Less allowance for doubtful accounts	(18,930)	(18,930)	(18,930)	(18,930)
Net	<u>601,502</u>	<u>621,204</u>	<u>604,282</u>	<u>623,685</u>
Current	93,067	114,231	93,067	114,231
Non-current	508,435	506,973	511,215	509,454
Total	<u>601,502</u>	<u>621,204</u>	<u>604,282</u>	<u>623,685</u>

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

9 Unbilled construction in progress

(Unit : Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Related companies	-	1,621	-	1,621
Other parties	832,438	737,689	832,438	737,689
Total	832,438	739,310	832,438	739,310
<u>Less</u> allowance for doubtful accounts	(9,174)	(9,174)	(9,174)	(9,174)
Net	823,264	730,136	823,264	730,136

(Unit : Million Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Construction project contracts amount	41,350	39,038	41,350	39,038
Contract revenue recognized as revenue since commencing date to present	32,093	30,155	32,093	30,155
<u>Less</u> progress billings (as invoices)	(31,306)	(29,461)	(31,306)	(29,461)
Unbilled construction in progress	787	694	787	694
Unbilled construction in progress (in litigation)	45	45	45	45
Unbilled construction in progress at the end of period	832	739	832	739
<u>Less</u> allowance for doubtful accounts	(9)	(9)	(9)	(9)
Net	823	730	823	730
Excess of progress billing over work in progress	(701)	(650)	(701)	(650)
Net	122	80	122	80

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

10 Inventories

(Unit : Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Construction materials	148,333	128,732	148,333	128,732
Spare parts and supplies	13,021	11,740	11,864	10,630
<u>Less allowance for devaluation of inventories</u>	-	-	-	-
Spare parts and supplies, net	13,021	11,740	11,864	10,630
Total	161,354	140,472	160,197	139,362

11 Investments in associate

Movements of investments in associate during the three-month periods ended March 31, 2019 were as follows:

(Unit : Thousand Baht)

	Consolidated	Separate
At January 1, 2019	187	-
Share of losses of investments from equity method	(14)	-
<u>Less allowance for devaluation of investments</u>	-	-
At March 31, 2019	173	-

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

12 Investments in subsidiaries

(Unit : Thousand Baht)

Company's name	Paid-up Share Capital		Cost	
	March 31, 2019	December 31, 218	March 31, 2019	December 31, 218
	Million Baht	Million Baht		
SCR Asset Management Co., Ltd.	600	600	408,064	408,064
Natural Ville Service Apartment and Management Co., Ltd.	2	2	2,000	2,000
CSM Capital Partners Co., Ltd.	1,100	1,100	660,000	660,000
PT Three Land Co., Ltd.	1	1	700	700
JT Ten Co., Ltd.	100	100	84,980	84,980
Total			1,155,744	1,155,744

The Extraordinary Meeting of Shareholders of subsidiary (JT Ten Co., Ltd.) held on July 3, 2018 approved the increase of the company's authorized share capital from Baht 1 million to Baht 100 million. The subsidiary also registered the increases of shares with Ministry of Commerce on July 20, 2018.

The Board of Directors Meeting of the Company held on May 15, 2018, resolved to establish two subsidiaries named JT Ten Co., Ltd. and PT Three Land Co., Ltd with the authorized share capital of Baht 1 million in each of subsidiary to conduct a business in real estate for rental. On June 13, 2018 and June 25, 2018, the Company registered the establishing those subsidiaries and held 84.98% and 69.98% of shares, respectively.

The Extraordinary Meeting of Shareholders of the subsidiary (CSM Capital Partners Co., Ltd.) held on April 20, 2018 approved the increase of the company's authorized share capital from Baht 1,000 million to Baht 1,100 million for cost of the renovation of Eight Thonglor Residences Project. The subsidiary also registered the increase of shares with Ministry of Commerce on May 4, 2018.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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13 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the three-month periods ended March 31, 2019 were as follows:

	(Unit : Thousand Baht)	
	Consolidated	Separate
Net book value at 1 January	4,157,027	757,636
Acquisition and transfer in – at cost	88,530	21,015
Disposal and transfer out		
- net book value	(3,272)	(3,272)
Depreciation for the period	(81,154)	(43,902)
Net book value at March 31, 2019	4,161,131	731,477

Pledge:

As at March 31, 2019, land, buildings and building improvement of the Company in the carrying amount of Baht 88 million including indemnity from insurance of those assets were mortgaged as collateral for contingent liabilities due to the letter of guarantee issued by the domestic commercial banks.

As at March 31, 2019, land with existing structures of the subsidiary (SCR Asset Management Co., Ltd) in the carrying amount of Baht 748 million and structures to be constructed in the future was mortgaged as collateral for contingent liabilities on borrowings from the domestic commercial banks in the credit line amounting to Baht 620 million.

As at March 31, 2019, the residences in Eight Thonglor Project of the subsidiary (CSM Capital Partners Co., Ltd) in the carrying amount of Baht 2,308 million were mortgaged as collateral for contingent liabilities on borrowings from the domestic commercial bank in the credit line amounting to Baht 1,550 million.

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14 Leasehold right

	(Unit : Thousand Baht)	
	Consolidated	Separate
Net book value at January 1, 2019	382,946	289,826
Acquisition and transfer in – at cost	-	-
Disposal – net book value	-	-
Amortization charge for the period	(4,970)	(4,970)
Net book value at March 31, 2019	377,976	284,856

On February 6, 2018, the Company (“the lessee”) entered into a memorandum to lease land for the real estate development project with other person (“the lessor”). The Company agreed to lease land in Chonburi Province totalling 19 plots of land of 11 rai 1 ngan 54.1 square wah, to develop into projects of hotel, resort and other real estate development projects under the business of a subsidiary. The lease term is 30 years commencing from the date of completion of the real estate development project and starting operations. The Company will complete the development of the project and will commercially operate within 3 years from the date of the lease agreement. The Company agrees to pay whole land fee in the amount of Baht 90 million and the monthly rental of Baht 300,000. The rental shall be adjusted increasingly every 3 years throughout the lease term. The Company paid the land leasing fee of Baht 9 million to be as leasehold right in the process of registration and the remaining of Baht 81 million will be paid within the date of registration of the land lease.

Under the lease agreement of the land, the lessor agrees to collect the plots of land for 180 square wah owned by another person and to be transferred to the lessor or the land must be registered servitude prior to the registration of the lease. If the lessor fails to do so, the Company has the right to cancel the memorandum without being considered as breach of agreement. The lessor agrees to return the land lease fee of Baht 9 million to the Company within 7 days from the date of the lessor be unable to comply with the agreement.

Subsequently, on August 1, 2018, the Company received deposit on leasehold right in the process of registration from a subsidiary (“JT Ten Co., Ltd.”) of Baht 9 million.

On October 22, 2018, the subsidiary (“JT Ten Co., Ltd.”) entered into a lease land agreement and supplemental memorandum to lease land for the real estate development project with other company (“Siriwat Lease Co., Ltd.”) (“the lessor”). The subsidiary agreed to lease land in Chonburi Province totaling 21 plots of land of 11 rai 3 ngan 21.70 square wah, to develop into projects of hotel, resort and other real estate development projects for the lease period of 30 years commencing from the date of the lease agreement until October 21, 2048. The subsidiary will complete the development of the project and will commercially operate within 3 years from the date of the lease agreement. The subsidiary agreed to pay whole land fee in the amount of Baht 81 million and the monthly rental will

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be charged in the fourth year at the rate of Baht 300,000. The rental shall be adjusted increasingly every 3 years throughout the lease term. The subsidiary paid the land leasing fee on the contract date of Baht 10 million and the remaining of Baht 71 million will be paid within the date of registration of the land lease. The memorandum of lease land agreement stipulates that upon the expiration of the first 3 years of the land lease agreement, the lessor and the subsidiary agreed to register the lease for an additional 3 years from the maturity date of the lease term. The subsidiary agreed to pay the monthly rental fee to the lessor at the rate of Baht 1,950,000 starting from November 1, 2048 onwards.

15 Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 218	March 31, 2019	December 31, 218
Bank overdrafts	-	900	-	-
Short-term loans from financial institutions	-	99,140	-	99,140
Total	-	100,040	-	99,140

16 Trade accounts payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Related companies	42,173	23,362	40,983	23,102
Other parties	468,030	393,254	460,421	383,791
Total	510,203	416,616	501,404	406,893

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

17 Other current payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Related persons and companies	32,174	12,391	16,436	25,863
Other parties	254,780	340,549	191,386	271,592
Total	286,954	352,940	207,822	297,455
Other parties				
Other payables	43,062	51,844	5,736	4,455
Accrued value added tax	16,538	6,643	15,022	5,461
Accrued withholding tax	9,276	14,165	8,715	9,827
Other accrued expenses	99,391	167,546	75,400	151,498
Accrued estimated construction cost	86,513	100,351	86,513	100,351
Total	254,780	340,549	191,386	271,592

18 Retention payables from subcontractors

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Related companies	4,514	3,917	4,514	3,917
Other parties	323,736	315,109	323,736	315,109
Total	328,250	319,026	328,250	319,026

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

19 Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
At January 1, 2019	1,937,073	1,724,558	-	-
Addition	31,800	303,200	-	-
Deduction	(11,224)	(90,685)	-	-
Balance as at March 31, 2019	1,957,649	1,937,073	-	-
<u>Less</u> Current portion of long-term loans	(115,982)	(108,189)	-	-
<u>Less</u> Long-term in default	(521,182)	(497,482)	-	-
Net	1,320,485	1,331,402	-	-

Loans from domestic financial institution

On December 2, 2014, a subsidiary (SCR Asset Management Co., Ltd.) entered into a loan agreement with a domestic financial institution in credit line of Baht 390.70 million. As of March 31, 2019, it was fully withdrawn, requiring monthly repayable interest from the date of the first drawdown and requiring monthly repayable principal within 10 years and 6 months. The first repayment shall be in 31st month of Baht 1.90 million to Baht 6.40 million. These loans were secured by 2 plots of land including structures, existing at the present and to be constructed in the future are mortgaged as collateral under the mortgage agreement dated December 15, 2017.

Under the above loan agreement contains certain restrictive conditions such as opening operating account with a commercial bank, shareholding of the main shareholder of the Company and the events of default or non-compliance with the loan agreements, which assumes that it is default. The default entitles the bank to accelerate the maturity of all amounts outstanding and immediately payable. Since the year 2019, the agreement requires certain financial ratio (DSCR) not less than 1.1.

On September 23, 2013, a subsidiary (SCR Asset Management Co., Ltd.) entered into a loan agreement with a local financial institution in credit line of Baht 224 million. As of March 31, 2019, loan was completely drawdown in the amount of Baht 206 million because the project is complete, requiring monthly repayable principal with interest within 8 years and 6 months. The first repayment at nineteenth month of Baht 1.3 million to Baht 4 million. These loans were secured by 11 plots of land including structures, existing at the present and to be constructed in the future are mortgaged as collateral under the mortgage agreement dated June 12, 2014 in the credit line amounting to Baht 229 million.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Under the above loan agreements contains certain restrictive conditions such as opening operating account with a commercial bank, shareholding of the main shareholder of the Company and an events of default or non-compliance with the loan agreements, which assumes that it is default. This may entitle the bank has the right to accelerate the maturity of all outstanding loans immediately due. In addition, the agreements determined certain financial ratio of the subsidiary as follows:

	Financial ratio per <u>agreement</u>	Financial ratio as at <u>March 31, 2019</u>
Financial ratio (DSCR)	Not less than 1.1	0.00

Therefore, as at March 31, 2019, the subsidiary broke the loan agreement. As a result of a breach of such agreement, the bank may accelerate the repayment of all its subsidiaries immediately prior to maturity. Therefore, the subsidiary classified long-term loan in default in the amount of Baht 521.18 million and presented as current liabilities. However, the management of the Company is negotiating with the bank that the result has not been finalized.

On April 7, 2016, the subsidiary (“CSM Capital Partners Co., Ltd.”) had entered into the loan agreement with a domestic commercial bank in the amount of Baht 1,550 million to support the development of Eight Thonglor Residences Project, requiring repayable the principal and interest within 4 years and 10 years from the date of the first drawdown. Interest rate is charged at MLR -2.10 to MLR-2.75 per annum. Such loan was secured by Eight Thonglor Residences Project of 137 units.

Under the above loan agreement contains certain restrictive conditions such as increasing authorized shares, opening an DSRA account (Debt Service Reserve Account) with a bank amount of Baht 20 million and maintaining debt to equity ratio, and the events of default of agreement or non-compliance with loan agreement that assumes to be default. This may entitle the bank has the right to accelerate the subsidiary repay all outstanding immediately. In addition, the agreement determines certain financial ratios of the Company as follows:

	Financial ratio per <u>agreement</u>	Financial ratio as at <u>March 31, 2019</u>
Debt to equity ratio	Not more than 2:1	1.73: 1

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

20 Provisions

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	March 31, 2019	December 31, 2018
Provision for the estimating costs of rectification and guarantee work	7,178	8,024
Provision for litigation	37,092	58,465
Total	44,270	66,489
Current	7,178	8,024
Non-current	37,092	58,465
Total	44,270	66,489

Movements for the three-month ended March 31 were as follows:

	(Unit: Thousand Baht)					
	Consolidated and Separate					
	Provision for the estimating costs of rectification and guarantee work		Provision for litigation		Total	
	2019	2018	2019	2018	2019	2018
At January 1	82	228	5846	574	6648	7713
Provision made	400	1530	4	-	500	1615
Reversal	(100)	-	(2813)	-	(2813)	-
Payment of provision	(446)	(325)	9	-	(546)	(325)
At March 31	77	354	3702	53	4470	8008

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO INTERIM FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019****21 Treasury shares and Treasury shares reserve****Treasury shares**

The treasury shares account within equity comprises the cost of the Company’s own shares held by the Company.

As at March 31, 2019 the Company held 2.84 million of the Company’s shares, comprising 0.18% of the Company’s issued share capital, at a total cost of Baht 7.76 million.

As at December 31, 2018 the Company held 1.74 million of the Company’s shares, comprising 0.11% of the Company’s issued share capital, at a total cost of Baht 4.77 million.

In December 2018, the Board of Directors of the Company approved a treasury share plan (“Plan”) to re-purchase not more than 3.7%, or 60 million shares, of the Company’s shares then in issue. The purpose of the Plan is to manage the Company’s excess liquidity. The maximum amount approved for share purchase under the Plan is Baht 200 million and the price to be paid for the shares is not to exceed 115% of the average closing price on the Stock Exchange of Thailand (SET) over the 5 trading days before each share purchase is made. The Company may purchase the shares through the SET during the period from December 17, 2018 to June 16, 2019. The shares purchased may be resold after 6 months but within 3 years from the date of purchase.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company’s own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

22 Segment information

Information about reportable segments:

	(Unit: Million Baht)							
	Segment 1		Segment 2		Segment 3		Total reportable segment	
	2019	2018	2019	2018	2019	2018	2019	2018
For the three-month period ended March 31								
Revenues from customer								
- External	1,868	1,581	126	102	1	-	1,995	1,683
- Inter - segments	10	10	-	-	7	6	17	16
- Eliminated	(10)	(10)	-	-	(7)	(6)	(17)	(16)
Total revenue	1,868	1,581	126	102	1	-	1,995	1,683
Segment profit (loss) before income tax	110	195	(15)	(18)	(6)	(6)	89	171
Segment assets as at March 31 / December 31	6,237	6,273	4,115	4,017	5	5	10,357	10,295
Segment liabilities as at March 31 / December 31	2,103	2,154	2,111	2,071	5	5	4,219	4,230

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

Reconciliation of reportable segment profit or loss and assets

For the three-month period ended March 31

	(Unit: Million Baht)	
	2019	2018
Profit or loss		
Total profit for reportable segments	107	172
Elimination of inter-segment profits	(18)	(1)
Profit before income tax	89	171

23 Earnings per share

The calculation of basic earnings per share for the three-month periods ended March 31 was based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period as follows:

	(in thousands Baht / thousands shares)			
	Consolidated		Separate	
	2019	2018	2019	2018
Profit for the period attributable to				
shareholders of the Company (basic)	66,454	147,606	63,683	162,496
Number of ordinary shares outstanding	1,597,810	1,600,000	1,597,810	1,600,000
Basic earnings per share (in Baht)	0.04	0.09	0.04	0.10

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

24 Dividends

Year 2018: -

The Board of Directors Meeting of the Company held on August 10, 2018 resolved to pay an interim dividend for the period from January 1, 2018 to June 30, 2018 at the rate of Baht 0.04 per share totaling Baht 64 million, which the Company made the payment on September 7, 2018.

The Ordinary General Meeting of Shareholders of the Company held on April 27, 2018 resolved the approval of dividend from the Company’s result of operations for the period from January 1, 2017 to December 31, 2017 at the rate of Baht 0.17 per share totaling Baht 272 million. The Board of Directors Meeting of the Company resolved to pay an interim dividend for the period from January 1, 2017 to June 30, 2017 at the rate of Baht 0.04 per share totaling Baht 64 million, and it remained Baht 208 million, which the Company made the payment on May 22, 2018.

25 Financial instruments

- Determine of fair value for financial assets measured at fair value

(Unit: Million Baht)

	Consolidated				Total
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	
March 31, 2019:					
Financial assets/Financial liabilities					
measured at fair value					
Current investments – Mutual fund	1,347	1,347	-	-	1,347
Available-for-sale investment-equity securities	752	752	-	-	752
	2,099	2,099	-	-	2,099
December 31, 2018:					
Financial assets/Financial liabilities					
measured at fair value					
Current investments – Mutual fund	992	992	-	-	992
Available-for-sale investment-equity securities	729	729	-	-	729
	1,721	1,721	-	-	1,721

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

(Unit: Million Baht)

	Separate				Total
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	
March 31, 2019:					
Financial assets/Financial liabilities					
measured at fair value					
Current investments – Mutual fund	1,346	1,346	-	-	1,346
Available-for-sale investment-equity securities	752	752	-	-	752
	2,098	2,098	-	-	2,098
December 31, 2018:					
Financial assets/Financial liabilities					
measured at fair value					
Current investments – Mutual fund	991	991	-	-	991
Available-for-sale investment-equity securities	729	729	-	-	729
	1,720	1,720	-	-	1,720

The above fair value measured at the quoted prices in active markets.

- **Determination of fair value for financial assets and liabilities not measured at fair value**

Most of the Group’s / Company’s financial assets and liabilities are short-term. The Group / Company estimates the fair value of financial assets and liabilities approximately their carrying amounts in the statement of financial position.

Fair values of long-term loans approximated their carrying amounts because interest rates approximated to market rates.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

26 Commitments with non-related parties

As at March 31, 2019 the Group/Company had commitments as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
Capital commitments: -		
Not provide for		
Condominium	4	4
Camp and other buildings	1	1
Cost of construction building for service room	603	6
Total	608	11
Commitments under non- cancellable operating leases		
Within one year	15	15
After one year but within five years	68	68
Over five years	186	186
Total	269	269
Other commitments: -		
Subcontractor agreements	2,059	2,059
Letters of guarantee from banks for purchasing inventories, utilities usage, guarantee the work performance and advance received from customers	1,883	1,883
Total	3,942	3,942

The subsidiary (SCR Assets Management Co., Ltd.) had commitment under the technical consulting agreement and the service apartment management with other company, requiring consulting fee and service including conditions according to the agreements.

The subsidiary (CSM Capital Partners Co., Ltd.) had commitment under the room management agreement with other company, requiring management fee and conditions according to the agreements.

The subsidiary (“JT Ten Co., Ltd.”) had commitment under the land rental agreement with other company, requiring rental fee and conditions according to the agreement.

As at March 31, 2019 the Group had unutilized credit facilities obtaining from domestic financial institutions totaling Baht 5,659 million.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO INTERIM FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019****27 Contingent liabilities and assets****Litigations**

As at March 31, 2019, contingent liabilities were as follows:

- The Company was sued by other person regarding the tort and claiming a compensation of construction and guarantee in the amount of Baht 2.55 million at the sue date. Subsequently, the Court of Appeal ordered the Company to jointly demolish and pay damages of Baht 100,000 with interest rate 7.5% per annum from September 23, 2013 onwards and monthly damages of Baht 5,000 onwards until the demolition will be completed. On November 3, 2018, the Company has filed the Dika appeal, which the case has been in the process of consideration by the Court, the result has not been finalized. However, as at March 31, 2019, the Company already recorded the provision on the above lawsuits amounting to Baht 0.47 million.
- On June 28, 2011, the Black case no. 2398/2554, the Company and Mivan (Thailand) Co., Ltd., as the plaintiff, sued National Housing Authority regarding false of construction agreement and claimed a compensation in the amount of Baht 850 million at the sue date. On September 7, 2012, as Black case no. 2206/2555, the Company sued National Housing Authority to the Federal Administrative Court. The sued amount was Baht 874 million and on July 7, 2015, the Black case no.1218/2558, the National Housing Authority as the plaintiff, sued the Company regarding false of construction agreement and claimed a compensation in the amount of Baht 63 million at the sue date. The Administrative Court ordered to include this consideration with Black Case No. 2206/2555, Subsequently, on August 10, 2018, the Administrative Court ordered the Company made a payment to the National Housing Authority of Baht 25.32 million with interest rate 7.5% per annum for the principal of Baht 21.25 million from July 7, 2015 until the settlement was completed and ordered the National Housing Authority returned three letters of guarantee to the Company. On September 6, 2018, the Company filed an appeal with the Court. As of May 13, 2019, the case has been in the process of the Court’s consideration, the result has not been finalized. However, as at March 31, 2019, the Company already recorded the provision on the above lawsuits amounting to Baht 26.49 million (inclusive interest).

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO INTERIM FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019**

- The Company was sued by other person regarding the tort and claiming a compensation of construction with the sued amount of Baht 46.39 million. Subsequently, on December 28, 2012, the Court of First Instance adjudged the Company to settle to the other person in the amount of Baht 13.10 million. Subsequently, on August 26, 2013, the Company appealed to the Court and the Appeal Court adjudged the Company to settle to the above person in the amount of Baht 14.05 million with interest rate 7% per annum from February 1, 2011 onwards.

Subsequently, on May 15, 2014, the Company filed a petition to the Supreme Court. On June 28, 2018, the Supreme Court sentenced the Company to settle of Baht 14.49 million with interest rate 7.5% per annum from February 1, 2011 until the debt payment was completed. An insurance company (co-defendant) was jointly liable for a sum of Baht 10.35 million with interest rate 7.5% per annum from March 14, 2012 until the debt payment was completed. If the insurance company does not pay the debt, the Company will have to repay all debts. The Company settled debt in the amount of Baht 7.89 million to others person on September 21, 2018.

- On November 24, 2014, the Company was sued for infringement and called for damage by one non-related person regarding construction claim amounting to Baht 3 million. Subsequently, on June 21, 2016, the Court of First Instance adjudged the Company to settle to that person in the amount of Baht 8.60 million. The Company appealed to the Court and on August 23, 2017, the Appeal Court adjudged the Company to settle to the above person in the amount of Baht 21.28 million with interest rate 7.5% per annum from the sued date onwards. On October 23, 2017, the Company filed a petition to the Supreme Court. Subsequently, on April 4, 2019, the Supreme Court sentenced the Company to pay Baht 9.68 million with interest rate 7.5 % per annum form November 24, 2014, onwards until the debt payment is completed. And ordered another company, co-defendant, jointly liable for the payment. The Company settled Baht 10.13 million on April 24, 2019.
- On December 27, 2018, the Company was sued for infringement and called for damage by one non-related person regarding construction claim amounting to Baht 50 million baht with interest rate 7.5 % per annum from the filing date onwards until the payment was completed. Subsequently, on February 22, 2019, the company has submitted a statement to the court and the court of First Instance appointed the plaintiff and defendant's witnesses on 11-13 December 2019 and the hearing of the judgment on February 12, 2020.
- On March 13, 2019, the Company was sued by one customer claiming a compensation of construction due to breach of contract amounting to Baht 247.65 million with interest rate 7.5 % per annum from the filing date onward. At present, the Company is in the process of submitting testimony and the court made an appointment for witness examination on July 2, 2019.

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

28 Effects of reclassification

The consolidated and company statements of comprehensive income for the three-month period ended March 31, 2018, presented herein for comparison.

	(Unit: Thousand Baht)		
	Consolidated		
	Debit (Credit)		
	As previously reported	from reclassification	After reclassification
Statements of Comprehensive income			
for the three-month period ended			
March 31, 2019			
Expenses			
Contract costs	1,243,720	18,909	1,262,629
Distribution costs	7,415	548	7,963
Administrative expenses	173,530	(19,457)	154,073

	(Unit: Thousand Baht)		
	Separate		
	Debit (Credit)		
	As previously reported	from reclassification	After reclassification
Statements of Comprehensive income			
for the three-month period ended			
March 31, 2019			
Expenses			
Contract costs	1,250,962	18,909	1,269,871
Distribution costs	4,085	548	4,633
Administrative expenses	147,325	(19,457)	127,868

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO INTERIM FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019

29 Subsequent event

29.1 On April 26, 2019, the annual general meeting of shareholders approved the payment of dividend at the rate of Baht 0.09 per share, totalling Baht 144 million on May 24, 2019.

29.2 On April 26, 2019, the annual general meeting of shareholders approved the company subsidiary to rent the land from the related person. At present, there is no land lease agreement.

29.3 On May 13, 2019, the Board of Directors meeting passed a resolution to establish one subsidiary to provide real estate rental services. The company holds 70% of the registered capital.

29.4 Announcement of laws relating to the compensation rates for dismissal

On April 5, 2019, Labor Protection Act (No.7), 2019, which stipulates additional compensation rates in the case of employer termination for employees who have worked together for 20 years or more, they are entitled to compensation of not less than 400 days of the final wage rate, that was already announced in the Government Gazette. The said law will be effective from 5 May 2019 onwards, which will be considered as a revision of the project for post-employment benefits. The Company will record the effect of such change by recognizing the past service cost as an immediate expense in the income statement in the period in which such law becomes effective.

29.5 On March 19, 2019, the Extraordinary general meeting of shareholders of subsidiaries (CSM Capital Partners Co., Ltd.) approved to increase the registered capital of the company from Baht 1,100 million to Baht 1,175 million to pay back Principal according to the terms of the loan with a local commercial bank and subsidiary company registered the capital increase with the Ministry of Commerce on April 1, 2019.

30 Approval of financial statements

These interim financial statements have been approved for issue by the Company’s Board of Directors on May 13, 2019.