



บริษัท กรุงเทพโสภณ จำกัด (มหาชน)
Krungdhep Sophon Public Company Limited

รายงานประจำปี
ANNUAL REPORT

2560/2017

สารบัญ

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Message from the Chairman



Thailand's Economic growth improved from 3.3% in 2016 to 3.9% in 2017. However not all sectors did well. Tourism grew almost 9% with the number of tourists reaching 35.48 million. Exports also increased by 5.5% as the world economy grew in synchronization. Consequently Thai baht appreciated by almost 10% against the US\$, because of the widening current account surplus, and the increase in tourists income. Also the bond market continue to attract capital inflow. In US\$ term exports grew by almost 10 %. Inflation rate decline to 0.7% per annum. Consumption by the private sector increased a little from 3.0% to 3.2% weighted down by almost no growth in rural spending. Agricultural sector started to recovered but became affected by drought and flood and later by the decline in commodity prices, especially rubber and palm oil. Government sector consumption growth was anemic. Private sector investment improved by just 1.5%, weighted down by decline in construction while government investment declined from the second quarter and ended the year with a negative rate of growth of 1.2%. The new procurement process to prevent corruption was a cause. The failure to anticipate the extensive infrastructure needs from natural economic growth was another. The World economy is expected to be better in 2018 and Thai economy should therefore also do better although a strong baht will create deflationary pressures.

The concerns are

1. The government is slow in expanding its investment in public utilities to meet the needs in tourism expansion and export. For example, there are long ques for tourists to have their passports stamped. Some people have to wait more than one hour. Improving the system and process should not be difficult. At the same time there are signs of sporadic port congestion. These are bottle necks that will slow income growth.

2. This government set up many committees to transform pressing social and economic issues. It has also championed Thailand 4.0 for a better future. So far the results are not obvious. We have also not seen 4.0 applied to the government bureaucracies. The government need to set milestones.

3. Whether the government can implement the Eastern Economic Corridor initiative that cover three provinces, Chachoengsao, Chonburi and Rayong, and investment of about baht 1.5 trillion or about US\$ 45 billion over a period of five years as planned. Still additional infrastructure investment will be beneficial.

Your company continues to focus on its core business of Document Storage, Warehouse Space Rental and Wharf Services. The company is committed to provide quality products and services to meet client's needs. We are focused on improving customer satisfaction. In 2017, the company had added new customers to its customer base and added additional services.

In 2018, the company will add more shelves in the Document Storage Warehouse, invest on additional building, Document Scanning equipment and Digital Filing storage. There is also the project on Warehouse and Wharf improvement. For Quality improvement, the company has implemented Quality Management System ISO 9001: 2015 and ISO 27001 and to pursue new business opportunities for continuous growth.

I am happy to inform you that after all these provisions we still have surplus cash and the board of directors had proposed a distribution of a special bonus on top of the usual annual dividend.

On behalf of the Board of Directors, Executives and employees of the company, I would like to extend our thanks to the shareholders, customers, business partners for the support and cooperation given to the company for the past year. We will operate under the principles of good corporate governance to create sustainable growth.

(Chote Sophonpanich)

Chairman of the Board



The Board of Directors of Krungdhep Sophon Public Company Limited has appointed an Audit Committee consist of 3 Independent Auditors. These 3 Independent Auditors are qualified and independent announced by the Stock Exchange of Thailand to carry out audits of listed companies. There are Miss Suthawan Sakkoson, Chairman of the Audit Committee, Mr. Ovarit Phanprechakij, Audit Committee Member and Mr. Arun Chirachavala Audit Committee Member.

The Audit Committee has performed its duties according to the responsibilities assigned by the Board of Directors as the Audit Committee Charter in monitoring corporate governance practices to ensure the transparency administration of policy compliance and management process including honesty and integrity towards shareholders within their scope of Auditor's responsibilities.

The Audit Committee oversees and reviews the importance of corporate governance. In order to ensure the efficiency and effectiveness of the operations improvement including internal Risk Management control, the Audit Committee has freedom to offer comments and suggestions.

In 2017, the Audit Committee held 4 meetings. The meetings attended by the Senior Management, Audit Committee and Auditor which can be summarized as follows:

1. Review of Financial Statement

The Audit Committee reviewed the data and information in both Quarterly and Annual Financial Statement of the company for the year 2017 and its subsidiary companies. The key points have been reviewed, discussed and verified by the auditor prior to submission to the Board of Directors for approval. In addition, the committee also considered the auditor's recommendations on the improvement of internal control weaknesses. The Audit Committee is of the opinion that the report of the Company's Financial Statement and Result of Operations true and correct based on Accounting Standards and can be disclosed as appropriate.

2. Review Transaction Related

The Audit Committee reviewed the rational transaction related that may cause Conflicts of Interest among stakeholders of the company and its subsidiary companies by scheduled this particular subject in the main agenda as well as review the complete and accurate disclosure of the Committee's opinion. Any transactions occurred during the normal business operation should be considered beneficial to the company and can be fully disclosed.

3. Internal Control and Risk Management Review

The Audit Committee has reviewed to evaluate the adequacy and suitability of the Internal Control System and Risk Management, based on the Internal Audit Standard, by reviewing the result of an Internal Audit which the Audit Plan has been approved. There was a follow up on the improvement upon the recommendation of the 2017 Audit Report.

The company has hired a consulting firm to perform the audit for the Company and its subsidiaries. In conclusion, the Company and its subsidiaries have adequacy internal control appropriated to the Company's business operations. It found no indication of fraud or material deficiency that could cause serious damage. The Audit Committee concluded that the Company has internal control to ensure they can manage risk to a reasonable level of acceptance.

4. Corporate Governance and Internal Audit Recommendations

The Audit Committee has the Internal Audit Governance with comprehensive mission. The scope of duties and responsibilities are independent auditing. The Audit Committee is to provide feedback and review the internal audit plan for the year 2017 as well as improving the monitoring and audit plan accordingly if necessary. The audit committee has the opinion that the Internal Audit plan is independent. It covers activities that are adequate and effectiveness with satisfied result in line as targeted.

5. Performance Reporting

The Quarterly performance of an Internal Audit has been reported to the Board of Directors by offering useful comments and suggestions to the management for their consideration. In addition, the Audit Committee implemented the Self Evaluation by applying Self-assessment as a guideline in order to improve their future performance.

6. Review the Audit Committee's Charter


In accordance with company good corporate governance, the Audit Committee has reviewed the Charter based on the requirement of the Stock Exchange of Thailand.

7. Consideration the Appointment of Auditor

The Audit Committee has prepared the result of Auditor selection including remuneration to be presented to the Board of Directors for Shareholders' approval. The meeting approved the appointment from Dr. Virach and Associates Co., Ltd. to serve as the Auditor for the year 2017.

The Audit Committee has performed their assigned job responsibility independently in order to maximize the benefit of the company and stakeholders equally with their ability, knowledge and own discretion. They show transparency of making direct comments without influences from any concerned parties in accordance with good governance practices.

In summary, after the review and consideration of the important items under Audit Committee's job responsibility in 2017, the committee is confident that the Internal Control System and the Risk Management of Krungdhep Sophon Public Company Limited and its subsidiaries represent a reasonable confidence towards the reliability of Financial Statement and results of operations in accordance with the principles of good corporate governance set by the Stock Exchange of Thailand.



(Miss Suthawan Sakkoson)

Chairman of the Audit Committee

General Information



Krungdhep Sophon Public Company Limited

| | |
|--------------------|--------------------------------------------------------------------------------------------------------------------------|
| Name | : Krungdhep Sophon Public Company Limited |
| Types of Business | : The Company consists of 3 businesses which are land development, warehouse business and document warehouse business. |
| Principal Office | : 185 Ratburana Road, Kwang Bangpakok, Khet Ratburana, Bangkok 10140 |
| Registration No | : 0107537002435 |
| Homepage | : www.kwc.co.th |
| Telephone | : 0-2871-3191-5 |
| Facsimile | : 0-2427-0964 |
| Registered Capital | : As of December 31, 2017 registered capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each |
| Paid-Up Capital | : As of December 31, 2017 paid-up capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each |

KWC Logistics Company Limited

| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name | : KWC Logistics Company Limited |
| Types of Business | : Warehouse and Wharf business two warehouse of 29,000 square meters total area |
| Principal Office | : 185 Ratburana Road, Kwang Bangpakok, Khet Ratburana, Bangkok 10140 |
| Warehouse Location | : - Bangpakok Warehouse, No 185/1 Ratburana Road, Kwang Bangpakok, Khet Ratburana Bangkok 10140 - Samrae, No 289/1 Taksin Road, Bukkalo, Thonburi, Bangkok 10600 |
| Registration No | : 0105534087373 |
| Homepage | : www.kwclogistics.in.th |
| Telephone | : 0-2871-3191-5 |
| Facsimile | : 0-2427-0964 |
| Registered Capital | : As of December 31, 2017 registered capital is 5,500,000 Baht, divided into ordinary shares of 50,000, and preferred shares of 5,000 Baht, 100 Baht each |
| Paid-Up Capital | : As of December 31, 2017 paid-up capital is 5,500,000 Baht, divided into ordinary shares of 50,000, and preferred shares of 5,000 Baht, 100 Baht each |

Krungdhep Document Co., Ltd

| | |
|--------------------|----------------------------------------------------------------------------------------------------------------------------|
| Name | : Krungdhep Document Co., Ltd |
| Types of Business | : Document storage and document management services |
| Principal Office | : 185 Ratburana Road, Kwang Bangpakok, Khet Ratburana, Bangkok 10140 |
| Warehouse Location | : 11/1 Pimpa-Sanpudas Road, Amphoe Ban Pho, Chachoengsao 24140 |
| Telephone | : 0-3857-7365-7 and Facsimile 0-3857-7368 |
| Registration No | : 0105534087373 |
| Homepage | : www.kdc.co.th |
| Telephone | : 0-2871-4558 |
| Facsimile | : 0-2428-7077 |
| Registered Capital | : As of December 31, 2017 registered capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000, 100 Baht each |

Paid-Up Capital : As of December 31, 2017 paid-up capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000, 100 Baht each

Registrar

Name : Thailand Securities Depository Company Limited
Address : The Stock Exchange of Thailand Building
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone : 02-009-9999
Facsimile : 02-009-9991

Auditor

Name : Dr. Virach & Associates
Address : 518/3 Maneeya Center, Floor 7th, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330
Telephone : 0-2250-0634, 0-2252-2860, 0-2255-2518, 0-2254-8386-7
Facsimile : 0-2254-1210, 0-2255-2518

Legal Advisor

Name : Dharmniti Law
Address : Office 4th Floor, NaiLert Tower 2/4 Wireless Road, Lumpini, Bangkok 10330
Telephone : 0-2252-1260, 0-2655-0711
Facsimile : 0-2252-1104, 0-2655-0708

Internal Audit Advisor

Name : ANS Business Consultants Company Limited
Address : 100/72, 22nd Fl., 100/2 Vongvanij Building B, Rama 9 rd., Huaykwang,
Bangkok 10130
Telephone : 0-2645-0109
Facsimile :

Other Important Information

-None-

Financial Statement Summary



(Unit : Thousand Baht)

| Item | 2017 | % | 2016 | % | 2015 | % |
|-----------------------------|----------------|------------|----------------|------------|----------------|------------|
| Current Assets | 262,715 | 38 | 212,465 | 33 | 151,493 | 26 |
| Quick Assets | 211,313 | 30 | 173,709 | 27 | 110,711 | 19 |
| Non-Current Assets | 396,821 | 57 | 392,680 | 62 | 406,572 | 69 |
| Total Asset | 694,388 | 100 | 637,963 | 100 | 590,915 | 100 |
| Current Liabilities | 37,806 | 5 | 27,642 | 4 | 24,839 | 4 |
| Total Liabilities | 63,548 | 9 | 50,556 | 8 | 42,836 | 7 |
| Shareholder's Equity | 630,840 | 91 | 587,406 | 92 | 548,079 | 93 |
| Total Revenues | 263,730 | 100 | 243,596 | 100 | 242,486 | 100 |
| Total Expenses | 156,800 | 59 | 154,003 | 63 | 169,080 | 70 |
| Financial Cost | 84 | 0 | 123 | 0 | 1,975 | 1 |
| Income Tax Expense | 21,726 | 8 | 17,606 | 7 | 15,006 | 6 |
| Net Profit | 85,119 | 32 | 71,864 | 30 | 56,424 | 23 |

| Financial Ratio | Unit | 2017 | 2016 | 2015 |
|----------------------------------------------------|------|---------|--------|-------|
| 1. Liquidity Ratio | | | | |
| Current Ratio : CR | Fold | 6.95 | 7.69 | 6.10 |
| Quick Ratio : QR | Fold | 5.59 | 6.28 | 4.46 |
| 2. Profitability Ratio | | | | |
| Gross Margin : GM | % | 40.55 | 36.78 | 30.27 |
| Net Profit Margin : NP | % | 32.28 | 29.50 | 23.27 |
| Return on Equity : ROE | % | 13.49 | 12.23 | 10.29 |
| 3. Performance of Operation Ratio | | | | |
| Return on Asset : ROA | % | 12.26 | 11.26 | 9.55 |
| Return on Fixed Asset : ROFA | % | 21.45 | 18.30 | 13.88 |
| Asset Turnover : ATO | Fold | 0.38 | 0.38 | 0.41 |
| 4. Debt Service and Dividend Paid-out Ratio | | | | |
| Debt to Equity : D/E | Fold | 0.10 | 0.09 | 0.08 |
| Interest Coverage : IC | Fold | 1278.13 | 726.40 | 35.17 |
| Dividend Paid Out : DP | % | 56.39 | 58.45 | 58.49 |
| 5. Per Share's Information | | | | |
| Book Value per share : BVS | Baht | 105.14 | 97.90 | 91.35 |
| Earning per share : EPS | Baht | 14.19 | 11.98 | 9.40 |
| Dividend per share : DVS | Baht | 8.00* | 7.00 | 5.50 |

| Financial Ratio | Unit | 2017 | 2016 | 2015 |
|----------------------------------|------|-------|-------|--------|
| 6. Growth Ratio | | | | |
| Asset Growth | % | 8.84 | 7.96 | (3.51) |
| Revenue Growth | % | 8.27 | 0.46 | (0.55) |
| 7. Collection Performance | | | | |
| Receivable Turnover | Fold | 6.16 | 6.13 | 6.32 |
| Average day of Collection | Day | 59.26 | 59.59 | 57.72 |

* Depend on an approval of Shareholders



1. The Country Economic Condition: In case there is a slowdown or dropped dramatically of economy, therefore the use of Customer Services both warehouse and document storage would be reduced and impact the income directly.

2. Financial Risk: The result of uncertainty caused by the state of the money and capital markets, both domestic and international, the company may be affected by the change of financial liquidity and interest rates that occurred. In order to prevent bad debts or long outstanding debts, the company has a strict financial management policy by having Account Receivable staff follow up with debtors closely. There is cost control as needed including cost-effective for each project investment. In addition, to resolve the issues immediately, the company has the team to follow up and monitor financial news with the results of operations are reported on a monthly basis.

3. Natural Disaster: In having the warehouse business located near the river, flood is one of the major risk factors. The company installed a good security system which can be monitored and regularly audited by professional staff. The equipment is ready at all times including Property Insurance covered.

4. Fire: Fire is a major risk factor of both subsidiary companies. These two companies provide space rental, deposit products and documents or clients property. The company sees the importance in providing full insurance coverage with reasonable protection systems i.e., Smoke Detector, Heat Detector, Water Pump, Fire Hose and Fire Extinguisher. The Fire Drills has been scheduled on a regular basis.

5. Government Regulations: The current location of the warehouse has turned into a density residential. It is also one of the risk factors that the government put restriction on the use of large trucks including additional rules which may affect business operation. The company has formed a committee to follow up closely if the updated rules announced.

6. Backup Systems: The backup systems play an important role in Document Storage business. The system stores customer information with good search engine and the specific information can be found quickly. The company considers the backup system is the most important supporting both internal and external. In case of emergency, the UPS is ready at all times. The data recovery is tested regularly. The backup power is ready at all times in case of an emergency with correct and consistent data retrieval.

7. Personnel: The company recognizes the importance of personnel development by focusing on the strengths of the staff with organizational continuous improvement and build corporate branding into the modern era and able to compete with others in the market with efficient workforce. To have the staff be ready and performing better customer service, the various training courses are planned to develop their ability and increase knowledge of modern technologies.

8. Sales and Marketing: Presently, there are changes of current market and consumer demand. The company must be alert in providing fast and efficient service to new and old customers with fair prices including after-sales services (Customer Care) in order to assure the customer will receive customer care services beyond expectations.

9. Warehouse Structure and Document Storage Care: The company has hired the Consulting firm to audit warehouse safety structure and systems as well as develop maintenance program in order to maintain warehouse and document storage under secured and available at all times.

Policy and Business Operations Overview



Vision Mission and Goals or Company Business Strategy

Determination, continuous improvement and self development aimed at sustaining stakeholders' satisfaction.

Background and major developments

Previously named “Krunghdhep Warehouse Co., Ltd.,” and renamed Krunghdhep Sophon Public Company Limited, the company was founded by Bangkok Bank Public Company Limited, in 1961, for the purpose of conducting warehousing activities as approved by the Ministry of Commerce, initially utilising warehouses leased from external parties.

In 1965, the company increased registered capital to Baht 30 million to fund business expansion by buying 2 pieces of land and warehouse buildings located in Bangpakong District from Bangkok Bank Public Company Limited. The first piece of land measuring around 32 rai was equipped with docks for ocean freighters and 16 warehouse buildings. The second site at the foot Rama 1 bridge in Thonburi measuring around 1 rai came with a warehouse which covered the entire ground. In addition, the company bought another plot of land equipped with one warehouse located in Bukkalo Sub-District, Thonburi District of Bangkok Metropolis.

In 1994, the company transferred its entire warehousing business to subsidiary company, KWC Logistics Co., Ltd., Formerly K.W.C. Warehouse Co.,Ltd. The Company has changed its name on November 9, 2014 which subsequently leased all business activities relating to document storage and administration. At present, the Company's total registered capital of Baht 60,000,000 consists of 6,000,000 shares valued at Baht 10 per share.

Shareholding structure of Group companies

To date, Krunghdhep Sophon Public Company Limited's business activities has focused on developing existing land holdings which came equipped with warehousing facilities. (Subsidiary company, K.W.C., Warehouse Co., Ltd., leased these facilities to carry out subsequent business activities.) The Company is currently mulling development options for some land plots located in business districts along with acquisition of new land plots that will be leased out to subsidiary companies as in the case of land located in Chacheongsao Province.

The company invests by holding shares in subsidiary companies, earning returns in the form of dividend income as detailed below.

| Company | Country | Business category | Proportion of shareholding (percentage) As of December 31, 2016 |
|------------------------------|----------|-------------------|-----------------------------------------------------------------------|
| KWC Logistics Co., Ltd. | Thailand | logistics | 99.9945 of Baht 5.5 MB registered capital |
| Krunghdhep Document Co.,Ltd. | Thailand | Document storage | 99.9989 of Baht 100 registered capital |

Remark: KWC Logistics Co., Ltd. : registered capital is 5,500,000 Baht, divided into ordinary shares of 50,000 and preferred shares of 5,000 / 100 Baht each.

Krunghdhep Document Co.,Ltd. : registered capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000 / 100 Baht each



Income Structure

The income structure, not include other revenue of the company in accordance with the Consolidated Financial Statements ended as of December 31, 2015 to 2017 are detailed as follows:

(Unit: Million Baht)

| Group of Business | Operation by | Percentage of Shareholding | Income (year) | | | | | |
|-------------------|-----------------------------------------|----------------------------|---------------|--------|---------|--------|---------|--------|
| | | | 2017 | % | 2016 | % | 2015 | % |
| Logistics | KWC Logistics Co., Ltd. | 99.9945* | 50.194 | 16.05 | 48.368 | 16.49 | 56.027 | 19.15 |
| Document Storage | Krungdhep Document Co., Ltd. | 99.9989 | 207.787 | 66.42 | 188.293 | 64.20 | 180.583 | 61.72 |
| Investment | Krungdhep Sophon Public Company Limited | 100.00 | 54.839 | 17.53 | 56.624 | 19.31 | 55.961 | 19.13 |
| Total | | | 312.820 | 100.00 | 293.285 | 100.00 | 292.571 | 100.00 |

Source: Consolidated Financial Statements of the Company

Note: * KWC Logistics Co., Ltd shareholding structure as of December 31, 2017 in table 1.

Table 1 : Percentage of holding in KWC Logistics Co., Ltd. by type of share as of 31 December 2017

| Shareholding in accordance with the list of shareholders (Bor.Or.Jor 5) | Quantity of Shareholdings | | | | Total | |
|-------------------------------------------------------------------------|---------------------------|---------|------------------|--------|------------------|---------|
| | Ordinary Shares | % | Preferred Shares | % | Number of Shares | % |
| 3 Directors of KWC Logistics Co.,Ltd. | 3 | 0.0060 | - | - | 3 | 0.0055 |
| Krungdhep Sophon Public Company Limited | 49,997 | 99.9940 | 5,000 | 100.00 | 54,997 | 99.9945 |
| Total | 50,000 | 100.00 | 5,000 | 100.00 | 55,000 | 100.00 |

Table 2 : Proportion of dividend receive by type of share in KWC Logistics Co., Ltd. as of 31 December 2017.

| Shareholding calculation based on entitlement to receive the company's dividend payment | Quality of Shareholdings | | Total | |
|-----------------------------------------------------------------------------------------|--------------------------|------------------|--------|---------|
| | Ordinary Shares | Preferred Shares | Shares | % |
| 3 Directors of KWC Logistics Co.,Ltd. | 3 | - | 3 | 0.0055 |
| Krungdhep Sophon Public Company Limited– Ordinary Shares | 49,997 | 5,000 | 54,997 | 99.9945 |
| Total | 50,000 | 5,000 | 55,000 | 100.00 |

| Shareholding calculation based on entitlement to receive the company's dividend payment | Quality of Shareholdings | | Total | |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------|---------|---------|
| | Ordinary Shares | Preferred Shares | Shares | % |
| Krungdhep Sophon Public Company Limited - Preferred Shares - 3 Directors co-receive dividend after paid to Preferred share's holder. | 3 | - | 3 | 0.0005 |
| - Dividend receive to Preferred share's holder (55,000 x 10% x 90%) | - | 495,000 | 495,000 | 90.00 |
| - Dividend co-receive after paid to Preferred share's holder | 49,997 | 5,000 | 54,997 | 9.9995 |
| Total right to receive dividends | 49,997 | 500,000 | 549,997 | 99.9995 |
| Total | 50,000 | 500,000 | 550,000 | 100.00 |

**According to the articles of association of KWC Logistics Co., Ltd. it is prescribed that the preferred shares shall have the first priority to receive 90 % of the total approved dividend payment and shall also be entitled to a portion of the remaining approved dividend payment on the same basis as ordinary shares.

Product or Service Features, Marketing and Competition, Product/ Service Procurement and Future Business Expansion Trends

1. KWC Logistics Co., Ltd.

(A) Products and Services

The company operates warehouse business related with space renting and the port of loading/unloading goods for retail customers. The company received an approval and certified by the Department of Inland Transportation and Marine Commerce, ISPS Code (International Ship & Port Facility Security Code).

(B) Marketing and Competition

There are high leasing rates competition of warehouse and port in the area. The company has set up security system by having 24 CCTV cameras installed with 24-hour guard on duty. The warehouse is under good housekeeping and well maintenance at all times. There is enough space to facilitate customers for loading and unloading goods. It is the company's sales strategy to offer the best competitive rates among others.

(C) Business Development

In order to compete and conduct business more diverse with current market, the name KWC Warehouse was changed to KWC Logistics Co., Ltd. At the same time, Public Warehouse License was cancelled. The company has been focused on providing customer services on warehouse and distribution points in Bangkok and around the country including the development of IT systems in archiving customers' product data backup system using Trace and Track, and Real Time system to transport goods to support the project. Presently is under evaluation period.

2. Krungdhep Document Co., Ltd.

(A) Product or Service Features

The company's core business is to provide warehousing services, document management and Computer Back-up media based on a Barcode system that can ensure accuracy and speedy search while preventing errors within the management system, taking into account various factors including procedural details that may affect documents, electronic media, and the audit system. As a result of systematic planning, the company's WMS, along with e-document scanning, indexing and data search systems, have been certified for compliance with ISO 9001:2015. As such, the company's WMS can respond to every organization's data requirement to support decision-making and optimize operational efficiency to support decision-making in providing services to customers and to increase operational effectiveness.

(B) Marketing and competition

Document storage/management and Computer Back-up media has become well known due to market understanding and recognition of potential benefits, be able to help increase speed and convenience to customers' needs which makes the service easier, faster and more accurate. Solving various major problems such as long-term cost reduction, economizing storage space and minimizing risks arising from in-house document and/or data storage etc. During the past year, marketing techniques have changed quite substantially while 2 types of competition can be described as follows:

1. Competing in existing product and service segment by expanding various forms of services or offering in-depth services such as entering details into documents deposited by customers, and horizontal services, namely offering nationwide services. At the same time price competition prevails as major competitors want to increase their market share.

2. Competing on the basis of new products and services such as converting documents into digital format. This new trend in data usage and management helps to minimize storage space, expedite data search and enable concurrent data sharing. Various organizations have adopted this technique to improve operational efficiency and maximize customer satisfaction to gain greater market share.

Customer features. Customer groups that demand state-of-the-art services are mainly large organizations which have to deal with huge quantities of documents and data that are difficult to manage, hence the need for expert service providers who can offer advice or convenient services to cost costs or importantly, immediately transform existing procedures. Target groups that can expect to benefit from this service include business conglomerates or government agencies that own important data which form the basis for decision-making and various action plans. Because existing laws recognize the importance of documents and data, various organizations have been assigned to collect and manage documents more effectively. Risk factors confronting every organization also drive home the importance of efficient data and document management. The company firmly believes that an efficient management system that is quick, correct and accurate can ensure data confidentiality and safety at a reasonable service charge. This is the main factor which will affect customers' decision to select service providers. Moreover, software application for managing digital document will gain wider recognition by users because the ability to archive all types of records and able to automatically store document history in the system. This system is accepted by law. It can connect information from multiple systems to support the increasing operational efficiency.

(C) Competitive conditions

New entries into the market has made this business highly competitive in terms of pricing strategy as well as service quality. In addition, substitute service, i.e., document scanning has resulted in early destruction of some documents while others are not printed out in paper form at all.

The company also found that customer needs have increased, especially in the area of supplementary services to meet new categories of organizational needs which hold the key to business excellence.

Number and size of the competition

At present 10 players in the market can be divided into 3 categories.

Large players: 3 companies account for 75% market share

Medium-sized companies: 2 players hold 15% market share

Small scale operators: 5 companies account for 10% market share

(D) Product or service procurement

As income derived mainly from services rely on two major production factors, namely personnel and technology, product or raw materials constitute a minor part of the work process and cost structure. Our company has employed new technology such as Electronic Document System for sending Invoices and reports to service our customers in order to mitigate human error, risks and security. According to the service processes, the company has been trying to reduce energy consumption from biomass by reducing the size and change the format to Electronic Delivery and Natural Energy, such as Lighting and Ventilation which shows none of the damage will affect the environment.

(E) Future growth trends

There is a continuous growth trend on Document Storage for document warehouse business as customers gain a clearer understanding of the need for systematic document management. Due to the backup technology changed to online system, computer media storage trends to slow down. The company aims to develop new services that will add value to existing core business, such as storing document and digital data management services in the form of Business Content Management Hosting. The customers are the tenant without investing and other additional related services to meet customers' needs.



1. Krungdhep Sophon Public Company Limited

(A) Land comprising 32 Rai located at Rajburana Road, Bangpakok, Rajburana, Bangkok Metropolis. The land is composed of

- Warehouse amounting 16 houses, aggregate areas of 27,690 Square Meter.
- Wharfs, size 6,000 ton amounting 2 wharfs
- 3-Floor Office Building

(B) Land comprising 789 Square Wah located at Taksin Road, Bukkaloo, (Bangsaikhai), Thonburi, Bangkok Metropolis having the 4-Floor commercial building amounting 1 building

(C) Land comprising 573 Square Wah located at Payamai Road, Bangkokyai (South), Khlongsan (Bangkokyai) Bangkok Metropolis having one warehouse, fully utilized, with the area of 2,257 Square Meter.

Item (A) to (C) have the book value approximately 28,103,453 Baht

The possession purpose is to hold for warehouse business operation

(D) Land comprising 101 Rai located at Saenpoodas, Banpho, Chachoengsao Province that has been developed for Krungdhep Document Co., Ltd to lease for its storage business

It has the book value approximately 106,407,695 Baht

The possession purpose is to hold for document storage business operation.

2. KWC Logistics Co., Ltd

(A) Warehouse amounting 1 house with the area of 1,657 Square Meter, as the company's proprietary, located at Taksin Road, Bukkaloo, (Bangsaikhai), Thonburi, Bangkok Metropolis

(B) Warehouse amounting 16 house including the 2 wharfs located at Rajburana Road, Bangpakok, Rajburana, Bangkok Metropolis leasing from Krungdhep Sophon Public Company Limited for warehouse and wharf business operation.

3. Krungdhep Document Co., Ltd

(A) Document Storage Building No.1 (Phase1) house with the area of 5,000 Square Meter including rackings, office building, field, and food court, valued at 80,000,000 Baht constructed on the land leased from Krungdhep Sophon Public Company Limited in Chachoengsao Province, started to store the documents and received the revenue from September 1996.

(B) Document Storage Building No. 1 (Phase2) with the area of with the area of 5,000 Square Meter including rackings valued at 40,000,000 Baht started to operate from the beginning of 2002 year.

(C) Document Storage Building No. 2 with the area of with the area of 8,000 Square Meter including rackings valued at 151,000,000 Baht started to operate from March 2006.

(D) Document Storage Building No. 3 with the area of with the area of 10,000 Square Meter including rackings valued at 138,000,000 Baht started to operate from September 2014.

Legal Disputes



As of December 31, 2017 Krungdhep Sophon Public Company Limited and its subsidiaries has not have material legal disputes that are potentially affected to the assets of Krungdhep Sophon Public Company Limited exceeding 5 % of Shareholders' Equity and there are no disputes that is materially affected to the business operation of Krungdhep Sophon Public Company Limited.

Shareholders



As at 31 December 2017 list of the 10 largest shareholders of Krungdheep Sophon Public Company Limited, including the shares held by related parties under Section 258 of the Securities Act is as follows.

| No | Name of Shareholders | Nationality | Shares | Percent |
|----|--------------------------------|-------------|------------------|--------------|
| 1 | Watana Chote Co., Ltd. | Thai | 943,680 | 15.73 |
| 2 | Bangkok Bank PCL. | Thai | 530,000 | 8.83 |
| 3 | Vayupak Fund 1 | Thai | 501,667 | 8.36 |
| 4 | Bangkok Insurance PCL | Thai | 322,500 | 5.38 |
| 5 | Mr. Charn Sophonpanich | Thai | 239,023 | 3.98 |
| 6 | Mr. Choedchu Sophonpanich | Thai | 189,840 | 3.16 |
| 7 | Mr. Chai Sophonpanich | Thai | 178,202 | 2.97 |
| 8 | Mr. Chatri Sophonpanich | Thai | 174,260 | 2.90 |
| 9 | Khunying Chodchoy Sophonpanich | Thai | 167,040 | 2.78 |
| 10 | Mr. Rabin Sophonpanich | Thai | 152,440 | 2.54 |
| | Total | | 3,398,652 | 56.63 |

Shareholders who hold shares more than 0.5% = 35 persons (82.20% of the total issued shares)

Shareholders who hold shares less than 0.5% = 270 persons (17.78% of the total issued shares)

| Company | The main shareholder of the juristic person |
|------------------------|---------------------------------------------|
| Watana Chote Co., Ltd. | Mr. Chote Sophonpanich |
| Bangkok Bank PCL. | Thai NVDR Co., Ltd. |
| Bangkok Insurance PCL | Bangkok Bank PCL. |

Dividend Payment Policy



Krungdheep Sophon Public Company Limited has it policy to pay the dividend approximately 50 % of the net profit based on the consolidated financial statements. The payment of dividend in the past 3 years are as follows:

| Year | Dividend Payment Per Share (Baht) | Net Profit per Share (Baht) | Rate of Dividend Payment (%) |
|-----------------|--------------------------------------|--------------------------------|------------------------------|
| 2017 (Proposed) | 8.00* | 14.19 | 56.38 |
| 2016 | 7.00 | 11.97 | 58.44 |
| 2015 | 5.50 | 9.40 | 58.48 |

*Subject to the consideration and approval of the Shareholders Meeting of the Company

In 2017, special dividends were paid to shareholders at 10 Baht per share from separate financial statements according to the resolution of the Board of Directors Meeting, 2/2561 dated 22 February 2018.

There are few key factors that the Company use to consider the the dividend payment to the shareholders of the Company and its subsidiary units. They are the condition and efficiency of the cash flow and liquidity of the Company and its subsidiary units, and the need of usage of such cash for generation of working capital to drive business.

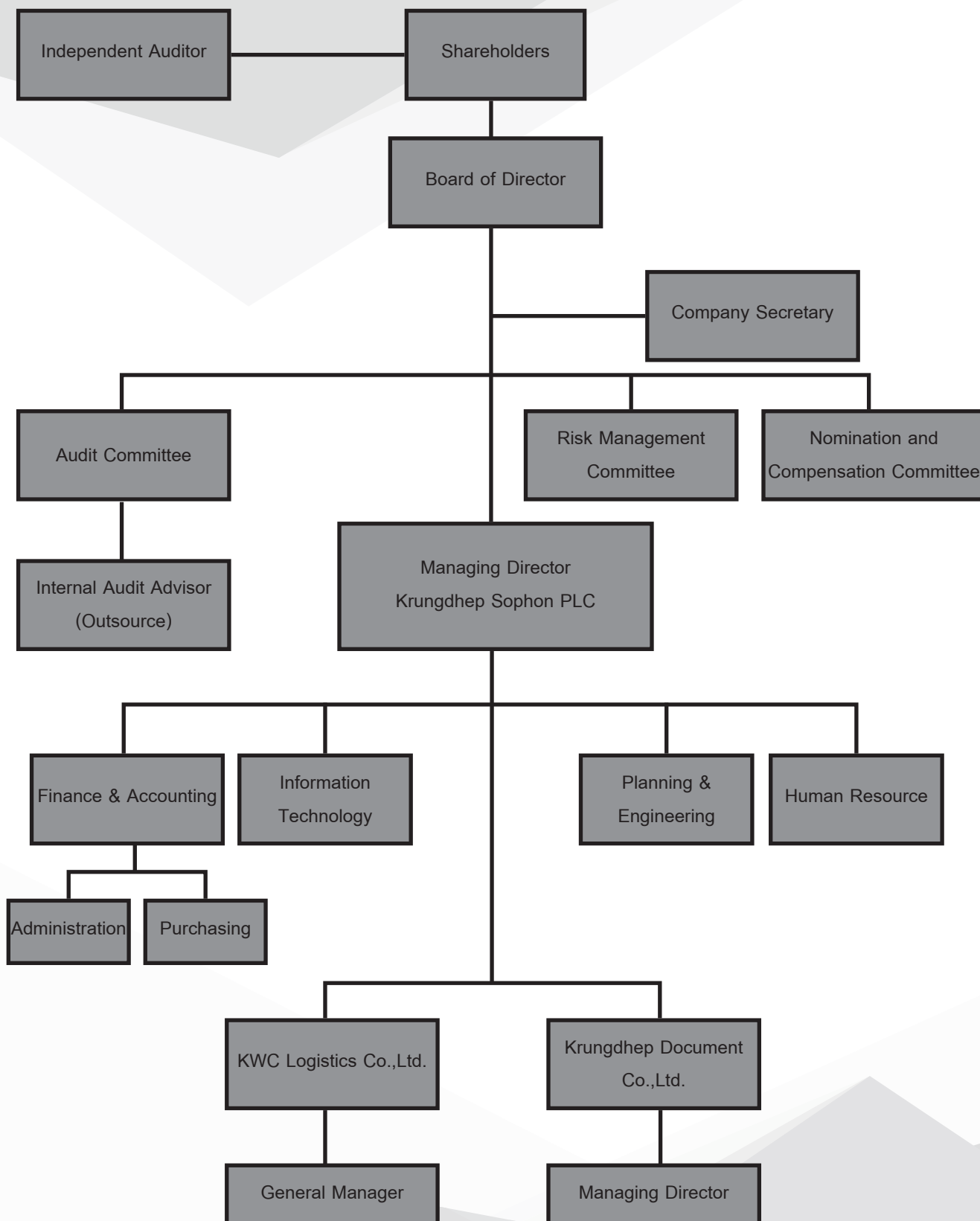
Risk Management

The Sophonpanich group and those related group are the majority share holders of more than 50% of total shares, and are deemed to be able to control the votes and consensus of the shareholders in most of the important matters to be considered for approval such as the appointment of the board of directors. The exception applies to matters in relation to laws and regulations which require that a ratio of 3 within 4 votes are agreed and conceded by the shareholders. As such, the other shareholders will be unable to obtain or collect consensus with their own group and counter balance the proposal from major shareholders.

Management Structure



Organization Structure



The Board of Directors

As of December 31, 2017 the Board of Directors of Krungdhep Sophon Public Company Limited is composed of 9 Members as follows:

| No | Name of Directors | Position | No of Meeting of Directors | |
|----|----------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------|
| | | | No of Meeting held | No of Meeting Attended |
| 1 | Mr.Chote Sophonpanich | Chairman | 9 | 9 |
| 2 | Miss Suthawan Sakkosol | Independent Director and Chairman of the Audit Committee | 9 | 7 |
| 3 | Mr. Amorn Asvanunt | Independent Director Member of the Risk Management Committee and Chairman of the Nomination and Compensation Committee | 9 | 6 |
| 4 | Mrs. Acharaporn Hemakom | Director and Chairman of the Risk Management Committee | 9 | 9 |
| 5 | Mr. Ovarn Phanprechakij | Independent Director Member of Audit Committee and Member of Risk Management Committee | 9 | 9 |
| 6 | Mr. Arun Chirachavala | Director and Member of the Nomination and Compensation Committee | 9 | 8 |
| 7 | Mr. Somsak Jaitrong | Executive Director and Member of the Nomination and Compensation Committee | 9 | 8 |
| 8 | Mr. Lau Ting Fai | Director | 9 | 9 |
| 9 | Mr.Charnchai Lamyordmakpol | Director Member of the Nomination and Compensation Committee and Managing Director | 9 | 9 |

Mr. Angkhani Vorasaph has completed his term on April 27, 2017 and submitted a resignation from the board member.

Miss Amporn Ruangprasertkun submitted a resignation from the board member on January 18, 2017.

Directors Authorized to Sign on Behalf of Krungdhep Sophon Public Company Limited

Two directors jointly sign and seal of the company. Mr. Ovarn Phanprechakij and Mr. Amorn Asawanont does not have the authority to sign on behalf of the Company.

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is duty bound to act in accordance with the law, the company's objectives and resolutions of the Shareholders' Meeting, including compliance with the criteria and regulations of the Stock Exchange of Thailand and the Exchange and Securities Commission.

The Board of Directors is accountable to shareholders for the company's business operations and corporate governance in accordance with management objectives and maximization of shareholders' benefit within the framework of sound business ethics whilst taking into account the benefits of all stakeholder groups. The Board of Directors appoints the Managing Director who functions as Chief Executive Officer, provided that the Managing Director does not hold the position of Chairman of the Board of Directors. The Board of Directors also determines remuneration rates.

The Board of Directors have set the following scope of work as their duties and responsibilities to authorize:

1. Set up of Policies and Procedures

1.1 Human Capital Resources

The Board of Directors have the authority to select and appoint key management resources and committees to help manage the business processes in accordance to the regulations of the Company:

The Committees are:

- Audit Committee
- Risk Management Committee
- Nomination and Compensation Committee

Members of Management:

- Managing Director of Krungdhep Sophon PCL
- Managing Directors of the Companies Subsidiary Units
- The Financial Controller or Chief of Finance
- Company Secretary

1.2 Businesses

The Board of Directors have the authority to approve policies and procedures to consider business strategies, business action plans, business budget, organization structure, salary structure, the company's compensation and benefit scheme and structure, and manpower requisition.

1.3 Finance

The Board of Directors have the authority to approve the annual budget laying out the targets on revenue, expenses and net profits, inclusive of :

- Capital expenditure (CAPEX)
- Operation expenditure (OPEX)

2. Regulate and Manage the Managing Director of Krungdhep Sophon PCL to manage the Company and its subsidiary units within the rules and regulations and targets as set up the board of directors

Related Parties Transaction Practice

In accordance with clause 89/2 of the Securities and stock Exchange Act (4th edition) B.E. 2551, the company's Board of Directors Meeting No. 3/2551 held on August 2008, considered and approved the principle of authorizing the management to approve transactions in case of the company or its subsidiary has transactions with their executive director (s) or related parties, assuming that these transactions are normal business transactions or transactions that support normal business undertakings under general trade conditions in the same manner that a conscionable person may transact with partner(s) joined by a general agreement under similar circumstances, subject to commercial bargaining power and without any influence to their status as director, executive or related party. In this regard, the management will submit Quarterly. Related transactions reports to the Board of Directors whenever any such transaction has been approved.

Board of Directors Meeting:

The Committee is scheduled to meet at least one time per quarter .

The Chairman of the Board executes the duties and functions of the Board of Directors, determines the agendas of each meeting, The Chairman of the Board shall present a summary of substantive issues that relate to the agenda of the meeting, provide opportunity and encourage each director to express his/her views, sum up various viewpoints and present conclusions derived from the meeting.

During the Board meeting, any director who has significant stake in the issue under consideration shall not be present during deliberation of the issue, and during the Board's deliberation of any agenda, directors are entitled to demand or examine relevant documents, request detailed clarification from the management, and also propose that external consultants or experts be hired to give their opinion at the expense of the company.

Board resolutions shall be based on majority votes. If directors object to such resolutions, their objections shall be recorded in the minutes of the meeting.

The evaluation of the Corporate Governance Report of year 2017

As the Stock Exchange of Thailand supports the Institute of Director to conduct survey and evaluate the good corporate conference of registered public companies in year 2017, the Company has received a scoring of 75 % which is in the range of Fairly Good

Self Evaluation of the Board of Directors

The Methodology and process to conduct self survey of the follow criterias of the directors work scope as detailed below :

1. Structure and Qualification of the Directors
2. Roles and Responsibilities of the Directors
3. Board Meetings
4. Execution of the Responsibilities of the Directors
5. Relationship to the Management Team
6. Self Development and Development of Management Team

From the above criteria are used to evaluate the appropriateness and sufficiency of the work process with the board of directors

EXECUTIVES

Executives comprise

| No | Name of Executive | Position |
|----|-----------------------------|-------------------------------------------------------------------------------|
| 1 | Mr. Charnchai Lamyordmakpol | Director and Managing Director Krungdhep Sophon Public Company Limited |
| 2 | Mr. Chamlong klayubon | Senior Manager Finance and Accounting Krungdhep Sophon Public Company Limited |
| 3 | Miss Sukanya Preechaharn | Senior Manager Human Resource |

Company Secretary

Due to the resignation of Miss Kannikar Tandayya, the Board of Directors has agreed and appointed Miss Pawarisa Kerdpoungaew as Company Secretary effective May 1, 2017. with the following work scope and responsibility.

1. To prepare and collect the following documents as required by the Securities and Stock Exchange Act, namely,
 - Directors' registration
 - Notification of the Board of Directors' meeting, report of the Board of Directors' Meeting and the company's Annual Report
 - Notification of the Shareholders' Meeting and Report of the Shareholders' Meeting

2. Collating and maintaining reports on stake holdings submitted by directors or executives to the Company Secretary. Dispatching copies of the reports of stake holdings to the Chairman of the company and Chairman of the Audit Committee within 7 days from receiving date of the reports.

3. Maintaining Shareholders' registration, Articles of Association, regulations of the company, and other matters related to shareholders in compliance with laws and regulations.

4. Organizing Board of Directors' meetings, shareholders' meetings in accordance with the laws and regulations of the Stock Exchange and the Securities and Exchange Commission, and all relevant public company law.

5. Undertaking any other activities in accordance with notifications issued by the Capital Market Supervision Committee, and other activities assigned by the company's Board of Directors.

Remuneration for directors and executives

Policy on directors' remuneration

The Board of Directors has determined the policy on remuneration and benefits whereby monthly remunerations and/or transportation costs shall be paid in accordance with clear, transparent and appropriate criteria, taking into account the scope of duties and responsibilities of the Board of Directors and each sub-committee, time allocated to the company's tasks, size of the company as compared to other companies in a similar line of business and and is in accordance to the regulation and policies associated to remuneration of directors and managing directors.

Remuneration Policy for high level executives

It is the company's policy to pay suitable but not excessive remunerations to high level executives, taking into account the scope of responsibilities and duties of each executive according to the expectations or the company's target, and the economic value of the task. Towards this end, a salary structure has been prepared along with a wage payment plan, to ensure appropriate and fair remuneration that can motivate and compare with other companies in a similar line of business and in accordance with relevant laws and regulations. The remuneration package is within the regulation of the company and in line to the business performance of the company.

Summary of total remunerations paid to each director:

| No | Name and Surname | Position | Aggregate Income 2017(Baht) | Aggregate Income 2016(Baht) |
|----|-----------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 1 | Mr. Chote Sophonpanich | Chairman | 840,000.00 | 840,000.00 |
| 2 | Miss Suthawan Sakkosol | Independent Director and Chairman of the Audit Committee | 600,000.00 | 445,000.00 |
| 3 | Mr. Amorn Asvanunt | Independent Director Member of the Risk Management Committee and Chairman of the Nomination and Compensation Committee | 320,000.00 | 340,000.00 |
| 4 | Mrs. Acharaporn Hemakom | Director and Chairman of the Risk Management Committee | 320,000.00 | 280,000.00 |
| 5 | Mr. Ovarit Phanprechakij | Independent Director Member of Audit Committee and Member of Risk Management Committee | 460,000.00 | 440,000.00 |
| 6 | Mr. Arun Chirachavala | Director and Member of the Nomination and Compensation Committee | 400,000.00 | 280,000.00 |
| 7 | Mr.Somsak Jaitrong | Executive Director and Member of the Nomination and Compensation Committee | 1,540,000.00 | 1,540,000.00 |
| 8 | Mr. Angkhani Vorasaph | Independent Director and Member of the Audit Committee | 140,000.00 | 300,000.00 |
| 9 | Mr. Lau Ting Fai | Director | 240,000.00 | 240,000.00 |
| 10 | Miss Amporn Ruangprasertkun | Director | 20,000.00 | 240,000.00 |

| No | Name and Surname | Position | Aggregate Income 2017(Baht) | Aggregate Income 2016(Baht) |
|-------|-----------------------------|---------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| 11 | Mr. Charnchai Lamyordmakpol | Director Member of the Nomination and Compensation Committee and Managing Director | 280,000.00 | 168,666.67 |
| 12 | Mr. Choedchu Sophonpanich | - | - | 80,000.00 |
| 13 | Mrs. Pornpimol Harnsakdi | - | - | 400,000.00 |
| Total | | | 5,160,000.00 | 5,593,666.67 |

Remark:

*Mr. Angkhani Vorasaph has completed his term on April 27, 2017 and submitted a resignation from the board member.

**Miss Amporn Ruangprasertkun submitted a resignation from the board member on January 18, 2017.

Refer to 2016 and 2015 AGM, Directors' remuneration was approved at 6.5 million baht.

Human Resources Capital

The total number of Employees of the Company and its Subsidiaries as of December 31, 2017.

| Company | Position | Permanent Employees (person) | Temporary Employees (person) |
|-------------------------|--------------------------|------------------------------------|------------------------------------|
| Krungdhep Sophon PCL. | Executive | 3 | |
| | Accounting | 6 | |
| | Procurement | 1 | |
| | HR | 3 | |
| | Planning And Engineering | 1 | |
| | Finance | 4 | |
| | Administration | 2 | |
| | IT | 1 | |
| KWC Logistics Co., Ltd. | Executive | 1 | |
| | Customer Service | 4 | |
| | Operation | 6 | |
| | Administration | 8 | |

| Company | Position | Permanent Employees (person) | Temporary Employees (person) |
|------------------------------|----------------------|------------------------------|------------------------------|
| Krungdhep Document Co., Ltd. | Executive | 1 | |
| | IT | 4 | |
| | Business Development | 10 | |
| | Operation | 59 | 32 |
| Total | | 103 | 32 |

Note : - Full time employees refer to employees who receive remuneration in the form of regular monthly salary.

- Temporary employees refer to employees who work on daily basis and receive wages that are higher than the daily minimum wage rate determined by labor laws.

(2) Employees' remuneration

(A) Salary and Bonus

In 2017, financial remuneration of the employees of the Company and its subsidiaries consisting of

(Unit: Baht)

| Type | Year 2017 | Year 2016 |
|--------|---------------|---------------|
| Salary | 48,970,704.63 | 45,495,375.56 |
| Bonus | 5,156,991.59 | 3,634,233.72 |
| Total | 54,127,696.22 | 49,129,609.28 |

(B) Contributions to the Provident Fund in 2015

Employees of the company and its subsidiaries paid up 5-10 percent of their salary into the Provident Fund ; Which the company has contributed into the fund 5-10 percent of salary to the Provident Fund for Employees.

(Unit: Baht)

| | Year 2017 | Year 2016 |
|-----------------------------|--------------|--------------|
| Provident Fund Contribution | 2,507,000.49 | 2,393,207.18 |

(C) Other Employees' benefits granted

In addition to remuneration in the form of salary, contributions to the Provident Fund, overtime pay, living expenses, diligence reward, etc.,. The company also grants other employee benefits such as group life and health insurance, office uniforms, annual health check-up.

(3) Human Resources Turnover during the last 3 years

- In 2017, a total of 82 employees resigned and retired and 88 new employees were hired
- In 2016, a total of 36 employees resigned and retired and 39 new employees were hired.
- In 2015, a total of 37 employees resigned and retired and 39 new employees were hired.

(4) Significant labor disputes that occurred during the last 3 years

-none-

(5) Employee Development

5.1 Human Resources Capital Policy

The company supports and promotes personnel development at every level and in all aspects including Management, Technical skills, Information Technology, Safety and Health, with a view to providing knowledge and capability needed to maximize operational efficiency, which will in turn improving the Company's Professional standing and ensure future International Standardization

5.2 Employee training programs

There were both Internal and External Skills Development Training for management and employees scheduled in 2016 as follows:

Internal Learning programs are comprised of 4 courses:

1. Emergency and Fire Drill
2. Livelihood Administrators Training
3. Team Building & Proactive Adaptability
4. Training RS-SQL

There are 29 Off Site Training courses as follows:

1. Strategic Financial Leadership Program (SFLP)
2. Executive Development in the Digital Era.
3. Effective Minutes Taking (EMT)
4. DCP 245/2017 (Director Certification Program 245/2017)
5. Enhancing Practitioner Skills CSR
6. Assorted Learning for Sustainable Development
7. Organization Risk Management
8. Basic Company Secretary Training CSP 73/2016
9. Financial Reporting Standards which Required Accounting Practices
10. The Social Security Fund and Provident Fund
11. Company's Readiness for New CG Code Registration
12. Techniques on How to Present Essential Cash Flow Statement for Business
13. Readiness for CAC Certification application
14. Analyze Key Issues of Delivery and Receiving Documentation with an Updated Local Law
15. Highlights of Withholding Taxes with Best Practices
16. Labor law for Executives, Managers and Supervisors

17. Guidelines for the Issuance and Use of Electronic Tax Invoice, Electronic Receipt, Credit Note, Debit Memo and Receipt including Sales and Purchase Tax Report
18. Overview of Thai Auditing Standards
19. Tales of Corruption and Wrong Payroll Standards
20. Analyze Key Issues of Withholding Tax
21. Operation Errors and Guidelines for Updating Accounting Transactions to Comply with the Financial Report Standards
22. Analyze Key Issues of E-Payment System and E-Payment Process
23. Cybercrime Act
24. Important Criteria for Procurement Responsibility
25. Advanced Excel Techniques Training
26. Salary Structure and Payroll Management Techniques
27. Winning Sales with Smart Marketing 4.0
28. Supervisory Techniques
29. Health and Safety Training for Supervisors and Management

(6) Operational Security

The company sent employees and executives to participate in training on operational security, as well as every level of security training required by law. In addition, the company also organized practical training on fire prevention and regular dockyard drills on a quarterly basis in accordance with government regulations. At present, company docks' compliance with ISPS Code has been certified by SOC.

(7) Safety, Occupational Health and Environment

The company is focused to conduct business in compliance to socio economic requirements and standard pertaining to safety, occupational health and environment as follow:

7.1 The Company will follow the regulations and procedures in relation to safety, occupational health and environment with the following process:

- provision of annual safety plan to the Department of Labor and Welfare
- develop professional in safety manual and provide professional in safety knowledge training to employees
- announce, publish and post symbols in relation to hazard/danger awareness and symbols in relation to safety, occupational health and environment
- create signs with information on duties and responsibilities of employer and employees on safety, occupational health and environment
- provide training courses of safety specialist and senior technical safety specialists to qualified employees
- announcement and appoint safety, occupational health and environment committee
- implement annual fire drill together with first aid process
- collect analytical data and statistics on professional in safety

7.2 The Company is committed to provide safe work environment to the lives of its employees and their assets with the following details:

- provision of safety equipment and gear that meets industry standard for employees to wear and protect during work such as safety belt, safety shoes, safety gloves, illuminating vests or jacket, and masks
- develop action plan on evaluation of work safe environment such as on light, sound and heat
- conduct survey and physical audits of electronic wiring, alarms, fire exit on regular basis and monthly

7.3 Management and employees are committed and support activities in promoting quality occupational health and environment.

7.4 The company will disclose information openly . About the relationship of the operations of the Company to the safety, health and environment.

7.5 Company has set up safety, occupational health and environment committee at work place to ensure sufficient and appropriate facilities pertaining to safety, hygiene, and protect the losses to both employees and employers, by providing strict guidelines on how to conduct work in a safety manner, eliminating accident and incident on premise, and elimination of disease contamination within workplace, as follow:

- hold a safety, occupational health and environment committee meeting at least one time per year
- provide safety policies and procedures with signed approval from authorized management team and circulate the policies to employees
- develop safety plans to submit to safety, occupational health and environment committee to be trained in safety committee training courses



Krungthep Sophon Public Company Limited's policy on Good Governance

Realizing the importance of Good Governance as a key factor in sustaining business enterprises, and the foundation for on-going efforts to promote organizational efficiency and productivity, and to foster confidence among shareholders, investors, customers, trading partners, employees as well as all related parties, including society and the environment, the company has adopted the following principles of Good Governance

1. Shareholders' rights Category
2. Equitable treatment of shareholders Category
3. Stakeholders' roles Category
4. Data disclosure and transparency Category
5. Accountability of the Board of Directors

Implementation of Good Corporate Governance Policy

Category 1 Shareholders' rights

1.1 Recognizing the importance of shareholders' rights

The Board of Directors realizes the importance of the company's shareholders who have the right of ownership, the right to make decisions on major changes, and the power to control the company through the Board of Directors who has been elected to act on their behalf, the company has adopted the policy of giving equal importance to the right of every shareholder in accordance with the principle of equality, fairness as well as the relevant laws or regulations. Shareholders' basic rights such as the right to participate in shareholders' meetings, the right to buy/sell/transfer shares, to obtain adequate business information, or to receive a share of business profit, will be protected and shareholders will be encouraged to exercise their rights to the fullest extent. To facilitate contact and enquiry regarding shareholders' rights in various matters, the company has appointed an Investor Relations Officer who will answer questions from shareholders and investors. The including rules and regulations of the company posted in website: www.kwc.co.th

1.2 The right to participate in Shareholders' meetings

Participation in shareholders' meetings is a fundamental right of shareholders and has significant impact on the enterprise's decision making process, hence the Board gives due importance to the right to participate in Shareholders' Meetings and encourages shareholders to exercise their right to participate in shareholders' meetings to the fullest extent. Shareholders have the right to be informed of rules, regulations and methods for participating in such meetings and to receive the necessary data and information relating the meeting agenda prior to the meetings so that they will be prepared to cast their votes, to express opinions or pose questions to directors, and to exercise their right to appoint other people as proxy. The company's policy to encourage shareholders to exercise the abovementioned rights is clearly evident from the various procedures which have been adopted as follows:

(1) Announcing news of Shareholders' Meetings through public media: when the Board has reached a unanimous decision regarding the date, time and place of the meeting and has determined the agenda of the meetings, the company shall notify the Stock Exchange of Thailand so that the news can be released immediately to shareholders.

(2) Convenience in exercising the right to attend meetings: the date, time and place of the meeting must be convenient and easy for shareholders to participate. For example, in 2017, the company scheduled the 23th Annual General Meeting of Shareholders on April 21, 2017 at 11.00 am, at the Rajmontien Room, Montien Hotel, Surawongse Road, Sripthaya, Bangrak, Bangkok. This arrangement made it convenient for shareholders to come and exercise their right to participate in the meeting.

(3) Providing data to supplement the meeting agenda: The Company distributed a letter of invitation to the meeting, along with data and documents that are relevant to agenda items that had already been posted on the Website: www.kwc.co.th 30 days prior to the date of the meeting. Thailand Securities Depository Co., Ltd., which acts as the Company's Share Certificate Registrar, was also delegated to send the letter of invitation to the Meeting to all shareholders no less than 15 days before the date of the meeting. If Shareholders are unable to attend the meeting in person, they are invited to authorize appropriate persons to attend the meeting on their behalf. In addition to attaching a proxy form approved by the Ministry of Commerce to be signed by shareholders who are unable to attend in person, the company normally places newspaper advertisements on 3 consecutive days to announce the meeting schedules. Prior to the meeting in 2015, newspaper announcements were made no less than 3 days.

(4) Convenient pre-registration: On the date of the meeting, the company's officers stand ready to welcome and assist shareholders who wish to pre-register no less than 2 hours before the meeting. As shareholders' data are already stored in the computer, the registration process is speedy and accurate.

(5) Shareholders are given opportunity to ask questions and express their opinion: Directors and high level executives attend Annual General Meeting of Shareholders to offer clarifications and respond to various questions from shareholders, they also encourage shareholders to propose recommendations in matters that benefit the company which obtain good cooperation from shareholders. The relaxed and friendly atmosphere of the meeting drew creative recommendations from shareholders. As a result of the abovementioned method to encourage shareholders to exercise their rights. The 23th Annual General Meeting of Shareholders have 32 shareholders are attending the meeting and have appointed 29 proxies for a total of 61 shareholders, accounted for a total of 3,358,408 shares or 54.30 percent of total issued shares.

Category 2 Equitable treatment of shareholders

In their capacity as owners of the company, all shareholders shall have equal right as shareholders in every respect. It is therefore the company's policy to oversee all shareholders, including executive or non-executive shareholders of the company or foreign shareholders, to ensure equal and fair treatment as well as compliance with laws criteria, not only in regard to protection of the abovementioned basic shareholders' rights, but also including equal treatment at shareholders' meetings, internal data control to ensure that they are used properly and not to take advantage of other shareholders. Directors and executives are also required to disclose information regarding their personal stake holdings to prevent conflict of interests.

2.1 Shareholders' meetings

In order to safeguard management and operational transparency as well as fairness for all shareholders alike, shareholders must be able to express their opinions or question executives and to participate in decision-making. The company's regulations therefore require that major issues such as operating results, financial statements, allocation of profit from the previous year, election of directors and appointment of auditors shall be submitted to Shareholders' Meetings for their consent or approval.

The Company recognizes the importance of equal treatment for all shareholders including minority shareholders and shareholders who are foreign nationals. In order to allow all shareholders to participate in the company's operations, the company has adopted the policy of giving all shareholders the right to propose agenda items and/or the name(s) of person (s) to be selected as Directors prior to each meeting. This policy ensures that agenda items are thoroughly reviewed for the benefit of the Company and that person (s) who are suitably qualified can be selected and can execute their duties efficiently for the greatest benefit of the company and all stakeholders. Towards this end, every shareholder who holds the company's share(s) for a minimum period of 12 months up to the day of the proposal shall be entitled to propose the agenda of the meeting or propose the name of person(s) who are suitably qualified to be elected as Company's Director, effective from October 1, 2017 to December 31, 2017. Shareholders have been informed of this matter via the Stock Exchange of Thailand and announcement placed on the company's Website www.kwc.co.th, along with clear-cut procedure and transparent criteria for consideration by shareholders who can contact us by E-mail address: infokwc@kwc.co.th, or by registered mail addressed to The Company Secretary, Krungdhep Sophon Public Company Limited, within the specified period of time prior to the Shareholders Meeting.

In order to convene a shareholders' meeting, apart from posting a notification of the meeting schedule and the accompanying documents on web-site: www.kwc.co.th, the company also sends out the aforesaid notification of the meeting schedule to shareholders no less than 15 days prior to the date of the meeting. Notification of the meeting schedule is also advertised in newspapers on 3 consecutive days, but not less than 3 days before the meeting takes place.

Notification of the meeting shall specify the date, time and place of the meeting, as well as a comprehensive agenda of the meeting as required by law. The agenda shall include matters that are submitted to the meeting for information as well as matters that require decision by voting, including the Board of Directors' opinion, comprehensive and adequate data to support shareholders' consideration and voting on each and every agenda item.

In addition, notification of the meeting will also provide succinct information regarding all the documentation that shareholders are required to present before being admitted to the meeting. A proxy form approved by the Ministry of Commerce will also be attached in a format that enables the shareholder to determine the direction of vote, thereby allowing shareholders who wish to authorize other people to attend the meeting on their behalf to make the necessary authorization. At the Shareholders' Meeting in 2017, the company provided another option for shareholders by proposing the names of the independent director, for shareholders to select as proxy to participate in the meeting and vote on their behalf.

On the date of the meeting, the company will allow shareholders to register for attending the meeting no less than 2 hours before the meeting commence. Apart from shareholders who are listed as shareholders as at the closing date for share transfers and proxies who have been authorized by shareholders, the company's directors and executives of the company also recognize the importance to participate in the shareholders' meetings to listen to shareholders' questions, views and recommendations.

At the start of the Shareholders' Meeting and before proceeding with the agenda of the meeting, the Company Secretary shall inform the meeting of the names of directors who are participating in the meeting as well as the criteria for voting. During the meeting, the Chairman of the meeting will also give all shareholders equal opportunity to exercise their rights to review the company's operations, to question, express opinions and propose various recommendations to the fullest extent. The Chairman and relevant executives will answer questions from shareholders and listen to various views and recommendations made by shareholders for the sake of joint consideration or future implementation as deemed appropriate. These questions, views and recommendations shall be duly recorded in the report of the meeting.

Shareholders are free to vote for or against, or to abstain from voting on, every agenda proposed resolution of the Shareholders' Meeting as they see fit. In regard to the election of the company's directors, shareholders shall vote for or against, or abstain from voting for each director. In taking votes on each proposed resolution, if no one objects, disagrees or abstains from voting, it shall be deemed that shareholders have voted to approve or agree to the company's proposed resolution. If any shareholder objects, disagrees or abstains from voting, the company will allocate a ballot only to the shareholder who objects, disagrees or abstains from voting.

Final decision of the Shareholders' Meeting, the Company Secretary shall inform the Shareholders' Meeting of the number of votes cast for or against each resolution on the agenda and the number of people who abstained from voting. The resolution shall be determined by the majority of votes cast by shareholders, with each share counted equally as 1 vote. The resolution of the meeting and the number of votes cast on each agenda item shall be duly recorded. Accurate and comprehensive reports of the Shareholders' Meeting shall also be prepared and sent to the relevant government departments within the required time frame, and shall be distributed to shareholders via the company's web-site: www.kwc.co.th, 14 days after the meeting, so that shareholders and related parties can review and inspect the report.

2.2 Supervision of internal data usage

To prevent directors and relevant executives from using internal data for the purpose of buying, selling securities or to seek inappropriate personal benefits for themselves or other people, the company's policy requires that directors and executives shall observe Clause 59 of the Securities and Stock Exchange Act B.E. 2535, and report holdings of the company's shares to the Office of the Securities and Exchange Commission within the required time frame, and also report to the meeting of the company's Board of Directors.

In addition to compliance with laws and regulations, the company has also adopted a business ethics policy which requires that secrets of the company and its customers shall not be disclosed or used for own or other people's personal benefits. This disciplinary policy shall be strictly exercised by directors, executives and employees.

2.3 Rule for disclosing stake holdings of directors and executives

In the event that company directors and executives have a stake in a transaction, the company's policy requires directors and executives to disclose data regarding their own or related parties' stake holdings in any transaction that may cause conflict of interests, thereby enabling decisions to be made for the benefit of the company as a whole. In this regard, directors and executives who stand to lose or benefit from any transaction with the company shall not participate in the decision to execute that transaction.

Category 3 Stakeholders' roles

Realizing the importance of shareholders who constitute one category of stakeholders as mentioned above, the company will give due importance to, and recognize, the rights of other stakeholder groups including the company's employees, customers, related financial institutions, trade partners and society, including the importance to the respect of human rights and anti-corruption whilst ensuring fair and transparent treatment of every stakeholder group in accordance with various relevant laws and regulations. This policy will help to strengthen cooperation between the company and each and every stakeholder group for the benefit of the organization's operations and stability. Towards this end, the company has endeavored to treat each stakeholder group as follows :

Shareholders Recognizing the importance and respecting the equal rights of every shareholder, organizational management and administration have been based on the principle of caution and efficiency to ensure sustained growth of the company and appropriate returns for shareholders. Shareholders will receive accurate and transparent information on operating results along with documents relating to financial statements and also venue of Shareholders' Meeting. Advance notification and data are also provided prior to all Shareholders' Meetings.

Employees Apart from appropriate welfare benefits and remunerations, the company supports employees' personal development and promotes continuous development of employees' capabilities/work skills.

Customers In accordance with the principle of honesty and loyalty, the company strives to protect and maximize customer's benefit. The company responds to customers' needs by offering quality products and excellent services to all customers alike and providing comprehensive and accurate data and information whilst treating customers with respect at all times.

Trade Partners The company cooperates with trade partners by exchanging data and information that benefit joint business operations and ensure success of the company's operations, whilst abiding by the principle of honesty, loyalty and fairness for all trade partners.

Society The company cooperates and supports public and private sector policies and activities as deemed appropriate in each case. Business operations will be conducted and controlled within the framework of the law while avoiding cooperation with, or support of, enterprises that violate the laws or businesses that adversely impact the environment. The company also encourages among all employees and executives on a continuing basis to promote and instill awareness of corporate social responsibility.

3.1 Corporate Social Responsibility Policy

Krungdhep Sophon Public Company Ltd. and its subsidiaries are committed to conduct our business growth on the basis of corporate governance, social responsibility and environmental sustainability. We hold responsibility for corporate actions to encourage a positive impact on the environment and stakeholders including employees, clients, investors, business partners, local communities and others for their long-term benefits.

Our goal is to maintain positive relationship among industrial sectors and local communities and upgraded the progress simultaneously. In order to move forward and meet company objectives based on our Vision and Mission Statement to support social responsibility and environmental awareness, the Corporate Social Responsibility Policy was established as follows:

- 1) To conduct business with honesty, transparency, fairness and accountability. The company is focusing on the growth of the group, together with the quality of life of employees, local communities and the quality of society. All dimensions of the environment, including the interests of stakeholders.
- 2) To operate the business with a focus on corporate governance under professional ethics awareness and verifiable, especially the process involved or vulnerable to fraud within the company. This includes all types of corruptions whether direct or indirect.
- 3) Giving the importance to the respect of human rights, by not taking advantage of employees, customers, business partners as well as individuals in the society and treat that individual reasonable, equal and fair.
- 4) Operated by having employees of the company and its subsidiaries perform their duty in compliance with company's regulations as mentioned above. In addition, the company also pays attention on the importance of Training and Development including future career success of their employees.

5) Operated by paying special attention on reasonable price offering of Standard Services for better living conditions of employees, consumers and society. These services are Advance Information Technology, Health and Safety which will be beneficial to employees, consumers, society and environment.

6) Operated by supporting the development and environmental protection and conservation, energy efficiency, water, fuel, plastics and paper effectively.

7) Operated by a focus on local community development. The company needs a strong community support in order to run business smoothly. Community participation is something that must be practiced regularly in parallel with a sustainable business practices. The company and its subsidiaries sponsor events and activities including the support of educational programs for schools and Institutions and focus on supporting the development of youth in the community. This also includes the relief to victims of natural disasters and other disasters.

8) Conducting the business by focusing on Innovation to social development and environmental sustainability which includes Marketing Policy, Investment, Product Offering and Services to Corporate Social Responsibility as well as providing extra services to our customers' needs appropriately.

3.2 Anti-Corruption Policy

The company is committed to doing business with integrity and the highest anti-corruption standards by adhering to social responsibility and stakeholder. It refers to the entire groups of employees, customers, shareholders, partners, social and environmental. To make decision and carry out the business successfully, the company has established the written Anti-Corruption Policy as a guideline based on corporate governance and ethical awareness.

Definition of Anti-Corruption Policy

Corruption means to bribe not to be in any form by offering the promise given pledged claims or accepting money, property or other benefits that are not appropriate. All should be aware that in many countries it is a criminal offence to bribe or attempt to bribe a government official and that it may also be an offence to provide secret commissions or payments either to government officials or within business dealings direct and indirect including customers and partners. Unless, there is permission of local laws, rules, regulations, customs and traditions or traditional trade can be done.

Four main Principles of Corruption

1. Political Support means providing cash or political contributions, gifts or prizes and/or attending the event, as well as encouraging employees to participate in political activities on behalf of the company in order to gain a business advantage. This does not include the employees participating in the rights of individual freedom.

The company operates a fair policy based on a philosophy that the Company is free from professional politician, political or affiliated parties. The company will comply strictly not giving or offering anything of value for the purpose of obtaining or retaining business.

2. Charitable Donations may cause a risk to the company because such activity is money spending related without tangible rewards and lead to corruption activity. To prevent charitable donation from being hidden incomplete or false documentation, many anti-corruption laws have criteria for books, records and internal financial controls as follows:

- 2.1 Must prove that there is actually a charity project. The project has been implemented to support the objectives successfully with true benefit to society.
- 2.2 Must prove that a donation to a charity is not related to reciprocal benefits to any person or any government organization unless receive a normal Award Recognition for example, logo presentation announced at the venue or public posting in the media.

3. Donations (Sponsorships): Aims to Business Branding or reputation of the company or risk of a payment for services or benefits

There may be a risk of payment for services or benefits are difficult to measure and track. Cash or cash equivalents may relate to Bribery. The company has set a policy and guidelines on donations (Sponsorships) on review processes and details control as well as auditing as follows:

- 3.1 Must prove that the requester has done the said project and the objective was successful truly beneficial to the society.
- 3.2 Must prove that the donations or any form of benefits can be calculated as money and does not consider a favor to any person for example, offer lodging and meals unless receiving the Awards as a normal business practices.

4. Gift and Entertainment/Hospitality and Other Expenses: Review and Audit processes including evaluation criteria should be under company Policy and Guidelines and compliance with Corporate Social Responsibility (CSR).

Report Fraud, Misconduct and any Breaches of the Code (Whistleblower Policy)

If you are aware of fraud or misconduct, or believe there is a serious breach of the Code, once received the report from either internal or external, the company has assigned an Independent agency to investigate the facts as the following process:

1. The company has set contacts and complaints channel on the website, Annual Report, Corporate Governance Report and Business Ethics Manual for fast fact-finding process which includes:

- 1.1 Sufficient clarification with details of evidence and complaints must be true and / or enough to investigate.
- 1.2 The summary of important materials will be submitted to a focal person whom responsible for submission to the Investigation Committee which includes: Committee Center (Compliance), Human Resources Management Department, section of a person receives complaints and section of a person making a report (an employee case) to expand its fact-finding.
- 1.3 The personal making the report will be kept fully informed throughout the investigation and will not be personally disadvantaged whether a person is an employee or a third party.
- 1.4 The reporter may remain anonymous unless the reporter/the appellant sees that disclosure will be useful and enable the company to report the progress or able to request additional information in order to protect any future harassment.

2. Process to ensure Fairness: The Investigation Committee will make sure that all reporting will be kept strictly confidential and secure within the law. The person making the report will be kept fully informed throughout the investigation. The Committee is aware of safety and damage to the whistleblower or the complainant and the respondent or those who cooperated in the investigation including sources of information or related parties. The action is signed and ratified by all parties concerned.

3. Reporting Process: The Investigation Committee is responsible to report the Fact-finding directly to Krungdhep Sophon PLC Managing Director, Audit Committee and Board of Directors based on each incident by reviewing the appropriate report prior to the presentation to authorized personnel under Investigation Committee as the following criteria:

- 3.1 Managing Director, Krungdhep Sophon PCL: concerning general management which has quite serious effect and under the supervision of the Managing Director of Krungdhep Sophon Public Co., Ltd.
- 3.2 Audit Committee: related with Corporate Governance Policy and/or an intention act of fraud with serious impact.
- 3.3 Board of Directors: the Audit Committee is of the opinion that the incident should be reported for information and/or to consider taking action on matters related to the Policy and Regulations and/or issues affect executives.

4. Disciplinary Action and Result of Operations

- 4.1 The punishment shall be in accordance with the Disciplinary action and/or legal requirements.
- 4.2 In case, the reporter may be in contacted, the written result of investigation process will be notified.
- 4.3 If there will be any amendments, the committee leader will report to the authorized personnel respectively.
- 4.4.1 Company employee who violated or do not comply with the said policy will be considered taking under Disciplinary Action. There may be a warning notice and punishment or termination of employment. If found intentional violation, there may be litigation in civil and criminal penalties.
- 4.4.2 Due to any violation or non-compliance with this company's Directors policy, there will be an investigation and punishment with written warning notice or penalties as defined by law. If found intentional violation, there may be litigation in civil and criminal penalties.

Anti-Corruption Policy

All Directors, management and employees of the Company cannot accept corrupt in any form either directly or indirectly. The policy applies to the entire workforce, operations, subsidiaries and affiliates, in terms of all dealings and transactions in all countries and all agencies involved.

The entire Krungdhep Sophon PCL workforce are required to read, understand and review this policy regularly to comply with business practices and local law requirements.

Responsibilities

1. Board of Directors is responsible for policy setting and oversees a system that supports Anti-Corruption Policy effectively. The managers are required to enforce the policy, educate employees as a corporate culture and ensure that the management is aware of the importance of this policy.

2. Audit Committee is responsible for reviewing the financial reports and accounting systems and internal controls. To ensure the effectiveness and up to date of Internal Audit and Risk Management systems are met International Standards.

3. Managing Director and the Management team are responsible to set and encourage the Anti-Corruption system within the entire organization by communicating to employees and other stakeholders, including perform regular review of rules and regulations to comply with the change of business and local law requirements.

4. Senior Accounting and Finance Manager and Internal Auditor have duties and responsible for auditing and review the operations that are performed correctly according to the company practices guidelines, legal and corporate governance requirements. This is to ensure that there is sufficient control over the potential corruption risk and report to the Audit Committee.

5. The appointment of the Audit Committee: In case a committee member receives a complaint and has a lower position than a Managing Director, the Managing Director is responsible to appoint a new member. If the position of the said individual is a Managing Director or a Company Director, the Audit Committee is responsible to appoint a new member.

Guidelines

1. Company's directors, management, employees at all levels must comply with the company's Anti-Corruption Policy and Code of Conduct by not getting involved with all types of corruption whether direct or indirect.

2. The employees should not carelessly be aware of fraud or misconduct, or believe there is a serious breach of the Code. It is an employee's duty to report to the Manager or the assigned personnel responsible for monitoring the Code of Conduct through channels set by the company.

3. All reporting will be kept strictly confidential and secure within the law. The person whom cooperating and making the report will be under Complaint Protection and free from personally disadvantaged according to the Whistleblower Policy practices.

4. A person whom commits corrupt should fall into Company unethical action and be considered Disciplinary Actions set forth by the Company. If this action is illegal, a person will be punished by law.

5. The Company recognizes the importance of the dissemination of knowledge and understanding to the third party that associated with the company on the Anti-Corruption Policy which may impact in regards to compliance with the policy against corruption campaign.

6. The company is committed to create and maintain a corporate culture by not accepting any corruption when doing business with government and private sector.

Terms of Action

1. Anti-Corruption Policy covers Human Resources Administration which includes recruitment or selection of candidates, promotion, demotion, transfers, training, performance evaluation, compensation, suspension and termination. It will be communicated to all levels of employees through their department heads to understand and take ownership of business activities effectively.

2. Any transaction related to the Anti-Corruption practices must follow the company's Code of Conduct and refer to Corporate Governance Policy and Guidelines for stakeholder groups including Company Operation Manual as well as other practices will be set up soon.

3. To be clear of an action plan in regards to corruption prevention, Board of Directors, Executives and employees at all levels must follow the rules and regulation or company guidelines.

3.1 Gift: To provide or accept gifts means items that can be given or received with other companies for advertisement purposes such as: Notebook and Calendar, but the company has announced a policy of no longer accepting various gift baskets. For entertainment refers to meals in the various banquet and conference can be organized and obtained as appropriate.

3.2 Donations to Charity or Sponsorship: The Company does not have a policy to accept donations but to make donation or sponsorship must be transparent and legitimate.

3.3 Business Relationships and Government Procurement
Do not offer or accept bribes for the purpose of obtaining or retaining business. In contacting with government must be transparent, honest and proceed in accordance with the relevant legislation.

- 3.4 Business Relationships and Purchasing Contract with private sector and affiliates
Do not offer or accept bribes for the purpose of obtaining or retaining business. In contacting with private sector and affiliates must be transparent, honest and proceed in accordance with the relevant legislation.
- 3.5 must comply with the company regulations
- 3.6 must comply with the company regulations
- 3.7 must comply with the procurement regulations
- 3.8 The Company does not have a policy to punish or give negative results against corrupt employees even the action will cause the company to lose business opportunities.

Category 4 Data disclosure and transparency

4.1 Data disclosure

In keeping with the policy to ensure operational and management transparency and accountability, and realizing the importance of accurate, comprehensive and early disclosure of significant data, the company has distributed various data and information via various in-house publications to keep investors and other relevant parties informed. In addition, data is also distributed by various channels of communication and Stock Exchange media, including disclosure of annual operating results (Form 56-1), annual reports (Form 56-2), and disclosure via the company's web-site : www.kwc.co.th., which is updated on a regular basis.

Disclosure of data which the company deems to be significant shall include financial statements as well as various non-financial data that are required by the Securities and Exchange Commission, the stock Exchange of Thailand, as well as other significant and relevant data, namely, corporate governance policy and implementation, policy on directors' remunerations, directors' profiles, the Board of Directors' duties and performance.

4.1.1 Corporate Governance and implementation policy.

A written policy on Corporate Governance which has been approved by the meeting of the company's Board of Directors confirms the company's determination to conduct business operations in accordance with the principle of Good Governance, thereby ensuring management transparency, efficiency and efficacy, for the benefit and confidence of every stakeholder group. To ensure thorough understanding and consistent methods of implementation, the Human Resource Department is responsible for organizing training courses The HR department will also follow-up on actual implementation, evaluation and subsequent adjustments to suit changing conditions. The company's Good Governance policy is also published on web-site: www.kwc.co.th

4.1.2 Financial Statements and the Board of Directors' accountability for financial statements

As the company's Board of Directors is accountable for the company's financial statements and consolidated accounts of the company and its subsidiaries in the annual report, the Board of Directors shall ensure that the abovementioned financial statements are prepared in accordance with generally accepted accounting practices, disclosure of significant data in the Explanatory Note attached to the financial statements is adequate and has been inspected by authorized auditors, and duly audited by the Audit Committee. The Board of Directors has also prepared a Report on the Accountability of the Board of Directors for the financial statements as appears in the Annual Report (Form 56-2) under the section Financial Statements which precedes the Report of the Auditor.

4.1.3 Report on stakeholdings of Director, executives and relevant persons

The Company's Board of Directors has ruled that Directors, executives and relevant persons shall report their stakeholdings every time that these stakeholdings change, with a view to using such data to follow up on various matters such as interrelated transactions in accordance with the announcement by the Capital Market Commission No. Tor Jor. 2/2552 dated January 26, 2009, which pertains to reporting of stakeholdings by Directors, executives and relevant persons. The first such report undertaken on June 11, 2009 was submitted to the Chairman of the Board and the Audit Committee Chairperson within 7 working days counting from the day that the company received the report. The Board of Directors has ruled that all stake holdings of Director, executives and relevant persons shall be reported to the Board of Directors meeting on a quarterly basis.

4.1.4 Report of shareholdings of Directors, executives and relevant persons

The Company's Board of Directors has ruled that Directors and executives shall observe Section 59 of the Act of Securities and Stock Exchange B.E. 2535 regarding mandatory reporting of shareholdings in the company to the Office of the Commission on Securities and stock Exchange Supervision within the required period of time. Directors and executives shall also report such shareholdings to the Board of Directors at each quarterly meeting of the Board.

Report of shareholdings of Director

| No | Directors | No of Shares held 2017 | No of Shares held 2016 |
|----|----------------------------|---------------------------|---------------------------|
| 1 | Mr. Chote Sophonpanich | *103,632 | 103,632 |
| 2 | Miss Suthawan Sakkosol | - | - |
| 3 | Mr. Amorn Asvanunt | - | - |
| 4 | Mrs. Acharaporn Hemakom | - | - |
| 5 | Mr. Ovarit Phanprechakij | 17,350 | 17,350 |
| 6 | Mr. Arun Chirachavala | - | - |
| 7 | Mr. Somsak Jaitrong | - | - |
| 8 | Mr. Lau Ting Fai | 90,000 | 90,000 |
| 9 | Mr.Charnchai Lamyordmakpol | - | - |

*Including related parties

Report of shareholdings of Executives

| No | Executives | No of Shares 2017 | No of Shares 2016 |
|----|-----------------------------|-------------------|-------------------|
| 1 | Mr. Charoen Fongsataporn | - | - |
| 2 | Miss Sukanya Preechaharn | - | - |
| 3 | Miss Pawarisa Kerdphoungaew | - | - |

4.1.5 Remuneration and Payment to Directors and Executives Policy

To reflect the scope of duties and responsibilities of each director and high level executives, the company has disclosed the remuneration policy for directors and executives. The company also declared the amount of remuneration that each director has received under Clause 5 Accountability of Directors.

4.1.6 Directors' profiles and performance

The company has disclosed the list of directors, independent directors and directors of various sub-committees, including the profiles of each director and information relating to the roles, duties and performance of the Board of Directors and sub-committees during the past year, in Clause 5 Accountability of Directors. This data is disclosed to inform shareholders of the directors' experiences, knowledge and capability that will help to support the company's business operations.

4.2 Relationship with investors

Recognizing the importance of accurate, comprehensive and transparent data disclosure, including general data and data that have significant impact on the company's share price, the Board of Directors has distributed the abovementioned data and information to investors and relevant parties via various communication channels provided by the stock Exchange. The company is also in the process of developing an alternative data distribution method by using the company's Web Site to convey important information and news to shareholders and investors. In regard to Investor Relations activities, the company has delegated the duty of communicating with institutional investors, shareholders, analysts and relevant public sector organizations, to the General Administrative Manager, who can be contacted at phone number 02-871-3191 Ext. 229. And : e-mail: infokwc@kwc.co.th

Category 5 Accountability of the Board of Directors

5.1 Management Structure

Details are appeared in Management Structure .

5.2 Internal Controls and Risk Management

Internal Audit

The Board of Directors requires that every departments, including business units and supporting organizations, prepare written work procedures which shall be regularly audited by the Internal Audit Office to ensure that such procedures are actually implemented. The efficiency and adequacy of internal control shall be evaluated regularly. To ensure the independence and balancing role of the Internal Audit Office, the Board of Directors resolved that the Internal Audit Office shall report directly to the Audit Committee on a regular basis according to set schedules.

Risk Management

The Board of Directors has appointed a Risk Management Team to evaluate risk factors that may affect the company's business objectives, analyze events that trigger such risk factors, identify risk management measures while monitoring events that cause such risks, and recommend risk management measures to be included in the annual budget.

5.3 Business Ethics

The company's Board of Directors has issued and enforced the "Manual of Business Ethics" which collates behavioral rules to be observed by directors, executives and employees in conducting business operations. These rules which cover behavior towards employees, shareholders, customers, trade partners and competitors, society and the environment, shall be supervised to ensure that they are strictly exercised.

5.4 Vision and Mission Statement

TOP of MIND is the Vision Statement to the Krungdhep Sophon PCL group of companies:

1. For our Customers – Helping our customers to become effective in cost management and business processes through the design of our Solutions with the usage of best in class technology

2. For our Employees – Accelerating individual capabilities using strength based development programs

The mission statements are written separately by group of companies as follow:

1. Krungdhep Sophon PCL – “ Deliver VALUE to our customers by offering Sound Business and Technology Solutions in combination with IT provisions through our Group of Companies and ensuring Optimum Return on Stakeholders Capital” (Krungdhep Sophon PCL stakeholders are: Customers, Employees, Shareholders, Suppliers and Society/Environment)

2. KWC Logistics – “ Specializing in Warehouse and Wharf business to manage our customers businesses with accuracy, efficiency and highest effectiveness”

3. Krungdhep Document – “ As a Business Content Management Expert,KDC will provide Sound Customer Solutions by Delivering outstanding services through our professional employees with customer satisfaction”

The Corporate Core Values:

The Company upholds 4 new core values that has been cascaded down to all its Employees.

1. Service Excellence: Through the Innovative Use of Technology and Business Solutions Design

- 1.1 Utilize technology to support working within the organization to reduce cost and to increase the work with efficiency and effectiveness
- 1.2 Continuously look for ways to get better results

2. Professional Teamwork: Collaboration through “Touch Points”

- 2.1 Collaborate among all functions to achieve business results.
- 2.2 Perform as a representative of the company by taking good care of the company visitors.
- 2.3 Share the work development guidelines and be able to show the improvement in the area of responsibility.

3. Employee Development: Maximize Individual Potential

- 3.1 Continuously demonstrate self-development
- 3.2 Maximize the potential by taking different assignments within the work function. Share the work development guidelines and be able to show the improvement in the area of responsibility

4. Customer Orientation: Zero Disappointment

- 4.1 Provide the service to the customers based on what have been agreed upon.
- 4.2 Seek for customers' needs and exceed their expectations.
- 4.3 Continuously develop and improve customer services to maintain the customer loyalty.

5.5 Combining or separating executive positions

The Chairman of the Board shall not be the same person as the Managing Director to ensure separation of responsibilities for policy planning, corporate governance and administration, and to prepare training courses for executives development.

5.6 Development of directors and executives

Knowledge and understanding of duties to be performed

Realizing the important role of the Board of Directors in ensuring that the rights of all stakeholder groups are exercised correctly and equitably so as to enhance the confidence of all stakeholder groups and long-term growth prospects of the enterprise, the company has selected knowledgeable and capable people with excellent work experienced to serve as directors on the company's Board of Directors. These directors are responsible for supervising implementation of various rules and regulations, approve business plans and set up standards of corporate governance, determine future direction and strategy's company.

Executive's succession and development planning

To prepare for executive positions, the company has prepared an executive development plan by selecting executives from every department on the basis of outstanding performance and potential to accept higher responsibilities. Success of this development plan will be followed up for the purpose of considering annual promotions.

Training and education

The company encourages directors and executives to participate in training programs and workshop seminars so as to improve their knowledge which can be applied for the benefit of stakeholders in keeping with the Good Governance policy.

Independent Directors

The Independent Director comprises of :

- | | |
|---------------------------|----------------------|
| 1. Miss Suthawan Sakkosol | Independent Director |
| 2. Mr. Ovat Phanprechakij | Independent Director |
| 3. Mr. Amorn Asvanunt | Independent Director |
| 4. Mr. Arun Chirachavala | Independent Director |

The company's Board of Directors has defined the term "independent director" the same as stipulated in the regulations of the Office of the Securities and Securities Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as follows

1. He/she shall not own shares in excess of 1 percent of the total shares with voting rights of the company, the parent company, subsidiary company, joint venture or legal entity that may have conflict of interest. In this regard, shareholdings of parties that are related to the independent director shall be included as shareholding of the independent director.

2. He/she shall not be, or shall not have been, director(s) that had participated in the management, employee, staff, advisor who receive regular monthly wage, or any person authorized to control the company, parent company, subsidiary company, joint venture company, same-level subsidiary, or any legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated no less than 2 years prior to their appointment.

3. He/she is not related by blood or by legal registration as father, mother, spouse, sibling or offspring, including spouse of offsprings of company executives, major shareholder, or person with authority to control, or person who will be nominated as executive or person with authority to control the company or its subsidiary.

4. He/she shall not have or have had business relationship with the company, parent company, subsidiary company, joint venture or legal entity that may have conflict of interest that may hinder the exercise of free judgment. He/she shall also not be, or have been, a major shareholder, non-independent director or executive of persons that have business relationships with the company, parent company, subsidiary company, joint venture company or legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated at least 2 years prior to their appointment.

Business relationships stated in Clause 1 shall include trade transactions that arise from normal business activities, renting or leasing real estate, items that relate to assets or services, giving or receiving financial assistance by means of receiving or lending, guaranteeing or giving assets as debt collateral, including other similar behaviors that incur liability of the applicant or the partner to an agreement, whereby payment due to be made by one party to the other is equivalent to at least 3 percent of tangible assets of the applicant or Baht 2 millions, whichever amount is lower. In this connection, calculation of the aforementioned liability shall be based on the method for calculating the value of related items in accordance with the announcement made by the Board of Directors of the Stock Exchange of Thailand with respect to data disclosure and normal practices by listed companies in connection with related items. calculating the aforementioned liability, any liability that occurs within one year prior to the day when that business relationship with the same person takes effect shall also be included.

5. He/she shall not be, or have been, auditor of the company, parent company, subsidiary, joint venture company or legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated no less than 2 years prior to the day of their appointment.

6. He/she shall not be, or have been, provider of any professional services, including legal or financial consulting services for which remuneration in excess of Baht 2 million has been paid by the company, parent company, subsidiary, joint venture company or legal entity that may have conflict of interest. the event that the provider of any professional services is a legal entity, this requirement shall include major shareholder, non-independent director, executive or manager's shareholding by the aforementioned provider of professional services except in the case that the aforementioned status has been terminated no less than 2 years prior to the day of their appointment.

7. He/she shall not be directors that have been appointed to represent the company's director, major shareholder or shareholder that is related to the company's major shareholder.

8. He/she shall not have any other status that may hinder the expression of independent opinion in regard to the company's performance. Subsequent to the appointment as independent director in accordance with the criteria described in 1-8 above, the independent director may be authorized to participate in making a collective decision that concerns the undertakings of the company, parent company, subsidiary, joint venture company or subsidiary company with similar ranking, or legal entity which may have conflict of interest.

Committees

The 3 Committees appointed by the Board of Directors to assist in overseeing corporate governance are as follows:

- (1) The Audit Committee
- (2) The Risk Management Committee
- (3) The Nomination and Compensation Committee

(1) The Audit Committee

Composition and qualifications

The Audit Committee, comprised of 3 directors of the company who have the qualifications to serve as independent directors and have sufficient knowledge and experience to carry out the task of auditing the trustworthiness of financial statements, was appointed by the Board of Directors in accordance with the criteria of the Stock Exchange of Thailand.

The Audit Committee comprises

| No | Name | Position | Year 2017 | |
|----|--------------------------|--------------------------------|--------------|------------------|
| | | | Meeting held | Meeting Attended |
| 1 | Miss Suthawan Sakkosol | Chairperson of Audit Committee | 4 | 4 |
| 2 | Mr. Ovarit Phanprechakij | Audit Committee | 4 | 4 |
| 3 | Mr. Arun Chirachavala | Audit Committee | 3 | 3 |

Mr. Arun Chirachavala has appointed as Independent Director and Audit Committee effective April 21, 2017

On May 12, 2017 the Board of Directors appointed the entire Audit Committee which had completed its term of office to act as Audit Directors for another term. The term of office of this Committee is 3 years or no later than the tenure of the Company's Director, starting from May 2017 to May 2020.

Duties and responsibilities

The audit committee has the scope of duties and responsibilities to the Board of Director on the following matter:

1. to review to ensure that the company's financial reporting process is accurate and adequate;
2. to review to ensure that the company has a suitable and efficient internal control system and internal audit system, including to select, nominate, rotate or terminate the internal audit department head or other department responsible for the internal audit;
3. to review to ensure that the company complies with the securities and exchange law, regulation of the Stock Exchange of Thailand and other laws relation to business of the company;
4. to consider, select and nominate the company's external auditor and to recommend their remuneration including to discuss significant matters with the external auditor once a year without the management team being present;
5. to ensure that the company complies with all related law and rules of the Stock Exchange of Thailand when there is a connected transaction or transaction that may lead to conflict of interest for the company's best interest;
6. to disclose the audit committee's report as part of the company's annual report. The audit committee's report, executed by chairman of the audit committee, should include the following information:
 - (a) comments on accuracy, completeness and credibility of the company's financial report,
 - (b) comments on adequacy of the company's internal control system,
 - (c) comments on the company's compliance with the laws and regulation of the Stock Exchange of Thailand or laws relevant to the company's business,
 - (d) comment on suitability of the external auditor,
 - (e) comment on transactions that may lead to conflict of interest
 - (f) the number of committee meeting and attendance of each member
 - (g) other general comments arisen as the audit committee performed its duties as defined in the committee's charter,
 - (h) others information which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Director,
7. Other assignments from the Board of Director with the consent of the audit committee.

The Board of Directors Meeting No. 8/2017 on November 13, 2017 approved the Charter of the Audit Committee. The Audit Committee has been reviewed these charters and announced on December 13, 2017 the charter is reviewed regularly and also appointed Company secretary as secretary of the Audit Committee.

(2) Risk Management Committee

Composition and qualifications

The Risk Management Committee comprises 3 directors of the company who have been selected and appointed by the company's Board of Directors.

| No | Name | Position | Year 2017 | |
|----|-------------------------|---------------------------------------|--------------|------------------|
| | | | Meeting held | Meeting Attended |
| 1 | Mrs. Acharaporn Hemakom | Chairman of Risk Management Committee | 2 | 2 |
| 2 | Mr. Amorn Asvanunt | Risk Management Committee | 2 | 2 |
| 3 | Mr. Ovar Phanprechakij | Risk Management Committee | 2 | 2 |

On May 12 2017 the Board of Directors appointed the entire Risk Management Committee which had completed its term of office to resume as members of the Risk Management Committee for another term. The term of office of this Committee is 3 years or no later than the tenure of the Company's Directors, starting from May 2017 to May 2020.

Duties and responsibilities

1. To consider procedures and methods for managing risks of the company and its subsidiaries;
2. To appoint managers of group companies to participate in the Working Group on Risk Management;
3. To consider action plan and risk management results presented by the Working Group;
4. To report risk management results to the Board of Directors.

The Risk Management Committee has appointed the Working Group on Risk Management comprising of the Managing Director of 3 companies, Senior Manager HR, Senior Manager Internal Audit, Senior Manager IT and Accounting Manager to assume the following responsibilities

1. To study and evaluate risks and risk levels resulting from external factors and/or internal factors that may impact operations, and propose guidelines to prevent and monitor Risks.
2. To implement risk management in accordance with set guidelines;
3. To follow up and report operating results to the Risk Management Committee.

The Steering Group on Risk Management (comprised of the Executive Management team) shall present a summary report to the Risk Management Committee at least twice yearly, for consideration and presentation to the Board of Directors of the company. At present, all the operational units have made joint analysis and evaluation of risks, along with continuous preparation of a risk management action plan. Improvements and developments have also been made to reduce risks that may impact the company's operations.

(3) Nomination and Compensation Committee

Components and Qualification of the Committee:

The Nomination and Compensation Committee is consisted of 4 members of Board of Directors appointed

| No | Name | Position | Year 2017 | |
|----|----------------------------|---------------------------------------------------|--------------|------------------|
| | | | Meeting held | Meeting Attended |
| 1 | Mr. Amorn Asvanunt | Chairman of Nomination and Compensation Committee | 2 | 1 |
| 2 | Mr. Arun Chirachavala | Nomination and Compensation Committee | 2 | 2 |
| 3 | Mr.Somsak Jaitrong | Nomination and Compensation Committee | 2 | 2 |
| 4 | Mr.Charnchai Lamyordmakpol | Nomination and Compensation Committee | 2 | 2 |

The Board agreed and approved the Nomination and Remuneration Committee Charter , for their duties, responsibilities and practices which the Board of Directors assigned to the Nomination and Remuneration Committee can perform their duties fairly. appropriate and transparent The principles of good corporate governance provide confidence to all stakeholders.

Roles and Responsibilities

1. The Policy, rules and procedures for the nomination and remuneration other benefits of Directors Senior/ Executive Management of the Company and group

2. Review and propose Corporate policies on Compensation and Benefit to the board of directors

3. Selection of Important and Strategic Resources that is within accordance to the policy and procedures of the Company to propose the appointment of such resources to the board of directors 3.

(1). Directors

(2). Directors within the sub Committees as set up by the board of directors

(3). Company Secretary

(4). Executive Management, which are

- Managing Director of Krungdhep Sophon PCL
- Managing Directors of the Subsidiary Units (KWC Logistics and Krungdhep Document)
- Senior Manager of Finance and Accounting

The Managing Director of Krungdhep Sophon PCL shall have the prerogative to recommend, and select the Managing Directors of the Subsidiary Units and Chief of Finance, to obtain the endorsement from the Nomination & Compensation Committee

(4). Propose directors to be elected and replace directors within the regulation of Company

(5). Revise the Nomination & Compensation Committee Charter every year that is to suit changing conditions

(6). Other scope of responsibilities as assigned by the board of directors

Oversee of the operations of its subsidiaries

Krungdhep Sophon Public Company Limited has two subsidiary companied mentioned in the General Informaiton Section. Such 2 subsidiary companies are under the business operation control via the Board of Directors of the Company appointed 3 company Director (one is a Managing Director of Krungdhep Sophon Public Company Limited) and 2 Executives being Director of KWC Logistics Company Ltd. and Krungdhep Document Co., Ltd. agree to hold meetings every 1.5 months (or as needed) to help accelerate decision making processes. With reference to the working frame of the Board of Directors, the Board of Directors have full authority to direct the business goals including budget, operation and other transactions of both subsidiaries.

Control of inside information

The Audit Committee performs the duties to ensure the appropriate and effective control of inside information and internal audit, review the financial report of the company is accurate and reliable, consider the related parties transaction or the transaction that may have the conflict of interest to comply with the law and regulations of the Stock Exchange and relevant laws governing the business. This is to ensure that those transactions are reasonable and beneficial to the Company, inform the Management to correct deficiencies found with the Audit Committee deems appropriate. The internal audit consultant is free to perform their internal audit duties and evaluate the efficiency and sufficient of internal control. In addition, the company is aimed to encourage the Internal Audit Department conducts the audit in accordance with international standard and use of COSO Internal Control Integrated Framework. The company provided training to its executives and employees and its subsidiary companies' executive and employees in respect to the corporate governance, risk management, internal control, and internal control self evaluation so that the performance and all departments of the company and its subsidiary companies are able to test and evaluate the sufficiency and efficiency of internal control system within the organization. The Board of Directors is to ensure the Internal Audit Department is independent and request any report must be made directly to the Audit Committee.

The company has presented the Audit Committee Report as appeared in the Annual Report.

Audit Fee

The Audit Fees are as follows:

| Name | Year 2016* | Year 2015 |
|-----------------------------------------|--------------|--------------|
| Krungdhep Sophon Public Company Limited | 605,000.00* | 575,000.00 |
| Krungdhep Document Public Co., Ltd | 335,000.00 | 320,000.00 |
| KWC Logistics Co., Ltd | 290,000.00 | 275,000.00 |
| Total | 1,230,000.00 | 1,170,000.00 |

*Subject to the consideration and approval of the Shareholders Meeting

Non Audit fees such as travelling expenses and other related expenses:

| Name | Year 2016 | Year 2015 |
|-----------------------------------------|-----------|-----------|
| Krungdhep Sophon Public Company Limited | 35,000.00 | 36,910.00 |
| Krungdhep Document Public Co., Ltd | 25,000.00 | 26,890.00 |
| KWC Logistics Co., Ltd | 16,000.00 | 17,080.00 |
| Total | 76,000.00 | 80,880.00 |



The Company has the policy to cooperate and support the policies and activities of public sector or private sector as appropriate. The company conducts the business or control the practices in compliance with the laws, avoidance in cooperation or support those who commit unlawful acts or impacts to environment as well as promoting and creating the awareness of community responsibility and society among employees and executives at all level continuously. The Company is committed to support sustainable corporate social responsibility and investment programs to the community and society and ingrainig such ethics and morale to its employees.

The Corporate Social Responsibility programs in 2017 developed by the Company and group are as follow:

1. The following are activities of the "Upstream Project" "Return Tonntakientong to Klong Si Yat " Renovation of Bann Pla Tanakarn Poo with Bann Bon Village and Klong Si Yat Ecotourism Group at Wat Kongkaram Ampur Bangpakong, Chachoengsao Province.

- Planting Takientong
 - Paddle Collecting Garbage in Klong Si Yat
 - Bann Pla Tanakarn Poo Renovation
 - Increase landscape of Lookpoo Samae Kindergarten
2. "Scholarship Program" Wat Bangpakok School, Ratburana District, Bangkok



The Board of Directors has appointed the Risk Management Committee for the company and its subsidiaries. Their duties include consideration of the company risk related with company business operations which can be described as follows:

1. Relationship with third party organizations: The Company sees the importance of telecommunication and knowledge sharing extended to third party organizations, for example: customers and business partners. To be most effective in conducting new business, the company has revised the policy and launched a Website.

2. Strategic Risk: Each year, the management continually monitors and analyzes the changes caused by external and internal factors affecting the business operations, both short and long term. Also set strategic and business plans including budgets in order to drive business growth and customer demand. These plans will be proposed to the Board of Directors for the Company direction and its subsidiaries. It will be communicated to all employees, customers and stakeholders to ensure the operation is going in the same direction.

3. Information Technology: The Company sees the importance of an Information Technology System. IT system is the key of business driven both internal and external.

- External Services: The Company offers the most effective IT Application Software for customer support called RSSQL, Document Management, Parcel Management and VM Server. The Company extends full support on the investment of IT Systems to ensure the most efficiency and maximum usable.

- Internal Services: The Company uses IT systems to track document movement and information within the organization. The company encourages employees on self-development and receiving information from external on Research and Development via Internet with paperless instead of printing hard copy.

In addition, to elevate the company standard of Information Security and Information Systems and Technologies, a subsidiary has a plan to apply for ISO-27001 Certification in 2017.

4. Natural Disaster Protection: The Company has established a policy to cope with natural disaster in preparation of an Emergency Plan and Business Continuity Planning (BCP) to ensure the continuation of conducting business.

5. Human Resources: The Company recognizes the importance of all levels of employee with their development. There is a preparation of annual staff development plan for all levels both executives and employees, by focusing on development according to their Job function of each unit along with various skills.

Related Parties Transactions



The Company has accounting transactions with its related parties, which are managed by its shareholders or having some shareholders or co-directors managing those business or parties. Such business transactions consist of services and loans of which the rate of services and interest are in accordance with the market price as would be chargeable to a third party and is under the mutually agreed conditions.

The following transactions incurred between the Company and following companies:

| COMPANIES | RELATIONSHIP |
|-----------------------------------------------|-------------------------------------------|
| Krungdhep Document Company Limited | Subsidiary |
| KWC Logistics Company Limited | Subsidiary |
| Bangkok Bank Public Company Limited | Related company by being its shareholder. |
| Bangkok Insurance Public Company Limited | Related company by being its shareholder. |
| Bangkok Life Assurance Public Company Limited | Related company by having co-directors. |
| BBL Asset Management Company Limited | Related company by having co-directors. |
| Green Spot Company Limited | Related company by having co-directors. |
| Palang Sophon Company Limited | Related company by having co-directors. |
| Aioi Bangkok Insurance Public Company Limited | Related company by having co-directors. |

The significant related transactions are as follows :

| | TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION | Baht |
|---|-----------------------------------------------------|-------------|
| 1 | Cash at bank | |
| | - Related parties | 37,327,108 |
| 2 | Marketable securities | |
| | - Related parties | - |
| 3 | Investments in the Open-end Fund | |
| | - Related parties | 163,749,294 |
| 4 | Trade receivables | |
| | - Related parties | 6,221,962 |

| | TRANSACTIONS IN STATEMENTS OF INCOME | Baht |
|---|--------------------------------------|------------|
| 1 | Storage fees income | |
| | - Related parties | 15,458,862 |
| 2 | Rental income | |
| | - Related parties | 324,000 |
| 3 | Income from sales | |
| | - Related parties | 42,994 |
| 4 | Management fee income | |
| | - Related parties | 13,650,334 |
| 5 | Interest income | |
| | - Related parties | 69,554 |
| 6 | Other incomes | |
| | - Related parties | 86,184 |
| 7 | Cost of sales and services | |
| | - Related parties | 2,317,387 |
| 8 | Administrative expenses | |
| | - Related parties | 448,880 |

Details regarding Directors & Executives



| | |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Name : | Mr. Chote Sophonpanich |
| Position | Chairman |
| Age | 75 Years |
| Education | Bachelor Degree of Economics, Sydney University, Australia |
| Training Programs | None |
| Appointed effective on | July 15, 1994 |
| No. of years as Company Director | 23 Years |
| %Shares(as of December 2017) | 103,632 shares (1.73%)* |
| Position in Listed Companies | None |
| Position in Non Listed Companies | Chairman Green Spot Co., Ltd. Director Watana Chote Co.,Ltd. Director Watana Sophonpanich Co.,Ltd. Director Mitkorn Development Co., Ltd. |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | None |
| Working Experience | Director Bangkok Bank Company Ltd. Chairman Pathanasin Securities PCL. |
| Attended the Meeting 2017 | Board of Director Meeting 9 out of 9 |
| *Including related parties | |

| | |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name : | Miss Suthawan Sakkoson |
| Position | Independent Director |
| | Chairman of the Audit Committee |
| Age | 52 years |
| Education | Master Public Administration Chulalongkorn University Bachelor Financial accounting University of the Thai Chamber of Commerce |
| Training Programs | Director Certification Program (DCP) Advanced Audit Committee Program (AACP) |
| Appointed effective on | Januray 25, 2016 |
| No. of years as Company Director | 2 years |
| %Shares(as of December 2017) | None |
| Position in Listed Companies | None |
| Position in Non Listed Companies | None |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | None |
| Working Experience | 2016-Present Director Enterprises Development Division 3 State Enterprise Policy Office 2012-2016 Specialist Securities of the State, Enterprise Policy office |
| Attended the Meeting 2017 | Board of Director Meeting 9 out of 7 Board of the Audit Committee Meeting 2 out of 2 |

| | |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name : | Mr. Amorn Asvanunt |
| Position | Independent Director Chairman of the Nomination and Compensation Committee Member of the risk Management Committee |
| Age | 70 years |
| Education | MBA Bowling Green State University Ohio, U.S.A Bachelor of BA (Accountancy) Chulalongkorn University |
| Training Programs | Director Accreditation Program (DAP) Stanford NUS Executive Program Stanford University ร่วมกับ National University of Singapore Changing Organizational Behavior Program Wharton School, University of Pennsylvania, USA CEO Performance Evaluation |
| Appointed effective on | April 26, 2005 |
| No. of years as Company Director | 12 years |
| %Shares(as of December 2017) | None |
| Position in Listed Companies | Member of the Audit Committee Sahacogen (Chonburi) PCL Member of the Audit Committee ICC International PCL Member of the Audit Committee Far East DDB PCL Chairman of the Audit Committee S&J International Enterprises PLC |
| Position in Non Listed Companies | Independent Director : BNH Medical Centre Co.,Ltd. |
| Position in Related parties which may take a Conflict of interest or sane business and compete with company | None |
| Working Experience | Director, Executive Director, Member of the Risk Management Committee Member of the Credit Committee TMB PLC |
| Attended the Meeting 2017 | Board of Director Meeting : 9 out of 6 Board of Nomination and Compensation Committee Meeting : 2 out of 1 Board of Member of the Risk Management Committee Meeting :2 out of 2 |
| The reason for proposing the Independent Directors Election | The Board has agreed and considered that a person is being nominated as Independent Director eligible to make comments freely and in accordance with the related guidelines |
| Independent Directors Terms of Service | 11 Years |
| Independent Nomination Director Guidelines | The Board has considered according to the proposal of Nomination Committee and Remuneration Committee that Mr. Amorn Asawanunt met the qualifications, experience and expertise from a variety of professions, including held the position of Director at the former company. The rest of shareholders did not nominate other members. |

| | |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name : | Mrs. Acharaporn Hemakom |
| Position | Director Chairman of the Risk Management Committee |
| Age | 63 years |
| Education | Master of Public and Private Management Program National Institute of Development Administration (NIDA) Bachelor of Economics Chulalongkorn University. |
| Training Programs | Director Certification Program (DAP) |
| Appointed effective on | February 23, 2012 |
| No. of years as Company Director | 5 years |
| %Shares(as of December 2016) | None |
| Position in Listed Companies | None |
| Position in Non Listed Companies | None |
| Position in Related parties which may take a Conflict of interest or sane business and compete with company | None |
| Working Experience | Analysts Specialist State Enterprise State Enterprise Policy Office (SEPO) The Ministry of Finance Expert Analyst,responsible for Supervision and Evaluation State Enterprise State Enterprise Policy Office (SEPO) The Ministry of Finance Director Civil Aviation Director Zoological Park organization Director Settlement tanning organization Audit Committee Institute of civil aviation Audit Committee Organization of the Zoo |
| Attended the Meeting 2016 | Board of Director Meeting : 9 out of 9 Board of Member of the Risk Management Committee Meeting: 2 out of 2 |

| | |
|--------------------------------------------------------------------------------------------------------------------|------------------------------|
| Name : | Mr. Arun Chirachavala |
| Position | |
| Director | |
| Member of the Nomination and Compensation Committee | |
| Age | |
| 64 years | |
| Education | |
| Master Industrial Engineering Stanford University, U.S.A. | |
| Bachelor Science in Industrial Engineering with Distinction, Stanford University, U.S.A. | |
| Training Programs | |
| Director Accreditation Program (DAP) | |
| Director Certification Program (DCP) | |
| Appointed effective on | |
| November 13, 2000 | |
| No. of years as Company Director | |
| 17 years | |
| %Shares(as of December 2016) | |
| None | |
| Position in Listed Companies | |
| Independent Director, Member of the Audit Committee Bangkok Bank PLC | |
| Independent Director, Chairman of Corporate Governance TRC Construction PCL. | |
| Position in Non Listed Companies | |
| Director Palang Sophon Co.,Ltd. | |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | |
| None | |
| Working Experience | |
| President : Siam City Bank PLC. | |
| Independent Director, Chairman of the Nomination and Compensation Committee : United Overseas Bank (Thai) PLC. | |
| Member of the Audit Committee | |
| Attended the Meeting 2016 | |
| Board of Director Meeting : 9 out of 8 | |
| Board of Nomination and Compensation Committee Meeting : 2 out of 2 | |

| | |
|--------------------------------------------------------------------------------------------------------------------|-------------------------|
| Name : | Mr. Lau Ting Fai |
| Position | |
| Director | |
| Age | |
| 69 years | |
| Education | |
| Bachelor Assumption University | |
| Training Programs | |
| None | |
| Appointed effective on | |
| July 15, 1994 | |
| No. of years as Company Director | |
| 23 years | |
| %Shares(as of December 2016) | |
| 90,000 shares (1.50%) | |
| Position in Listed Companies | |
| None | |
| Position in Non Listed Companies | |
| Director Yomix Co.,Ltd. | |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | |
| None | |
| Working Experience | |
| Director Asia Warehouse Co.,Ltd. | |
| Attended the Meeting 2016 | |
| Board of Director Meeting 9 out of 9 | |

| | |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Name : | Mr. Ovarit Phanprechakij |
| Position | |
| Independent Director | |
| Member of the Audit | |
| Member of the Risk Management Committee | |
| Age | |
| 64 years | |
| Education | |
| MBA (Finance) Roosevelt University, Chicago, U.S.A. | |
| BBA (Finance & Banking) Thammasat University | |
| Training Programs | |
| Director Accreditation Program (DAP) | |
| Director Certification Program (DCP) | |
| Appointed effective on | |
| April 27, 2004 | |
| No. of years as Company Director | |
| 13 years | |
| %Shares(as of December 2016) | |
| 17,350 shares 0.28% | |
| Position in Listed Companies | |
| None | |
| Position in Non Listed Companies | |
| None | |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | |
| None | |
| Working Experience | |
| Vice President and Credit Manager | |
| Bangkok First Investment & Trust PCL | |
| Director BFIT Securities Co.,Ltd. | |
| Attended the Meeting 2016 | |
| Board of Director Meeting : 9 out of 9 | |
| Board of Member of the Audit Committee Meeting : 4 out of 4 | |
| Board of Member of the Risk Management Committee Meeting : 2 out of 2 | |

| | |
|--------------------------------------------------------------------------------------------------------------------|----------------------------|
| Name : | Mr. Somsak Jaitrong |
| Position | |
| Director | |
| Executive Director | |
| Member of the Nomination and Compensation Committee | |
| Age | |
| 60 years | |
| Education | |
| Master Mechanical Engineering, Lamar University, Texas USA | |
| Bachelor Mechanical Engineering, KMIT North, Bangkok | |
| Appointed effective on | |
| March 6, 2014 | |
| No. of years as Company Director | |
| 3 years | |
| %Shares(as of December 2016) | |
| None | |
| Position in Listed Companies | |
| None | |
| Position in Non Listed Companies | |
| None | |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | |
| None | |
| Working Experience | |
| Vice President-Consumer Global Manufacturing, | |
| Strategy Deployment : Johnson&Johnson Co.,Ltd. | |
| Vice President-Consumer Integrated Manufacturing, | |
| Asia Pacific : Johnson&Johnson Co.,Ltd. | |
| Executive Director-Consumer Integrated Manufacturing, | |
| Asia Pacific : Johnson&Johnson Co.,Ltd. | |
| Attended the Meeting 2016 | |
| Board of Director Meeting : 9 out of 8 | |
| Board of Nomination and Compensation Committee Meeting : 2 out of 2 | |

| | |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Name : | Mr. Chanchai Lamyordmakpol |
| Position | |
| Director | |
| Managing Director | |
| Member of the Nomination and Compensation Committee | |
| Age | |
| 53 years | |
| Education | |
| Masters of Business Administration Thammasat University. | |
| Bachelor of Chemical Engineering Faculty of Science | |
| Chulalongkorn University | |
| Training Programs | |
| Director Certification Program (DCP) | |
| Appointed effective on | |
| April 29, 2016 | |
| No. of years as Company Director | |
| 1 years 8 Month | |
| %Shares(as of December 2016) | |
| None | |
| Position in Listed Companies | |
| None | |
| Position in Non Listed Companies | |
| None | |
| Position in Related parties which may take a Conflict of interest or sane business and compete with company | |
| None | |
| Working Experience | |
| 2014-2016 Director of Operations | |
| Linfox M Logistics (Thailand) Co.,Ltd. | |
| 2012-2014 Director of Contract Logistics | |
| Schenker (Thai) Co.,Ltd. | |
| 2012 Supply Chain Director Dutch Mill Co.,Ltd. | |
| 2003-2011 Distribution Operations Director | |
| Thainamthip Co., Ltd. | |
| 1997-2003 Senior Manger | |
| Johnson & Johnson (Thailand) Limited | |
| 1987-1997 Manager | |
| Colgate-Palmolive (Thailand) Limited | |
| Attended the Meeting 2016 | |
| Board of Director Meeting 9 out of 9 | |
| Board of Nomination and Compensation Committee Meeting | |
| 2 out of 2 | |

| | |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Name : | Mr. Charoen Fongsataporn |
| Position | |
| Financial Controller | |
| Age | |
| 54 Years | |
| Education | |
| MBA-Marketing Chulalongkorn University | |
| Bachelor degree in Accounting Chulalongkorn University | |
| Bachelor Degree in Business Administration | |
| Sukhothaihammathiratch University | |
| Training Programs | |
| None | |
| No.of Shares held (as of December 31,2016) | |
| None | |
| Position in Listed Companies | |
| None | |
| Position in Non Listed Companies | |
| None | |
| Position in Related parties which may take a conflict of interest or same business and compete with company | |
| None | |
| Working Experience | |
| 2558-2559 Chief Financial Officer | |
| Kids Edutainment Co., Ltd.(Kidzania) | |
| 2555-2558 Director | |
| Tricor Outsourcing (Thailand) Co., Ltd. | |
| 2549-2555 Group-CFO | |
| Shriro Holdings (Thailand) Co., Ltd. | |
| 2548-2549 VP-Finance and Accounting | |
| Amarin Printing Public Co., Ltd. | |
| 2539-2548 Finance and Accounting Director | |
| Thai British Security Printing Public Co., Ltd. | |
| 2538-2539 Corporate Finance & Planning Manager | |
| First Pacific Land Public Co., Ltd. | |
| 2535-2538 Deputy Managing Director-Finance and Accounting | |
| S.M.T.Leasing Co., Ltd and S.M.T.Rent-A-Car Co., Ltd. | |
| 2533-2535 Controller-Southeast Asia | |
| Lufthansa German Airlines | |
| 2531-2533 Finance Manager | |
| Farmitalia Carlo Erba Co., Ltd. | |
| 2528-2531 Senior Auditor | |
| Price Waterhouse | |

| Name : | Miss Sukanya Preechahan |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Position | HR Manager |
| Age | 44 Years |
| Education | Bachelor Human Resources Suan Dusit University |
| Training Programs | Labour Law For HR HR To AEC To Prepare the Team for Training |
| Appointed effective on | None |
| %Shares(as of December 2016) | None |
| Position in Listed Companies | None |
| Position in Non Listed Companies | None |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | None |
| Working Experience | 2010-2016 Human Resources Department Head United Motor Works (Siam) Public Company Ltd. 2008-2009 Human Resources Officer Team Consulting Engineering and Management Co., Ltd. 2007-2008 Human Resources Officer Work Point Entertainment Public Company Ltd. 2006-2007 Human Resources Manager Sangthong Auto Partsworld Co., Ltd. 2003-2006 Assistant Human Resources Executive Mandarin Clothing Co.,Ltd. |

| Name : | Miss Pawarisa Kerdphoungkaew |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Position | Company Secretary |
| Age | 33 years |
| Education | Bachelor in Accounting Sripatum University |
| Training Programs | Company Secretary Program CSP73/2016 Effective Minute Taking EMT39/2017 |
| %Shares(as of December 2016) | None |
| Position in Listed Companies | None |
| Position in Non Listed Companies | None |
| Position in Related parties which may take a Conflict of interest or same business and compete with company | None |
| Working Experience | Information and Data Center Coordinator, Company Secretary Department ,Kiatnakin Bank PLC Secretary, Small and Medium Enterprise Department, TMB Bank PLC |



Business Overview

In 2017, the total revenue of Warehouse business and Wharf services and Document Storage business are growing comparing with the year 2016. However, the company has revised business plans by generating revenue and profit from core businesses. The company can control operating costs and the cost of doing business, thus making the company reported net profit of 85.1 Million Baht, increased 13.2 Million Baht or 18.4 percent with a significant change in revenue by business segment can be summarized as follows:

The conclusions from the main business section:

| | | |
|-------------------------------------|-------------------|------------------------|
| 1. Warehouse Space Rental Business | Revenue Increased | 4.5 Million Baht |
| 2. Document Storage Business | Revenue Increased | 17.1 Million Baht |
| 3. Cartons and Supplies Business | Revenue Increased | 1.3 Million Baht |
| 4. Wharf services Business | Revenue Increased | 0.40 Million Baht |
| 5. Services Income | Revenue Decreased | (1.9) Million Baht |
| 6. Other Incomes | Revenue Decreased | (1.2) Million Bahtfrom |
| - Dividends income from Investments | Decreased | (0.6) Million Baht |
| - Gain on Disposal of Securities | Decreased | (1.3) Million Baht |
| - Other | Increased | 0.7 Million Baht |

Financial Analysis Report

1. Financial Statement Analysis

1.1 Total Assets

The company has total assets amounted of 694.4 Million Baht which increased from last year 8.8%. There is a return on total assets equivalent to 12.3% increase from last year 1.04% with a return on fixed assets equal to 21.5% increase from last year 3.2%.

1.2 Total Liabilities

The company has total liabilities of 63.5 Million Baht, increased from last year at 25.5% because there are Accountpayables, accrued corporate income tax and other current liabilities increased.

The company has a debt-free status. The company has a debt ratio per equityequal to 0.1 times increased from last year 0.01 times resulted from an increase of liabilities as mentioned above at fiscal year ending 2017.

1.3 Company Shareholders' Equity

The company has shareholders' equity amounted 630.8 Million Baht increased from last year 7.39% and a Book Value per share 105.1 Baht increased from last year 7.2 Baht per share. The Earning per share is equal to 14.19 Baht increased from last year at 2.21 Baht per share.

2. Liquidity

2.1 Cash Flow

The company has cash and cash equivalents amount of 41.3 Million Baht. Receiving from Operating Activities amount of 99.7 Million Baht, spending on Investment Activities 25.6 Million Baht and Fund Raising Activities 42.6 Million Baht. Net cash increased 31.5 Million Baht added on the balance brought forward 9.8 Million Baht, then cash and cash equivalents at end of the year was equal to 41.3 Million Baht.

2.2 Current Ratio

The company has a Current Ratio equals to 6.95 times decrease from last year 0.74 times and Quick Ratio equals to 5.59 times decrease from last year 0.69 times.

2.3 Capital Expenditure

The company spent cash on Investment Activities by purchasing Open-end Fund to increase the return on investment amount of 46.1 Million Baht and Fixed Assets investment of 26.2 Million Baht.

2.4 Source of Funds

The company uses the source of funds from Company Retained Earnings itself. This is in the form of Securities or Funds generating the return and ready to be converted into cash or funds when needed without borrowing from external sources.

(1) Appropriate Funding Structure

The company has the suitable capital structure due to the ability to allocate the existing funds from internal sources in accordance with the requirements on cash spending including dividend payment to shareholders without affecting the liquidity. However, the limits of existing Financial Institutions will be used particularly on investments related to core business of the Company and its subsidiaries only.

(2) Current Liabilities

The company has a low debt almost all existing liabilities as current liabilities from operations. There are no liabilities on long-term loan that requires the repayment of principal and interest.



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

AND SEPARATE FINANCIAL STATEMENTS

DECEMBER 31, 2017

AUDITOR'S REPORT

To The Shareholders of

Krungdhep Sophon Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Transactions with related parties.

The Group companies have accounting transactions with several related parties, as described in Note 23 to the financial statements. The Group companies have to determine how to gather information to be disclosed in the notes to the financial statements with completeness and accuracy, and the pricing policy is based on the normal business.

I have assessed and testing the effectiveness of the internal control and procedure of gathering information about transactions with related parties. I have audited by sampling the transactions with related parties, business transactions, relationships, documentation for the revenue recognition from related parties, pricing policy, and analytical of unusual materiality items.

Based on our testing, in my opinion, transactions with related parties are free from material misstatement.

Storage fee income recognition

The Group companies have revenues from storage fee which is the core income of the group with high and significant value amount of Baht 187.13 million for the year ended December 31, 2017, which might not be properly recorded and complete in the accounting period.

I have assessed and testing revenues recognition system, accounts receivable and receiving, examined the billing system, cut-off and examine the accuracy and completeness of the revenues recognition from storage fee.

Based on our testing, in my opinion, the revenues from storage fee are properly recorded and complete.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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



(Mr. Apiruk Ati-anuwat)

Certified Public Accountant Registration No. 5202

February 21, 2018



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

ASSETS

| | <u>NOTES</u> | BAHT | | | |
|------------------------------------------|--------------|------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| | | <u>CONSOLIDATED</u> | | <u>SEPARATE FINANCIAL STATEMENTS</u> | |
| | | <u>DECEMBER 31,</u> <u>2017</u> | <u>DECEMBER 31,</u> <u>2016</u> | <u>DECEMBER 31,</u> <u>2017</u> | <u>DECEMBER 31,</u> <u>2016</u> |
| Current Assets | | | | | |
| Cash and cash equivalents | 3.2 and 4 | 41,262,405 | 9,795,024 | 7,477,538 | 2,973,482 |
| Temporary investments | | | | | |
| Marketable securities-available for sale | 3.3 and 5 | 4,792,250 | 43,261,250 | 4,792,250 | 43,261,250 |
| Investments in Open-end Fund | 3.4 and 6 | 163,749,294 | 117,583,665 | 87,303,285 | 30,187,307 |
| Trade and other receivables | 3.5 and 7 | 51,401,313 | 38,756,541 | 13,518,458 | 13,570,690 |
| Short-term loans | | | | | |
| Other short-term loans | 3.5 and 7 | - | - | - | - |
| Non-current assets as held for sale | 3.6 and 8 | 19,140 | 500,000 | - | - |
| Other current assets | | 1,490,210 | 2,568,739 | 263,153 | 284,864 |
| Total Current Assets | | <u>262,714,612</u> | <u>212,465,219</u> | <u>113,354,684</u> | <u>90,277,593</u> |
| Non-current Assets | | | | | |
| Investments in subsidiaries | 3.7 and 9 | - | - | 112,162,535 | 112,161,950 |
| Other long-term investments | 3.7 and 10 | - | 2,005,993 | - | - |
| Investments property | 3.8 and 11 | 21,762,988 | 23,041,095 | 129,843,663 | 131,388,103 |
| Property, plant and equipment | 3.9 and 12 | 396,821,491 | 392,680,059 | 2,694,078 | 4,017,975 |
| Intangible assets | 3.10 and 13 | 4,231,865 | 4,376,193 | 1,422,297 | 1,381,039 |
| Deferred income tax assets | 3.11 and 21 | - | 338,981 | 675,582 | 845,455 |
| Other non-current assets | | 8,857,114 | 3,055,260 | 16,350 | 826,978 |
| Total Non-current Assets | | <u>431,673,458</u> | <u>425,497,581</u> | <u>246,814,505</u> | <u>250,621,500</u> |
| TOTAL ASSETS | | <u><u>694,388,070</u></u> | <u><u>637,962,800</u></u> | <u><u>360,169,189</u></u> | <u><u>340,899,093</u></u> |

Notes to the financial statements form an integral part of these statements.



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

| | NOTES | BAHT | | | |
|----------------------------------------------|-------------|----------------------|----------------------|-------------------------------|----------------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | | DECEMBER 31, 2017 | DECEMBER 31, 2016 | DECEMBER 31, 2017 | DECEMBER 31, 2016 |
| Current Liabilities | | | | | |
| Trade and other payables | 14 | 25,660,304 | 17,449,598 | 7,084,859 | 7,422,074 |
| Current portion of long-term liabilities | 3.12 and 15 | 986,734 | 1,366,799 | 207,027 | 1,151,421 |
| Accrued corporate income tax | | 5,612,725 | 4,536,743 | 999,743 | 952,108 |
| Other current liabilities | | 5,546,511 | 4,289,181 | 2,209,617 | 1,296,327 |
| Total Current Liabilities | | 37,806,274 | 27,642,321 | 10,501,246 | 10,821,930 |
| Non-current Liabilities | | | | | |
| Liabilities under financial leases | 3.12 and 15 | 1,134,865 | 2,133,684 | 1,134,865 | 1,353,977 |
| Deferred income tax liabilities | 3.11 and 21 | 1,118,516 | - | - | - |
| Provision for long-term employee benefits | 3.13 and 16 | 10,599,693 | 8,264,064 | 2,838,961 | 1,939,851 |
| Other non-current liabilities | | 12,888,447 | 12,516,391 | 7,016,080 | 6,976,480 |
| Total Non-current Liabilities | | 25,741,521 | 22,914,139 | 10,989,906 | 10,270,308 |
| TOTAL LIABILITIES | | 63,547,795 | 50,556,460 | 21,491,152 | 21,092,238 |
| Shareholders' Equity | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| 6,000,000 common stocks of Baht 10 par value | | 60,000,000 | 60,000,000 | 60,000,000 | 60,000,000 |
| Issued and paid-up share capital | | | | | |
| 6,000,000 common stocks of Baht 10 par value | | 60,000,000 | 60,000,000 | 60,000,000 | 60,000,000 |
| Premium on common stocks | | 96,000,000 | 96,000,000 | 96,000,000 | 96,000,000 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 17 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| General reserve | 18 | 59,000,000 | 59,000,000 | 59,000,000 | 59,000,000 |
| Unappropriated | | 403,895,998 | 361,278,371 | 111,738,004 | 93,683,602 |
| Other components of shareholders' equity | | 1,940,033 | 1,123,253 | 1,940,033 | 1,123,253 |
| Total Shareholders' Equity of the Parent | | 630,836,031 | 587,401,624 | 338,678,037 | 319,806,855 |
| Non-controlling interests | | 4,244 | 4,716 | - | - |
| Total Shareholders' Equity | | 630,840,275 | 587,406,340 | 338,678,037 | 319,806,855 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 694,388,070 | 637,962,800 | 360,169,189 | 340,899,093 |

Notes to the financial statements form an integral part of these statements.



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

| | | BAHT | | | |
|-----------------------------------------------------------|------|--------------|-------------|-------------------------------|------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | | 2017 | 2016 | 2017 | 2016 |
| NOTES | | | | | |
| Revenues | | | | | |
| Rental income | | 41,339,156 | 36,848,358 | 26,958,660 | 26,829,300 |
| Storage fees | | 187,134,980 | 170,006,095 | - | - |
| Sales | | 6,882,178 | 5,639,266 | - | - |
| Wharfage services | | 10,041,115 | 9,633,968 | - | - |
| Services income | | 13,693,694 | 15,633,311 | 27,879,600 | 29,794,800 |
| Other incomes | | | | | |
| Dividend income from investments | | 132,200 | 752,200 | 46,281,654 | 33,751,771 |
| Gain on disposal of securities | | 913,988 | 2,241,288 | 913,988 | 2,241,288 |
| Interest income | | 96,966 | 91,512 | 13,180 | 3,225 |
| Others | | 3,495,461 | 2,749,983 | 1,672,620 | 1,140,716 |
| Total other incomes | | 4,638,615 | 5,834,983 | 48,881,442 | 37,137,000 |
| Total revenues | | 263,729,738 | 243,595,981 | 103,719,702 | 93,761,100 |
| Expenses | | | | | |
| Cost of sales and services | | 98,565,989 | 94,807,429 | 5,900,348 | 7,250,722 |
| Selling expenses | | 2,826,349 | 869,505 | - | - |
| Administrative expenses | | 50,248,043 | 52,732,932 | 28,889,495 | 32,932,506 |
| Write-off goodwill | | 14 | - | - | - |
| Directors' remuneration | 19 | 5,160,000 | 5,593,667 | 5,160,000 | 5,593,667 |
| Finance costs | | 83,530 | 122,896 | 51,238 | 82,999 |
| Total expenses | 20 | 156,883,925 | 154,126,429 | 40,001,081 | 45,859,894 |
| Profit before income tax expenses | | 106,845,813 | 89,469,552 | 63,718,621 | 47,901,206 |
| Income tax expenses | 21 | 21,726,400 | 17,605,946 | 3,544,372 | 2,926,383 |
| Profit for the years | | 85,119,413 | 71,863,606 | 60,174,249 | 44,974,823 |
| Profit attributable to | | | | | |
| Equity holders of the parent | | 85,118,639 | 71,862,854 | 60,174,249 | 44,974,823 |
| Non-controlling interests | | 774 | 752 | - | - |
| | | 85,119,413 | 71,863,606 | 60,174,249 | 44,974,823 |
| Earnings per share to equity holders of the parent | | | | | |
| Basic earnings per share | 3.14 | 14.19 | 11.98 | 10.03 | 7.50 |
| The number of 6,000,000 common stocks used in computation | | | | | |

Notes to the financial statements form an integral part of these statements.

KRUNG DHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

| | NOTES | BAHT | | | |
|----------------------------------------------------------------------------------------|-------|--------------|------------|-------------------------------|------------|
| | | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | | 2017 | 2016 | 2017 | 2016 |
| Profit for the years | | 85,119,413 | 71,863,606 | 60,174,249 | 44,974,823 |
| Other comprehensive income (loss) : | | | | | |
| Recognized gain (loss) on remeasuring available-for-sales securities | 5 | 1,020,975 | 475,592 | 1,020,975 | 475,592 |
| Income tax relating to components of other comprehensive gain for the years | | (204,195) | (95,118) | (204,195) | (95,118) |
| Recognized gain on remeasuring available-for-sales securities for the years-net of tax | | 816,780 | 380,474 | 816,780 | 380,474 |
| Adjusted actuarial gain (loss) from employee benefit plan | 16 | (626,426) | 104,518 | (149,809) | (72,905) |
| Component of income tax | | 125,285 | (20,904) | 29,962 | 14,581 |
| Actuarial gain (loss) from employee benefit plan-net of tax | | (501,141) | 83,614 | (119,847) | (58,324) |
| Other comprehensive income for the years-net of tax | | 315,639 | 464,088 | 696,933 | 322,150 |
| Total comprehensive income for the years | | 85,435,052 | 72,327,694 | 60,871,182 | 45,296,973 |
| Total comprehensive income attributable to | | | | | |
| Equity holders of the parent | | 85,434,282 | 72,326,940 | 60,871,182 | 45,296,973 |
| Non-controlling interests | | 770 | 754 | - | - |
| | | 85,435,052 | 72,327,694 | 60,871,182 | 45,296,973 |

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
CONSOLIDATED

| | BAHT | | | | | | | | | |
|---------------------------------------------------------|----------------------------------|--------------------------|-------------------|---------------|-----------------|------------------------------------------|-----------------------------------|---------------------------------|------------------------------------|---------------------------|
| | Retained earnings | | | | | Other components of shareholders' equity | | | | |
| | Issued and paid-up share capital | Premium on common stocks | Retained earnings | | | Unappropriated | Other comprehensive income (loss) | | | Non-controlling interests |
| | | | Appropriated | Legal reserve | General reserve | | Other comprehensive income (loss) | Available-for-sales investments | Total equity holders of the parent | |
| NOTES | | | | | | | | | | |
| Year 2016 | | | | | | | | | | |
| Beginning balances as at January 1, 2016 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 322,331,905 | | 742,779 | | 548,074,684 | 4,391 |
| Comprehensive income for the year | - | - | - | - | 71,862,854 | | 380,474 | | 72,243,328 | 752 |
| Actuarial gain from employee benefit plan-net of tax | - | - | - | - | 83,612 | | - | | 83,612 | 2 |
| Comprehensive income for the year 2016 | - | - | - | - | 71,946,466 | | 380,474 | | 72,326,940 | 754 |
| Dividend payment | - | - | - | - | (33,000,000) | | - | | (33,000,000) | - |
| Subsidiary's dividend paid to non-controlling interests | - | - | - | - | - | | - | | - | (429) |
| Ending balances as at December 31, 2016 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 361,278,371 | | 1,123,253 | | 587,401,624 | 4,716 |
| | | | | | | | | | | |
| Year 2017 | | | | | | | | | | |
| Beginning balances as at January 1, 2017 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 361,278,371 | | 1,123,253 | | 587,401,624 | 4,716 |
| Comprehensive income for the year | - | - | - | - | 85,118,639 | | 816,780 | | 85,935,419 | 774 |
| Actuarial loss from employee benefit plan-net of tax | - | - | - | - | (501,137) | | - | | (501,137) | (4) |
| Comprehensive income for the year 2017 | - | - | - | - | 84,617,502 | | 816,780 | | 85,434,282 | 770 |
| Dividend payment | - | - | - | - | (42,000,000) | | - | | (42,000,000) | - |
| Subsidiary's dividend paid to non-controlling interests | - | - | - | - | - | | - | | - | (546) |
| Decrease in non-controlling interests | - | - | - | - | - | | - | | - | (546) |
| Purchase shares from old shareholders | - | - | - | - | 125 | | - | | 125 | (696) |
| Ending balances as at December 31, 2017 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 403,895,998 | | 1,940,033 | | 630,836,031 | 4,244 |

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
SEPARATE FINANCIAL STATEMENTS

| NOTES | BAHT | | | | | | |
|------------------------------------------------------|----------------------------------|--------------------------|-------------------|-----------------|----------------|------------------------------------------|---------------------------------|
| | Issued and paid-up share capital | Premium on common stocks | Retained earnings | | | Other components of shareholders' equity | |
| | | | Appropriated | | Unappropriated | Other comprehensive income (loss) | |
| | | | Legal reserve | General reserve | | | Available-for-sales investments |
| | | | | | | | |
| Year 2016 | | | | | | | |
| Beginning balances as at January 1, 2016 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 81,767,103 | 742,779 | 307,509,882 |
| Comprehensive income for the year | - | - | - | - | 44,974,823 | 380,474 | 45,355,297 |
| Actuarial loss from employee benefit plan-net of tax | - | - | - | - | (58,324) | - | (58,324) |
| Comprehensive income for the year 2016 | - | - | - | - | 44,916,499 | 380,474 | 45,296,973 |
| Dividend payment | - | - | - | - | (33,000,000) | - | (33,000,000) |
| Ending balances as at December 31, 2016 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 93,683,602 | 1,123,253 | 319,806,855 |
| | | | | | | | |
| Year 2017 | | | | | | | |
| Beginning balances as at January 1, 2017 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 93,683,602 | 1,123,253 | 319,806,855 |
| Comprehensive income for the year | - | - | - | - | 60,174,249 | 816,780 | 60,991,029 |
| Actuarial loss from employee benefit plan-net of tax | - | - | - | - | (119,847) | - | (119,847) |
| Comprehensive income for the year 2017 | - | - | - | - | 60,054,402 | 816,780 | 60,871,182 |
| Dividend payment | - | - | - | - | (42,000,000) | - | (42,000,000) |
| Ending balances as at December 31, 2017 | 60,000,000 | 96,000,000 | 10,000,000 | 59,000,000 | 111,738,004 | 1,940,033 | 338,678,037 |

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (1/3)

FOR THE YEAR ENDED DECEMBER 31, 2017

| | BAHT | | | |
|-------------------------------------------------------------------------------------------------------|--------------|-------------|-------------------------------|--------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| PROFIT BEFORE INCOME TAX EXPENSES | 106,845,813 | 89,469,552 | 63,718,621 | 47,901,206 |
| ADJUSTMENT TO RECONCILE PROFIT BEFORE INCOME TAX EXPENSES TO CASH PROVIDED FROM (USED IN) OPERATION : | | | | |
| Gain on disposal of marketable securities-available for sale | (913,988) | (2,241,288) | (913,988) | (2,241,288) |
| Unrealized (gain) loss on investments in Open-end Fund | (1,077,822) | 899,796 | (815,978) | 911,691 |
| Realized gain on disposal of investments in Open-end Fund | (437,807) | (1,951,600) | - | (1,402,694) |
| Doubtful debt | (496,909) | 792,699 | - | - |
| Reverse allowance for doubtful debt | - | (150,240) | - | - |
| Reverse loss of impairment of intangible assets | - | (1,649,280) | - | - |
| Amortization of bond premium | 5,993 | 13,832 | - | - |
| Allowance for impairment of non-current assets as held for sale | - | 285,571 | - | - |
| Loss on disposal of non-current assets as held for sale | 50,000 | - | - | - |
| Bad debt | 33,770 | 1,649,280 | - | - |
| Write-off good will | 14 | - | - | - |
| Dividend income from investments | (132,200) | (752,200) | (46,281,654) | (33,751,771) |
| Depreciation - investments property | 2,204,726 | 3,037,000 | 2,535,151 | 3,548,641 |
| Depreciation - plant and equipment | 20,830,506 | 20,463,003 | 760,114 | 952,894 |
| Intangible assets amortization | 1,363,508 | 1,148,650 | 511,479 | 409,446 |
| Loss on unused investments property | 14,987 | - | 14,987 | - |
| Loss on unused other constructions and equipment | 87,155 | 1,726 | 609 | 1 |
| Loss on unused intangible assets | 800,900 | 1,060 | 122,711 | 2 |
| (Gain) loss on disposal of other structures and equipment | 23,568 | (208,852) | 7,582 | 8,770 |
| Loss on termination of finance lease | 137,076 | 185,255 | 137,076 | 185,255 |
| Long-term employee benefits expenses | 1,709,203 | 1,160,643 | 749,301 | 263,108 |
| Interest income | (96,966) | (91,512) | (13,180) | (3,225) |
| Interest expenses | 83,530 | 122,896 | 51,238 | 82,999 |
| Profit from operation before changes in operating assets and liabilities items | 131,035,057 | 112,185,991 | 20,584,069 | 16,865,035 |
| (INCREASE) DECREASE IN OPERATING ASSETS ITEMS | | | | |
| Trade and other receivables | (12,186,948) | 1,368,854 | 49,644 | (646,778) |
| Other current assets | (795,475) | (137,404) | 21,711 | 8,305 |
| Other non-current assets | (6,063,164) | (33,952) | 16 | 239,167 |

*Notes to the financial statements form an integral part of these statements.

KRUNG DHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (2/3)

FOR THE YEAR ENDED DECEMBER 31, 2017

| | BAHT | | | |
|--------------------------------------------------------------------|--------------|--------------|-------------------------------|--------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED) | | | | |
| INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS | | | | |
| Trade and other payables | 3,233,005 | (1,115,593) | (505,822) | 34,490 |
| Other current liabilities | 1,257,330 | (133,448) | 913,290 | 81,865 |
| Provision for long-term employee benefits | - | (367,822) | - | (167,015) |
| Other non-current liabilities | 372,056 | 4,946,837 | 39,600 | - |
| CASH PROVIDED FROM OPERATION | 116,851,861 | 116,713,463 | 21,102,508 | 16,415,069 |
| Income tax expenses paid | (19,291,148) | (15,869,711) | (3,501,098) | (2,150,776) |
| Income tax refund | 2,154,632 | - | 810,612 | - |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | 99,715,345 | 100,843,752 | 18,412,022 | 14,264,293 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from disposal of marketable securities-available for sale | 40,403,963 | 9,724,409 | 40,403,963 | 9,724,409 |
| Purchase of marketable securities-available for sale | - | (32,115,029) | - | (32,115,029) |
| Proceeds from the capital reduction of the marketable securities | - | 20,450 | - | 20,450 |
| Increase in investments in Open-end Fund | (44,650,000) | (35,090,606) | (56,300,000) | 10,198,306 |
| Proceeds from redemption of government bonds | 2,000,000 | - | - | - |
| Dividend income from other investments | 132,200 | 752,200 | 132,200 | 752,200 |
| Dividend income from subsidiary | - | - | 46,149,454 | 32,999,571 |
| Proceeds from interest | 99,693 | 105,345 | 13,181 | 3,225 |
| Proceeds from disposal of non-current assets as held for sale | 450,000 | - | - | - |
| Increase in investments property | (897,306) | (1,287,738) | (961,398) | (1,287,738) |
| Increase in plant and equipment | (22,382,157) | (5,847,568) | (347,289) | (246,519) |
| Increase in intangible assets | (878,925) | (1,305,137) | (675,448) | (83,434) |
| Proceeds from disposal other structures and equipment | 79,526 | 288,260 | 34,112 | 13,543 |
| Purchase shares in subsidiary from old shareholders | (585) | - | (585) | - |
| NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES | (25,643,591) | (64,755,414) | 28,448,190 | 19,978,984 |

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (3/3)

FOR THE YEAR ENDED DECEMBER 31, 2017

| | BAHT | | | |
|------------------------------------------------------------------------------|---------------------|---------------------|-------------------------------|---------------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment for liabilities under financial leases | (522,884) | (577,541) | (307,506) | (369,767) |
| Payment for termination of finance leases | - | (194,400) | - | (194,400) |
| Dividend payment | (42,000,000) | (33,000,000) | (42,000,000) | (33,000,000) |
| Subsidiary dividend paid to non-controlling interests | (546) | (429) | - | - |
| Interest expenses paid | (80,943) | (122,338) | (48,650) | (82,442) |
| NET CASH USED IN FINANCING ACTIVITIES | (42,604,373) | (33,894,708) | (42,356,156) | (33,646,609) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 31,467,381 | 2,193,630 | 4,504,056 | 596,668 |
| CASH AND CASH EQUIVALENTS AS AT JANUARY 1, | 9,795,024 | 7,601,394 | 2,973,482 | 2,376,814 |
| CASH AND CASH EQUIVALENTS AS AT DECEMBER 31, | 41,262,405 | 9,795,024 | 7,477,538 | 2,973,482 |
| ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS | | | | |
| NON-CASH FLOWS ITEMS COMPRISE: | | | | |
| Recognized gain (loss) on remeasuring available-for-sale securities | 1,020,975 | 475,592 | 1,020,975 | 475,592 |
| Increase (decrease) in non-current assets as held for sale from equipment | (19,140) | 785,571 | - | - |
| Increase in investments property from assets payable | 44,300 | 139,200 | 44,300 | 139,200 |
| Increase in plant and equipment from assets payable and retention | 3,792,246 | 844,700 | 124,307 | 337,275 |
| Decrease in equipment from termination of liabilities under financial leases | (856,000) | (898,472) | (856,000) | (898,472) |
| Increase in equipment from liabilities under financial leases | - | 1,635,000 | - | 1,635,000 |
| Transfer of intangible assets to the other account receivable | - | (1,649,280) | - | - |
| Increase in intangible assets from assets payable | 1,141,155 | 360,413 | - | 335,375 |
| Increase(decrease) in non-current assets from transferring withholding tax | (1,893,322) | 2,397,555 | - | 810,628 |
| Change in non-controlling interests | 696 | - | - | - |
| Effect from adjusted estimation of employee benefit | | | | |
| (Increase) decrease in deferred income tax assets | (125,285) | 20,904 | (29,962) | (14,581) |
| Increase (decrease) in provision for long-term employee benefits | 626,426 | (104,518) | 149,809 | 72,905 |
| Increase (decrease) in retained earnings | (501,141) | 83,614 | (119,847) | (58,324) |

Notes to the financial statements form an integral part of these statements.



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. GENERAL INFORMATION

| | |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1 Company status | A juristic person established under Thai law and listed on the Stock Exchange of Thailand. |
| 1.2 Company location | 185 Rasburana Road, Kwaeng Bangpakok, Khet Rasburana, Bangkok 10140, Thailand. |
| 1.3 Type of business | (1) Developing and leasing property. (2) Invest in subsidiaries which operate business according to Note 9 to the financial statements. (3) Invest in listed securities on the Stock Exchange of Thailand. (4) To service management consulting. |

2. BASIS FOR FINANCIAL STATEMENT PRESENTATION

- 2.1 These financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by the Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), and the Accounting Act, B.E. 2543 (2000), and the Notification of the Office of Securities and Exchange Commission.
- 2.2 Accounting standards that became effective in the current accounting year are as follow:

Thai Accounting Standards (TAS)

| | |
|---------------------------|--------------------------------------------------------------------------|
| 1. TAS 1 (revised 2016) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2016) | Inventories |
| 3. TAS 7 (revised 2016) | Statement of Cash Flows |
| 4. TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2016) | Events after the Reporting Period |
| 6. TAS 11 (revised 2016) | Construction Contracts |
| 7. TAS 12 (revised 2016) | Income Taxes |
| 8. TAS 16 (revised 2016) | Property, Plant and Equipment |
| 9. TAS 17 (revised 2016) | Leases |
| 10. TAS 18 (revised 2016) | Revenue |
| 11. TAS 19 (revised 2016) | Employee Benefits |
| 12. TAS 20 (revised 2016) | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2016) | The Effects of Changes in Foreign Exchange Rates |
| 14. TAS 23 (revised 2016) | Borrowing Costs |
| 15. TAS 24 (revised 2016) | Related Party Disclosures |
| 16. TAS 26 (revised 2016) | Accounting and Reporting by Retirement Benefit Plans |

| | |
|----------------------------|----------------------------------------------------------|
| 17. TAS 27 (revised 2016) | Separate Financial Statements |
| 18. TAS 28 (revised 2016) | Investments in Associates and Joint Ventures |
| 19. TAS 29 (revised 2016) | Financial Reporting in Hyperinflationary Economies |
| 20. TAS 33 (revised 2016) | Earnings per Share |
| 21. TAS 34 (revised 2016) | Interim Financial Reporting |
| 22. TAS 36 (revised 2016) | Impairment of Assets |
| 23. TAS 37 (revised 2016) | Provisions, Contingent Liabilities and Contingent Assets |
| 24. TAS 38 (revised 2016) | Intangible Assets |
| 25. TAS 40 (revised 2016) | Investment Property |
| 26. TAS 41 (revised 2016) | Agriculture |
| 27. TAS 104 (revised 2016) | Accounting for Troubled Debt Restructuring |
| 28. TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| 29. TAS 107 (revised 2016) | Financial Instruments Disclosure and Presentation |

Thai Financial Reporting Standards (TFRS)

| | |
|----------------------------|---------------------------------------------------------------|
| 30. TFRS 2 (revised 2016) | Share-Base Payments |
| 31. TFRS 3 (revised 2016) | Business Combinations |
| 32. TFRS 4 (revised 2016) | Insurance Contracts |
| 33. TFRS 5 (revised 2016) | Non-current Assets Held for Sales and Discontinued Operations |
| 34. TFRS 6 (revised 2016) | Exploration for and Evaluation of Mineral Assets |
| 35. TFRS 8 (revised 2016) | Operating Segments |
| 36. TFRS 10 (revised 2016) | Consolidated Financial Statements |
| 37. TFRS 11 (revised 2016) | Joint Arrangements |
| 38. TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities |
| 39. TFRS 13 (revised 2016) | Fair Value Measurement |

Thai Accounting Standard Interpretations (TSIC)

| | |
|----------------------------|------------------------------------------------------------------------------|
| 40. TSIC 10 (revised 2016) | Government Assistance-No specific Relation to Operating Activities |
| 41. TSIC 15 (revised 2016) | Operating Leases-Incentives |
| 42. TSIC 25 (revised 2016) | Income Taxes-Changes in the Tax Status of an Entity or Its Shareholders |
| 43. TSIC 27 (revised 2016) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 44. TSIC 29 (revised 2016) | Service Concession Arrangements: Disclosures |
| 45. TSIC 31 (revised 2016) | Revenue-Barter Transactions Involving Advertising Services |
| 46. TSIC 32 (revised 2016) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

| | |
|----------------------------|------------------------------------------------------------------------------------------------------|
| 47. TFRIC 1 (revised 2016) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 48. TFRIC 4 (revised 2016) | Determining Whether an Arrangement Contains a Lease |
| 49. TFRIC 5 (revised 2016) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |

| | |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------|
| 50. TFRIC 7 (revised 2016) | Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies |
| 51. TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |
| 52. TFRIC 12 (revised 2016) | Service Concession Arrangements |
| 53. TFRIC 13 (revised 2016) | Customer Loyalty Programmes |
| 54. TFRIC 14 (revised 2016) | TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 55. TFRIC 15 (revised 2016) | Agreements for the Construction of Real Estate |
| 56. TFRIC 17 (revised 2016) | Distributions of Non-cash Assets to Owners |
| 57. TFRIC 18 (revised 2016) | Transfers of Assets from Customers |
| 58. TFRIC 20 (revised 2016) | Stripping Costs in the Production Phase of a Surface Mine |
| 59. TFRIC 21 (revised 2016) | Levies |

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

- 2.3 The Federation of Accounting Professions has issued the new accounting standards but not yet effective.
Effective for fiscal years beginning on or after January 1, 2018

Thai Accounting Standards (TAS)

| | |
|---------------------------|--------------------------------------------------------------------------|
| 1. TAS 1 (revised 2017) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2017) | Inventories |
| 3. TAS 7 (revised 2017) | Statement of Cash Flows |
| 4. TAS 8 (revised 2017) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2017) | Events After the Reporting Period |
| 6. TAS 11 (revised 2017) | Construction Contracts |
| 7. TAS 12 (revised 2017) | Income Taxes |
| 8. TAS 16 (revised 2017) | Property, Plant and Equipment |
| 9. TAS 17 (revised 2017) | Leases |
| 10. TAS 18 (revised 2017) | Revenue |
| 11. TAS 19 (revised 2017) | Employee Benefits |
| 12. TAS 20 (revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| 13. TAS 21 (revised 2017) | The Effects of Changes in Foreign Exchange Rates |
| 14. TAS 23 (revised 2017) | Borrowing Costs |
| 15. TAS 24 (revised 2017) | Related Party Disclosures |
| 16. TAS 26 (revised 2017) | Accounting and Reporting by Retirement Benefit Plans |
| 17. TAS 27 (revised 2017) | Separate Financial Statements |
| 18. TAS 28 (revised 2017) | Investments in Associates and Joint Ventures |
| 19. TAS 29 (revised 2017) | Financial Reporting in Hyperinflationary Economies |
| 20. TAS 33 (revised 2017) | Earnings Per Share |

| | |
|---------------------------|----------------------------------------------------------|
| 21. TAS 34 (revised 2017) | Interim Financial Reporting |
| 22. TAS 36 (revised 2017) | Impairment of Assets |
| 23. TAS 37 (revised 2017) | Provisions, Contingent Liabilities and Contingent Assets |
| 24. TAS 38 (revised 2017) | Intangible Assets |
| 25. TAS 40 (revised 2017) | Investment Property |
| 26. TAS 41 (revised 2017) | Agriculture |

Thai Financial Reporting Standards (TFRS)

| | |
|----------------------------|--------------------------------------------------------------|
| 27. TFRS 2 (revised 2017) | Share-based Payment |
| 28. TFRS 3 (revised 2017) | Business Combinations |
| 29. TFRS 4 (revised 2017) | Insurance Contracts |
| 30. TFRS 5 (revised 2017) | Non-current Assets Held for Sale and Discontinued Operations |
| 31. TFRS 6 (revised 2017) | Exploration for and Evaluation of Mineral Resources |
| 32. TFRS 8 (revised 2017) | Operating Segments |
| 33. TFRS 10 (revised 2017) | Consolidated Financial Statements |
| 34. TFRS 11 (revised 2017) | Joint Arrangements |
| 35. TFRS 12 (revised 2017) | Disclosure of Interests in Other Entities |
| 36. TFRS 13 (revised 2017) | Fair Value Measurement |

Thai Accounting Standard Interpretations (TSIC)

| | |
|----------------------------|---------------------------------------------------------------------------|
| 37. TSIC 10 (revised 2017) | Government Assistance - No Specific Relation to Operating Activities |
| 38. TSIC 15 (revised 2017) | Operating Leases - Incentives |
| 39. TSIC 25 (revised 2017) | Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders |
| 40. TSIC 27 (revised 2017) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| 41. TSIC 29 (revised 2017) | Service Concession Arrangements Disclosures |
| 42. TSIC 31 (revised 2017) | Revenue - Barter Transactions Involving Advertising Services |
| 43. TSIC 32 (revised 2017) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

| | |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|
| 44. TFRIC 1 (revised 2017) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 45. TFRIC 4 (revised 2017) | Determining Whether an Arrangement Contains a Lease |
| 46. TFRIC 5 (revised 2017) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 47. TFRIC 7 (revised 2017) | Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting Hyperinflationary Economies |
| 48. TFRIC 10 (revised 2017) | Interim Financial Reporting and Impairment |
| 49. TFRIC 12 (revised 2017) | Service Concession Arrangements |
| 50. TFRIC 13 (revised 2017) | Customer Loyalty Programmes |

| | |
|-----------------------------|------------------------------------------------------------------------------------------------------------------|
| 51. TFRIC 14 (revised 2017) | TAS 19 (revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 52. TFRIC 15 (revised 2017) | Agreements for the Construction of Real Estate |
| 53. TFRIC 17 (revised 2017) | Distributions of Non-cash Assets to Owners |
| 54. TFRIC 18 (revised 2017) | Transfers of Assets from Customers |
| 55. TFRIC 20 (revised 2017) | Stripping Costs in the Production Phase of a Surface Mine |
| 56. TFRIC 21 (revised 2017) | Levies |

The Company's management is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.5 These consolidated financial statements included the financial statements of Krungdhep Sophon Public Company Limited and its subsidiaries as follows:

| SUBSIDIARY COMPANIES | % HOLDING | | Established in |
|------------------------------------|---------------|---------------|----------------|
| | Dec. 31, 2017 | Dec. 31, 2016 | |
| KWC Logistics Company Limited | 99.9996 | 99.9994 | THAILAND |
| Krungdhep Document Company Limited | 99.9989 | 99.9987 | THAILAND |

The financial statements of the subsidiaries are presented with same accounting policies of the parent company.

- 2.6 Inter-company balances and transactions of the Company and subsidiaries have been eliminated in the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

The Company and subsidiaries recognized revenues and expenses from the following basis:

Revenues from sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax.

Rental income is recorded over the lease period.

Service income is recorded over the service period.

Dividend income is recorded when the right to receive the dividends is established.

Other revenues and expenses recognized on an accrual basis, except for the six-month past due interest receivable from loan with uncoverable collateral will be recorded as revenue when collected.

3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand, deposits in bank and all highly liquid investments due not more than 3 months from the date of acquisition with no obligation.

3.3 Marketable securities

Marketable securities classified as available-for-sale securities are stated at fair value. The Company recognized revaluation on available-for-sale securities as separate item in the statements of comprehensive income under unrealized gain (loss) on investment revaluation.

Cost of the disposed marketable securities is based on the average cost of each security at the date of disposal.

3.4 Investments in Open-end Fund

Investments in Open-end Fund are considered as trading securities, stated at fair value.

3.5 Allowance for doubtful accounts

The Company and subsidiaries recorded allowance for doubtful accounts when receivable overdue more than 6 months or receivable which are expected to be uncollectible.

3.6 Non-current assets held for sale

Non-current assets classified as held for sale are unused assets in the Company's operation which held for sale. Such non-current assets classified as held for sale are presented by book value less allowance for impairment.

3.7 Investments

a. Investments in subsidiary companies

Subsidiary companies mean the companies in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are presented by cost method in the separate financial statements.

b. Long - term investments

Investments in debenture and Government bond, the Company classified as debt securities to be held-to-maturity, stated at amortized cost.

Cost of the disposed securities is based on the average cost of each security at the date of disposal.

3.8 Investments property

Investments property consist of land, building, warehouse and improvement stated at cost. Depreciation of building, warehouse and improvement is calculated by the straight-line method with the estimated useful life of 5-20 years.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the following assets:

| PARTICULARS | YEARS OF USEFUL LIFE | |
|-------------------------------------|----------------------|---------------------|
| | Start Jan. 1, 2012 | Before Jan. 1, 2012 |
| Wharf, dam and improvement | 5-20 | 5-20 |
| Building, warehouse and improvement | 5-50 | 5-20 |
| Other structures | 5-20 | 5-20 |
| Utility systems | 5-50 | 5-20 |
| Tools and equipment | 5 | 5 |
| Office furniture and equipment | 5 | 5 |
| Vehicles | 5 | 5 |
| Leasehold improvement | 5 | 5 |

3.10 Intangible assets

Intangible assets are computer softwares used in the Company's operation. Such intangible assets are amortized by the straight-line method based on the estimated useful life of 5 years.

3.11 Income taxes

Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statements of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

Income tax expenses

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in the statements of income unless part of transaction recorded in shareholders' equity recorded directly to equity.

3.12 Leases

Operating leases

Leases where most of substantial risks and benefits of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are recognized as expense in the statements of income over the lease term.

Financial leases

Leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals. Interest or financial charges are recognized in the statements of income in proportion to the principal balance.

3.13 Employee benefits

Short-term employee benefits

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Long-term employee benefits

Defined contribution plan

The Company and its subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of income in the incurred period.

Defined benefits plan

The provision for employee retirement benefits, the Company and its subsidiaries are recognized as an expense of operations over the employee's service periods. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

3.14 Earnings per share

Basic earnings per share is calculated by dividing the annual net profit by the weighted average number of common stocks held by outsiders during the year.

3.15 Foreign currency transactions

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the statements of financial position date are converted to Baht at the rate of exchange in effect on that date. Gains or losses on exchange rate are credited or charged to current operations of each year.

3.16 Significant accounting judgments and estimates

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, allowance for impairment of non-current assets held for sale, depreciation of investments property, depreciation of plant and equipment, amortization of intangible assets and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

4. CASH AND CASH EQUIVALENTS

| PARTICULARS | BAHT | | | |
|---------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Cash | 133,574 | 70,000 | 33,000 | 10,000 |
| Deposit in banks | 41,128,831 | 9,725,024 | 7,444,538 | 2,963,482 |
| Total cash and cash equivalents | 41,262,405 | 9,795,024 | 7,477,538 | 2,973,482 |

5. MARKETABLE SECURITIES – AVAILABLE FOR SALE

| PARTICULARS | BAHT | |
|-------------------------------------------------|------------------------------------------------|---------------|
| | CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 |
| Marketable securities - aggregate cost | | |
| Beginning balances | 41,857,184 | 17,245,726 |
| <u>Add</u> Purchase during the years | - | 32,115,029 |
| <u>Less</u> Disposal during the years | (39,489,975) | (7,483,121) |
| Refund from the capital reduction | - | (20,450) |
| Ending balances | 2,367,209 | 41,857,184 |
| Unrealized gain on investment revaluation | 2,425,041 | 1,404,066 |
| Marketable securities - fair value | 4,792,250 | 43,261,250 |
| Gain in revaluation of investments for the year | 1,020,975 | 475,592 |

6. INVESTMENTS IN OPEN-END FUND

| PARTICULARS | BAHT | | | |
|------------------------------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Investments in Open-end Fund- Debt securities | 162,253,437 | 117,165,630 | 86,354,321 | 30,054,321 |
| Allowance for adjustment investment value in Open-end Fund | 1,495,857 | 418,035 | 948,964 | 132,986 |
| Fair value | 163,749,294 | 117,583,665 | 87,303,285 | 30,187,307 |

Investments in Open-end Fund are trading securities. The difference between fair value and cost is shown as allowance for adjustment investment value in Open-end Fund. Gains on investments in Open-end Fund incurred during the year were duly presented in the statements of income as follows:

| PARTICULARS | BAHT | | | |
|-----------------------------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Unrealized gain (loss) on investments in Open-end Fund | 1,077,822 | (899,796) | 815,978 | (911,691) |
| Realized gain on disposal of investments in Open-end Fund | 437,807 | 1,951,600 | - | 1,402,694 |
| Gains on investments in Open-end Fund | 1,515,629 | 1,051,804 | 815,978 | 491,003 |

7. TRADE AND OTHER RECEIVABLES

| PARTICULARS | BAHT | | | |
|----------------------------------------------------------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Trade receivables can be classified according to the aging of outstanding as follows : | | | | |
| Post dated cheques | 515,260 | 519,278 | 110,000 | 110,000 |
| Current | 26,034,123 | 18,582,397 | 12,919,811 | 12,948,083 |
| Overdue within 3 months | 19,840,619 | 16,704,910 | - | - |
| Over 3 to 6 months | 2,464,056 | 1,092,946 | - | - |
| Over 6 to 12 months | 327,757 | 771,702 | - | - |
| Over 12 months | 3,810,703 | 3,734,169 | - | - |
| Total | 52,992,518 | 41,405,402 | 13,029,811 | 13,058,083 |
| Allowance for doubtful accounts | (4,131,927) | (4,628,836) | - | - |
| Trade receivables-net | 48,860,591 | 36,776,566 | 13,029,811 | 13,058,083 |
| Other receivables | 2,540,722 | 1,979,975 | 488,647 | 512,607 |
| Total trade and other receivables | 51,401,313 | 38,756,541 | 13,518,458 | 13,570,690 |

Other short-term loans

Other short-term loans which have settlement problems or became default can be classified according to outstanding balances by aging as follows:

| AGING | BAHT | | | |
|---------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Over 12 months | 24,719,263 | 24,719,263 | - | - |
| Allowance for doubtful accounts | (24,719,263) | (24,719,263) | - | - |
| Other short-term loans-net | - | - | - | - |

One trade account receivable and short-term loan which has book value of Baht 3.54 million and Baht 24.72 million, respectively, totalling book value of Baht 28.26 million, the Court had a verdict for bankruptcy on debtor. Therefore, the subsidiary has submitted a request for debt settlement to the official receiver.

8. NON-CURRENT ASSETS HELD FOR SALE

| PARTICULARS | BAHT | | | |
|-----------------------------------------------------------------------------|--------------|-----------|-------------------------------|------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| Non-current assets held for sale | 19,140 | 785,571 | - | - |
| <u>Less</u> Allowance for impairment of non-current assets held for sale | - | (285,571) | - | - |
| Non-current assets held for sale - Net | 19,140 | 500,000 | - | - |

9. INVESTMENTS IN SUBSIDIARIES

| SUBSIDIARIES | % HOLDING | | BAHT | |
|------------------------------|---------------|---------------|---------------|---------------|
| | | | COST METHOD | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| KWC Logistics Co., Ltd. | 99.9996 | 99.9994 | 12,163,389 | 12,163,250 |
| Krungdhep Document Co., Ltd. | 99.9989 | 99.9987 | 99,999,146 | 99,998,700 |
| TOTAL | | | 112,162,535 | 112,161,950 |

| SUBSIDIARIES | TYPE OF BUSINESS | BAHT | | | |
|------------------------------|--------------------------------------|-------------------|---------------|---------------|---------------|
| | | PAID – UP CAPITAL | | DIVIDENDS | |
| | | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| KWC Logistics Co., Ltd. | Warehouse and logistics | 5,500,000 | 5,500,000 | 7,149,961 | - |
| Krungdhep Document Co., Ltd. | Document storage and data management | 100,000,000 | 100,000,000 | 38,999,493 | 32,999,571 |
| TOTAL | | | | 46,149,454 | 32,999,571 |

In May 2017, the Company has purchased common stocks of KWC Logistics Co., Ltd from old shareholders of 1 share at Baht 138.73 per share, totalling Baht 138.73 and Krungdhep Document Co., Ltd from old shareholders of 2 shares at Baht 223.11 per share, totalling Baht 446.22 and wrote-off goodwill as expense in statement of income amount of Baht 13.42.

10. OTHER LONG - TERM INVESTMENTS

| PARTICULARS | BAHT | |
|---------------------------------------|---------------|---------------|
| | CONSOLIDATED | |
| | Dec. 31, 2017 | Dec. 31, 2016 |
| Debt securities | | |
| Government bond | - | 2,000,000 |
| <u>Add</u> Premium on government bond | - | 5,993 |
| TOTAL | - | 2,005,993 |

In 2017 and 2016, the subsidiary wrote-off premium on government bond as expenses in the statements of income amount of Baht 5,993 and Baht 13,832, respectively.

The subsidiary pledged investments in government bond with Bangkok Bank Public Company Limited as collateral for storage administration for Bangkok Bank Public Company Limited. Currently, investments in Government bonds are redeemed.

11. INVESTMENTS PROPERTY

| PARTICULARS | BAHT | | | | |
|---------------------------------|----------------------|----------------------------|-------------------------------------|------------------|---------------|
| | CONSOLIDATED | | | | |
| | Land and improvement | Wharf, dam and improvement | Building, warehouse and improvement | Other structures | Total |
| Cost | | | | | |
| January 1, 2016 | 15,627,815 | 360,000 | 63,610,859 | 23,188,579 | 102,787,253 |
| Purchases | - | - | 718,355 | 708,583 | 1,426,938 |
| December 31, 2016 | 15,627,815 | 360,000 | 64,329,214 | 23,897,162 | 104,214,191 |
| Purchases | - | - | 941,606 | - | 941,606 |
| Unused | - | - | (247,991) | - | (247,991) |
| December 31, 2017 | 15,627,815 | 360,000 | 65,022,829 | 23,897,162 | 104,907,806 |
| Accumulated depreciation | | | | | |
| January 1, 2016 | - | 320,291 | 57,789,468 | 20,026,337 | 78,136,096 |
| Depreciation for the year 2016 | - | 9,927 | 2,245,363 | 781,710 | 3,037,000 |
| December 31, 2016 | - | 330,218 | 60,034,831 | 20,808,047 | 81,173,096 |
| Depreciation for the year 2017 | - | 9,927 | 1,342,199 | 852,600 | 2,204,726 |
| Unused | - | - | (233,004) | - | (233,004) |
| December 31, 2017 | - | 340,145 | 61,144,026 | 21,660,647 | 83,144,818 |
| Net book value | | | | | |
| December 31, 2016 | 15,627,815 | 29,782 | 4,294,383 | 3,089,115 | 23,041,095 |
| December 31, 2017 | 15,627,815 | 19,855 | 3,878,803 | 2,236,515 | 21,762,988 |
| Fair value | | | | | |
| 2016 | | | | | 1,585,157,100 |
| 2017 | | | | | 1,585,157,100 |

| PARTICULARS | BAHT | | | | | |
|---------------------------------|-------------------------------|----------------------------|-------------------------------------|------------------|----------------------|---------------|
| | SEPARATE FINANCIAL STATEMENTS | | | | | |
| | Land and improvement | Wharf, dam and improvement | Building, warehouse and improvement | Other structures | Work in construction | Total |
| Cost | | | | | | |
| January 1, 2016 | 122,035,509 | 18,578,771 | 66,167,237 | 22,562,423 | - | 229,343,940 |
| Purchases | - | - | 718,355 | 708,583 | - | 1,426,938 |
| December 31, 2016 | 122,035,509 | 18,578,771 | 66,885,592 | 23,271,006 | - | 230,770,878 |
| Purchases | - | 40,500 | 789,605 | - | 175,593 | 1,005,698 |
| Disposals/unused | - | - | (247,991) | - | - | (247,991) |
| December 31, 2017 | 122,035,509 | 18,619,271 | 67,427,206 | 23,271,006 | 175,593 | 231,528,585 |
| Accumulated depreciation | | | | | | |
| January 1, 2016 | - | 16,142,053 | 60,291,892 | 19,400,189 | - | 95,834,134 |
| Depreciation for the year 2016 | - | 504,764 | 2,262,168 | 781,709 | - | 3,548,641 |
| December 31, 2016 | - | 16,646,817 | 62,554,060 | 20,181,898 | - | 99,382,775 |
| Depreciation for the year 2017 | - | 443,744 | 1,238,807 | 852,600 | - | 2,535,151 |
| Disposals/unused | - | - | (233,004) | - | - | (233,004) |
| December 31, 2017 | - | 17,090,561 | 63,559,863 | 21,034,498 | - | 101,684,922 |
| Net book value | | | | | | |
| December 31, 2016 | 122,035,509 | 1,931,954 | 4,331,532 | 3,089,108 | - | 131,388,103 |
| December 31, 2017 | 122,035,509 | 1,528,710 | 3,867,343 | 2,236,508 | 175,593 | 129,843,663 |
| Fair value | | | | | | |
| 2016 | | | | | | 1,752,260,000 |
| 2017 | | | | | | 1,752,260,000 |

| PARTICULARS | BAHT | | | |
|--------------------------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Rental income from investments property | 41,339,156 | 36,843,358 | 26,958,660 | 26,829,300 |
| Direct operating expenses that generated rental income | 6,325,582 | 7,972,888 | 5,237,493 | 6,484,448 |

Assets fair value are appraised by independence appraiser as regulated by the Office of Securities and Exchange Commission, Thailand.

In 2015, the independence appraiser evaluated assets by using valuation method, as follows :

1. Market Comparison Approach, the value is derived from comparison of market value of similar properties or nearly substitutes for one another by compare other factors that affect assets valuation.
2. Residual Method of Valuation, the value of property in term of its ability to provide sufficient income subtracted by direct development costs, indirect cost, return on investment and land development interest cost. The residual value is the suitable value for investment or valuation of the property.
3. Income Approach, the estimated income means calculate revenue from present assets then deducting related expenses, the remain is net income for one year, that is the stability net income from assets and convert net income to fix value by using the reasonable return rate.
4. Depreciated Replacement Cost Approach, the value is obtained by estimating the replacement cost of new building and construction based on today's construction cost. The replacement cost subtract by the accrued depreciation of building based on condition and estimated useful life, the value is fair value of building and construction. The market value of the subject property is equal to combine market value of the land and fair value of building and construction.

Independence appraiser and the Company suggest that asset valuation by market comparison approach is the suitable approach for Company's land and construction's appraisal, and replacement cost approach of building for appraisal subsidiary company's construction on the Company's land.

The detail of appraisal assets in 2015

| LOCATION | ASSET'S CATEGORY | THOUSAND BAHT | |
|-----------------------------|-----------------------|---------------|-------------------------------|
| | | CONSOLIDATED | SEPARATE FINANCIAL STATEMENTS |
| BANGPAKOK | LAND AND CONSTRUCTION | 1,418,790 | 1,418,790 |
| SAPANPUT | LAND AND CONSTRUCTION | 47,150 | 47,150 |
| SAMRAY | LAND AND CONSTRUCTION | 118,350 | 118,350 |
| BANGPAKONG | LAND | - | 167,970 |
| SAMRAY (SUBSIDIARY COMPANY) | CONSTRUCTION | 867 | - |
| FAIR VALUE | | 1,585,157 | 1,752,260 |

12. PROPERTY, PLANT AND EQUIPMENT

| BAHT | | | | | | | | | | |
|--------------------------|----------------------|----------------------------|-------------------------------------|------------------|-----------------|---------------------|--------------------------------|-------------|----------------------|-------------|
| CONSOLIDATED | | | | | | | | | | |
| PARTICULARS | Land and improvement | Wharf, dam and improvement | Building, warehouse and improvement | Other structures | Utility systems | Tools and equipment | Office furniture and equipment | Vehicles | Work in construction | Total |
| Cost | 106,407,694 | 18,218,771 | 356,077,182 | 28,199,700 | 61,780,823 | 21,717,032 | 40,526,183 | 6,330,986 | - | 639,258,371 |
| | - | - | 1,356,155 | 796,583 | 41,330 | 855,812 | 3,112,845 | 1,635,000 | 529,543 | 8,327,268 |
| | - | - | (845,506) | - | - | (62,698) | - | - | - | (908,204) |
| | - | - | - | (123,288) | (17,000) | (516,134) | (6,238,807) | (2,316,323) | - | (9,211,552) |
| | - | - | (123,088) | (964,699) | (202,923) | 67,719 | 1,647,464 | - | (424,473) | - |
| | 106,407,694 | 18,218,771 | 356,464,743 | 27,908,296 | 61,602,230 | 22,061,731 | 39,047,685 | 5,649,663 | 105,070 | 637,465,883 |
| | - | - | 18,088,491 | 58,602 | 293,312 | 3,810,822 | 3,457,828 | 24,850 | 440,498 | 26,174,403 |
| Accumulated depreciation | - | - | - | - | (576,071) | (117,540) | (1,917,738) | (1,869,000) | - | (4,480,349) |
| | - | - | (475,298) | 256,116 | 202,923 | 158,503 | 107,731 | - | (249,975) | - |
| | - | - | - | - | - | - | (117,132) | (2,529) | - | (119,661) |
| | 106,407,694 | 18,218,771 | 374,077,936 | 28,223,014 | 61,522,394 | 25,913,516 | 40,578,374 | 3,802,984 | 295,593 | 659,040,276 |
| | - | 15,821,762 | 130,628,874 | 11,963,007 | 25,631,125 | 15,703,603 | 29,955,838 | 2,982,336 | - | 232,686,545 |
| | - | 494,837 | 10,627,861 | 1,195,853 | 1,497,726 | 2,001,029 | 4,076,042 | 569,655 | - | 20,463,003 |
| | - | - | (107,440) | - | - | (15,193) | - | - | - | (122,633) |
| Net book value | - | - | - | (112,422) | (8,722) | (511,585) | (6,181,376) | (1,426,986) | - | (8,241,091) |
| | - | 16,316,599 | 141,149,295 | 13,046,438 | 27,120,129 | 17,177,854 | 27,850,504 | 2,125,005 | - | 244,785,824 |
| | - | 433,817 | 10,508,997 | 1,252,250 | 1,551,660 | 2,139,906 | 4,476,533 | 467,343 | - | 20,830,506 |
| | - | - | - | - | (489,156) | (111,158) | (1,820,785) | (875,925) | - | (3,297,024) |
| | - | - | - | - | - | - | (97,993) | (2,528) | - | (100,521) |
| | - | 16,750,416 | 151,658,292 | 14,298,688 | 28,182,633 | 19,206,602 | 30,408,259 | 1,713,895 | - | 262,218,785 |
| | - | - | - | - | - | - | - | - | - | - |
| December 31, 2017 | - | - | - | - | - | - | - | - | - | - |
| | 106,407,694 | 1,902,172 | 215,315,448 | 14,861,858 | 34,482,101 | 4,883,877 | 11,197,181 | 3,524,658 | 105,070 | 392,680,059 |
| | 106,407,694 | 1,468,355 | 222,419,644 | 13,924,326 | 33,339,761 | 6,706,914 | 10,170,115 | 2,089,089 | 295,593 | 396,821,491 |

| PARTICULARS | BAHT | | | | |
|---------------------------------|-------------------------------|---------------------|--------------------------------|-------------|-------------|
| | SEPARATE FINANCIAL STATEMENTS | | | | |
| | Utility systems | Tools and equipment | Office furniture and equipment | Vehicles | Total |
| Cost | | | | | |
| January 1, 2016 | 5,352,952 | 174,979 | 9,149,108 | 3,339,375 | 18,016,414 |
| Purchases | - | - | 583,794 | 1,635,000 | 2,218,794 |
| Disposals/unused | - | - | (1,120,560) | (1,069,000) | (2,189,560) |
| December 31, 2016 | 5,352,952 | 174,979 | 8,612,342 | 3,905,375 | 18,045,648 |
| Purchases | 88,313 | 7,127 | 376,156 | - | 471,596 |
| Disposals/unused | (88,313) | (8,719) | (746,747) | (1,869,000) | (2,712,779) |
| December 31, 2017 | 5,352,952 | 173,387 | 8,241,751 | 2,036,375 | 15,804,465 |
| Accumulated depreciation | | | | | |
| January 1, 2016 | 5,033,699 | 170,804 | 7,981,008 | 1,167,187 | 14,352,698 |
| Depreciation for the year 2016 | 48,590 | 1,641 | 549,849 | 352,814 | 952,894 |
| Disposals/unused | - | - | (1,098,247) | (179,672) | (1,277,919) |
| December 31, 2016 | 5,082,289 | 172,445 | 7,432,610 | 1,340,329 | 14,027,673 |
| Depreciation for the year 2017 | 65,382 | 2,894 | 442,808 | 249,030 | 760,114 |
| Disposals/unused | (88,313) | (8,714) | (704,448) | (875,925) | (1,677,400) |
| December 31, 2017 | 5,059,358 | 166,625 | 7,170,970 | 713,434 | 13,110,387 |
| Net book value | | | | | |
| December 31, 2016 | 270,663 | 2,534 | 1,179,732 | 2,565,046 | 4,017,975 |
| December 31, 2017 | 293,594 | 6,762 | 1,070,781 | 1,322,941 | 2,694,078 |

Some plots of lands are expropriated which currently waiting for the Bangkok Metropolitan Administration to inform the Company (see also Note 25).

Krungdhep Document Company Limited's building and warehouse were built on the Company's land under Lease Agreement of 1 year period, which can be renewed until the years 2025. And K.W.C. Logistics Company Limited's warehouse was built on the Company's land under the Lease Agreement with renewal right of every year.

13. INTANGIBLE ASSETS

| PARTICULARS | BAHT | | |
|---------------------------------------------------|--------------------|-------------------------------|-------------|
| | CONSOLIDATED | | |
| | Computer softwares | Softwares during installation | Total |
| Cost | | | |
| December 31, 2016 | 12,329,509 | 2,681,104 | 15,010,613 |
| Purchases | 1,548,761 | 116,789 | 1,665,550 |
| Disposals/unused | (715,050) | - | (715,050) |
| Transfer in (out) | 1,031,824 | (1,031,824) | - |
| Transfer to other receivable | - | (1,649,280) | (1,649,280) |
| December 31, 2016 | 14,195,044 | 116,789 | 14,311,833 |
| Purchases | 1,711,243 | 308,837 | 2,020,080 |
| Disposals/unused | (1,708,403) | - | (1,708,403) |
| Transfer in (out) | 425,626 | (425,626) | - |
| December 31, 2017 | 14,623,510 | - | 14,623,510 |
| Accumulated amortization | | | |
| January 1, 2016 | 9,500,980 | - | 9,500,980 |
| Amortization for the year 2016 | 1,148,650 | - | 1,148,650 |
| Disposals/unused | (713,990) | - | (713,990) |
| December 31, 2016 | 9,935,640 | - | 9,935,640 |
| Amortization for the year 2017 | 1,363,508 | - | 1,363,508 |
| Disposals/unused | (907,503) | - | (907,503) |
| December 31, 2017 | 10,391,645 | - | 10,391,645 |
| Allowance for impairment intangible assets | | | |
| January 1, 2016 | - | (1,649,280) | (1,649,280) |
| Allowance for impairment for the year 2016 | - | 1,649,280 | 1,649,280 |
| December 31, 2016 | - | - | - |
| Net book value | | | |
| December 31, 2016 | 4,259,404 | 116,789 | 4,376,193 |
| December 31, 2017 | 4,231,865 | - | 4,231,865 |

| PARTICULARS | BAHT | | |
|---------------------------------|-------------------------------|-------------------------------|-----------|
| | SEPARATE FINANCIAL STATEMENTS | | |
| | Computer softwares | Softwares during installation | Total |
| Cost | | | |
| January 1, 2016 | 2,607,259 | - | 2,607,259 |
| Purchases | 302,020 | 116,789 | 418,809 |
| Unused | (17,746) | - | (17,746) |
| December 31, 2016 | 2,891,533 | 116,789 | 3,008,322 |
| Purchases | 366,611 | 308,837 | 675,448 |
| Unused | (541,712) | - | (541,712) |
| Transfer in (out) | 425,626 | (425,626) | - |
| December 31, 2017 | 3,142,058 | - | 3,142,058 |
| Accumulated amortization | | | |
| January 1, 2016 | 1,235,581 | - | 1,235,581 |
| Amortization for the year 2016 | 409,446 | - | 409,446 |
| Unused | (17,744) | - | (17,744) |
| December 31, 2016 | 1,627,283 | - | 1,627,283 |
| Amortization for the year 2017 | 511,479 | - | 511,479 |
| Unused | (419,001) | - | (419,001) |
| December 31, 2017 | 1,719,761 | - | 1,719,761 |
| Net book value | | | |
| December 31, 2016 | 1,264,250 | 116,789 | 1,381,039 |
| December 31, 2017 | 1,422,297 | - | 1,422,297 |

14. TRADE AND OTHER PAYABLES

| PARTICULARS | BAHT | | | |
|--------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Trade payables | 1,176,029 | 969,393 | - | - |
| Other payables | 24,484,275 | 16,480,205 | 7,084,859 | 7,422,074 |
| Total trade and other payables | 25,660,304 | 17,449,598 | 7,084,859 | 7,422,074 |

15. LIABILITIES UNDER FINANCIAL LEASES

| PARTICULARS | BAHT | | | |
|-------------------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Within one year | 986,734 | 1,366,799 | 207,027 | 1,151,421 |
| Over 1-5 years | 1,134,865 | 2,133,684 | 1,134,865 | 1,353,977 |
| Total minimum payment | 2,121,599 | 3,500,483 | 1,341,892 | 2,505,398 |
| <u>Less</u> Current portion of financial leases | (986,734) | (1,366,799) | (207,027) | (1,151,421) |
| Liabilities under financial leases-net | 1,134,865 | 2,133,684 | 1,134,865 | 1,353,977 |

Financial lease contract liabilities are fixed for monthly payment which will be completed within 2021.

The portion of liabilities under financial leases due within one year was shown under current liabilities.

16. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

| FOR THE YEARS ENDED DECEMBER 31, | BAHT | | | |
|-----------------------------------------------------|--------------|-----------|-------------------------------|-----------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| <u>Defined benefit obligation</u> | | | | |
| Beginning balances | 8,264,064 | 7,575,761 | 1,939,851 | 1,770,853 |
| <u>Add</u> Service cost | 1,453,829 | 957,919 | 694,404 | 217,772 |
| Interest cost | 255,374 | 202,724 | 54,897 | 45,336 |
| Actuarial (gain) loss from employee benefit plan | 626,426 | (104,518) | 149,809 | 72,905 |
| <u>Less</u> Employee benefits paid during the years | - | (367,822) | - | (167,015) |
| Ending balances | 10,599,693 | 8,264,064 | 2,838,961 | 1,939,851 |

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

| PARTICULARS | RATES PER ANNUM | | | |
|----------------------------------------|-----------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Discount rate | 2.31-2.69 | 2.83-3.17 | 2.31 | 2.83 |
| Salary increase rate | 4.5 | 4 | 4.5 | 4 |
| Staff turnover rate (depending on age) | 0-24 | 0-24 | 0-24 | 0-24 |

17. LEGAL RESERVE

The Company set up legal reserve which duly met 10% of authorized share capital, in compliance with the Public Company Act. This reserve is forbidden for dividend payment.

18. GENERAL RESERVE

The Company provided general reserve for using in general operation without specific objective.

19. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On April 21, 2017, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 7.00 per share to the shareholders of 6.00 million shares, totalling Baht 42.00 million and directors' remuneration amounting to Baht 6.50 million by fixing the payment date for dividend on May 17, 2017.

On April 29, 2016, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividend at Baht 5.50 per share to the shareholders of 6.00 million shares, totalling Baht 33.00 million and directors' remuneration amounting to Baht 6.50 million by fixing the payment date for dividend on May 25, 2016.

20. EXPENSES BY NATURE

| PARTICULARS | BAHT | | | |
|----------------------------------------|---------------|---------------|-------------------------------|---------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Consumables used | 5,711,031 | 4,920,625 | - | - |
| Directors and management remuneration | 15,983,938 | 17,746,055 | 15,983,938 | 17,746,055 |
| Employee benefit expenses | 58,133,891 | 48,138,698 | 8,972,672 | 6,954,956 |
| Depreciation and amortization expenses | 24,398,740 | 24,648,653 | 3,806,744 | 4,910,981 |
| Plant and premises expenses | 11,975,597 | 13,021,854 | 3,354,990 | 3,756,411 |
| Tools and equipment expenses | 6,530,097 | 6,594,336 | 835,678 | 866,903 |
| Doubtful debt | (496,909) | 792,699 | - | - |
| Operating expenses | 34,564,010 | 38,140,613 | 6,995,821 | 11,541,589 |
| Finance costs | 83,530 | 122,896 | 51,238 | 82,999 |
| Total | 156,883,925 | 154,126,429 | 40,001,081 | 45,859,894 |

21. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2017 and 2016 are calculated from the accounting profit after adjustment with some other revenues and expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation.

Corporate income tax of the Company and subsidiaries for the years ended December 31, 2017 and 2016 was calculated at 20 percent.

Income tax expenses recognized in statements of income consist:

| FOR THE YEARS ENDED DECEMBER 31, | BAHT | | | |
|---------------------------------------|--------------|------------|-------------------------------|-----------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| The income tax for the years | 20,347,812 | 16,365,356 | 3,548,733 | 3,102,884 |
| Amortization of temporary differences | 1,378,588 | 1,240,590 | (4,361) | (176,501) |
| Income tax expenses | 21,726,400 | 17,605,946 | 3,544,372 | 2,926,383 |

As at December 31, 2017 and 2016, the deferred tax assets (liabilities) arose from the following temporary differences:

| PARTICULARS | BAHT | | | |
|-------------------------------------------------------------------------|--------------------|------------------|-------------------------------|------------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | Dec. 31, 2017 | Dec. 31, 2016 | Dec. 31, 2017 | Dec. 31, 2016 |
| Accumulated of temporary differences in the statements of income | | | | |
| Unrealized gain on investments in Open-end Fund | (1,495,857) | (418,035) | (948,964) | (132,986) |
| Allowance for doubtful accounts receivable | 4,131,927 | 4,628,836 | - | - |
| Allowances for impairment of non-current assets held for sale | - | 285,571 | - | - |
| Allowance for doubtful other short-term loans | 24,719,263 | 24,719,263 | - | - |
| Calculate depreciation difference from tax rate | (45,087,470) | (38,260,732) | - | - |
| Financial leases | 70,905 | (13,997) | 18,955 | (69,525) |
| Provision for long-term employee benefits | 9,973,267 | 8,368,582 | 2,689,152 | 1,866,946 |
| Liabilities from accrued land expropriation | 3,894,000 | 3,894,000 | 3,894,000 | 3,894,000 |
| Total | (3,793,965) | 3,203,488 | 5,653,143 | 5,558,435 |
| Temporary differences in other comprehensive income | | | | |
| - Recognized in other components of shareholders' equity | | | | |
| Unrealized gain on remeasuring available-for-sale securities | (2,425,041) | (1,404,066) | (2,425,041) | (1,404,066) |
| - Recognized in retained earnings | | | | |
| Provision for long-term employee benefits | 626,426 | (104,518) | 149,809 | 72,905 |
| Total | (5,592,580) | 1,694,904 | 3,377,911 | 4,227,274 |
| Deferred tax assets (liabilities) | (1,118,516) | 338,981 | 675,582 | 845,455 |

22. FOREIGN CURRENCY TRANSACTIONS

The subsidiary has assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

THOUSAND

| PARTICULARS | CONSOLIDATED | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | December 31, 2017 | | December 31, 2016 | |
| | FOREIGN CURRENCIES | TRANSLATED TO BAHT | FOREIGN CURRENCIES | TRANSLATED TO BAHT |
| <u>Assets</u> | | | | |
| USD | - | - | 0.59 | 21.12 |
| <u>Liabilities</u> | | | | |
| - PORTION DUE WITHIN ONE YEAR | | | | |
| USD | 12.98 | 424.95 | - | - |
| SGD | - | - | 1.00 | 25.08 |

23. TRANSACTIONS WITH RELATED PARTIES

The Company has accounting transactions with its related parties, which are related by shareholding or having some shareholders or co-directors. Such business transactions consist of services and loans which the rate of services and interest are in accordance with the market price as same as incurred to the third party and under the mutually agreed conditions.

The following transactions incurred between the Company and following companies:

| COMPANIES | RELATIONSHIP |
|-----------------------------------------------|-------------------------------------------|
| Krungdhep Document Company Limited | Subsidiary (Note 9) |
| KWC Logistics Company Limited | Subsidiary (Note 9) |
| Bangkok Bank Public Company Limited | Related company by being its shareholder. |
| Bangkok Insurance Public Company Limited | Related company by being its shareholder. |
| Bangkok Life Assurance Public Company Limited | Related company by having co-directors. |
| BBL Asset Management Company Limited | Related company by having co-directors. |
| Green Spot Company Limited | Related company by having co-directors. |
| Palang Sophon Company Limited | Related company by having co-directors. |
| Aioi Bangkok Insurance Public Company Limited | Related company by having co-directors. |

The significant related transactions are as follows :

| TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION | BAHT | | | |
|-----------------------------------------------------|--------------|-------------|----------------------------------|------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| 1. Cash at bank | | | | |
| - Related parties | 37,327,108 | 6,971,656 | 7,359,919 | 2,305,404 |
| 2. Marketable securities | | | | |
| - Related parties | - | 9,540,000 | - | 9,540,000 |
| 3. Investments in the Open-end Fund | | | | |
| - Related parties | 163,749,294 | 117,583,665 | 87,303,285 | 30,187,307 |
| 4. Trade receivables | | | | |
| - Subsidiaries | - | - | 12,777,311 | 12,948,083 |
| - Related parties | 6,221,962 | 6,211,175 | - | - |
| Total | 6,221,962 | 6,211,175 | 12,777,311 | 12,948,083 |
| 5. Other receivables | | | | |
| - Subsidiaries | - | - | 41,902 | 42,266 |
| - Related parties | - | 11,265 | - | - |
| Total | - | 11,265 | 41,902 | 42,266 |
| 6. Other payables | | | | |
| - Subsidiaries | - | - | 19,298 | 20,727 |
| 7. Deposit received | | | | |
| - Subsidiaries | - | - | 6,676,080 | 6,636,480 |
| - Related parties | - | 108,000 | - | - |
| Total | - | 108,000 | 6,676,080 | 6,636,480 |

| TRANSACTIONS IN STATEMENTS OF INCOME | BAHT | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------|----------------------------------|------------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| 1. Rental income | | | | |
| - Subsidiaries | - | - | 25,248,660 | 25,119,300 |
| - Related parties | 324,000 | - | - | - |
| (Rental income is calculated on the space occupied at the rate mutually agreed in the contract.) | | | | |
| Total | 324,000 | - | 25,248,660 | 25,119,300 |
| 2. Storage fees income | | | | |
| - Related parties | 15,458,862 | 15,362,965 | - | - |
| (Storage fees income is calculated on the storage quantity at the rate mutually agree in the contract.) | | | | |
| 3. Income from sales | | | | |
| - Related parties | 42,994 | 37,852 | - | - |
| 4. Service income | | | | |
| - Subsidiaries | - | - | 27,879,600 | 29,794,800 |
| (Service income is calculated by sharing the Company's administrative expenses in proportion to the service rendered of group companies and the estimate service rendered of Company's unit to the group companies.) | | | | |
| 5. Management fee income | | | | |
| - Related parties | 13,650,334 | 13,658,162 | - | - |
| (Management fee is calculated on cost plus margin.) | | | | |
| 6. Dividend income | | | | |
| - Subsidiaries | - | - | 46,149,454 | 32,999,571 |
| - Related parties | - | 195,000 | - | 195,000 |
| Total | - | 195,000 | 46,149,454 | 33,194,571 |
| 7. Interest income | | | | |
| - Related parties | 69,554 | 37,175 | 12,608 | 2,797 |
| 8. Other incomes | | | | |
| - Subsidiaries | - | - | 469,946 | 474,782 |
| - Related parties | 86,184 | 178,096 | - | - |
| Total | 86,184 | 178,096 | 469,946 | 474,782 |
| 9. Cost of sales and services | | | | |
| - Related parties | 2,317,387 | 2,317,448 | 200,930 | 275,112 |
| 10. Administrative expenses | | | | |
| - Subsidiaries | - | - | 545,006 | 556,191 |
| - Related parties | 442,141 | 398,367 | 258,550 | 194,408 |
| Total | 442,141 | 398,367 | 803,556 | 750,599 |

24. INFORMATION BY SEGMENT

Financial information by business segments.

| For the year ended December 31, 2017 | BAHT | | | | |
|-----------------------------------------------------|-------------------|--------------------------|----------------------------------|------------------|-----------------------------------|
| | Warehouse Segment | Document Storage Segment | Assets Rental and Other Segments | Eliminated Items | Consolidated Financial Statements |
| Rental income | 39,779,156 | - | 26,958,660 | (25,398,660) | 41,339,156 |
| Storage fees | - | 187,252,458 | - | (117,478) | 187,134,980 |
| Sale | - | 6,883,788 | - | (1,610) | 6,882,178 |
| Wharfage services | 10,041,115 | - | - | - | 10,041,115 |
| Services income | 373,818 | 13,650,334 | 27,879,600 | (28,210,058) | 13,693,694 |
| Total revenues | 50,194,089 | 207,786,580 | 54,838,260 | (53,727,806) | 259,091,123 |
| Cost of sales and services | 23,439,660 | 93,021,005 | 5,900,348 | (23,795,024) | 98,565,989 |
| Gross profit | 26,754,429 | 114,765,575 | 48,937,912 | (29,932,782) | 160,525,134 |
| Other incomes | 1,589,386 | 967,187 | 48,881,442 | (46,799,400) | 4,638,615 |
| Selling expenses | - | 2,826,349 | - | - | 2,826,349 |
| Administrative expenses and directors' remuneration | 19,073,482 | 32,916,655 | 34,049,495 | (30,631,575) | 55,408,057 |
| Finance costs | - | 32,292 | 51,238 | - | 83,530 |
| Income tax expenses | 2,111,711 | 16,070,317 | 3,544,372 | - | 21,726,400 |
| Profit for the year | | | | | 85,119,413 |
| Profit attributable to | | | | | |
| Equity holders of the parent | | | | | 85,118,639 |
| Non-controlling interests | | | | | 774 |
| Investments property-net | 94,907 | - | 129,843,663 | (108,175,582) | 21,762,988 |
| Property, plant and equipment-net | 1,436,285 | 284,890,848 | 2,694,078 | 107,800,280 | 396,821,491 |
| Intangible assets-net | 18,827 | 2,790,741 | 1,422,297 | - | 4,231,865 |

| For the year ended December 31, 2016 | BAHT | | | | |
|-----------------------------------------------------|-------------------|--------------------------|----------------------------------|------------------|-----------------------------------|
| | Warehouse Segment | Document Storage Segment | Assets Rental and Other Segments | Eliminated Items | Consolidated Financial Statements |
| Rental income | 35,288,358 | - | 26,829,300 | (25,269,300) | 36,848,358 |
| Storage fees | 185,000 | 169,951,592 | - | (130,497) | 170,006,095 |
| Sale | - | 5,642,486 | - | (3,220) | 5,639,266 |
| Wharfage services | 9,633,968 | - | - | - | 9,633,968 |
| Services income | 3,260,648 | 12,699,063 | 29,794,800 | (30,121,200) | 15,633,311 |
| Total revenues | 48,367,974 | 188,293,141 | 56,624,100 | (55,524,217) | 237,760,998 |
| Cost of sales and services | 26,192,638 | 85,081,153 | 7,250,722 | (23,717,084) | 94,807,429 |
| Gross profit | 22,175,336 | 103,211,988 | 49,373,378 | (31,807,133) | 142,953,569 |
| Other incomes | 1,405,453 | 947,114 | 37,137,000 | (33,654,584) | 5,834,983 |
| Selling expenses | - | 869,505 | - | - | 869,505 |
| Administrative expenses and directors' remuneration | 19,592,910 | 32,718,521 | 38,526,173 | (32,511,005) | 58,326,599 |
| Finance costs | - | 39,897 | 82,999 | - | 122,896 |
| Income tax expenses | 528,097 | 14,151,466 | 2,926,383 | - | 17,605,946 |
| Profit for the year | | | | | 71,863,606 |
| Profit attributable to | | | | | |
| Equity holders of the parent | | | | | 71,862,854 |
| Non-controlling interests | | | | | 752 |
| Investments property-net | 11 | - | 131,388,103 | (108,347,019) | 23,041,095 |
| Property, plant and equipment-net | 1,466,788 | 279,272,441 | 4,017,975 | 107,922,855 | 392,680,059 |
| Intangible assets-net | 841,658 | 2,153,496 | 1,381,039 | - | 4,376,193 |

25. ACCRUED LAND EXPROPRIATION

Part of the Company's land under Title Deeds Numbers 1578, 1582 and 1605 is in the highway expropriated alignment areas under the Municipal Highway Expansion Project for Klong Bangpakok Zone, Rasburana Road, B.E. 2541 (1998) in accordance with a Royal Decree. During 1998, the Company had received the first lot of land compensation from the Bangkok Metropolitan Administration and in accordance with the result of the Court's judgments, the Company must pay back to Bangkok Metropolitan Administration. In 2010, the Company therefore estimated the compensation that was supposed to be paid back to the Bangkok Metropolitan Administration as the liabilities amount of Baht 3.89 million and recorded as expense in the statements of income with the same amount. Currently it is pending to pay back the compensation to Bangkok Metropolitan Administration.

26. COMMITMENT

26.1 The Company and subsidiaries have commitment from letters of guarantee issued by commercial banks as follow:

| PARTICULARS | BAHT | | | |
|---------------------------|--------------|-----------|-------------------------------|---------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| Letters of Bank guarantee | 7,824,442 | 7,022,589 | 458,400 | 458,400 |

26.2 As at December 31, 2017, the subsidiary has credit facilities as follow :

| Particulars | Credit Line (Million Baht) | Collateral |
|---------------------------------------|----------------------------|------------------------------------------------------------|
| Krungdhep Document Company Limited | | |
| Overdrafts | 10 | } Guaranteed by Krungdhep Sophon Public Company Limited |
| Short-term loans | 20 | |
| Credit Line Letters of Bank guarantee | 25 | |

26.3 Operating lease commitment and Service Agreement as follows :

The Company and subsidiaries have entered into several lease agreements in respect of the lease of equipment and other services. The terms of the agreements are generally between 1 year to 5 years.

As at December 31, 2017, the Company and its subsidiaries have totally minimum payment to be paid in the future under the operating lease and Service Agreement as follows:

| PARTICULARS | BAHT | |
|--------------------------------|--------------|-------------------------------|
| | CONSOLIDATED | SEPARATE FINANCIAL STATEMENTS |
| Within 1 year | 4,890 | 763 |
| Over 1 year but within 5 years | 6,100 | 1,253 |
| Total | 10,990 | 2,016 |

26.4 Capital expenditure commitments

As at December 31, 2017, the subsidiary had capital expenditure commitments regarding to the assets construction contract as followings:

| PARTICULARS | BAHT |
|------------------------------|--------------|
| | CONSOLIDATED |
| Assets construction contract | 1,874,000 |

27. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and its subsidiaries have information relating to the financial instruments both in and off statements of financial position, as follows:

27.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

27.2 Risk from breach of contracts

Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and its subsidiaries.

The credit risk with respect to the concentration of trade accounts receivable is limited due to the Company and its subsidiaries have a large number of customers and its credit management and debt collection are efficient. Therefore, the Company and subsidiaries expect no risk to have negative effect.

For financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the value of risk expecting to be incurred from breach of contracts.

27.3 Risk relating to interest rate

Risk from the fluctuation in interest rate may have negative effect to the Company and its subsidiaries for the current and the following years. The Company and its subsidiaries expect that they can manage the contingent risk, due to the Company has set up a plan and follow up the situation closely.

27.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments.

Financial assets shown at book value which equal to estimated fair value.

Financial liabilities shown at book value which equal to estimated fair value. Loans carrying interest rates close to the market rates.

28. CONTRIBUTION TO PROVIDENT FUND

The Company and its subsidiaries have set up and registered provident fund on January 1, 1999, in compliance with the Provident Fund Act B.E. 2530 (1987), in order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation. The employees contribute one portion and another portion by the Company at 5-10 % of their basic salaries. It has also appointed the Bualang Securities Public Company Limited to be the fund manager.

Provident fund contributions made by the Company and its subsidiaries for their employees are recorded as expenses in the statements of income for the years ended December 31, 2017 and 2016 as follows:

| PARTICULARS | BAHT | | | |
|-----------------------------------------|--------------|-----------|-------------------------------|---------|
| | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
| | 2017 | 2016 | 2017 | 2016 |
| Krungdhep Sophon Public Company Limited | 842,919 | 703,283 | 842,919 | 703,283 |
| Krungdhep Document Company Limited | 1,494,177 | 1,426,987 | - | - |
| KWC Logistics Company Limited | 242,630 | 262,938 | - | - |
| Total | 2,579,726 | 2,393,208 | 842,919 | 703,283 |

29. CAPITAL MANAGEMENT

The main objectives of the Company and subsidiaries in capital management are to provide the appropriate financial structure and maintain ability to continue their business as a going concern in order to generate returns for shareholders and benefits for other stakeholders.

The Company and its subsidiaries have debt-to-equity ratios as follows:

| PARTICULAR | CONSOLIDATED | | SEPARATE FINANCIAL STATEMENTS | |
|----------------------|--------------|----------|-------------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| Debt-to-equity ratio | 0.10 : 1 | 0.09 : 1 | 0.06 : 1 | 0.07 : 1 |

30. EVENTS AFTER THE REPORTING PERIOD

On February 21, 2018, the Board of Directors of the Company Meeting No.1/2018 was held and approved a resolution to pay Annual Dividend and Extra Dividend to shareholders at Baht 8 and Baht 12 per share, respectively, totaling amount Baht 120 million. Such dividend will be proposed for approval in the next Ordinary General Shareholders' Meeting.

31. FINANCIAL STATEMENTS APPROVAL

These financial statements were duly approved by the Company's directors on February 21, 2018.



บริษัท กรุงเทพโสภณ จำกัด (มหาชน)

Krungdhep Sophon Public Company Limited

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