



2016

Annual Report



COMMITMENT,  
RELIABILITY & QUALITY

ITALIAN-THAI  
DEVELOPMENT  
PUBLIC COMPANY LIMITED



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\*Investors can study further information of the Issuing Company from the Annual Registration Statement (Form 56-1), posted on [www.sec.or.th](http://www.sec.or.th) or the Company's Website [www.itd.co.th](http://www.itd.co.th).

## Message from the President

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In 2017, the Government announced its plan to invest in mega projects to develop the transportation infrastructure of Thailand. The main projects which will be opened for bidding in 2017 are:

- i. 10 routes of dual-track railway value approximately THB 400,000 million;
- ii. 2 routes of suburban railways value THB 26,000 million;
- iii. 6 lines of BTS sky train value THB 220,000 million;
- iv. 5 routes of motorway and expressway value THB 160,000 million,

Besides, there are some projects that the Government plans to develop such as the construction of Suvarnabhumi Airport Phase 2, the High-Speed Rail Project, the development of Laem Chabang Port Phase 3 and many other projects. The timing of the Government's plans has brought the confidence of the investors back and has already allowed the economy to improve and stabilize. With the potential and readiness in all aspects of the Company, both experienced and available resources, the Company is confident at winning the bids and can surely undertake further projects from the Government and private sectors with full competency and professionalism.

Also, the Company itself has identified, studied, undertaken due diligence and developing many Projects such as Udon Thani Potash Mining Project, the Port and Railway Construction Services Project in the Republic of Mozambique, the Elevated Expressway Construction Project in Bangladesh, the Bauxite Mining and Production of Alumina / Aluminum Project in Laos PDR, the Dawei SEZ Project and other energy related Projects. Construction of all the aforementioned projects will begin within this year and will be developed continuously.

In 2017, it will be the greatest year of growth the Company has experienced and which will generate additional profits and stability this year and the years to come. As a result of the development of these projects, the Company can maintain the position of being the leading contractor in Thailand and forward the resulting good outcome to all shareholders and those who have consistently supported the Company.



Premchai Karnasuta

## Report of Audit Committee for the Year 2016

The Audit Committee of Italian Thai Development Public Company Limited was duly appointed by the resolution of the Annual General Meeting of Shareholders on 30<sup>th</sup> April 2014. The three members of the Audit Committee have been appointed for a three- year term, comprising: Pol.Lt. Chartachai Bunya - Ananta as Chairman, Dr. Krisorn Jittorntrum and Mr. William Lee Zentgraf as Committee Members. In addition, Mr. Withit Ouaysinprasert, the Vice President of Internal Audit Division, served as secretary of the Audit Committee.

On 6<sup>th</sup> July 2015, Dr. Krisorn Jittorntrum was appointed as a Chairman by the resolution of Audit Committee Meeting, replacing Pol.Lt. Chartachai Bunya - Ananta who passed away on 18<sup>th</sup> April 2015. In addition, Mr. Tirapongse Pangsrivongse was appointed to hold the position of Audit Committee Member.

On 9<sup>th</sup> September 2016, Prof. Dr. Mingsarn Kaosa-ard was appointed to hold the position of Audit Committee Member instead of Mr. Tirapongse Pangsrivongse who resigned as an Audit Committee Member.

In 2016, four Audit Committee Meetings were held, each of which was attended by the presence of members as follows:

Name	Position	Number of Attendance
1. Dr. Krisorn Jittorntrum	Audit Committee Chairman	4/4
2. Mr. William Lee Zentgraf	Audit Committee Member	4/4
3. Mr. Tirapongse Pangsrivongse	Audit Committee Member	2/4 (was absent for 1 meeting due to his personal affairs)
4. Prof. Dr. Mingsarn Kaosa-ard	Audit Committee Member	1/4

The significant activities undertaken by the Audit Committee assigned by the Company's Board of Directors were as follows:

1. Review and approval of the Quarterly Financial Statements, Annual Financial Statements, Certified Public Accountant's Report, Financial Status Report and Company's Performance Report for 2016.
2. Review of the Company's Internal Control Systems and the 2016 Audit Plan of the Internal Audit Division. Also, review of 2016 Audit Report and Follow Up of Operation Improvement Report.
3. Review of legal compliance, the laws and regulations relating to the Stock Exchange of Thailand and other laws concerning the company business.
4. Consideration of the risk assessment of increasing cost that is caused by a potential increasing price of main materials in 2016 and the measures taken against direct impact to the Company.
5. Review of the connected transaction and potential conflicts of interest disclosed by the responsible executives in full and correct compliance with the laws and regulations of the Stock Exchange of Thailand.
6. Selection and recommendation for appointment of the Certified Public Accountant of the Company for 2016, including holding an official meeting with the Certified Public Accountant without the management representative once a year.

The Audit Committee's opinion states that the Financial Report is accurate and reliable in its substance in accordance with the Generally Accepted Accounting Principles. Also the disclosure of sufficient information was carried out. The adequate Internal Control Systems were proceeded without substance errors. The Company has been in full compliance with the laws and regulation of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws as well. Moreover, the connected transaction are accurate and reliable and fairly priced according to the market price index.

Finally, the Audit Committee's opinion recommends for the Board of Directors to propose to the 2016 Annual General Shareholders' Meeting to appoint Mr. Somkid Tiatragul, Certified Public Accountant no. 2785 and/or Miss. Kanyanat Sriratchachaval Certified Public Accountant no. 6549 and/or Mr. Teerasak Chuasrisakul, Certified Public Accountant no. 6624 and/or Mrs. Sunsanee Poolsawat, Certified Public Accountant no. 6977 and/or Mr.Narin Churamongkol, Certified Public Accountant no. 8593 from Grant Thornton Limited asre qualified to be the Company's auditor for 2016.



(Dr. Krisorn Jittorntrum)  
Audit Committee Chairman  
15 March 2017

## Report of the Risk Management Committee

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To the Shareholders

The Risk Management Committee was established by resolution of the Board of Directors Meeting No.1/9/2010, held on September 2, 2010. Currently, this Committee comprises of seven members that have risk management knowledge. The Board of Directors has appointed Dr. Krisorn Jittorntrum, the Independent Director, to be the Chairman of the Risk Management Committee.

This Committee has the responsibility to review the Company's risk management policy and framework, which covers all the major risks; namely financial risk, investment risk, operational risk, and corporate reputation risk. The Committee is also responsible for setting appropriate risk management measures to support the decisions of the Board of Directors or the Management, especially the investment activities which may significantly affect the business and financial status of the Company or the risky investment that the Board of Directors provide the Risk Management Committee to review.

In 2016, the Risk Management Committee held a meeting and invited other persons, who are involved with or are responsible for any matters related to the meetings' agenda, to participate in the meetings. The Committee has overseen, reviewed, provided recommendations and monitored the progress of five investment projects of the Company, namely the Construction and Operation of the Deep Sea Port and the Railway from Moatize to Macuse in Mozambique, the Dawei Project in Myanmar, the Dhaka Elevated Expressway Project in Bangladesh and the Potash Mining Project in Udon Thani Province, Thailand.

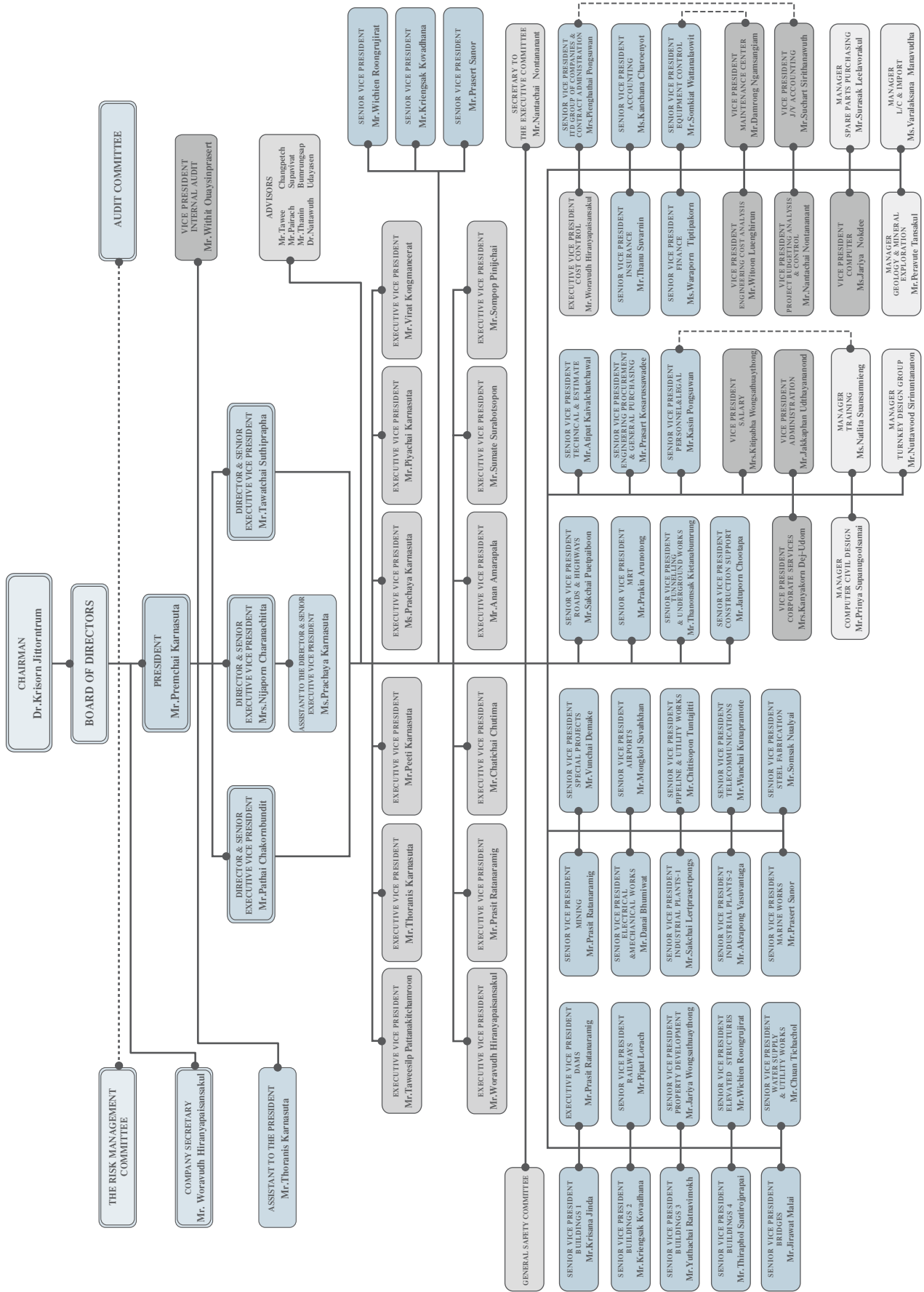
The Risk Management Committee has also considered and provided recommendations for enhancing the Company's profitability. Some recommendations have been implemented, for example the improving of the accuracy of construction cost estimation and the incentive scheme for motivating productivity, efficiency and profitability of the construction projects.

The Risk Management Committee will maintain effective working within the scope of its responsibilities to ensure that risk assessment and risk management are being properly implemented and sufficient to balance the growth and productivity of the Company's business at an acceptable risk level.



Dr. Krisorn Jittorntrum  
Chairman of the Risk Management Committee  
February 28, 2017

## Organization Chart



The Company was formed on 15<sup>th</sup> August 1958 with a registered capital of Baht 2,000,000 under the name “ITALIAN-THAI DEVELOPMENT CORPORATION COMPANY LIMITED” (ITD), when the founders, Dr. Chaijudh Karnasuta (a Thai) and Mr. Giorgio Berlingieri (an Italian) had the objective to establish a Thai construction company.

The Royal Seal of The Garuda was awarded to the Company by His Majesty the King on 23<sup>rd</sup> December 1985. The Royal Seal of the Garuda is the highest and most honourable achievement under the Royal Patronage of His Majesty the King.

The Company registered as a Public Company Limited on 24<sup>th</sup> March 1994 and was listed on the Stock Exchange of Thailand on 9<sup>th</sup> August 1994. The Company has achieved an excellent performance with high quality work for private clients and government authorities. The Company’s high standard of construction quality has been recognized by the Company being awarded ISO-9001: the standard for the Quality Management Systems including design, installation, and servicing, ISO-14001: the standard for the Environmental Management Systems and TIS 18001: the standard for the Occupational Health and Safety Management Systems.

To maximize the benefit of all stakeholders and shareholders from the Company operation, the Board of Directors has set the vision, mission, motto and operating strategy of the Company as follows;

### **Vision**

“To be the leading contractor in Southeast Asia”

### **Mission**

- To be an integrated construction firm with wide experiences and expertise in all construction activities.
- To have the potential and readiness to undertake large construction projects by using advanced technological construction with competitive tendering.
- To have responsibility for the construction by delivering an international quality standard of work, on time and within the scope of budget.
- To maintain a reputation of leadership.
- To create supreme satisfaction to customers.
- To use the company’s capacity to expand its construction business throughout Asia and beyond.

### **Motto**

“Commitment, Reliability, Quality”

### **Strategy**

- Build credibility and trust of the Company through quality.
- On-time delivery with high quality work.
- Develop and innovate construction technology by using advanced techniques.
- Develop and enhance the management of the organization while continually modernizing its human resources.

### **Significant Change and Development**

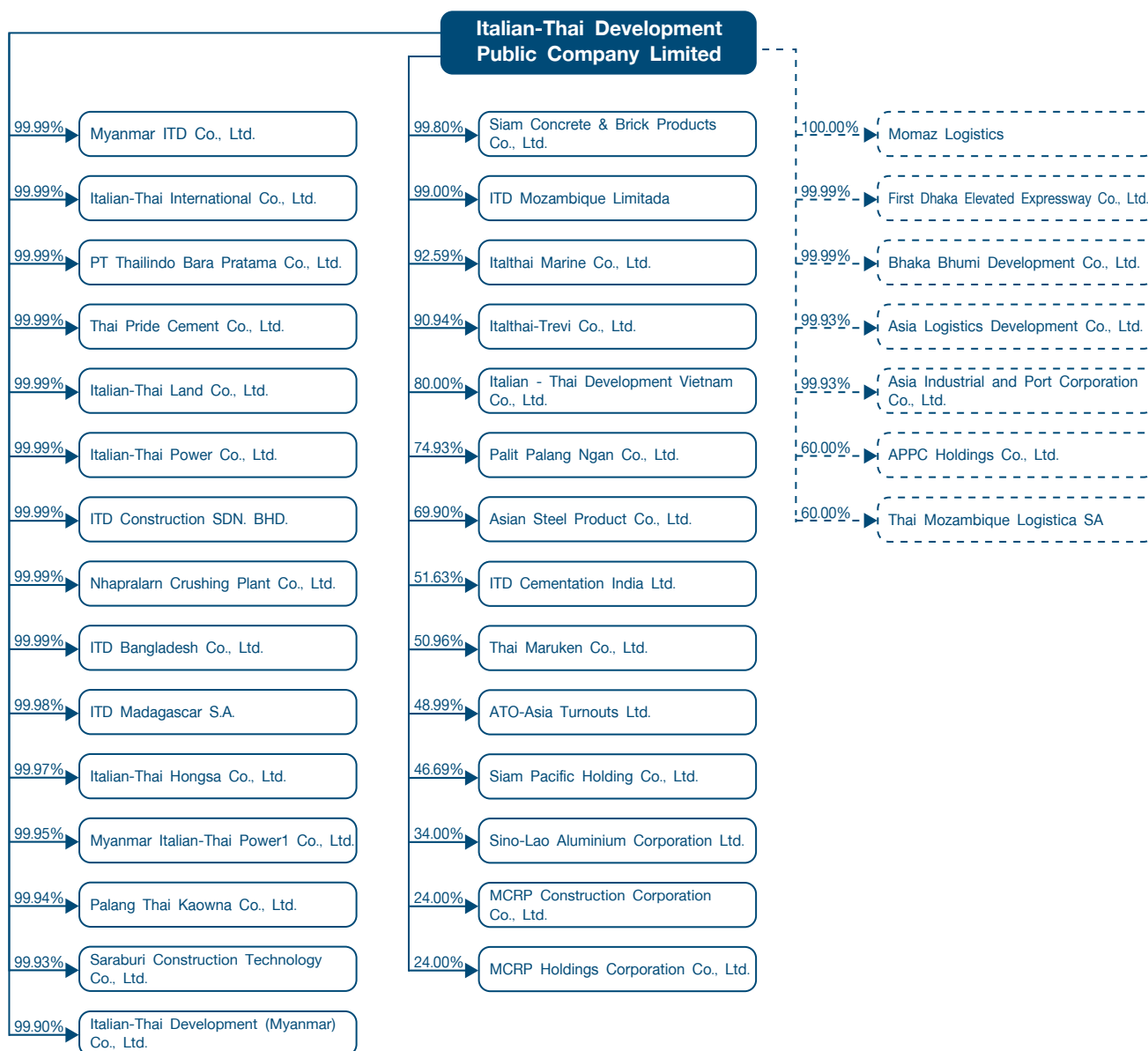
Italian-Thai Development Public Company Limited issued the 1,055,934,113 units of Warrants for newly-issued ordinary shares of Italian-Thai Development Public Company Limited No.1 (ITD-W1) (the “Warrants”) to the existing shareholders on the 14<sup>th</sup> May, 2016 with an exercise period of 4 years, the last exercise option date being 13<sup>th</sup> May, 2019 and the exercise period of the warrants of every quarter with a par value of Baht 14 per share, at the ratio of 1 ordinary share per 1 unit of Warrant (ordinary shares with a par value of Baht 1). The Company determined the first exercise date on the 30<sup>th</sup> June, 2015 and as the Company determined the sixth exercise date namely 30<sup>th</sup> September, 2016, there were 20 units of Warrants holders entitled to exercise their rights for 20 shares amounting to 20 issued and allocated shares. Recently, the paid-up share capital of the Company is a value of Baht 5,279,840,848.

According to the Board Meeting No.4/9/2016, dated 9<sup>th</sup> September, 2016, there was an acknowledgement of the resignation from the Audit Committee of Mr.Tirapongse Pangsrivongse and the appointment of Prof. Dr. Mingsarn Kaosa-ard as an Independent Director to the Audit Committee effective from the 9<sup>th</sup> September 2016.

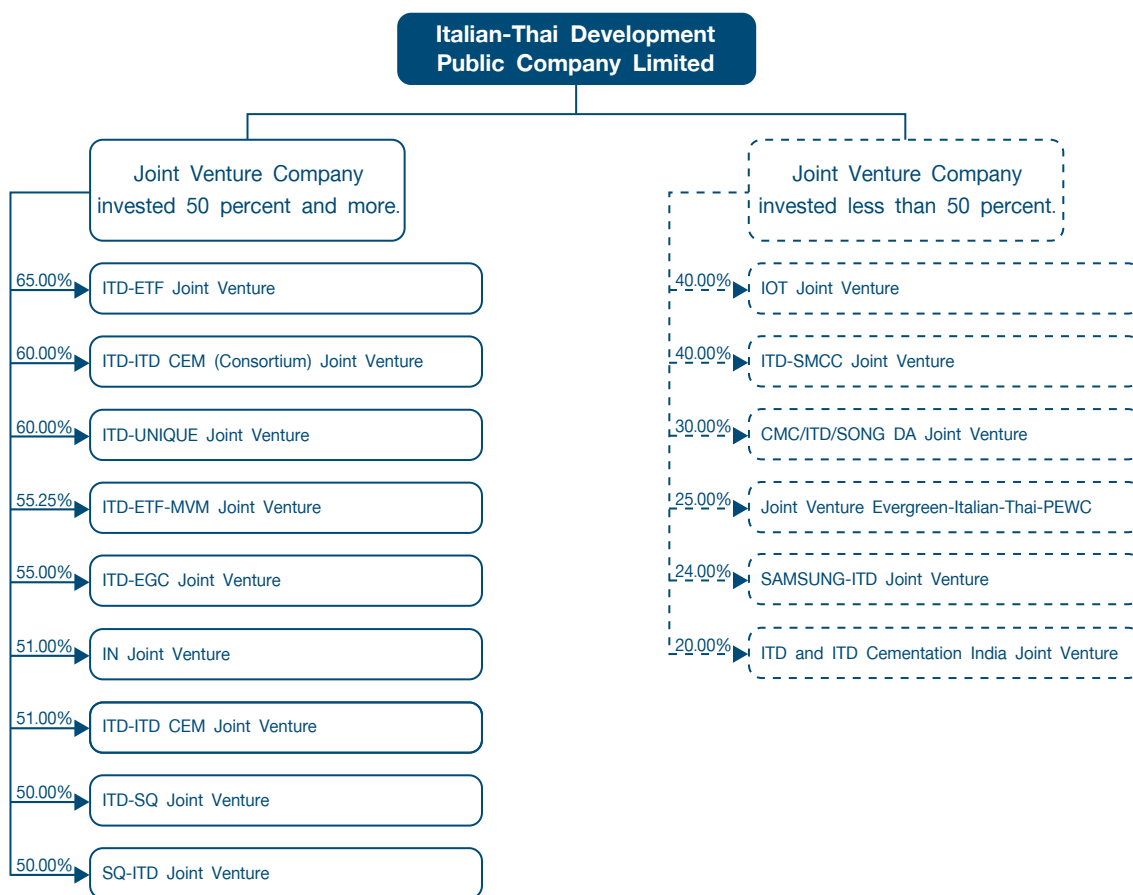
## Shareholding Structure of the Company

The business lines of the Company's subsidiary companies, associated companies and joint venture as of 31<sup>st</sup> December 2016 can be divided into three lines as below:

1. Lines of construction and public utilities work including a line of construction support and line of overseas investments
2. Lines of the Company investment in other sectors, e.g., real estate business, construction material and raw material products, and concession businesses
3. Lines of Joint Venture, which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work



The Company's investment in Joint Venture Companies as of 31<sup>st</sup> December 2016:



### Business of the Company, Subsidiary Companies, Joint Ventures and Associated Companies

#### Italian-Thai Development Public Company Limited Only

At present, the business operations of ITD can be divided into nine major activities:

1. Buildings (office buildings, condominiums, skyscrapers and hotels)
2. Industrial Plants
3. Pipelines and Utility Works (oil, gas and water transmission pipelines, conduit and manhole systems and storage tanks)
4. Highways, Railways, High Speed Rails, Viaducts, Trackworks, MRT Systems, Bridges and Expressways
5. Airports, Ports and Marine Works
6. Dams, Tunnels and Power Plants
7. Steel Structures
8. Telecommunications
9. Mining

#### Subsidiary Companies, Joint Ventures and Associated Companies

The business lines of the Company's subsidiary companies, associated companies and joint ventures as of 31<sup>st</sup> December 2016 can be divided into three lines as below:

1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments
2. Lines of the Company investment in other sectors, e.g. real estate business, construction material and raw material products and concession businesses
3. Lines of Joint Ventures which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work

### Sales Structure of Italian-Thai Development Public Company Limited

Sales Structure	2016		2015		2014 (Restated)	
	(Baht) Million	%	(Baht) Million	%	(Baht) Million	%
1. Large-scale Building Construction	8,201.60	16.21	9,309.05	17.30	9,126.32	17.45
2. Industrial Plants and Facilities	527.49	1.04	583.46	1.08	877.33	1.68
3. Pipelines and Tank Farms	2,451.47	4.85	3,247.70	6.04	2,298.00	4.40
4. Highways, Railways, Bridges and Expressway Systems	14,580.91	28.82	19,012.66	35.34	19,792.92	37.86
5. Airports, Jetties, Deep-sea Ports and Marine Works	12,176.49	24.07	9,164.17	17.03	4,691.86	8.97
6. Multi-purpose Hydro-electric Dams, Tunnels and Power Plants	1,307.35	2.58	1,483.88	2.76	3,714.78	7.10
7. Steel Structures	230.40	0.46	389.48	0.72	260.96	0.50
8. Telecommunications	137.44	0.27	124.34	0.23	1,164.68	2.42
9. Mining	2,525.86	4.99	2,420.32	4.50	1,722.81	3.30
10. Miscellaneous	7,285.95	14.40	6,937.86	12.89	8,348.93	15.97
11. Others	1,165.29	2.31	1,132.52	2.11	1,414.43	2.70
Total Sales	50,590.25	100.00	53,805.44	100.00	52,285.04	100.00
Sale Growth (Decline)	-5.98%		2.91%		8.62%	
Related Party Transactions from Construction	474.68		183.93		90.02	
Related Party Transactions from Miscellaneous	1,581.18		1,191.51		2,698.79	
Others	145.21		394.94		373.24	
Total Net after Provisions	48,389.18		52,035.06		49,122.99	
Growth (Decline)	-7.01%		5.93%		6.82%	

## Sales Structure of Subsidiary Companies, Associated Companies & Joint Ventures

### 1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments

Company Name	% of	2016		2015		2014 (Restated)	
(Unit : Thousand Baht)	Holdings	Sales	%	Sales	%	Sales	%
Subsidiary Companies							
1. Myanmar ITD Co., Ltd.	99.99	-	-	-	-	-	-
2. Italian-Thai International Co., Ltd.	99.99	87,504	0.36	88,861	0.35	78,320	0.39
3. PT Thailindo Bara Pratama Co., Ltd.	99.99	-	-	-	-	2,572	0.01
4. Thai Pride Cement Co., Ltd.	99.99	1,216,108	5.03	1,463,965	5.69	1,529,875	7.55
5. Italian-Thai Land Co., Ltd.	99.99	-	-	-	-	-	-
6. Italian-Thai Power Co., Ltd.	99.99	-	-	-	-	-	-
7. Italian Thai International SDN. BHD.	-	-	-	-	-	-	-
8. ITD Construction SDN. BHD.	99.99	-	-	-	-	-	-
9. NhaPralan Crushing Plant Co., Ltd.	99.99	14,023	0.06	14,159	0.06	41,701	0.21
10. ITD Bangladesh Company Limited	99.99	-	-	-	-	-	-
11. ITD-Madagascar S.A.	99.98	2,487	0.02	7,132	0.03	3,027	0.01
12. Italian-Thai Hongsa Co., Ltd.	99.97	1,722,896	7.13	1,387,656	5.39		
13. Myanmar Italian-Thai Power 1 Co., Ltd.	99.95	-	-	-	-	-	-
14. Palang Thai Kaowna Co., Ltd.	99.94	-	-	-	-	-	-
15. Saraburi Construction Technology Co., Ltd.	99.93	18,509	0.08	79,965	0.31	130,159	0.64
16. Italian - Thai Development (Myanmar) Co., Ltd.	99.90	-	-	46,416	0.18	23,020	0.11
17. Siam Concrete Brick & Products Co., Ltd.	99.80	353,773	1.46	501,569	1.95	537,797	2.66
18. ITD Mozambique Limitada	99.00	-	-	-	-	-	-
19. ItalThai Marine Co., Ltd.	92.59	417,303	1.73	272,000	1.06	228,654	1.13
20. ItalThai Trevi Co., Ltd.	90.04	1,089,828	4.51	811,867	3.16	1,592,752	7.87
21. Italian-Thai Development Vietnam Co., Ltd.	80.00	-	-	-	-	-	-
22. Palit Palangan Co., Ltd.	74.93	-	-	-	-		
23. Asian Steel Products Co., Ltd.	69.90	194,131	0.80	57,499	0.22	122,164	0.60
24. ITD Cementation India Ltd.	51.63	16,108,487	66.64	16,361,919	63.58	9,110,091	44.99
25.Thai Maruken Co., Ltd.	50.96	410,979	1.70	405,073	1.57	421,498	2.08
Associated Companies							
1. ATO Asia Turnouts Co., Ltd.	48.99	95,214	0.39	169,425	0.66	253,640	1.25
2. Siam Pacific Holding Co., Ltd.	46.69	-	-	-	-	-	-
3. Sino Lao Aluminum Corporation Co., Ltd.	34.00	-	-	-	-	-	-
4. MCRP Construction Co., Ltd.	24.00	-	-	-	-	-	-
5. MCRP Holding Corporation Co., Ltd.	24.00	-	-	-	-	-	-

**2. Lines of the Company investment in other sectors, e.g. real estate business, construction material and raw material products and concession businesses**

Company Name (Unit : Thousand Baht)	% of Holding	2016		2015		2014 (Restated)	
		Sales	%	Sales	%	Sales	%
Subsidiary Companies							
1. First Dhaka Elevated Expressway Co., Ltd.	99.99	-	-	-	-	-	-
2. Bhaka Bhumi Development Co., Ltd.	99.99	542,339	2.24	289,544	1.13	629,555	3.11
3. Asia Logistics Development Co., Ltd.	99.93	-	-	-	-	-	-
4. Asia Industrial Port Corporation Co., Ltd.	99.93	-	-	-	-	-	-
5. APPC Holdings Co., Ltd.	60.00	-	-	-	-	-	-
6. Thai Mozambique Logistica SA	60.00	-	-	-	-	-	-

**3. Lines of Joint Ventures**

Company Name	% of	2016		2015		2014 (Restated)	
(Unit : Thousand Baht)	Holding	Sales	%	Sales	%	Sales	%
Joint Ventures							
1. ITD-ETF Joint Venture	65.00	66,845	0.28	-	-	-	-
2. ITD - NCC Joint Venture (NT-2)	-	-	-	-	-	-	-
3. ITD-Nawarat LLC	-	-	-	-	-	-	-
4. ITD – ITD Cem (Consortium) Joint Venture	60.00	46	-	30,471	0.12	58,398	0.29
5. ITD – UNIQUE Joint Venture	60.00	-	-	143,534	0.56	247,162	1.22
6. ITD-ETF-MVM Joint Venture	55.25	-	-	55	-	72,686	0.36
7. Italian-Thai-EGC Joint Venture	55.00	-	-	3,831	0.01	10,013	0.05
8. IN Joint Venture	51.00	-	-	-	-	-	-
9. ITD-ITD Cem Joint Venture	51.00	761,348	3.15	1,726,353	6.71	1,800,042	8.89
10. ITD SQ Joint Venture	50.00	790,692	3.27	661,929	2.57	907,406	4.48
11. SQ ITD Joint Venture	50.00	157,212	0.65	638,540	2.48	740,627	3.66
12. ITO Joint Venture	40.00	-	-	-	-	-	-
13. IOT Joint Venture	40.00	-	-	-	-	-	-
14. ITD-SMCC Joint Venture	40.00	-	-	202,432	0.79	763,659	3.77
15. CMC/ITD/SONG DA Joint Venture	30.00	101,685	0.42	-	-	-	-
16. Joint Venture Evergreen – Italian-Thai-PEWC	25.00	-	-	-	-	-	-
17. SAMSUNG – ITD Joint Venture	24.00	-	-	351,933	1.37	940,395	4.64
18. ITD Cementation Joint Venture	20.00	19,457	0.08	11,904	0.05	5,143	0.03
		24,170,866	100.00	25,728,032	100.00	20,250,356	100.00

In 2016, construction business in Thailand tended to expand as it was affected by the investment in infrastructure by the Government with continuous projects and also new projects. The Ministry of Transport proposed the 36 action plans of 2016 with a value of almost THB 900,000 million so as to drive the investment in infrastructure by the Government to become quite substantial. It has stimulated the Thai economy and increased the confidence of the investors as it generated new projects and increased investment from private sectors. Besides Contractors also have opportunities to undertake more works overseas, especially the neighboring countries – Cambodia, Lao PDR and Myanmar which needs more development of infrastructure and facilities.

### Building Works

The building projects which were completed in 2016 include: the Star View Condominium worth Baht 1,833 million, the Than Living Condominium worth Baht 747 million, the ISSI Condo, Suksawat worth Baht 772 million, Kerry Bangna Logistics Centre (Phase1) worth Baht 202 million, Sripanwa Hotel, Phuket worth Baht 166 million.

The ongoing projects include: the Chakrinabodindra Medical Institute (Phase 1 and 2) worth Baht 7,291 million which is 85% complete and the Company additionally is undertaking the interior decoration worth Baht 1,119 million, Krungsri Ploenchit Tower worth Baht 2,200 million which is 22% complete, Magnolias Waterfront Residences worth Baht 2,336 million which is 30% complete, The Icon Siam Superlux Residences worth Baht 1,104 million which is 27% complete, the medical centre to mark the 150th year of the Somdej Phra Panwasa Aiyika Chao worth Baht 5,048 million which are 11% complete and the Singha Complex worth Baht 1,226 million which is 23% complete.

The additional mega projects which recently have begun include: Dormitory Building for Students, Doctors, Nurses and Health Personnel, Chonprathan Hospital, Chonburi International School, Windshell Condominium, Narathiwas Road, Whizdom 101 and so on.

### Expressway, Highways, Railways and Bridges

The completed construction projects in 2016 include: the Track Strengthening, Khlong Sip Kao Station to Khlong Luek Bridge worth Baht 2,618 million, Sub-Structure Modification and Installation of Steel Bridges of KabinBuri – Prajinburi and Khlong Sip Kao worth Baht 334 million, Supply and Installation 19 Sets of Automatic Boom Gates (LX20) at Nakhonsawan, Lampang, Kaengkhoei and Chachoensao District worth Baht 54 million and the MRT Purple Line Project, Bang Yai to Bang Sue Section, Contract 6: Trackworks worth Baht 3,390 million which is 100% complete except the process of the whole system testing with the MRT Blue Line (interchange point).

The ongoing projects include: the Highway Route No.304 A.KabinBuri - A.Pak Thong Chai (Wildlife Corridor) worth Baht 1,233 million which is 31% complete, the Highway Route No.304 A.KabinBuri - A.Wang Nam Keaw Phase 3 worth Baht 743 million which is 15% complete, Construction of the Second Bridge Across Moei River, Ampherng Mae Sod (Contract 1) worth Baht 335 million which is 89% complete, Single Rail Transfer Operator Project (SRTOT), Laem Chabang Port worth Baht 1,262 million which is 20% complete.

The additional projects which recently have begun include: Track Strengthening Project between Hua Takhe Station to Chachoengsao Junction and Track Strengthening Project between Khlong Sip Kao Junction and KaengKhoei Junction worth Baht 744 million. Besides, the Company is also undertaking the Motor way Route No.6 Bang-Pa-In – Nakhonratchasima Project Section 7-8-9 worth Baht 3,265 million which is 6% complete.

The target of the Company for this year is double track and standard gauge railway project including motorway project which the Government was pushing for the auction in 2016

The ongoing overseas project is Dhaka Elevated Expressway with 25 years concession, Bangladesh value Baht 38,095 million. Its pattern and the way of construction were changed so as to reduce the land expropriation problem which affected the community and meet the demands of the Government. Recently, it is in the process of financial close, which is expected to be completed soon to start the project as the Bangladesh Government has programmed.

### Airports

In the year 2016, the Company won the auction for the Construction of Satellite Building (B2, B1& Ground Fl. Level), Aircraft Aprons and South Tunnel Extension for Suvanabumi Airport Expansion Project worth Baht 11,207 million which is 10% complete. This makes the Company confident in bidding for further projects of Suvanabumi Airport. This project will be able to support the passengers from 45 million to be 60 million.

The development project of other airports in Thailand – Donmeung, Phuket, Hat-Yai and Krabi International Airport, AOT is willing to improve the capacity of passenger support as well such as passenger terminal or a taxi way development of every airport. Such mentioned projects are all in the Company's interest.

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## Industrial Plants

The completed industrial plant projects include: The North Bangkok Combined Cycle Power Plant worth Baht 2,687 million, the Boiler Building for MPK Project at Phukhiao, Chaiyaphum worth Baht 392 million, the Raw Sugar Warehouse of Mitrphol, Singhaburi worth Baht 49 million and the LPG Plant in Laem Chabang worth Baht 1,490 million.

The ongoing projects include: Mitr Phu Luang Sugar, Line-B Expansion Project worth Baht 184 million which is 35% complete, the Expansion of Sugar Factory and Biomass Power Plant of Korat Industry worth Baht 227 million which is 14% complete, the Goodyear-Sapphire Phase I Project worth Baht 260 million which is 3% complete, the Construction of MDF 2 Factory and Equipment Foundation, Songkhla worth Baht 191 million which is 21% complete.

This year, the Company cooperated with Sumitomo, Black & Veatch (Thailand) and won the auction of Bang Prakong Combined Cycle Power Plant Project (Units 1-2 Replacement) worth Baht 22,000 million which is expected to be approved the operation in quarter 2 of 2017. For Krabi Coal Power Plant worth Baht 32,000 million and Coal Distribution Port worth Baht 9,200 million, the Company and its partnership won the auction on behalf of Power Construction of China and ITD, which is in the process of pending for consideration of EHIA from the National Environment Board, government sectors and related parties including the approval of the operation from the Government so as the Electricity Generating Authority of Thailand shall instantly begin the operation. Besides, there are many power plant construction tenders such as Thepha Coal Power Plant and BLCP Coal Power Plant. These aforementioned projects are all the Company's target at tender.

## Mining Development

The ongoing domestic projects include: the Mae Moh Mine Phase 7 Project worth Baht 21,822 million which is 68% complete and the construction is on behalf of ITD-SQ Joint Venture (Italian-Thai Development Plc. and Sahakol Equipment Co., Ltd.). ITD-SQ is operating in soil excavation for 365 million cubic metres and coal excavation for 50 million tonnes for the Electricity Generating Authority of Thailand.

The ongoing overseas project is the Hongsa Mine in Laos PDR, soil excavation with the total quantity of 383 million cubic metres, worth Baht 25,282 million which is 12% complete.

## Pipeline and Utility Works

The completed project is Bangpoo Natural Gas Pipeline Project worth Baht 750 million and the NNEG Natural Gas Pipeline and Metering Facilities System Project worth Baht 180 million.

The ongoing projects are the Overhaul of DPCU Khanom Project worth Baht 352 million which is 99% complete only left the commissioning with PTT, 1<sup>st</sup> Transmission Pipeline Life Extension Project (PLLEP): 24" Recoat Section (RC-650) worth Baht 949 million which is 44% complete, Gas Pipeline and Block Valve Station for Rojana Power Plant worth Baht 480 million which is 93% complete and is expected to be completed in the first quarter of 2017.

The additional projects which have recently begun include the EPC Contract For 1<sup>st</sup> Transmission Pipeline Life Extension Project-18" Reroute Section (RC-670) worth Baht 1,692 million which is in the process of material preparation.

The ongoing overseas project is the Laying of Water Trunk Main from Garden Reach Water Works to Taratala Valve Station and Laying of Sewer Line along Diamond Harbour Road in India worth Rupee 1,667 million which is 80% complete.

The additional overseas project is the Laying of Sewer Line Project along James Long Sarani Road, Kolkata with a length of 3.8 kilometres worth Rupee 927 million. In Vietnam, the Company undertakes the Laying of Sewer Line in Ho Chi Minh City, Package XL-01 worth Baht 2,765 million which is in the process of work preparation.

## Ports, Jetties, River Protection, Dredging & Reclamation and Marine Works

The completed projects include: the Khlong Yai Multipurpose Jetty in Trat Province worth Baht 748 million, the flood prevention project for Muang District in Chiang Mai Province Phase 1 worth Baht 233 million, Lamai Community Development Project, AmphoeKoSamui, Suratthani worth Baht 133 million.

The ongoing projects include: the Construction of Concrete Retaining Wall at KlongSakaengam worth Baht 400 million which is 99% complete and is expected to be completed in the first quarter of 2017, Mae Nam Community and Chawang Community Development Project, Amphoe KoSamui, Suratthani worth totaling Baht 409 million, which is 94% and 51% complete respectively, the Retaining Wall for Pasak River, Phase1 Section1 worth Baht 913 million which is 32% complete, the Construction of Wangpan Water Gate, Lamphun Province worth Baht 382 million which is 62% complete, the Kerry Siam Seaport Phase 4 Development Project worth Baht 1,567 which is 29% complete and the Construction of Flood Prevention System for Bangsrimuang community, Nonthaburi worth Baht 326 million, which its design and contract were already amended. It is in the process of pending the contract signing and is expected to start the construction in March 2017.

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## **Dams and Hydroelectric Power**

The ongoing domestic projects are the Tunneling and Associated Works, Mae Ngad-Mae Kuang Water Transmission Tunnel Contract 1: Water Augmentation Project for Mae KuangUdom Tara Dam, Chiangmai worth Baht 2,182 million which is 6% complete. For other Water Management Projects, the Government is continuously carrying out the strategic improvements and the Company is confident in its capabilities to carry out the projects.

The overseas project in 2016, the Joint Venture CMC/ITD/SONG DA hold the shares of 40:30:30 respectively and signed a contract with Nam Theun 1 Co., Ltd., LAO PDR so as to operate the Nam Theun 1 Hydropower Project worth Baht 16.8 billion. The project consists of River Diversion, RCC Dam, CVC Gated Spillway, Bottom Outlet, Power Intake, Power Tunnel, Vertical Shaft, High Pressure Tunnel, Powerhouse Complex, Superstructure, Tailrace Tunnels/Channels, Civil Works at the Switchyards and Hydro-Mechanical Works. The period of works is 1,473 days and ITD holds the shares of 30% accounting for Baht 5.03 billion.

## **Mass Rapid Transit Systems**

The ongoing projects include: the MRT Extension Phase 1– Blue Line (Hua Lamphong to Sanam Chai) worth Baht 10,692 million, which is 88% complete, the Red Line (I) Contract 2: Civil Works for Bang Sue – Rangsit Railway worth Baht 23,336 million which is 78% complete, the MRT Green Line (North) Project Contract 1: Civil Works Mo Chit-Saphan Mai Section 1 worth Baht 14,280 million which is 19% complete. In the past year, the MRT issued the tender for the MRT Orange Line (Thailand Cultural Center to Minburi) with a length of 23 kilometres and the Company won the auction for the Contract 3 Underground Civil Work (Hua Mak - Khlong Ban Ma Section). The Company is ready for the operation immediately after the contract signing.

The ongoing overseas projects include: the Delhi Metro Rail Project Contract CC-32 (UG 3) worth Rupees 7,510 million which is 95% complete, the Delhi Metro Rail Project Contract CC-26R worth Rupees 6,401 million which is 78% complete. For the Kolkata Metro Rail Project (UG-2), Construction of Metro Station, there was an amendment of the station that worth Rupees 16,190 million which is 48% complete. India is growing rapidly and the country's infrastructure is targeted by the Company for future projects.

## **Steel Fabrication**

The steel supply of the Wihan Daeng factory in Saraburi has saved time and improved effectiveness of the construction in many projects. Last year the total production volume of structural steel fabrication facilities at WihanDaeng was 12,703 tons, which mainly supported ITD's projects, including: the Mass Transit System Project in Bangkok (Red Line and Green Line), steel railway bridges, Bitec Phase2, G land Tower as well as the services to external entities, including the steel structures for the Kowloon Electric Train Station package 2.

## **Telecommunications**

The completed telecommunications project are the Design, Supply and Installation of Optical Fiber Cable to increase stability to the telecommunications of Provincial Electricity Authority worth Baht 105 million and the Construction of High Voltage Testing Building of Charoong Thai Wire and Cable Public Company Limited (CTW) worth Baht 123 million.

The ongoing projects include: the repair and Maintenance of Fiber optic cable phase 2 in the southern region worth Baht 97 million which is 82% complete and recently started the operation of the Construction of PEA Data Center Building worth Baht 582 million.

As the installation of the undersea electric cable to the islands is preferred since its cost is lower than the installation of high voltage electricity poles and also reduces environmental impact. Such projects are the undersea electric cable 33 kV 45 kilometers in distance to Koh Tao worth Baht 1,800 million and 115 kV Transmission Line of Khanom Station worth Baht 215 million and Chaweng, Koh Samui in Surat Thani Province worth Baht 570 million.

Apart from the aforementioned projects, there are several projects that the Company has studied, pushed forward and developed itself such as the Udon Thani Potash Mining Project, the Bauxite Mining Project and Production of Alumina and Aluminum Project in Lao PDR, Port and Railway Construction Services in the Republic of Mozambique Project, the Dawei SEZ Project in Myanmar. All projects have been in progress and the Company will keep developing such projects continuously.

### 1. Risks related to Business

#### **1.1 Our revenues and our potential revenue growth are highly dependent on Thai public sector contracts, Government policy and the Thai economy.**

We conduct a substantial portion of our operations in Thailand. In 2016 and generated 62.2% of our construction service revenues in Thailand. The Thai economy expanded in 2016 with real GDP in Thailand growing 3.2% in 2016, 2.9% in 2015 and 0.9% in 2014. Real GDP for the construction industry moderately increased by 8.3% in 2016, 17.0% in 2015 and -2.4% in 2014 (Source: NESDB).

We cannot predict how long the current economic expansion will continue, if at all, or whether another financial or economic crisis will occur in the future. Factors that may adversely affect the Thai economy include:

- Decreases in business, industrial, manufacturing or industrial activity in Thailand or in the region or in global;
- Discontinuation of pushing economic system by the government's monetary and fiscal policy both locally or globally;
- Scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- Exchange rate and oil price fluctuations;
- A prolonged period of inflation or increase in regional interest rates;
- Changes in taxation;
- A re-emergence of Severe Acute Respiratory Syndrome (commonly known as SARS), avian influenza (commonly known as the bird flu), or the emergence of another highly infectious disease in Thailand or in other countries in the region;
- Political instability, coup d'état, terrorism or military conflict in Thailand and other countries in the region or globally;
- A continuation of or increases in the level of unrest in southern Thailand and Other regulatory, political or economic developments in or affecting Thailand
- Natural calamity and other calamities

Any economic recession or other deterioration in Thailand's economy, or decline in business, industrial, manufacturing or financial activity in Thailand, could adversely affect our business financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.

In addition to our business concentration in Thailand, our business is also highly dependent on the Thai public sector spending. Our major customers are the government and its state-owned enterprises, such as the State Railway of Thailand, the Mass Rapid Transit Authority of Thailand, the Mahidol University, the Airports of Thailand Public Company Limited and the Department of Highways. Our Thai public sector customers accounted for 70.6% and 69.4% of our construction revenues in 2016 and 2015, respectively, and 53.4% and 53.2% of the Company revenues, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2016 and 2015, respectively.

While published government plans for Thailand provide for increased government expenditure on capital infrastructure projects, any significant budgetary reductions by the Thai government would adversely impact the amount of new public sector construction contracts awarded and either this or any disruption of our relationship with the Government for any reason, would materially and our business, financial condition, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

#### **1.2 The infrastructure projects that we undertake involve significant risks that could adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.**

A significant portion of our revenue, particularly those relating to large infrastructure projects, are derived from contracts with governments, government-related entities or private companies holding concessions from government agencies within and outside Thailand. This exposes us to certain risks not associated with other types of construction projects. For example, many of these large infrastructure projects are high profile, which can result in increased political and public scrutiny of our work. In addition, these projects tend to be relatively complex, which requires us to commit a significant amount of resources and working capital to these projects. Such types of projects are also subject to delay or modification due to environmental considerations.

Because these projects are publicly funded, changes in government budget and policy considerations could result in delays or changes to these projects. Payments to construction companies providing services to these projects, including us, may also be delayed as a result of disputes with government agency or lenders to the projects. Delays in payments to us would adversely affect our cash flows and any disputes and changes in budget and policy considerations could affect our reputation and the availability of financing for future projects, all of which would adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

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**1.3 If we are unable to accurately estimate the overall risks, revenues or costs on our contracts, or fail to agree to the pricing of work done pursuant to unapproved change orders, we may incur lower than anticipated profit or incur a loss on the contracts.**

Substantially our construction contracts are either fixed price or fixed unit price contracts. The terms of these contracts require us to guarantee the price of our services on a fixed price or a fixed unit price basis and assume the risk that the costs associated with our performance will not be greater than we anticipated. As a result, we will only realize a profit on these contracts if we have successful estimates or other factors, costs and avoid cost overruns. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, result in a lower profit or a loss on a project. Our project cost estimates are subject to a number of assumptions. Although we anticipate increased labor costs and materials costs in our bids, the revenue, cost and gross profit realized on a fixed price or fixed unit price contract may vary from the estimated amounts because of many factors, including changes in job condition, variations in labor and equipment productivity over the term of the contract and unexpected increases in costs of materials and labor.

Some of our construction contracts contain an escalation formula to accommodate unexpected increases in materials and labor costs. However, we are typically required to bear some portion of the increase before we can make a claim under the escalation formula. In any event, the escalation formula may not cover the full increase in cost for our materials or labor. If our estimates of the overall risk, revenues or costs prove inaccurate, or circumstances change, or if the escalation formula in our contracts does not cover the full increase in costs, we may incur a lower profit or a loss on our contracts, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

We are frequently required to perform extra or “change order” work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, these unapproved change orders, contract disputes or claims result in costs to us that cannot be billed for a period of time and, therefore, are reflected as “unbilled receivables” in our balance sheet. We cannot assure you that we will be able to invoice or recover the cost and profit margin for the extra or change order work in full or at all, which may lead to business disputes or may otherwise adversely affect our risk analysis, our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

**1.4 We are reliant on a small number of clients.**

We generally target large government entities as clients. As a result, at any point in time a small number of clients may account for a substantial portion of our revenues and backlog as the State Railway of Thailand, the Mass Rapid Transit Authority of Thailand, the Mahidol University, the Airports of Thailand Public Company Limited and the Department of Highways accounted for 28.8% and 29.3% of our construction revenues in 2016 and 2015, respectively, and 31.7% and 33.0% of the Company, the subsidiaries with the Company’s construction role and portion of the Company backlog as of December 31, 2016 and 2015, respectively. If any of these clients ceases to provide us with new work or if there are any significant disputes relating to any of our contracts with any of these clients, this could temporarily disrupt our business, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

**1.5 We may face intense competition, which could reduce our market share and profits.**

The construction business in Thailand and throughout Asia is highly competitive. New project awards are typically determined through a competitive bidding process, and after potential bidders pre-qualify to bid on a project, the principal competitive consideration is the price of the bid. There is increasing competition for construction projects in Thailand and other parts of Asia from both Thai and foreign construction companies, particular from China, Japan and Korea, some of whom have financial and operational resources greater than ours. As a result, we may need to accept lower profit margins or make other concessions in order for us to be able to successfully compete. If we are unable to compete successfully, our relative market share and profits would be reduced, which would materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

**1.6 Our participation in Joint Ventures exposes us to liability for failures of our Joint Venture partners.**

We sometimes enter into joint venture arrangements with outside partners on a joint and several liability basis so that we can jointly bid on and execute a particular project when we require specialized experience or technology, when we want to upgrade our bidding eligibility or when we want to reduce our financial or operational risk with respect to such projects. Success on these joint venture projects depends in large part on our ability to operate effectively with our joint venture partners and on whether our joint venture partners perform their contractual obligations. If one of our joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions, we could be required to make additional investments and provide additional services to make up for our partner’s shortfall. In addition, if the owner of a project is entitled to damages or penalties under a joint venture contract for any reason, we could be required to bear our joint ventures’ shares of the damages or

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penalties if our joint venture partner fails to pay its share. Furthermore, if we are unable to adequately address our partner's performance issues, the project owner may terminate the project, which could result in legal liability to us, harm our reputation and reduce our profit on a project. This can materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

#### **1.7 Our construction projects outside Thailand exposes us to political and economic risks in those countries.**

We are seeking to increase the portion of our business that we undertake in countries outside Thailand even though our work outside Thailand accounted for 37.8% and 39.4% of our construction revenues in 2016 and the 2015, respectively and 37.4% and 37.1% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2016 and 2015, respectively including projects in Laos, Myanmar, Cambodia, Indonesia, Vietnam, Bangladesh, India, Madagascar, Australia, Mozambique and Taiwan. We also expect to bid and be awarded for new construction contracts in these and other countries.

The political, economic and security situations in some of these countries has been unstable from time to time in the past, and the governments of some of these countries have occasionally intervened in the economies, and made significant changes in policies. An example of an act of intervention is an imposition of currency controls by a country in which we have a project, which could affect our ability to repatriate our earnings arising from the project out of that country. Any future political instability or economic slowdown or recession in these countries could affect our existing contracts and/or result in slower growth in the number and size of larger infrastructure and construction projects, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors. As our construction service business increases in these countries in these countries. Our exposure to the political, economic and security risks in these countries will also increase.

#### **1.8 Our results of operations depend on the timing of new contract awards and the timing of the performance of these contracts.**

At any point in time, we may derive a substantial portion of our revenues directly or indirectly from a limited number of large construction contracts. The amount of work to be done under a contract, and therefore the timing and amount of revenue that we recognize, varies depending on the project duration and on the stage of the construction that is being performed at any particular time. There is typically less constructions work at the beginning and at the end of a construction project, resulting in our recognizing less revenues at these stages, compared with the amount of work that we perform in the middle of a construction project, when we recognize more revenues. Therefore, our results of operations tend to fluctuate depending on the duration and stage of our contracts at any particular time plus the composition of contracts within our portfolio at any one time. We cannot predict whether or when we will receive awards of new contracts frequently involve a lengthy and complex bidding and selection process, which is affected by a number of factors, including market conditions, financing arrangements and governmental approvals. The timing of the revenues and cash flows from our projects can be delayed by a number of factors, including availability of labor, weather conditions, delays in receiving material and equipment from suppliers and changes in the scope of work to be performed. These delays, if they occur, could have an adverse effect on our operating results for a particular period. As a result of the foregoing, our results of operations and cash flows can fluctuate significantly from period to period.

#### **1.9 Risk on Dawei Project**

On 5<sup>th</sup> of August 2015, Italian-Thai Development Public Company Limited ("ITD") along with the Consortium Partners, through the registered companies in Myanmar ("Project Companies"), signed the Concession Agreements with the Dawei Special Economic Zone ("DSEZ") Management Committee of the Republic of the Union of Myanmar to develop the Initial Phase of the Dawei Special Economic Zone which includes the Initial Industrial Estate area of 27 square kilometers and its related infrastructures and utilities. The details of the Concession Agreements are as follows:

- 1) The Initial Industrial Estate (including power and water distribution network) and Two-lane Road connecting the DSEZ area and Thailand Border at Ban Phu Nam Ron, Kanchanaburi Province
- 2) Small Port
- 3) Initial Township
- 4) Small Water Reservoir
- 5) Boil-off Gas and Temporary Power Plants
- 6) Initial Phase Power Plant (Combined Cycle)
- 7) Telecommunications Landline
- 8) LNG Terminal (Concession Agreement signed on 29<sup>th</sup> March 2016)

In April 2016, there was a political transition in Myanmar. As a result, the new DSEZ Management Committee was officially appointed on 12<sup>th</sup> October 2016 to continuously supervise and manage the DSEZ Initial Phase Project.

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Currently, both ITD and the new DSEZ Management Committee are in the process of having discussions on the outstanding issues and are undertaking each of the respective responsibilities fulfilling the process of document preparation and management of the project's development plan as indicated in the signed concession agreements.

The aforementioned factors may cause negative effects on the image of the project development, the financial status, loan agreements, debentures' terms and conditions, company's performance, investment opportunities and investors' return.

#### **1.10 Risk on granting potash mining license**

The process of granting underground mining license was under the Mineral Act of the Ministry of Industry which required more procedures to grant than a general mining license. The Company's subsidiary made a contract with the Ministry of Industry to explore and produce potash mine in the northeast. This contract defined the right to the subsidiary that the Ministry of Industry, via the Department of Primary Industries and Mines, would consider to grant the rights and necessary rights to the subsidiary to be capable of developing, conducting, and continuing the commercial mining by the purposes of this contract and the mining license approval. The said contract reduced the failure of license approval.

The EIA approval, an important procedure, increased the confidence and possibility that the mining license will be granted. The subsidiary also passed section 88/10 of the Minerals Act (No.5) B.E. 2545 which was the selection of stakeholder representative of the project and a fund was setup to support the study of the stakeholder representatives of the project to engage the independent consultants to review the EIA and study additional issues concerned by the stakeholders. The said study has already completed and the government authorities concerned are preparing for public hearing according to Section 88/7. Later, the public hearing forum was conducted in order to hear public opinion and stakeholders under Section 88/7. Secretariat noted minutes with respect to all conclusions of all stakeholders. All relevant documents have been submitted to the Department of Primary Industries and Mines to scrutinize the documents, continue towards the Minerals Commission to consider and approve the mining license. The Minister of Industry will then propose to the cabinet before signing the mining license.

The failure of obtaining the said mining license could have an adverse effect on the Company's business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

#### **1.11 Risk on the other investments**

In addition to the Dawei project and Potash mining project, the Company investment in subsidiaries, associated companies and joint ventures, other investments and investment properties as of December 31, 2016 totaled Baht 3,521 million.

The investment's objective to increase revenues and decrease expenses according to the policy of vertical integration and economy of scale and also due to the appraisal from repay debt; however, the limitations and conditions of each entity might accomplished those objectives which could have an adverse effect on the Company's business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

#### **1.12 Risk on the trade accounts receivable and unbilled receivable of the oversea subsidiary**

The consolidated financial statements as at 31 December 2016 include trade accounts receivable and unbilled work in progress of an overseas subsidiary totaling Baht 607 million (2015 : Baht 627 million) which represent some variation order claims recognized some years in the past based on the terms and conditions implicit in the agreement. These claims are technical in nature and subject to arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and the legal opinion from an independent counsel and subsidiary has not provided allowance for doubtful accounts for such receivables and claims matter in the accounts.

As at 31 December 2016, trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 340 million which is presently under negotiation for debt settlement plan. The management considers that it would be received in full amount. The Company might set up the allowance for doubtful account for unpaid amount and could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

## **2. Risks related to production**

### **2.1. Our failure to meet schedule requirements of our contracts could require us to pay liquidated damages.**

Substantially all of our contracts are subject to specific completion schedule requirements with liquidated damages charged to us if we do not achieve the construction schedules. Liquidated damages are typically levied at the rate of 0.05%-0.1% of the contract value for each day of delay that is deemed to be our responsibility, subject to a maximum liability of 10% of the contract value. Any failure to meet our schedule requirements of our contracts could cause us to pay significant liquidated damages, which could adversely affect our liquidity and cash flows and have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

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## **2.2 Our projects expose us to potential liability claims.**

We construct many projects where design, construction or systems failures can result in substantial hazards or property damages to third parties. The mistakes of such projects subsequent to their completion can result in similar hazards and damages or environmental impacts and pollution in noise, dust, smoke spreading, collapse or crack of nearby buildings during construction or after construction. Litigation arising from any of these occurrences may cause us to be a defendant in lawsuits for large claims or subject us to significant regulatory penalties. Although we maintain insurance policies with coverage to the extent and in amounts we believe prudent to protect us from these potential claims, we cannot assure if our insurance coverage will be sufficient or the conditions in the insurance policy cover all circumstances or against all damages to which we may be liable. A successful claim against us or any of our subsidiaries, associated companies or joint ventures could result in significant liabilities for us and could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

## **2.3 We may not be able to fully realize the Contract values of our projects or the value of our backlog.**

We use our backlog as a general indicator of our level of work to be completed. Backlog represents our estimate of the contract value of work that remains to be completed at any given time under our executed project contracts.

The contract value of a project represents the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. The Company and portion of the Company backlog amounted to Baht 87,815 million and Baht 81,526 million as of December 31, 2016 and December 31, 2016, respectively.

We may not realize the contract value of our projects or the revenue we expect to receive from our backlog or, if we realize revenue, it may not result in profits. For example, if a project reflected in our backlog is terminated, suspended or reduced in scope, it would result in a reduction to our backlog, which would reduce, potentially to material extent, the revenue, cash flows and operating profit we actually receive from the contracts we include in backlog. If a customer cancels a project, we may be reimbursed for certain costs, but we typically would have no contractual right to the total revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

## **2.4 We are dependent upon the availability and cost of materials, labor and sub-contractors.**

Materials used in our construction projects typically represent approximately 30% to 40% of our total project costs. These materials are global commodities, and their availability and prices depend on local and global market conditions. If there is a shortage of these materials, particularly cement and steel, we may find it difficult to obtain the amounts of these materials that we require at a price which we believe is commercially acceptable or at all, which may materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

Our ability to control labor costs and to manage large infrastructure projects is dependent upon our ability to attract and retain qualified engineers, architects and technicians with sufficient experience in the engineering, design and construction of such projects. We have employed, and we expect to continue to employ, sub-contractors to perform some of our construction activities. For a description of the circumstances under which we employ subcontractors to provide services, we and our sub-contractors are dependent upon the availability of workers, particularly when the level of activity in the construction industry is high. If there is a shortage of trained engineers, architects, technicians and other workers in Thailand, we may have difficulty hiring adequate numbers of skilled personnel and other workers, directly or through sub-contractors, in the future. We also cannot assure you that the costs of retaining or employing skilled personnel or other workers will not exceed our estimates, which may materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

## **3. Risks related to finance**

### **3.1 Our ability to obtain bonds and other financing could limit the number of projects we are able to pursue.**

It is customary in the construction industry to provide surety bonds to bid for and to secure our performance under construction contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and other external factors, including the overall financial capacity of the surety companies and banks.

Surety companies and banks consider these factors in relation to their risk management policies and underwriting standards, which may change from time to time. During the Asian financial crisis and our reorganization, some providers of surety bonds required us to pledge cash deposits or provide other forms of security with them to secure our contingent obligations under the bonds. The pledges of cash affected our liquidity and working capital resources. Since the completion of our business reorganization, providers of surety bonds have generally not required us to pledge cash deposits. While we have not had any material difficulties in obtaining surety bonds after our business reorganization, we cannot assure you

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that we will continue to be able to obtain the bonds required for us to operate our business either on a secured or unsecured basis, on commercially reasonable terms or at all, which would materially and adversely affect our business, financial condition results of operations, prospects and returns of investors.

We may also require additional financing to provide needed additional working capital to finance start-up costs of projects (including the purchase of materials and equipment) before we receive payment under a contract. Our ability to arrange for financing will depend, in part, upon factors outside our control, such as a financial institution's lending policy and prevailing market conditions, as well as upon our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects. Our inability to obtain adequate financing to fund our working capital requirements could adversely affect our ability to perform our obligations under existing contracts and our ability to obtain new contracts, which could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, prospects and returns of investors.

**3.2 We have significant contingent liabilities that could materialize, which, if they materialize, could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.**

We have significant contingent liabilities that could arise under the terms of our business reorganization plan, under the surety bonds that we procure for our construction projects and under the terms of our guarantees of our subsidiaries and under the terms of certain of our construction projects.

#### **Surety Bonds and Guarantees.**

Our contingent liabilities under surety bonds amounted to Baht 48,392 million Baht 42,838 million as of December 31, 2016, and December 31, 2015, respectively. Our contingent liabilities under guarantees that we issued to financial institution to secure credit facilities granted by those financial institutions to our subsidiaries, associated companies and joint ventures amounted to Baht 6,952 million and Baht 7,947 million as of December 31, 2016 and December 31, 2015, respectively. A call on some of these bonds by a project owner would result in the financial institutions providing the bonds claiming the amounts paid under the bonds from us. In addition, a claim on some of these guarantees by a financial institution could subject us to liabilities under the guarantees. These factors may adversely affect our liquidity, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

**3.3 We may need to establish additional provisions for doubtful receivables and recognize additional losses on the diminution in value of our investments which, if they materialize, could materially and adversely affect our business, financial condition, ability to pay debts, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.**

Historically, we incurred significant amounts of trade receivables from related and non-related parties and loan receivables from related parties. In addition, we also had significant amounts of investments in related and other parties.

As of December 31, 2016 and December 31, 2015, we had the net trade account receivable, the current portion of financial lease receivable and the retentions receivable due within one year amounting to Baht 10,808 million and Baht 12,330 million, respectively, the investment amounting to Baht 846 million and Baht 1,039 million, respectively and the land lease concession and project under development, in the Dawei project, amounting to Baht 7,559 million and Baht 7,251 million, respectively.

In addition, future non-payments of our trade and loan receivables and a diminution in the value of our investments may result in our having to establish provisions equal to the amount of such non-payment or the amount of such diminution in the future, which could materially and adversely affect our business, financial condition, ability to pay debts, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

#### **3.4 Risk on credit rating**

October 28, 2016, the Company Rating and Issue Ratings on the senior unsecured debenture was “BBB-” with Outlook “Stable” reflected the Company's solid market presence in the domestic engineering and construction (E&C) industry on the back of its track record of undertaking projects in a broad range of end markets. However, the ratings were partially offset by weakening profitability, a lingering debt-heavy capital structure, execution risks from future long-term investment projects, and the cyclicity of the E&C industry. The credit rating's change could adversely affect our business, financial condition, results of operations, prospects and returns of investors

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#### **4. Risks related to the impact of rights or investment of security holders**

##### **4.1 Risks from the Company had major shareholders over than 25%.**

As of January 31, 2017 the Thailand Securities Depository Co., Ltd. reported the shares distribution of major shareholders including the directors, the managements and related persons totally 1,462,836,430 shares or 27.71% of the paid-up capital (common share only). They were capable to have the right to objection or to disapprove the vote in the shareholders' meeting in whatever the articles of association or related regulation to take approval not less than 3 out of 4 of the whole existing shareholders in such meeting and had right to vote.

##### **4.2 Risks from the covenant of the Company's debentures and financial institutions**

The Company must maintain the covenant of debt to equity ratio on the Company's consolidated financial statements not over than 3.0 (Three) : 1 (One), respectively at the end of the 2nd quarter and the year ended of each year. As of December 31, 2016, the debt to equity ratio of the Company was 2.22 (Two point Two Two) : 1 (One). The Company and its affiliates must also maintain the covenant under the terms and conditions of their financial institutions. In case, the said covenant could not be maintained, the related facilities might be payable immediately and could adversely affect our business, financial condition, results of operations, prospects and returns of investors

##### **4.3 Risks from the call option of debenture**

According to the Company's debenture issuance of the Unsubordinated and Unsecured and Callable Debentures of Italian-Thai Development Public Company Limited No. 1/2557 Due B.E. 2562 ("ITD196A"), the Company can exercise call option, or prepay the whole or any portion, in a single or multiple call, of debenture before the maturity date on June 26, 2019 started from the 3rd anniversary year of debenture's tenor. The said redeemed debenture shall not be less than 25% of the outstanding debentures and shall be redeemed in the proportionate of each bondholder held. The bondholders will be paid the fee at 0.25% of the redeemed debenture. The call option of debenture might cause the bondholders' risks to estimate cashflow from debenture.

##### **4.4 Risks from reinvestment in debenture**

In case the debenture issuer exercises the call option or the ordinary mature of debentures, the bondholders might not be able to reinvest the receipt from early redemption in other equal or higher return instruments.

##### **4.5 Risks on warrant**

In 2015, the Company increased common shares to Baht 6,336 million for the issuance of Warrant 1,055,968,165 units and registered warrants with The Thailand Securities Depository Co., Ltd totaling 1,055,934,113 units. One Warrant was entitled to purchase of a newly issued ordinary share with the exercise price is Baht 14 per share and its maturity will be on May 13, 2019. The Warrant holders could have uncertainty of the change in the valuation of Warrant from various factors such as an exercise period, interest rate, common share price and dividend payment including the risk of liquidity from the insufficient demand and supply.

As at 31 December 2016, the Company has the outstanding warrant totaling 1,055,934,093 units unexercised warrants.

## Marketing and Competition

Competition in the local construction industry is intense. New project awards are typically determined through a competitive bidding process, and after potential bidders pre-qualify to bid on a project, the principal competitive consideration is the price of the bid. This increase in competition for construction projects has led to price competition and a general decrease in contract prices.

### Clients

We classify our Clients in two ways – by the type of Client and by the location of Client. The type of Client is determined by whether the public sector (including state-owned enterprises), or the private sector. The location of the Client is either domestic or international and is determined by whether the work we perform for the Client is in Thailand or outside Thailand. As of December 31, 2016, the public sector accounted for approximately 53.4% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog, while the private sector accounted for approximately 46.6%. Domestic Clients accounted for approximately 59.7% of the Company and portion of the Company backlog as of December 31, 2015, while international Clients accounted for approximately 40.3%.

Backlog by Client Classification	As of December 31,		
	2016	2015	2014
Public Sector Backlog	53.4	53.2	47.2
Private Sector Backlog	46.6	46.8	52.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Domestic	59.7	62.9	52.9
International	40.3	37.1	47.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

In 3 years, the public sector backlog is 47% to 53% of total backlog. The public sector is 53.4% and 53.2% of total backlog at the year ended of 2016 and 2015, respectively.

### Competition

There are more than 500 companies operating in the construction business who are members of the Thai Contractors Association, including Thai companies, foreign companies and joint ventures between Thai and foreign companies. Competition is mainly based on price, but a key factor that affects the ability to price a bid competitively is the sourcing of materials. The fluctuation of the price of materials has an impact upon the construction industry because the value of materials typically represents approximately 30 to 40% of the entire project cost. Other than the availability of materials, significant competitive factors include the expertise and experience of employees and subcontractors, as well as joint venture formation for technological support and business alliances.

The Thai public sector agencies typically only allow contractors who meet certain criteria to bid for contracts. Construction contractors may be divided into classifications by level of expertise, technical knowledge and resource availability.

Contractors who are classified in the highest level typically pre-qualify to bid for all types of contracts, while contractors who are not classified in the highest level are typically excluded from bidding on contracts which require higher levels of expertise. We believe that many public sector Clients in Thailand have classified us in the highest level.

The following table sets forth the construction contractors in Thailand that are listed on the SET and their reported revenues of each for 2016:

Company Name	Revenues (million Baht)	% of Total
Italian-Thai Development Public Company Limited	48,389.2	22.95
CH. Karnchang Public Company Limited	47,019.5	22.30
TTCL Public Company Limited	20,358.1	9.66
Sino-Thai Engineering Public Company Limited	18,624.1	8.83
Unique Eng. and Construction Public Company Limited	12,665.1	6.01
STP&I Public Company Limited	10,020.1	4.75
Nawarat Pattanakan Public Company Limited	8,360.9	3.97
Syntec Construction Public Company Limited	8,028.1	3.81
Christiani & Neilsen (Thai) Public Company Limited	7,003.3	3.32
Power Line Engineering Public Company Limited	5,392.2	2.56
Pre-Built Public Company Limited	5,374.1	2.55
BJC Heavy Industries Public Company Limited	5,324.5	2.52
TRC Construction Company Limited	3,736.9	1.77
Sahakol Equipment Public Company Limited	2,911.5	1.38
Thai Polycons Public Company Limited	2,764.3	1.31
SEAFCO Public Company Limited	1,878.1	0.89
Sriracha Construction Public Company Limited	1,216.8	0.58
Pylon Public Company Limited	1,077.5	0.51
EMC Public Company Limited	691.2	0.33
<b>Total</b>	<b>210,835.5</b>	<b>100.00</b>

Source: Stock Exchange of Thailand

Remark: Excluded PAE (Thailand) Public Company Limited due to no financial statements 2016.

There are not only Thai companies, but also foreign construction companies operating in Thailand. However foreign construction companies are restricted from the bidding in the government projects because the government's regulation requires that the bidders must be Thai juristic person (i.e. the juristic person who has Thai nationality shareholders more than 50% of shares). The foreign construction companies cannot set up a company or a branch in Thailand without Thai nationality shareholders to bid government projects except for the duration of the specific and approved projects. Generally, this is only possible for projects undertaken by the public sector or with Government support. Therefore, most foreign construction companies must be registered to undertake general construction business in Thailand as company in which Thai nationals own the majority of the shares and contribute the majority of the capital, which effectively restricts their participation in the Thai construction sector.

As a result of the above restrictions, many foreign construction companies form joint ventures, or act in consortium with, Thai construction companies. These arrangements often provide greater access for foreign companies to the Thai market and allow Thai companies, including our Company, to benefit from the technical expertise and, in some case, financial strength of the foreign companies. These arrangements tend to be project-specific and usually dissolve when the project is completed. Our company has formed several such ventures for strategic reasons and in fields where we seek to gain experience.

We also bid for projects in neighboring countries and other countries in Asia. Creditable financial institutions, such as the Asian Development Bank, World Bank or JBIC, financially support some of the major infrastructure projects on which we bid. These projects are open to international bidders with high qualification standards. In the past, particularly in India, a large market instead China in the future, most local contractors in these countries failed to meet the required qualifications. The majority of our competitors were joint ventures between local contractors and foreign contractors from countries such as China, Taiwan, Korea, Australia, Japan or countries in Europe.

## Corporate Information and Other Information

### General Information

#### (1) Corporate Information

Company Name	Italian-Thai Development Public Company Limited
Type of Business	Contractor : Civil and Infrastructure Construction and Development
Head Office	2034/132-161 ItalThai Tower, New Petchburi Road, Bangkok, Huaykwang, Bangkok 10310, Thailand
Registration No.	0107537000939
Telephone	+66 (0) 2716-1600
Facsimile	+66 (0) 2716-1488
Homepage	www.itd.co.th
Email	cccs@itd.co.th
Registered Capital	Baht 6,335,808,993 (Six Thousand Three Hundred and Thirty five Million, Eight Hundred and Eight Thousand, Nine Hundred and Ninety-Three Baht)
Paid-up Capital	Baht 5,279,840,848 (Five Thousand Two Hundred and Seventy-Nine Million, Eight Hundred and Forty Thousand, Eight Hundred and Forty-Eight Baht)
Ordinary Shares	Shares 6,335,808,993 (Six Thousand Three Hundred and Thirty five Million, Eight Hundred and Eight Thousand, Nine Hundred and Ninety-Three Baht)
Par Value	Baht 1.00 (Baht One)

#### (2) Information on Related Companies with Investment Exceeding 10%

ITD's investment in Related Companies, in excess of 10% of the paid-up capital as of 31<sup>st</sup> December, 2016 is as reported below:

##### 1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments

Company Name	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of
				Amount	%	Holding
Subsidiary Companies						
1. Myanmar ITD Co., Ltd.	Myanmar	Tel. (951) 525-970 Fax (951) 525-970	Service agent for ITD	1,483	100	99.99
2. Italian-Thai International Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Holding Company and ship charter	100,000 300,000	100 75	99.99
3. PT Thailindo Bara Pratama Co., Ltd.	Indonesia	Tel. 001-628-522-3158 Fax 001-625-4177-1166	Coal digestion services	25,250 (Million IDR)	100	99.99
4. Thai Pride Cement Co., Ltd.	Bangkok	Tel. 0-2716-0750 Fax 0-2716-0750	Manufacture and distribution of cement	1,300,000	100	99.99
5. Italian-Thai Land Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201	Not yet operational	10,000	100	99.99
6. Italian-Thai Power Co., Ltd.	Bangkok	Tel. 0-2716-1160-4 Fax 0-2716-1169	Production and distribution of electricity	100,000	100	99.99
7. ITD Construction SDN. BHD.	Malaysia	Tel. 603-2284 1370 Fax 603-2284 1370	Construction in Malaysia	0.75 (Million MYR)	75	99.99
8. Nah Pralan Crushing Plant Co., Ltd.	Saraburi	Tel. 0-3635 1155 Fax 0-3635 1155	Rock quarrying, processing and distribution	31,000	100	99.99
9. ITD Bangladesh Company Limited	Bangladesh	Tel. 009-88-02-988-6543 Fax 009-88-02-988-6543	Construction services in Bangladesh	4 (Million BDT)	100	99.99

Company Name	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of Holding
				Amount	%	
10. ITD-Madagascar S.A Co., Ltd.	Madagascar	Tel. (261) 20 22 019 61 Fax (261) 20 22 019 60	Mining business	20 (Million Ariary)	100	99.98
11. Italian-Thai Hongsa Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 1800 Fax 0-2716-1556	Coal digestion services	250	25	99.97
12. Myanmar Italian-Thai Power 1 Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Not yet operational	250	25	99.95
13. Palang Thai Kaowna Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Not yet operational	1,000	100	99.94
14. Saraburi Construction Technology Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Manufacturing, distribution and installation of concrete panels	250	25	99.93
15. Italian-Thai Development (Myanmar) Co., Ltd.	Myanmar	Tel. (951) 525-970 Fax (951) 525-970	Construction in Myanmar	25,000 (USD)	2.50	99.90
16. Siam Concrete and Brick Products Co., Ltd.	Pathumthani	Tel. 0-2501-2281-2 Fax 0-2501-2280	Manufacturing, distribution and installation of concrete products for real estate	126,000	100	99.80
17. ITD Mozambique Limitada	Mozambique	Tel. 258-849000719	Construction in Mozambique	1,141,815 (USD)	100	99.00
18. ItalThai Marine Co., Ltd.	Samutprakarn	Tel. 0-2387-1056 Fax 0-2387 -1056	Production and sale of vessels and equipment	810,000	100	92.59
19. ItalThai Trevi Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 6076	Foundation and piling work services	80,000	100	90.94
20. Italian-Thai Development Vietnam Co., Ltd.	Vietnam	Tel. 84-8-382-79182 Fax 84-8-382-79184	Not yet operational	6,000 (Million VND)	100	80.00
21. Palit Palang Ngan Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Not yet operational	1,000	100	74.93
22. Asian Steel Product Co., Ltd.	Rayong	Tel. 0-3860-6024 Fax 0-3860-6114	Manufacture and distribution of steel pipes for civil construction	20,000	50	69.90
23. ITD Cementation India Ltd.	India	Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841	Construction services in India	155 (Million Rupee)	100	51.63
24. Thai Maruken Co., Ltd.	Bangkok	Tel. 0-2231-2226-9 Fax 0-2231-2230	Leasing/selling of sheet piles and beams	20,000	100	50.96
<b>Associated Companies</b>						
1. ATO Asia Turnouts Co., Ltd.	Bangkok	Tel 0-3636-5311-20 Fax 0-3636-5311-20	Production and distribution of turnouts for railway projects	5,000	100	49.00
2. Siam Pacific Holdings Co., Ltd.	Bangkok	Tel. 0-2745-6118 Fax 0-2745-6118	Holding company	58,625	100	46.69
3. Sino Lao Aluminum Corporation Limited	Laos	Tel. 001-85-620-680-8288	Bauxite mine business	32 (Million USD)	100	34.00
4. MCRP Construction Corporation Co., Ltd.	Philippines	Tel. 001-632-788-0770 Fax 001-632-788-0141	Construction contractor in the Philippines	25 (Million Peso)	25	24.00
5. MCRP Holding Corporation Co., Ltd.	Philippines	Tel. 001-632-788-0770 Fax 001-632-788-0141	Holding company in the Philippines	5 (Million Peso)	100	24.00

**2. Lines of the Company investment in other sectors, e.g., real estate business, construction material and raw material products, and concession businesses**

Company	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of
				Amount	%	Holding
Subsidiary Companies						
1. First Dhaka Elevated Expressway Co., Ltd.	Bangladesh	Tel. 009-88-02-988-6543 Fax 009-88-02-988-6543	Concession for constructing elevated expressway in Bangladesh	534 (Million BDT)	100	99.99
2. Bhaka Bhumii Development Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 5057 Fax 0-2716-1600-1464	Real Estate development	10 4,975	100 25	} 99.99
3. Asia Logistics Development Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Not yet operational	1,000	100	
4. Asia Industrial and Port Corporation Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Not yet operational	1,000	100	99.93
5. APPC Holding Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 4202 Fax 0-2716-1418	Holding company	3,795,987	100	60.00
Subsidiary Companies						
6. Thai Mozambique Logistica SA	Mozambique	Tel. 258-849000719	Concession for the construction of deep sea port and railway in Mozambique	250,000 (USD)	25	60.00
Other Companies						
1. Bangkok Steel Wire Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 5808	Production and distribution of P.C. Wire and P.C. Strand	313,000	100	19.98
2. Oriental Residence Co., Ltd.	Bangkok	Tel. 0-2319-1031 Fax 0-2319-1031	Real Estate Development	500,000	100	15.00
3. NISHIO Rent All Co., Ltd. (Thailand) (Old name: Thai Rent All Co., Ltd.)	Bangkok	Tel. 0-2740-2680-7 Fax 0-2740-2688	Construction Machinery Rental	25,000	100	15.00
4. Charoong Thai Wire and Cable Plc.	Bangkok	Tel. 0-2745-6118 Fax 0-2745-6118	Manufacture and distribution of enamel coated wire and cable	1,999,288	100	12.90
5. M-Home SPV 3 Co., Ltd.	Bangkok	Tel. 0-2677-3000 Fax 0-2677-3200	Real estate development	100	100	11.54
6. Siam Fiber Optic Co., Ltd.	Bangkok	Tel. 0-2745-6118 Fax 0-2745-6118	Manufacture and distribution of optic fibers	24,000	100	10.00

**3. Lines of Joint Venture which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work**

Company Name	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of Holding
				Amount	%	
Joint Venture						
1. ITD-ETF Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Track Doubling Contractor	-	-	65.00
2. ITD-ITD CEM Joint Venture (Consortium)	India	Tel. 001-91-332-511-2866 Fax 001-91-332-511-2866	Construction of an airport terminal in India	-	-	60.00
3. ITD-Unique Joint Venture	Bangkok	Tel.0-2716-1600 ext. 4201 Fax 0-2716-1418	Construction of Multi-purpose Port at Klong Yai in Trat Province	-	-	60.00
4. ITD-ETF-MVM Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Contractor for the Track Rehabilitation Project Phase 5			55.25
5. ITD-EGC Joint Venture	Taiwan	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Construction of underground electrical train station in Taiwan	293,843	100	55.00
6. IN Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Construction of water drainage tunnel	119,601	100	51.00
7. ITD-ITD Cem Joint Venture	India	Tel 001-91-226-768-0600 Fax 001-91-226-768-0841	Construction Service in India	-	-	51.00
8. ITD-SQ Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Contractor for the overburden and lignite removal services at Mae Moh Mine	-	-	50.00
9. SQ-ITD Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Contractor for the overburden and lignite removal services at Mae Moh Mine Phase 7.1	348,500	100	50.00
10. IOT Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Airfield Pavement Construction for Suvarnabhumi Airport			40.00
11. ITD-SMCC Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Contractor of Chao Praya River Crossing Bridge at Nonthaburi I Road	-	-	40.00
12. CMC-ITD Song Da Joint Venture	Laos	Tel. 001-848-120-446-3258 Tel. 001-848-120-446-3259	Contractor Nam Theun1 Hydropower Project, Lao PDR	-	-	40.00
13. Evergreen-Italian-Thai-PEWC	Taiwan	Tel. 001-886-22788-2966 Fax 001-886-22788-5053	Construction High Speed-Rail in Taiwan	-	-	25.00
14. Samsung-ITD Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Contractor of LPG Facilities of PTT, Khao Bor Ya, Chonburi	-	-	24.00
15. ITD-ITD Cementation India Joint Venture	India	Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841	Construction services in India	-	-	20.00

### (3) References

- Register of Common Stock  
Thailand Securities Depository Co., Ltd.  
93 The Stock Exchange of Thailand Building, Rachadapisek Road, Dindeang, Bangkok 10400, Thailand  
Telephone +66 (0) 2009-9000 or  
Facsimile +66 (0) 2009-9991
- Auditor
  - 1. Mr. Somckid Tiatrakul certified auditor No.2785
  - 2. Ms. Kanyanat Sriratchachaval certified auditor No.6549
  - 3. Mr. Teerasak Chuasrisakul certified auditor No.6624
  - 4. Ms. Sunsanee Poolsawat certified auditor No.6977
  - 5. Mr. Narin Churamongkol certified auditor No.8593
- Grant Thornton Limited,  
18<sup>th</sup> floor Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand  
Telephone +66 (0) 2654-3330 or  
Facsimile +66 (0) 2654-3339
- Legal Advisor  
Weerawong, Chinnavat and Peangpanor Ltd.  
540 Mercury Tower, 22<sup>nd</sup> Floor, Ploenchit Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330, Thailand  
Telephone +66 (0) 2264-8000 or  
Facsimile +66 (0) 2657-2222
- Financial Advisor  
-None-
- Management Advisor  
-None-

### Other Significant Information

-None-

## Shareholders

### ■ 10 Major Shareholders as at January 31, 2017 :

Name of Major Shareholders	Number of Shares	Percent of Shares (%)
<b>1. Karnasuta Family</b>		
1.1 Mr. Premchai Karnasuta	785,494,526	14.877
1.2 Mrs. Nijaporn Charanachitta	371,698,140	7.040
1.3 Ms. Prachaya Karnasuta	38,839,766	0.736
1.4 Mr. Thoranis Karnasuta	28,210,960	0.534
1.5 Ms. Valaithip Charanachitta	50,414,391	0.955
1.6 Ms. Jittraphan Charanachitta	50,614,391	0.959
1.7 Mrs. Preeya Karnasuta	1,846,774	0.035
1.8 Mr. Piyachai Karnasuta	27,303,438	0.517
1.9 Ms. Chamaimas Karnasuta	25,802,681	0.489
1.10 Mrs. Bhilaichit Roengpithya	19,405,680	0.368
1.11 Mr. Punsu Roengpithya	10,602,718	0.201
1.12 Ms. Chayaporn Roengpithya	14,548,732	0.276
1.13 Mrs. Oraem Terdpravat	23,845,500	0.452
1.14 C.P.K. International Co., Ltd.*	34,680,000	0.657
<b>2. Wachiraphong Family</b>		
2.1 Mr. Wichai Wachiraphong	258,455,100	4.895
2.2 Ms. Kotchakorn Wachiraphong	1,300,000	0.025
2.3 Ms. Hataichanok Wachirapong	3,220,000	0.061
2.4 Mrs. Walaiporn Sompakdee	61,485,200	1.165
<b>3. Thai NVDR Co., Ltd.</b>	168,042,613	3.183
<b>4. Mr. Jessada Lertnantapanya</b>	144,865,500	2.744
<b>5. Mr. Prawit Pansaicheu</b>	78,152,400	1.480
<b>6. STATE STREET BANK AND TRUST COMPANY</b>	63,262,733	1.198
<b>7. CHASE NOMINEES LIMITED</b>	52,635,515	0.997
<b>8. HSBC (SINGAPORE) NOMINEES PTE LTD.</b>	49,876,925	0.945
<b>9. Mr. Chaiya Sakulchaiwanitch</b>	45,004,150	0.852
<b>10. Mr. Taweachat Chulangkul</b>	39,000,000	0.739

*Note*

\* C.P.K. International Co., Ltd. consists of the shareholders as follows:-

Name of Major Shareholders	Number of Shares	Percent of Shares (%)
1. Mr. Premchai Karnasuta	14,360	2.87
2. Mrs. Kanitta Karnasuta	12,500	2.50
3. Mr. Peeti Karnasuta	75,000	15.00
4. Ms. Prachaya Karnasuta	75,000	15.00
5. Mr. Thoranis Karnasuta	75,000	15.00
6. Mrs. Nijaporn Charanachitta	1,860	0.37
7. Mr. Yuthachai Charanachitta	25,000	5.00
8. Ms. Walaithip Charanachitta	25,000	5.00
9. Ms. Jittrapan Charanachitta	25,000	5.00
10. Mrs. Pilaijit Roengpittaya	1,860	0.37
11. Mr. Pansa Roengpittaya	25,000	5.00
12. Ms. Chayaporn Roengpittaya	25,000	5.00
13. Mrs. Orn-ame Terdpravat	1,860	0.37
14. Mr. Atthaphong Terdpravat	35,500	7.10
15. Mr. Jittraphong Terdpravat	35,500	7.10
16. Mr. Piyachai Karnasuta	22,430	4.49
17. Ms. Chamaimas Karnasuta	22,430	4.49
Total	498,300	99.66

■ Major shareholders who have significant influence on the Company's policy

- None -

### **The Company's dividend policy**

The Board of Directors plans to propose at the Shareholders' Meeting a dividend payout to each shareholder, with expected rates to be paid based on performance, of not less than 40% of net profit after tax, providing that there is no for funds by any other event and that the dividend will not significantly affect the operations of the Company.

### **Subsidiary's dividend policy**

Regarding the dividend policy of subsidiaries, the Board of Directors shall consider the subsidiary's operation result and cash flow compared to its investment, without determining the exact payout ratio. If there is sufficient cash flow which has legally been reserved, the Board of Directors shall consider the dividend of case by case, and has set a dividend policy of not less than 30% of net profit before tax. Thai Maruken Company Limited will not be considered for a dividend.

## Management Structure

The Board of Directors and the Board of Management conscientiously carry out their duties for the maximum benefit of the Company and shareholders through clearly a defined management structure as follows:

1. The members of the Board of Directors recognize their roles and responsibilities toward the shareholders, and they ensure that they can perform the duties.
2. The Board of Directors and the Board of Management must be properly instituted and counterbalanced as follows:
  - a). Audit Committee, consisting of an Independent Audit Committee functioning in accordance with the stipulations of the Stock Exchange of Thailand, and having the expertise to review the reliability of financial statements as well as other duties as an audit committee.
  - b). Clear separation of duties between the Chairman of the Board of Directors and the Chairman of the Board of Management, according to the information disclosed in the corporate governance of the Company.

### Board of Directors

As at December 31, 2016 the Board of Directors consists of eleven persons as listed below:

Name-Surname	Position	Directors Meetings	
		Total Number of Meetings	Number of Attendance
1. Dr. Krisorn Jittortrum	Chairman of the Board of Directors Chairman of the Audit Committee Chairman of the Board of the Risk Management Committee Independent Director/ Audit Committee	4	4
2. Mr. Premchai Karnasuta	Director	4	4
3. Mrs. Nijaporn Charanachitta	Director	4	4
4. Mr. Pathai Chakornbundit	Director Vice Chairman of the Risk Management Committee	4	4
5. Mr. Tawatchai Suthiprapha	Director	4	4
6. Mr. William Lee Zentgraf	Independent Director Audit Committee Member	4	4
7. Mr. Peeti Karnasuta	Director Risk Management Committee	4	4
8. Mr. Tirapongse Pangsiwongse	Independent Director	4	4
9. Mr. Thoranis Karnasuta	Director	4	4
10. Mr. Krirk Vanikkul	Independent Director	4	3
11. Prof. Dr. Mingsarn Kaosa-ard*	Independent Director Audit Committee Member	4	1

*Note:*

*Prof. Dr. Mingsarn Kaosa-ard was appointed according to the resolution of the Board of Director's Meeting No 4/9/2016 dated September 9, 2016.*

### Management

#### ■ Board of Management

As at December 31, 2016 the Board of Management of the Company consists of nineteen persons as listed below:

Name-Surname	Position
1. Mr. Premchai Karnasuta	Director and President
2. Mrs. Nijaporn Charanachitta	Director and Senior Executive Vice President
3. Mr. Pathai Chakornbundit	Director and Senior Executive Vice President
4. Mr. Tawatchai Suthiprapha	Director and Senior Executive Vice President

Name-Surname	Position
5. Mr. Anan Amarapala	Executive Vice President
6. Mr. Taweesilp Pattanakitchamroon	Executive Vice President
7. Mr. Chatichai Chutima	Executive Vice President
8. Mr. Virat Kongmaneerat	Executive Vice President
9. Mr. Sumate Surabotsopon	Executive Vice President
10. Mr. Piyachai Karnasuta	Executive Vice President
11. Mr. Peeti Karnasuta	Executive Vice President
12. Ms. Prachaya Karnasuta	Executive Vice President and Assistant to Director and Senior Executive Vice President
13. Mr. Sompop Pinijchai	Executive Vice President
14. Mr. Woravudh Hiranyapaisansakul	Executive Vice President
15. Mr. Prasit Ratanaramig	Executive Vice President
16. Mr. Thoranis Karnasuta	Executive Vice President and Assistant to the President
17. Mr. Wichien Roongrujirat	Vice President
18. Mr. Kriengsak Kovadchana	Vice President
19. Mr. Prasert Sanor	Vice President

- The Management announced by the Securities and Exchange Commission

As at December 31, 2016, the Management of the Company consists of twenty persons as listed below:

Name-Surname	Position
1. Mr. Premchai Karnasuta	President
2. Mrs. Nijaporn Charanachitta	Director and Senior Executive Vice President
3. Mr. Pathai Chakornbundit	Director and Senior Executive Vice President
4. Mr. Tawatchai Suthiprapha	Director and Senior Executive Vice President
5. Mr. Anan Amarapala	Executive Vice President
6. Mr. Taweesilp Pattanakitchamroon	Executive Vice President
7. Mr. Virat Kongmaneerat	Executive Vice President
8. Mr. Sumate Surabotsopon	Executive Vice President
9. Mr. Piyachai Karnasuta	Executive Vice President
10. Mr. Peeti Karnasuta	Executive Vice President
11. Ms. Prachaya Karnasuta	Executive Vice President and Assistant to Director and senior Executive Vice President
12. Mr. Chatichai Chutima	Executive Vice President
13. Mr. Sompop Pinijchai	Executive Vice President
14. Mr. Woravudh Hiranyapaisansakul	Executive Vice President
15. Mr. Prasit Ratanaramig	Executive Vice President
16. Ms. Kanchana Charoenyot	Vice President (Accounting)
17. Mr. Thoranis Karnasuta	Executive Vice President and Assistant to the President
18. Mr. Wichien Roongrujirat	Vice President
19. Mr. Kriengsak Kovadchana	Vice President
20. Mr. Prasert Sanor	Vice President

The Company's Organization Chart is disclosed in the Annual Report and the Education Qualifications, Work Experience and Curriculum Vitae of the Company's Directors, including the List of Directors of Subsidiary Companies, are attached in the Annual Report.

## The Company Secretary

The resolution of the Board of Director's Meeting No.5/6/2008 dated June 9, 2008 appointed

Mr. Woravudh Hirunyapaisansakul to be the Company Secretary according to Securities and Exchange Act (No. 4) B.E. 2551. He is responsible for establishing the meetings of the Board of Directors and the meetings of the shareholders, coordinating with other parties to comply with the resolutions of these meetings, advising the Directors on laws and regulations, supporting the Director's activities and other duties according to the notification of the Capital Market Supervisory Board.

The Education Qualification, Work Experience and Curriculum Vitae of the Company Secretary is given in the Annual Report.

## Remuneration of Directors and Management Staff

The policies and structures of the remuneration of Directors and the Management are clearly and transparently determined as follows:

### 1. Remuneration of Directors

The Company has determined the Remuneration of Directors clearly and transparently based on comparable industry levels and for the performance required of the Directors. Directors assigned to be on the Audit Committee receive additional remuneration for full discharge of their Audit Committee duties. In any case, the amount of remuneration to be paid to Directors must be finally approved by a meeting of the shareholders.

### 2. Remuneration of the Board of Management

The remuneration of the Board of Management members follows the principles and policy determined by the Board of Directors and depends on the corporate and individual achievement.

#### (1) Financial Remuneration

(A) Remuneration of Directors, Audit Committee, and Risk Management Committee as of December 31, 2016

Directors	Remuneration (Baht/Year)		
	Directors	Audit Committee	Risk Management Committee**
1. Dr. Krisorn Jittorntrum	750,000	535,000	30,000
2. Mr. Premchai Karnasuta	580,000		
3. Mrs. Nijaporn Charanachitta	580,000		
4. Mr. Pathai Chakornbundit	580,000		20,000
5. Mr. Tawatchai Suthiprapha	580,000		
6. Mr. William Lee Zentgraf	580,000	415,000	
7. Mr. Peeti Karnasuta	580,000		10,000
8. Mr. Tirapongse Pangsiwongse	580,000	262,500	
9. Mr. Thoranis Karnasuta	580,000		
10. Mr. Krirk Vanikkul	580,000		
11. Prof. Dr. Mingsarn Kaosa-ard*	193,333	131,333	
<b>Total</b>	<b>6,163,333</b>	<b>1,343,833</b>	<b>60,000</b>

Note:

\* The resolution of the Board of Director's Meeting No 4/9/2016 dated September 9, 2016 appointed Prof. Dr. Mingsarn Kaosa-ard to be the Independent Director and Audit Committee and the acknowledgement of the resignation from the Audit Committee of Mr. Tirapongse Pangsiwongse.

(B) Total Remuneration and Number of Directors and Board of Management

The remuneration of the Board of Management members follows the principles and policy determined by the Board of Directors and depends on the corporate and individual achievement.

- The 19 members of the Board of Management received, in total, remuneration amounting to Baht 106,309,896 for the full discharge of their respective duties.
- The 18 members of the Board of Directors [not including Executive Vice President (Finance) and Vice President (Account)] received, in total, remuneration amounting to Baht 101,993,896 for the full discharge of their respective duties.

## (2) Other remuneration (If any)

### Other Remuneration of Board of Management

#### ■ Provident Fund

The Company has provided a provident fund at the rate of 2 percent of the salary. In 2016 (as at 31<sup>st</sup> December 2016), the 20 members of the Board of Management received, in total, provident fund amounting to Baht 1,604,040.

## Human Resources

#### ■ Total Number of Employees as of 31<sup>st</sup> December 2016 was 25,678 persons

#### ■ Number of Employees by Major Categories

Categorized by job classification:

- Engineers	=	1,797	Persons
- Accountants	=	262	Persons
- Administrators	=	290	Persons
- General Employees	=	23,329	Persons
<b>Total</b>	<b>=</b>	<b>25,678</b>	<b>Persons</b>

Categorized by the Company's nine business categories:

1) Buildings	=	7,955	Persons
2) Industrial Plants	=	4,680	Persons
3) Pipelines and Utility Works	=	2,582	Persons
4) Highways, Railways, High Speed Rails, Viaducts, Track Works, MRT Systems, Bridges and Expressways	=	4,642	Persons
5) Airports, Ports, Jetties, River Protection, Dredging & Reclamation, Marine Works	=	2,803	Persons
6) Dams, Tunnels, and Power Plants	=	578	Persons
7) Steel Structures	=	436	Persons
8) Telecommunications	=	137	Persons
9) Mining and Miscellaneous	=	1,130 74	Persons Persons
10) Head Office and Foreigner	=	664	Persons
<b>Total</b>	<b>=</b>	<b>25,678</b>	<b>Persons</b>

#### ■ Changes in employee numbers in the last three years

- Total number of employees as of 31<sup>st</sup> December 2014 = 28,235 Persons
- Total number of employees as of 31<sup>st</sup> December 2015 = 27,317 Persons
- Total number of employees as of 31<sup>st</sup> December 2016 = 25,678 Persons

#### ■ Major labor disputes during the past three years

- None

#### ■ Employee benefits for the year 2016

Baht 6,923,597,000 ( salaries, wages, and other benefits )

## Employee Skills Development Policy

The Company recognizes that all employee development is a key part of its success, and believes that all our employees have the potential to grow, both in their work role and personally. The Company also acknowledge the responsibility to help our employees to meet these challenges by providing further education and encourage training, produce confident, highly qualified working with effective and efficient teamwork.

The co-ordination of the learning and development process is the responsibility of all employees.

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that: The purpose of the Company's training policy is dependent on a number of trained at all levels in the organization. In order to ensure

- Employees are properly trained in the skills they need to carry out their present jobs at a standard acceptable to the Company.
- As far as possible, employees are encouraged to develop their skills and talents to enable them to progress within the Company and reach their full potential.
- All employees will undergo annual refresher training in health, safety and hygiene in all areas relevant to the safe performance of their job.

The Company provides a range of training and development opportunities to all levels of employees with both Operation and Supporting Department. There were twenty six courses.

Training programed are required to be adequately attended by all levels as;

#### **1. Executive Level:**

The Company is responsibility for the executive leading management position by creating a value training program such as;

- Building spirit of teamwork and maintain work schedules including assignments success.
- Learning how to plan and work more effectively together and accomplish the work to meet the productivity and quality goals.
- Supporting the Leadership and to conduct all activities in accordance with all applicable laws and the Company's standards /policies, including its environmental, safety and health policy.
- Sharing and coaching all experience to other staff to develop skills and potential.
- Educate the general knowledge of various employment and construction's Laws.

The program provides developing Knowledge and Skills such as

1. Key Performance Indicator
2. Strategic Planning
3. Smart Presentation
4. Mind Mapping
5. The Safety Officer in Management Level

#### **2. Supervisor Level:**

The Company knows well that all supervisor staffs are the greatest asset, so we provide a continuous job training and development their potential, operatives and management with skills to fulfil their principal roles and responsibilities with continually improve their job performance. Assistance is given to all supervisory staff to build team work, instruct and gives the opportunity to work in successful targets but maintain safety.

The program provide for developing Knowledge and Skills.

1. Work Improvement Techniques
2. Planning and Following Techniques
3. Supervisory Skills Development
4. Law Knowledge
5. The Safety Officer in Supervising Level
6. Occupational Safety, Health and Environment Committee
7. The Safety Officer in Technical Level
8. Accountant Seminars
9. Store Supervisor Seminars
10. Environmental and Safety Law
11. Construction Lift

### 3. Officer Level:

The Company will ensure that all officer staff know well, understanding their duty and can solve the problem occurred or can comply with their responsibilities, regulations, job procedures and company's rules.

The Company is providing services in a whole range of vocational areas need to keep up-to-date with changes and developments in their particular field. In-house training program aims to support on further education and also requires for the continuous development of their performance.

The program provides for developing Knowledge and Skills.

1. Effective Target Setting
2. Planning and Task Management
3. Service Mind
4. Job Relations
5. Effective Guideline for Personnel Division
6. Effective Management Meeting for Secretary
7. Professional Secretary
8. Warehouse Management System
9. Training Program for the trainer on OSH&E for General& New Employee pursuant OSH&E Act B.E 2554)
10. Orientation

### 4. Semi-Skilled Worker Level:

The Company is preparing the basic training in health and safety to semi-skilled workers, and to ensure that whenever new plant or variations in systems of work are introduced, then the appropriate safety training is given; personal protective clothing and equipment appropriate to the job in hand.

The Company does care to provide training and further education in pursuit of qualifications for semi-skilled workers to meet service objectives by co-operation with Department of Skill Development. This is an essential part of semi-skilled worker to get opportunity to learning and development their career path. Those programs are appropriate to Technician/ mechanical/ and Semi-Skilled workers.

### 5. Skilled Worker Level:

The Company is providing further education and training program by encourage skilled workers to develop more skills with Government sector such as; Department of Skill Development, Ministry of Labor. Those programs designed for Bricklayers, woodworker, welder, tiller worker, electrician, ironworker etc. In order to increase the effectiveness of the career aspirations and be appropriate to the job in hand as well as highly National Standard Skill and to continually improve their job performance.

### 6. On the Job Training (OJT):

Starting a new job is a demanding and often challenging experience with the benefits of induction help the new employee to become fully integrated into the organization as smoothly.

Given an introduction training basic program to acknowledge about the Company's policies. This is an essential part of new comer to learning and development with integration into the working environment in the shortest time possible to bring them to an effective standard of performance.

Number of Staff to Trained 2016

Level	People	Hours	Training Man Hours
1. Training and Development Group			
- Executive Level	206	1,626	7.89
- Supervisor Level	700	6,552	9.36
- Officer Level	421	3,054	7.25
2. Semi-Skilled Worked Level	431	2,586	6.00
3. Skilled Worked Level	14,655	87,930	6.00
4. On the Job Training	7,605	8,716	1.14
Total	24,018	110,464	4.59

Recognition of the importance of good corporate governance is essential in creating value-added efficiency of the organization which affects stakeholder's confidence. Pursuant to the meeting of the Board of Directors, the Board of Directors has approved and officially announced "ITD Corporate Governance Handbook" in 2004, which contains philosophies, policies and the code of conduct for corporate governance of the Company. It provides guidelines and a progress report for corporate governance practices which lead to evaluation and improvement procedures.

The Policy of the Corporate Governance must be reviewed every year and updated in line with the current situation. In 2016, the Board of Directors reviewed the Policy and suggested to add more policy, which is Intellectual Property Policy and was proposed to the Board of Directors' meeting on 7<sup>th</sup> December 2016. Resulting from the Board of Directors' meeting, the Company has amended its Policy as exhibited in the Annual Report and on the Company website ([www.itd.co.th](http://www.itd.co.th)).

Recognizing the importance of good corporate governance as in 2016, the Company was evaluated by governing authorities as follows:-

- The results of the Quality Evaluation of the Company's 2016 Annual General Meeting of Shareholders was rated "Very Good" as carried out by the Thai Investor Association.
- The results of IOD for the Corporate Governance of the year 2016 that was rated "Good" but the Rights of Shareholders and the Treatment to the Shareholders with Equality was rated "Excellent"

### 1. Policy of Corporate Governance

The Company has realized the importance of good corporate governance, and therefore has implemented the policy as follows:-

#### ■ The Rights of the Shareholders

1. The Company shall respect the right of shareholders according to the law.
2. The remuneration of the Directors shall be proposed at the shareholder's meeting for consideration.
3. When electing Directors, the Company shall propose the candidate for the consideration and vote by the shareholders.
4. The Company shall give in advance the shareholders an opportunity to propose the agenda for the Annual General Meeting of Shareholders.
5. The Company shall recognize the importance of the shareholder's meeting invitation notice and the minutes of that meeting.
6. The Board of Directors and the President must participate in the shareholder's meeting, except in the case of force majeure preventing attendance.
7. All shareholders, including the institutional shareholders, have been continuously encouraged to participate and vote in the shareholders meeting on material matters that may affect their interests. In addition to the meeting invitation letter, the Company also facilitates collection of the proxy forms and associated documentary evidence in case the shareholders cannot attend the meeting.

#### ■ The Treatment to the Shareholders with Equality

1. Each shareholder has as many votes as he/she owns shares.
2. The Company shall establish an effective inside information control system.
3. The Related Transactions of the Company shall comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
4. A proxy form shall be sent together with the shareholder's meeting invitation notice and care taken to ensure that the shareholders have sufficient and complete information to understand the proxy method and meeting procedure to maintain their rights.
5. The Company shall announce the shareholder's meeting invitation notice, with important details, on the Company's website thirty days prior to the Meeting day, or earlier.
6. The Company allows the shareholders to nominate persons for election as Directors in the Annual General Meeting of Shareholders by informing them in advance through the knowledge resources of the Stock Exchange of Thailand and the Company's website.
7. The Company will stipulate that the Directors and the Senior Management are to report the Board of Directors one day prior to the Company's stock trading.

#### ■ The Rights of the Stakeholders

1. The Company shall set up a clear policy relating to the welfare, safety, benefit, provident fund and training of the employees, as disclosed in the topic of Employee Skill Development Policy, showing the solid practice of training for employees and the average hours of training per year.
2. The Company shall implement a policy regarding the treatment of customers, partners, creditors and its corporate social responsibility. The Corporate Social Responsibility Report is disclosed in the Annual Report of the Company.
3. The Company shall provide a communication channel for all stakeholders to enable the exchange of information, opinions, and advice through direct mail to the Independent Director of the Corporate Service Department.

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■ **Information Disclosure and Transparency**

1. The shareholding structure of the Company shall be transparently disclosed.
2. The information disclosed in the Annual Report must be correct and clear.
3. The Related Party Transactions and the Management's trading of the Company's stock shall comply with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
4. The Company shall appoint independent auditors who are qualified by the Securities and Exchange Commission.
5. The Company shall provide several communication channels to the investor such as the Annual Report, website, analyst meetings and press releases.
6. The Board of Directors and the Management are responsible for reporting on matters of interest to the Chairman.
7. The Company discloses the number of shares held by Directors and their spouses in the Annual Registration Statement (Form 56-1).

■ **The Responsibilities of the Directors**

**1. Director**

A Director and Independent Director may take office as a director in not more than five other listed companies

**2. Sub-committees**

To appoint various Sub-committees to study in detail and summarize of the work according to its necessities and suitability, as follows:

- Board of Management
- Audit Committee
- Risk Management Committee

To implement limits and responsibilities of Sub-committees and report the results of the Sub-committees at every Board of Directors' meeting.

**3. Balance of Power of Non-Executive Directors**

The structure of the Company Directors consists of Directors appointed by the shareholders, Independent Directors and Executive Directors. A balance of power of the Directors is achieved by assigning Independent Directors, which accounts for 1 in 3 of the total number of Directors on the Board, to get involved with the Sub-committees. The appointment of Directors will be made during shareholder's meetings.

**4. Aggregation and Segregation of Positions**

The titles and authority of the Board's Chairman and head of the Management team shall be clearly separated.

**5. Board of Directors' Meetings**

To maintain regular Board of Directors' meetings, they shall be held at least once every quarter, in order to follow and monitor the results of the Company's business operations and other related issues. All Directors should attend all Board of Directors' meetings, or inform the Secretary of the Company in writing or e-mail in case of inability to attend a meeting. Each Director's attendance record is disclosed in the Annual Registration Statement and the Company's Annual Report.

The number of Directors' attendance shall constitute the quorum for every meeting of the Board of Directors, being not less than two-thirds of the total number of Directors at that time.

**6. Leadership and Vision**

There is a clear separation of duties and responsibilities between the Board of Directors and the Board of Management so as to demonstrate their leadership and vision in decision making for the utmost benefit of the Company and shareholders.

**7. Conflicts of Interest**

The Directors, the Management and the shareholders shall solve problems of conflict of interests carefully, honestly, reasonably and independently within the code of ethics and fully disclose this information for the benefit of the Company and shareholders.

**8. The Board's Remuneration**

Remuneration of the Directors shall be disclosed. Remuneration to other Sub-committees e.g. 1. The Audit Committee's remuneration shall be received monthly, increased according to the resolution of the Annual General Meeting of Shareholders. 2. The Risk Management Committee remuneration shall be received per meeting.

**9. The Self-Assessment of the Directors**

The Board of Directors shall conduct an annual self-assessment of the effectiveness of their performances.

**10. Continuous Knowledge Development**

The Company promotes training of staff at all levels in various courses to develop its personnel to be knowledgeable and up to date with current developments, for example SET, CSR Club, IOD and so on.

## 11. The Secretary of the Company

The Company shall appoint a person to be the secretary of the Company who shall be responsible to advise the Directors on laws and regulations, support the Director's activities, and coordinate with other entities to comply with the resolutions of the Board of Directors' meeting.

### ■ Corporate Governance Activities

In 2016, the Company has conducted its activities according to the Corporate Governance Principles of the Stock Exchange of Thailand, which are as follows:

#### 1) Rights of Shareholders

The Company recognizes the shareholders have the right to control the operation of the Company through the appointment of the Board of Directors. They also have the right to make the decisions regarding the significant changes of the Company in the Meeting of the Shareholders, for example the dividend payment, the remuneration of the Directors, Sub-committees, and share repurchase.

The Company has organized fair and proper Shareholders Meetings which facilitated equitable rights among shareholders and arranged the various steps for the meetings, calling for the meeting, dispatching documents, notifying of the meeting agenda, and the minutes of the shareholders' meeting, according to legal requirements.

##### 1.1 Itinerary for Shareholders' 2016 Meeting

The Company held the Ordinary Meeting of Shareholders for the year 2016 on Friday 22<sup>nd</sup> April 2016 at 13.30, using a venue at Watergate Ballroom on 6<sup>th</sup> Fl., Amari Watergate Hotel, 847 New Petchburi Road, Ratchathewi, Bangkok.

##### 1.2 The Meeting Announcement

In 2016, the Company started on the 22<sup>nd</sup> March 2016 to prepare the meeting agendas and invitation notice with details of the agenda together with supporting documents, proxy, guidelines for proxy, conduct of the Annual General Meeting, and rules of procedure for Annual General Meetings

All the meeting agendas, invitation notices, details of the agenda, proxy guidelines, and the meeting procedures and guidelines were approved by the President and the Board of Directors in order to ensure that the shareholders had sufficient and complete information for decisions in voting and also to understand the proxy method and meeting procedure to maintain their rights.

The Company delivered the meeting invitation notice with details of the agenda together with supporting documents fourteen days in advance and announced the meeting on the Company's website. The Company also announced the meeting in the newspapers three days in advance. The shareholders therefore had reasonable time to thoroughly study such documents. Additionally, the shareholders could make enquiries about the meeting agenda before the meeting to Corporate Services Department on telephone +66 (0) 2716-1600 extension 3800-4, or [www.itd.co.th](http://www.itd.co.th) or by e-mail at [cccs@itd.co.th](mailto:cccs@itd.co.th).

##### 1.3 The Procedure of the 2016 Meeting

The shareholders could register to participate in the meeting and check the accuracy of necessary documents two hours before the meeting commencement.

The proxies representing a shareholder could send proxy documents to the Company for checking their accuracy via facsimile any day before the meeting day.

At the beginning of the meeting, the Chairman of the Meeting advised the shareholders of the method of vote casting (one share for one vote), the right to make enquiries and how to express their opinions in each agenda. The meeting consisted of ten persons which were Dr.Kraisorn Jittorntrum (Chairman of the Risk Management), was the Chairman of the meeting, Mr. Premchai Karnasuta (President), Mrs. Nijaporn Charanachitta, Mr. Pathai Chakornbundit, Mr. Tawatchai Suthiprapha, Mr. Yuthachai Charanachitta, Mr. William Lee Zentgraf, Mr. Tirapongse Pangsrivongse, Mr. Peeti Karnasuta, Mr. Thoranis Karnasuta and Mr. Chartchai Chutima (Executive Vice President of Finance Division). Weerawong, Chinnavat & Peangpanor Ltd the legal advisor, and the independent auditor from Grant Thornton joined the Meeting.

The meeting proceeded in the presence of 1,112 shareholders and their proxies holding 2,427,954,061 shares (representing 45.98% of total shares) including:

- Shareholders who were present in person 470 persons by holding 1,627,429,049 shares, equivalent to 30.82% of total shares.
- Proxies representing a shareholder 642 persons by holding 800,525,012 shares, equivalent to 15.16% of total shares.

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All proposed agenda items were considered according to the meeting invitation notice without change or amendment and were approved by the shareholders in about three hours. The Company also properly recorded the vote counting, questions, and comments from shareholders in the meeting to ensure transparency. The shareholders also had equal opportunity and reasonable time to make enquiries and to express their opinions. The Directors, the Audit Committee and the Management also had suitable time to answer questions and explain important details.

In the agenda to appoint the Directors, the shareholders had an opportunity to vote pursuant to their intention for the whole set of Directors.

#### **1.4 Resolution of the Meeting Disclosure**

After the meeting was adjourned, the Company prepared the minutes of the shareholders' meeting with clarity and then submitted it to the Stock Exchange of Thailand on the shareholders' meeting day or the next business day before 9.00 a.m. Also, the Company published the minutes on the Company's website within fourteen days after the date of the meeting as an option for shareholders who were unable to attend the actual meeting to know meeting approvals.

For the Annual General Meeting of Shareholders, the Company disclosed the minutes of the shareholders' meeting held on Friday 22<sup>nd</sup> April, 2016 and published the minutes on the Company's website on 4<sup>th</sup> May, 2016.

### **2) Equitable Treatment of Shareholders**

The Company recognizes the importance of proper conduct to ensure equality of treatment for all type of shareholders, majority shareholders, minority shareholders and foreign investors.

#### **2.1 An Opportunity to Propose the Agenda and to Nominate Persons to be Appointed as Directors at the Annual General Meeting of Shareholders**

In 2016, the Company gave the shareholders an opportunity to propose the agenda or enquiry and to nominate persons to be appointed as Directors at the Annual General Meeting of Shareholders in advance via mail, E-mail: [cccs@itd.co.th](mailto:cccs@itd.co.th), and the Company's Website. The shareholders who are eligible to do so must hold shares not less than 5% of the Company's ordinary shares.

Independent Directors will consider the shareholders' proposals and further pass them to the Board of Directors for their consensus. If the Board agrees that any issues are significant or beneficial to the Company or the shareholders, the Board will put the said issues in the meeting agenda remarked as "Agenda from shareholders" in the notice to shareholders or clarify them at the Shareholders' Meeting. In addition, to facilitate the shareholders' proposals vetting process, the shareholders are requested to provide necessary details as follows:

- Name, address and telephone number of proposing shareholder for the Company to acquire any further information as well as evidence indicating status of consecutive holding of shares such as share certificate or official declaration from broker.
- Purpose and proposal in detail including other useful information for the Board's consideration such as relevant facts and data, reason, concerned issues and expected benefit for the Company.
- In case of nomination of persons to be appointed as Directors at the Annual General Meeting of Shareholders, the shareholders are requested to attach curriculum vitae, working experience and contact address in support of the Audit Committee to consider and further pass the matter to the Board of Directors for final decision.

For the Annual General Meeting of Shareholders 2016, the Company disclosed the procedure and invitation to propose the agenda and to nominate persons to be appointed as Directors at the Annual General Meeting of Shareholders in the website and to the Stock Exchange of Thailand during December 14, 2015 to February 1, 2016. However, there were no proposals from the shareholders.

#### **2.2 Facilitating the Shareholders to Participate the Annual General Meeting of Shareholders**

For the Annual General Meeting of Shareholders, there were sufficient officers to service the shareholders. The shareholders could register to participate in the meeting and check the accuracy of necessary documents two hours before the meeting commencement. The Company used the computer system to process the recorded votes and instantly show the results of each agenda. After the finish of the Meeting, the shareholders could request to check details of the voting results.

#### **2.3 The Proxy Form**

For the shareholders who cannot attend the Meeting themselves, they can give the proxy form to the Independent Directors, Audit Committee, Directors and/or any persons to be the proxy and attend the Meeting to cast their votes. The Board of Directors suggests the Shareholders to use the proxy form B which was attached in the Invitation Letter so that the Shareholders can choose the way of voting and assign not less than one Independent Director to be the proxy. The Company announced the proxy form B and form C (specifically used in case the Shareholders are foreign investors and appointment of

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Custodian to be responsible of the shares) and guidelines on the Company's website ([www.itd.co.th](http://www.itd.co.th)) thirty days in advance so the Shareholders can download.

Anyhow, The Company provided the revenue stamps for the Shareholders to attach in the proxy form.

#### **2.4 Measures to Prevent the Internal Abuse of Confidential or Privileged Information and the Conflict of Interest**

The Company has implemented measures to prevent the internal abuse of confidential or privileged information by limiting its distribution to top executives and Company officers on a "need to know" basis until it is released publicly. Employees are also advised of the confidential nature of the information and the restrictions applying to its use, including a prohibition on the purchase or sale of Company securities on the basis of such confidential information. Staff who failed to practice according to these rules would be penalized under the Company's rules and regulations. Furthermore, the Directors and senior executives have the duty to report their holdings and each transaction of purchase, sale or transfer of their security holdings in the Company to the Securities Exchange Commission and the Board of Director's meeting. Such requirement is considered an important measure to effectively help control the use of inside information.

The Company disclosed the Director's and the Management's securities holding and the change in the number of shares during the financial year in every Annual Report.

The connected transactions complied with rules and regulations of the Stock Exchange of Thailand, the Securities Exchange Commission, and the Capital Market Commission and those transactions are revealed in the Annual Report every year.

#### **2.5 The Minority Shareholders Treatment**

The Independent Directors have an important role to take care the rights of minority shareholders. The minority shareholders are able to deliver their advice, opinions or complaints to the Independent Directors via email [cccs@itd.co.th](mailto:cccs@itd.co.th) for them to consider and to take proper action.

Prior to the Annual General Meeting of Shareholders, the minority shareholders are able to propose the Meeting agenda and nominate a person to be a Director according to the rules notified on the Company's website ([www.itd.co.th](http://www.itd.co.th)).

### **3) Role of Stakeholders**

The Board of Directors recognizes the rights of all stakeholders; such as shareholders, employees, customers, partners, business competitors and the general public, and they also pay attention to the communication with all stakeholders in order to exchange information, opinions and advice for the sustainable sharing of benefits. The Board of Director has implemented the policy for dealing with the stakeholders, which is disclosed in the Company's website ([www.itd.co.th](http://www.itd.co.th)) including; the Policy on Stakeholders Treatment, (However, the agenda related to the stakeholders shall be excluded from the meeting agenda.) the Policy on Occupational Safety, Health, and Working Environment and the Policy on Corporate Social Responsibility.

As the Securities and Exchange Commission (SEC) amended the Notice of Corruption Disclosure to encourage listed Companies to reveal the information of the anti-corruption scheme, and a person who is in charge of corporate governance practices, the Company has recognized this matter as of prime importance; therefore, in 2013 the Directors, the Company Secretary and the Internal Audit Division jointly implemented the policy of anti-corruption scheme in "Corporate Governance Italian-Thai 2013" posted on the Company's website for the acknowledgement of the employees and public.

Incidentally, the Company has the procedure to assess the risk of corruption in working, conducted by the Internal Audit Division by gathering information to present to the Audit Committee for evaluating risk of fraud, leading to anti-corruption monitoring and supervision guidelines, and then to be followed up the implementation according to the anti-corruption policy.

The Code of Ethical Conduct has the compliance rules for executives and employees toward the shareholders, clients, partners and/or creditors, competitors and the public. The Management has continuously monitored and controlled their actions according to these policies.

The Company has provided notification channels for treating the stakeholders fairly and equally according to the corporate governance, and when any misconduct, fraudulent act or corruption is found by the stakeholders, they may report directly to Independent Directors through Corporate Service Division, telephone +66 (0) 2716-1600 extension 3800-4, or via email at [cccs@itd.co.th](mailto:cccs@itd.co.th).

All information received by the Company shall be kept strictly confidential, safe and secure in order to protect against the potential negative impact of any disclosure. Any such occurrence shall be investigated by the Company Secretary and the Internal Audit Division which shall authorize further action.

In 2016, the Company has been in contact with all interested shareholders and members of the public.

**Shareholders:** The Company has strived to achieve growth for long term benefits. The Company has also disclosed complete, true and timely information through the system of the Stock Exchange of Thailand and the Company website

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(www.itd.co.th) such as the resolution of the Board of Directors, the resolutions of the Annual General Meeting of Shareholders, signing ceremonies of major projects, and so on.

**Employees:** The Company has realized the importance of staff as the main mechanism to promote continuous growth. The Company has rewarded staff and improved their welfare and security for long term value creation, for example, by the establishment of a pension fund, providing a healthcare service (including a medical room and a doctor on active service at Head Office), supporting the scholarships for employee's children who show a good study performance, offering urgent loans, and improving the environment of their workplace, implementing the 5S project to improve the workplace organization and standardization for productivity and safety. All levels of staff participated this project.

The Company has treated its employees strictly according to labor legislation, and no labor lawsuits have occurred in recent years.

Since the employee's skills are very important to the Company's performance, the Company has continued developing the potential of all staff in order to increase their competencies and skills necessary for work and for success, as well as to encourage safety at work and occupational health. In the year 2016, the Company provided 26 courses as shown on the page 63, section of Management Structure under Employee Skill Development Policy.

**Customers:** The Company has provided a good quality and a high standard of construction services. The customers were provided with sufficient information and effective procedures to deal with customer complaints for a timely response to correct all complaints.

**Partners and Creditors:** The Company has standard procedures for partner screening and selection through three qualities; reliability, responsibility, and on time working. Besides, the Company has treated the partners and creditors according to the conditions of the agreements.

**Business Competitors:** The Company always competes in government and private sector bidding with honesty, knowledge, and transparency. There were no disputes with competitors during the year.

**Society:** As the Company is in the construction business for which occupational health, safety and environmental management is very significant, the Company has established measures to prevent society and the environment from negative construction impacts, for example wastewater treatment, odor control, oil spillage and contamination control, vibration control, dust control, waste segregation campaign, energy saving and so on. However, in case the Company receives any complaints from the community, the Company shall immediately send staff to investigate and carry out further necessary action. If such impacts caused by the construction of the Company, the Company shall immediately figure out the problems.

**Respect for Human Rights and Treatment to the Labors with Equity:**

**Environmental Conservation:**

*For further information, please consider on the section 10 of Corporate Social responsibility.*

#### 4) Disclosure and Transparency of the Company

The Board of Directors is deeply concerned to disclose sufficient, complete, reliable and timely information covering the Company's financial, important and general information, which reflects the asset value and performance of the Company, through the Stock Exchange of Thailand and the Company's website (www.itd.co.th), in both Thai and English

**Information disclosed in the Company's Website includes:**

- The Company's information including the Company's vision and mission, the Company's structure, organization chart and etc.
- Investor Relations (IR) comprises of financial information, stock information, shareholder information, letter to the SET, etc.
- Corporate Governance – CG comprises of Code of Business Ethics, Code of Conduct, Code of Board of Directors Management, etc.
- Corporate News comprises of CSR activities etc.
- Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)

#### Disclosure Information of Board of Directors and Executive Management Remuneration Fee and Shareholding

Information of the Board of Directors and Executive Management remuneration fee and shareholding must be disclosed in the annual registration statement (Form 56-1) and the Annual Report (Form 56-2). Under Article 59 of the Securities and Securities Exchange Act, directors and executives must report to SEC their share portfolios with each purchase, sale, or transfer of shares.

## Financial Reports

The Company establishes the internal control policy within each department or section to prevent confidential information from being disclosed to the public prior to formal announcement. Employees must not use the Company's confidential information for personal or others' gains. They should maintain inside information and sensitive documents that could lead to undue exploitation for themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formula, and inventions. Those who disclose important information and news to outsiders without approval from the Chief Executive Officer shall be subject to disciplinary action according to Company procedures and may face legal action.

## Disclosure Information of the Company

The Company shall disclose information on material matters regarding the Company, including financial reports, non-financial information and other information as stipulated by SET and SEC that are accurate, clear, complete, easy to understand, transparent, adequate, in both positive and negative aspects, and which have been screened according to prescribed procedure. The Company disclosed information to ensure equitable access by shareholders in the following channels:

- SET's Community Portal system and SEC
- Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
- Company's website at [www.itd.co.th](http://www.itd.co.th) in both Thai and English
- Company's company visit and analysts meetings
- Road shows for both domestic and overseas investors
- Invitation to the AGM via post

Furthermore, the Company has disclosed in the Annual Report important information of Company such as the report of good corporate governance practices, the report from the Board of Directors, role and responsibilities of the Board of Directors and Sub-committee, the Directors' Meetings attendance, the remuneration of the Directors and the Management, the structure of the shareholders, the nature and the risk of business, etc.

## Investor Relations

The Corporate Services Division of the Company is responsible for investor relation activities. They will provide information and activity news directly to investors, shareholders, analysts, and the public under the rules and regulations of the Stock Exchange of Thailand.

The investors, shareholders, analysts and the public that require further information can contact Corporate Service Division on telephone +66 (0) 2716-1600 extension 3800-4, or [www.itd.co.th](http://www.itd.co.th) or by e-mail at [cccs@itd.co.th](mailto:cccs@itd.co.th).

## **5) Board Responsibilities**

### **5.1 Structure of the Board of Directors**

The Board of Directors consisted of eleven members who were knowledgeable and with diverse experience, which were beneficial to the Company. The Director positions were:

- |  |             |           |
|--|-------------|-----------|
| - Executive Directors                            | 6 Directors | (54.54 %) |
| - Non-Executive Director (Independent Directors) | 5 Directors | (45.45 %) |

Each Director was able to express his/her opinions independently regarding the operation of the Company and its annual strategic plan, without intervention, for the benefit of all shareholders and other stakeholders.

The Directors may take office as a director in not more than five other listed companies according to the Company's policy

In addition, the structure of the Board consisted of five Independent Directors which more than one - third of the total number of Directors on the Board with 1 female Director and the three-fifths of them were appointed as the Audit Committee. The Chairman of the Audit Committee was also appointed as the Chairman of the Board of Directors, thereby providing balance of power and proper verification of the operations.

The structure and the definition of the Independent Directors of the Company complied with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Furthermore, according to the Good Corporate Governance, the Chairman of the Board of Directors is an Independent Director who is not the same person as the President (Managing Director) and/or Executive President and responsible for checking and balancing the Management of the Company. The authorities of the Chairman and the President are clearly defined as follows:

**The Chairman:** Taking the role as the leader of the Board of Directors and the Chairman of the Directors' Meetings and Shareholders' Meetings.

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**The President:** Taking the role as the leader of the Board of Management and being authorized by The Board of Directors to direct and control the management staff for achieving the Company's goals.

According to the Board of Director's meeting in 2013, the Company has set the vision, mission, motto, and business operation strategy which will be reviewed every five years.

Accordingly, the Company has prepared the succession plan of the President - the highest position of the Company, which was considered and appointed the heir as the Assistant to the President and Executive Vice President in order to convey knowledges, competencies and experiences.

## **5.2 Authority of the Board of Directors**

The Board of Directors has the authority of approval and defining the overall vision, mission and strategy of the Company and is able to consider and approve of the policies and set up the direction in operation of the Company. The Board of Directors shall appoint the Board of Directors, Audit Committee, Risk Management Committee and/or other Directors as appropriate and necessity for specific operation, the benefit of the Company and management to pursuant with the defined policies.

*For further information, please consider on the section of the Board Responsibilities*

## **5.3 The Subcommittees**

### Audit Committee

The Board of Directors appointed the Audit Committee as the subcommittee to assist with the corporate governance practice and the effectiveness of internal control systems. The Audit Committee comprises of three members, they are all Independent Directors. The Manager of the Internal Audit Division is the Secretary of the Audit Committee.

The Audit Committee held four meetings during the year 2016. Agendas were sent to the Committee members to study at least seven days in advance and all members of the Committee attended the meetings, all of which lasted 2 to 3 hours. The resolution of the meeting of the Audit Committee were implemented and monitored. Conclusions regarding the performance of the Audit Committee are reported in this Annual Report.

### Risk Management Committee

In 2010, the resolution of the Board of Director's Meeting No.1/9/2010 on 2 September 2010 approved the establishment of the Risk Management Committee. Dr. Krisorn Jittorntrum, the Independent Director, is the Chairman of the Risk Management Committee. This Committee has the responsibility to review the Company's risk management policy and framework, which covers all the major risks; namely financial risk, investment risk, operational risk, and corporate reputation risk, before proposing the policy to the Board of Directors for approval. The Committee is also responsible for setting appropriate risk management measures to support the decisions of the Board of Director or the Management, especially the investment activities which may significantly affect the financial status of the Company or the risky investment that the Board of Directors provided to the Risk Management Committee for reviewing. In 2016, the Risk Management Committee has held meetings to consider, review, and make recommendations for the investment in four projects: the Dawei Project in Myanmar, the Potash Mining Project in Udonthani Province, the Construction and Operation of the Deep Sea Port and the Railway from Moatize to Macuse in Mozambique, and Dhaka Elevated Expressway and has reported to the Board of Directors.

The Company does not yet have a Remuneration Committee or a Nominating Committee, but the Board of Directors has set up a transparent procedure to determine appropriate levels of remuneration by comparisons with other companies of similar size in the same industries, and partly by the performance of the Company. In any case, the amount of remuneration to be paid to Directors must be finally approved by a meeting of the shareholders.

The Company has set up a transparent procedure to select Directors, although it does not have a Nominating Committee. The incumbent Board of Directors performs the initial selection and evaluation of candidates for vacated or newly created positions on the Board of Directors. The Board of Directors jointly scrutinizes the qualifications of all appropriate candidates in compliance with Section 68 of the Public Company Limited Act, B.E. 2535 by consideration of the profile, experience, expertise in different careers and performance in the role of directorship in the past. The candidate's qualification shall also be subject to the prohibitions set out by the Announcement of the Securities and Exchange Commission No. Gor Jor 5/2548, which gives the requirements relating to the qualifications of executives of a company that issues securities.

The nominated Director will then receive the ITD Corporate Governance Handbook from the Company's secretary.

The Company announced on December 14, 2015 to February 1, 2016 that a person who was nominated by the Shareholders as a candidate to be appointed as a Director would be considered for election at the Ordinary General Meeting of Shareholders. For Shareholders to be eligible to nominate a person as a Director they shall, individually or as a group, hold not less than five percent of the total number of the Company's ordinary shares.

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The incumbent Board of Directors' approved candidates for any vacant or new directorship shall then be nominated to the shareholders at the Shareholders' Meeting, for approval by a majority of votes of the shareholders attending the said meeting and eligible to vote.

#### **5.4 Policy of Corporate Governance**

Recognition of the importance of good corporate governance is essential in creating value-added efficiency of the organization which affects stakeholder's confidence. Pursuant to the meeting of the Board of Directors, the Board of Directors has approved and officially announced "ITD Corporate Governance Handbook" in 2004, which contains philosophies, policies and the code of conduct for corporate governance of the Company. It provides guidelines and a progress report for corporate governance practices which lead to evaluation and improvement procedures.

The Policy of the Corporate Governance must be reviewed every year in accordance with the current conditions. In 2016, the Board of Directors' meeting approved to add the policy of the Intellectual Property on 7<sup>th</sup> December 2016 as exhibited in the Annual Report and on the Company website ([www.itd.co.th](http://www.itd.co.th)).

The Directors and the Management are required to report of their gains and losses, and inform to the Company's secretary for submitting these details to the Chairman of the Board of Directors. The report shall be kept at Corporate Service Division on 38<sup>th</sup> Floor, ItalThai Tower. In case there are any changes, the Directors and the Management are responsible for the amendment and to inform the Company's Secretary afterward.

#### **5.5 Code of Ethical Conduct**

The Company has announced a code of ethical conduct for the Board of Directors, Management and Staff to perform their duties with honesty and integrity for the Company and every group of stakeholders. The code of conduct is on the Company's intranet and website ([www.itd.co.th](http://www.itd.co.th)).

Furthermore, the Company provides a code of ethical conduct and employees' rules and regulations to all new staff on their orientation day. The management of the Company must be the model of good practice and also be responsible for proper care of all staff to make sure that these rules and regulations are all strictly observed and practiced.

#### **5.6 Conflict of Interest**

The Company has established the policy to manage conflict of interest and has implemented measures to prevent the internal abuse of confidential or privileged information. The said policy and measures have been disclosed under "Corporate Governance Italian-Thai" on the Company's intranet and website ([www.itd.co.th](http://www.itd.co.th)).

The Board of Directors knows the rules and requirements relating to conflicts of interest between related business entities. Where such conflicts have arisen they are shown in the table Related Party Transactions and in all cases have been addressed in accordance with the Stock Exchange Regulations, such that prices and conditions of procurement are the same as would apply in normal third party "arm's length" transactions. The Related Party Transactions Table provides details of the parties concerned, contract value, reason/ necessity for relationship in the Annual Report and the Annual Registration Statement (Form 56-1).

#### **5.7 Directors Meetings**

The Board of Directors schedules regular meetings every three months. The meeting agendas clearly state the matters for acknowledgement or approval. The Company serves the meeting notices including the agenda and attached documents on each Director at least seven days in advance of the meeting so that they have enough time to review and study them. Normally, each meeting takes about 2 to 3 hours. The Chairman allots adequate and appropriate time for discussion on all agenda, which are prioritized in terms of significance.

After the finish of the Meeting, the Minutes of Meeting are prepared by the Company Secretary and are proposed to the next Meeting of the Board of Directors for them to consider. After inspection by the executives and Directors, all such documents are duly signed by the Directors and are classified as confidential documents and kept in the Company Secretary's office. They are available both in hard copies and soft files for review by any interested persons.

There were four Board of Directors' Meeting held in 2016 and finished as at 31<sup>st</sup> December, 2016. All the Board of Directors attended the meeting not less than 75 per cent of the meeting of the whole year.

For the past year, the Company held the meeting for the Audit Committee and the Auditors of the Company without the attendance of Management.

## 5.8 Self-Assessment of the Directors

The Board of Directors conducted the annual self-assessment of the effectiveness of their performances at least once a year to help them consider their work and express their opinion about their performance whether how much they could arrange/operate/manage their work. Such assessment benefited to their work. The Board of Directors considered about the obstacles and carried out the summary to be the guidance for improve their work performance.

The Company's Secretary distributed the assessment forms, followed the form of the Stock Exchange of Thailand to all members of the Board to assess their work for this year as a whole as well as an individual basis. After each member had finished their assessment, all assessment forms were collected by the Company's Secretary to calculate the scores of each member, summarize their work performance and report to the Board of Directors considered to achieve their objectives. In 2016, the Company assigned the Board of Directors assess their work performance at the Board of Directors' Meeting No.4/12/2016 dated 7<sup>th</sup> December 2016. Anyhow, the assessment was calculated in percentage form of the full marks of each item as follows:-

100%	=	Excellent
80% - 100%	=	Very Good
60% - 80%	=	Fairly Good
40% - 60%	=	Satisfactory
20% - 40%	=	Needs Improvement

### Results of Operation Assessment of the Subcommittees

The Board of Directors assigns the Subcommittees to assess their annual results of operation such as The Audit Committee and the Risk Management Committee to use as a pattern for checking their work for the past year, correct and improve their performances. The results of operation were reported to the Board of Directors' Meeting for consideration and acknowledgement.

## 5.9 Remuneration of Directors and Management Staff

### 5.9.1 Remuneration of Directors

The Company has determined the Remuneration of Directors clearly and transparently based on comparable industry levels and for the efficiency required of the supervising Directors. Directors assigned to be the Audit Committee receive additional remuneration for full discharge of their Audit Committee duties. In any case, the amount of remuneration to be paid to Directors must be finally approved by a meeting of the shareholders.

### 5.9.2 Remuneration of the Board of Management

The remuneration of the Board of Management members follows the principles and policy determined by the Board of Directors and depends on the corporate and individual achievement.

## 5.10 Director Further Development

The Directors of the Company have passed the training programs provided by the in-house training division, the organizations of the government, and the independent entities, such as the course for the Company's Directors held by the Thai Institute of Directors at the Securities and Exchange Commission for which the Company's Directors are required to pass at least one course, for example Director Certification Program (DCP), Directors Accreditation Program (DAP), and Audit Committee Program (ACP)

For the IOD training programs, the Directors of the Company have passed the training programs as follows;

- |                                      |  |
|--------------------------------------|--|
| a). Mrs. Nijaporn Charanachitta      | - Director Certification Program (DCP)                         |
| b). Mr. Pathai Chakornbundit         | - Director Certification Program (DCP)                         |
| c). Mr. Tawatchai Suthiprapha        | - Director Accreditation Program (DAP)                         |
|                                      | - Finance for Non Finance Director                             |
|                                      | - Finance Instruments for Directors (FID) 2/2012               |
| d). Mr. Chatichai Chutima            | - Director Accreditation Program Class 67/2007                 |
|                                      | - Successful Formulation & Executive of Strategy Class 12/2011 |
|                                      | - Director Certification Program (DCP) class 204/2015          |
| e). Mr. Woravudh Hiranyapaisarnsakul | - Company Secretary Program 29/2009                            |
|                                      | - Effective Minute Taking 13/2009                              |
| f). Mr. Krirk Vanikkul               | - Director Certification Program (DCP) Class 42/2004           |
|                                      | - Charter Director Course (CDC) Class 3/2008                   |

## 2. Executive Structure

The executive structure of the Company is made up of several boards; namely the Board of Directors, the Audit Committee, the Board of Management, and the Risk Management Committee. The Authority and Responsibility of each Board is as follows:

### a) Board of Directors

On 31<sup>st</sup> December 2016, the Board of Directors consists of eleven directors as listed below:

Name - Surname	Position
1. Dr. Krisorn Jittorntrum	Chairman and Independent Director
2. Mr. Premchai Karnasuta	Director
3. Mrs. Nijaporn Charanachitta	Director
4. Mr. Pathai Chakornbundit	Director
5. Mr. Tawatchai Suthiprapha	Director
6. Mr. William Lee Zentgraf	Independent Director
7. Mr. Peeti Karnasuta	Director
8. Mr. Tirapongse Pangsrivongse	Independent Director
9. Mr. Thoranis Karnasuta	Director
10. Mr. Krirk Vanikkul	Independent Director
11. Prof. Dr. Mingsarn Kaosa-ard (1)	Independent Director

#### Remarks

(1) was approved by the meeting of Board Directors 4/9/2016 on 9<sup>th</sup> September, 2016

#### Authority and Responsibility

1. To set the Company's vision, mission, strategy, policy and conduct the Company's business execution in an efficient and effective manner for preserving the Company's interest.
2. The Board of Directors has the overall authority and responsibility to direct, manage and supervise the operations of the Company, all in accordance with the Law, the Company objectives, the regulations of the Company and the resolutions of the Shareholders of the Company.
3. The Board of Directors has to conduct the Company's business execution in accordance with the rules and regulations of The Stock Exchange of Thailand, The Securities and Exchange Commission stated about Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company and disclose to make available to the public information necessary for informed investing on securities.
4. To monitor the operations of the Board of Management in compliance with the Company's policies and regulations.
5. To appoint the Executive Directors, the Audit Committees, the Risk Management Committee and other suitable committees to take charge of Company business and management system for the maximum benefit according to the Company policy.
6. To undertake the financial statement and income statement on the valid date of the Company's statement by showing the financial status of the Company in accordance with the financial reporting standards that examined by the Company's auditors and purposed to the Annual General Meeting of Shareholders for consideration and approval.
7. To consider and make a decision for any project investment significantly.
8. The Board of Directors has the authority in approval of the Subcommittees' responsibilities including any changes which shall affect significantly the operation of the Subcommittees.
9. Pursuant to the Company's regulations, the Board of Directors has the authority to decide upon and oversee the operations of the Company, except for the following assignments that shall only be executed with the consent of a meeting of the Shareholders of the Company:
  - 9.1 Matters relating to the Law shall only be performed upon the resolution of the Shareholders of the Company;
  - 9.2 Certain business matters as stipulated by the Stock Exchange of Thailand; and
  - 9.3 Buying or selling of assets having a value equal to or greater than fifty percent (50%) of the total value of the assets of the Company, as stipulated by the Stock Exchange of Thailand.

## b) Board of Management

As at 31<sup>st</sup> December 2016, the Board of Management consists of nineteen persons as listed below:

Name - Surname	Position
1. Mr. Premchai Karnasuta	Director and President
2. Mrs. Nijaporn Charanachitta	Director and Senior Executive Vice President
3. Mr. Pathai Chakornbundit	Director and Senior Executive Vice President
4. Mr. Tawatchai Suthiprapha	Director and Senior Executive Vice President
5. Mr. Anan Amarapala	Executive Vice President
6. Mr. Taweesilp Pattanakitchamroon	Executive Vice President
7. Mr. Chatichai Chutima	Executive Vice President (Finance)
8. Mr. Virat Kongmaneerat	Executive Vice President
9. Mr. Sumate Surabotsopon	Executive Vice President
10. Mr. Piyachai Karnasuta	Executive Vice President
11. Mr. Peeti Karnasuta	Executive Vice President
12. Ms. Prachaya Karnasuta	Executive Vice President and Assistant to Director and Senior Executive Vice President
13. Mr. Sompop Pinijchai	Executive Vice President
14. Mr. Worayudh Hiranyapaisarnsakul	Executive Vice President
15. Mr. Prasit Ratanaramig	Executive Vice President
16. Mr. Thoranis Karnasuta	Assistant to the President and Executive Vice President
17. Mr. Wichien Roongrujirat	Vice President
18. Mr. Kriengsak Kovadhana	Vice President
19. Mr. Prasert Sanor	Vice President

### Authority and Responsibility

1. Determine ultimate goals and operational direction of the Company to accord with the current and forecasted economic and market conditions.
2. Determine policies and procedures for the operation of the Company.
3. Determine the policy, consider and decide on the selection of relevant projects in which the Company should participate, tender and execute.
4. Consider and approve the appointment, transfer and discharge of staff at division head level and above.
5. Consider and approve the adjustment of salaries, wages and remuneration, including consideration and recognition of employee meritorious service.
6. Appoint a person or persons to act on behalf of the Board of Management for any assignment.
7. Consider and approve expenses on buying assets and other expenses of the Company.
8. Review, consider and comment on all matters related to Company operations.
9. Review, consider and comment on all matters involving the performance of the Company's various operating segments, and direct and control their management to ensure efficient, economical and well-timed operations, including compliance with all contractual obligations to clients
10. Consider and approve expenses for buying securities and other expenses of the Company and capable of making a financial transaction with the credit amount not more than THB 1,000 million. The authority of making a financial transaction includes daily costs, investment, fixed assets, loans, financial instruments and insurances (excluding bids and contract making which are no limit).
11. Undertake all other matters as directed by the Board of Directors.

**c) Audit Committee**

As at 31<sup>st</sup> December 2016, the Audit Committee consists of three persons as listed below

(This position carries a 3 year term from 2014-2017.):

Name - Surname	Position
1. Dr. Krisorn Jittorntrum	Audit Committee Chairman
2. Mr. William Lee Zentgraf*	Audit Committee
3. Prof. Dr. Mingsarn Kaosa-ard**	Audit Committee

Mr. Withit Ouaysinprasert, Vice President of Internal Auditor, is the Secretary of the Audit Committee.

Remarks: \* Mr. William Lee Zentgraf is knowledgeable and has experiences in reviewing the Company's financial.

\*\* was appointed from the Meeting of Board of Directors 4/9/2016 on 9<sup>th</sup> September 2016.

**Authority and Responsibility**

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other units in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange of Thailand's regulations, and are reasonable and for the highest benefit of the Company.
6. To review the efficiency and sufficiency of the risk management and discuss with the Internal Audit Division and the Independent Auditor.
7. To prepare, and to disclose in the Company's Annual Report, the Audit Committee's reports which must be signed by the Audit Committee's chairman and consist of at least the following information:
  - 7.1 An opinion on the accuracy, completeness and creditability of the Company's financial report,
  - 7.2 An opinion on the adequacy of the Company's internal control system,
  - 7.3 An opinion on the compliance with the law on securities and the Stock Exchange of Thailand, the Exchange's regulations, and the laws relating to the Company's business,
  - 7.4 An opinion on the appropriateness of the Independent Auditor,
  - 7.5 An opinion on the transactions that may lead to conflicts of interests,
  - 7.6 The number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
  - 7.7 An opinion or overview comment received from the Audit Committee on its performance of duties in accordance with the charter, and
  - 7.8 Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
8. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

#### d) Risk Management Committee

As at 31<sup>st</sup> December 2016, the Risk Management Committee consists of seven persons as listed below  
(This position carries a 3 year term from 2016 – 2019):

Name - Surname	Position
1. Dr. Krisorn Jittorntrum	Chairman of the Risk Management Committee
2. Mr. Pathai Chakornbundit	Vice Chairman of the Risk Management
3. Mr. Chatichai Chutima	Risk Management Committee
4. Mr. Sompop Pinijchai	Risk Management Committee
5. Ms. Penpan Riengthonglang	Risk Management Committee
6. Mr. Peeti Karnasuta	Risk Management Committee
7. Mr. Woravudh Hiranyapaisarnsakul	Risk Management Committee, Secretary of Risk Management Committee

#### Risk Management Policy

The Company significantly emphasized the importance of risk management since effective risk management is essential for the achievement of the Company objectives, including good corporate governance and related working processes. All the processes are based on the standards of risk management which are defined by the Stock Exchange of Thailand.

The Company has evaluated the internal and external risks which could possibly occur in the future to ensure the balanced growth and profitability of the Company at an acceptable risk level.

#### Authority and Responsibility

1. Review the Company's risk management policy and framework, which would cover all the major risks (Key Risks); namely financial risk, investment risk, operational risk and corporate reputation risk, before proposing them to the Board of Directors for approval.
2. Formulate risk management strategies and framework in compliance with the Company's risk management policy. The Committee shall assess, monitor and control risk at the appropriate level.
3. Monitor and ensure that risk management activities are in line with the Company's policy and framework approved by the Board of Directors' meeting.
4. Set risk measurement criteria and limit at the acceptable level.
5. Set appropriate risk management measures for different situations.
6. Review the sufficiency and effectiveness of risk management policy and system.
7. Report regularly to the Board of Directors about the management, operation, risk status, changes and areas of improvement to keep risk management in line with the Company's policy and strategy.
8. Appoint a risk management working group if necessary and support the risk managing working group in terms of personnel, budget and other necessary resources under the scope of responsibilities of the working group.

### 3. Selection and Nomination of Directors and Chief Executives

#### (1) Independent Directors

Rules and Regulations in selection of Independent Directors

##### Independent Director's Qualification

The resolution of the Board of Director's meeting No.9/3/2009 on 25 March 2009 approved to modify the definition of the Independent Director to comply with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as follows;

1. Holding shares not exceeding one per cent of the total shares with voting rights of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company (to be calculated by including the shares held by any related person of such Independent Director);

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2. Never been or not being a director engaging in management, employee, staff, advisor, who receives salary, or Controlling Person of the Company, its Parent Company, its Subsidiaries, its Affiliates and entities equivalent to its Subsidiary, or a Major Shareholder or unless the possession of such characteristic has been discontinued for a period of not less than two years; controlling person of the Company, unless the holding of the aforementioned positions has been discontinued for at least two years. However, such prohibition shall not apply in the case where such independent director has been a government official or consultant of the government sector which is a major shareholder or controlling person of the applicant. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards;

3. Not being a person related by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of a child, of its Executive, its Major Shareholder, its Controlling Person, or the person who will be nominated to take up the position of Executive or Controlling Person of the Company or its Subsidiary;

4. Not having, or not having had, any business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, Major Shareholder or Controlling Person of the Company in a manner which may obstruct its independent judgment, and not being or not having been a substantial shareholder or Controlling Person of a person who has a business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, unless such business relationship has been discontinued for at least two years prior to being appointed as the independent director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards;

The aforementioned business relationship shall include the entering into of commercial transactions in the manner of normal business operation, transactions regarding rental or lease of real estate, transactions relating to assets or services, provide or receive of financial assistance whether by receiving or providing a loan, guarantee, providing assets as collateral, as well as other similar matters which give rise to the Company or the parties having an obligation in an amount from three % of the net tangible assets of the Company or from Baht twenty million, whichever is lower. The calculation of obligations shall be in compliance with the method of calculation of connected transaction as stipulated in the Notification of SEC Re: Connect Transaction. In this regard, the calculation of obligations shall be assessed by including aggregate obligations during one year before the date of having any business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company;

5. Not being, or not having been, an auditor of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, and not being a substantial shareholder, Controlling Person or Partner of an audit company for which the auditor of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company has worked therein, unless the holding of the aforementioned positions has been discontinued for at least two years prior to being appointed as the independent director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards.

6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, and not being a substantial shareholder, Controlling Person or Partner of such professional service provider, unless such holding of the aforementioned positions has been discontinued for at least two years prior to being appointed as the independent director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards.

7. Not being a Director nominated to be a representative of a Director of the Company, Major Shareholder or shareholder who are related persons to the Major Shareholder;

8. Not undertaking business of the same nature as and materially competing with that of the business of the Company or its Subsidiaries or not being a Partner of the partnership or a Director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding one % of the total shares with voting right of other companies which undertakes business of the same nature as and materially competes with that of the business of the Company or its Subsidiaries; and

9. Having no other qualifications causing any inability to express independent judgment in respect of the Company's business operation.

#### Nomination Process

The Board of Directors will consult together to form the Independent Director's qualifications and to select the person who would be useful to be a Company Independent Director from his/her experience, ability and education and not a person whose character would prohibit him/her from being approved at a Shareholder's Meeting.

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## **(2) Selection of Directors and Chief Executive**

### **2.1 Nominating Directors**

The Company has set up a transparent procedure to select Directors, although it does not have a Nominating Committee. The incumbent Board of Directors performs the initial selection and evaluation of candidates for vacated or newly created positions on the Board of Directors. The Board of Directors jointly scrutinizes the qualifications of all appropriate candidates in compliance with Section 68 of the Public Company Limited Act, B.E. 2535 by consideration of the profile, experience, expertise in different careers and performance in the role of directorship in the past. The candidate's qualification shall also be subject to the prohibitions set out by the Announcement of the Securities and Exchange Commission No. Gor Jor 5/2548, which gives the requirements relating to the qualifications of executives of a company that issues securities.

The Company announced on December 14, 2016 to February 1, 2017 that a person who was nominated by the Shareholders as a candidate to be appointed a Director would be considered for election at the Ordinary General Meeting of Shareholders 2017. For Shareholders to be eligible to nominate a person as a Director they shall, individually or as a group, hold not less than five percent of the total number of ITD's ordinary shares.

The incumbent Board of Directors' approved candidates for any vacant or new directorship shall then be nominated to the shareholders at the Shareholders' Meeting, for approval by a majority of votes of the Shareholders attending the said meeting and eligible to vote.

### **2.2 Nominating Chief Executive**

The Chief Executive shall be nominated by the Board of Directors by considering the persons who meet the appropriate qualifications, which are knowledgeable and experienced that shall benefit the operation and achieve the defined objectives or goals and particularly understand the Company's business. The Board of Directors has the authority in nominating and conducting the appropriate remuneration.

## **4. Corporate Governance of Subsidiaries and Associated Companies**

The Board of Directors has established policies for subsidiaries and associated companies' good corporate governance with regard to management practices which is responsible, controllable, and detectable for all stages. Especially, the policies must preserve the maximum benefit of the subsidiaries and associated companies, thus a qualified person shall be appointed to be a representative of the Company as a Director/an Executive or an authority depending on the nature of business and the approval from the Board of Directors' meeting.

The Directors, the Management or the authority, as a representative of the Company and Management Division, shall jointly establish significant policies to monitor the operation of subsidiaries and associated companies taking into account the nature of business, and also prescribe regulations in disclosure of financial status, operation result, transaction between subsidiaries/associated companies and concerned persons, acquisition and distribution of assets including other significant transactions that must be in compliance with the rules of the Securities and Exchange Commission. In addition, all data and information of subsidiaries and associated companies must be stored and recorded so the Company could determine and collect data for the consolidated financial statements on time.

The subsidiaries and associated companies shall jointly evaluate the Internal Control System to see whether it is appropriate and concise, by reporting to the Board of Audit Committees' meeting and the Board of Directors' meeting.

## **5. Internal Information Control**

The Board of Directors has implemented measures to control the use of internal information according to good corporate governance, which are posted on the Company's website and shall be given to the Directors, the Executives, and all employees on the first day of working with the Company. The policy summary includes restricting confidential knowledge only to the highest possible levels, and informing the employees only as necessary, at the same time clarifying that the information is confidential. The employee who violates or does not follow the rules shall be disciplined, beginning with a written warning, cutting wages, cutting benefits, temporary suspension without pay or removal from office. However, the punishment shall be varied depending on the seriousness of the breach of confidentiality.

Furthermore, the Directors and the Management have the duty to submit the above-mentioned report to the Securities and Exchange Commission.

Nevertheless, the Company disclosed securities holdings of the committees and the Management and the change in the number of shares during the fiscal year is given in every Annual Report.

Regarding the transaction which may cause the conflict of interest, the Company strictly complies with the regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and the Capital Market Supervisory Board, and discloses the mentioned report in the Annual Registration Statement and the Annual Report.

## 6. Auditor's Remuneration

For auditor's remuneration, the financial year ended on December 31, 2016

### 1. Audit Fee

The Company or its subsidiaries paid an annual audit fee to:

- The external auditor, amounting to 15,399,000 Baht
- The audit firm of the auditor, connected person/enterprise of the auditor and his/her firm in the amount of nil Baht.

### 2. Non-Audit Fee

The Company paid a non-audit fee for other services to - to

- The external auditor, amounting of nil Baht, and must pay in the future for incomplete service the amount of nil Baht
- The audit firm of the auditor, connected person/enterprise of the auditor and his/her firm the amount of nil Baht and must pay in the future for incomplete service in the amount of nil Baht.

## 7. Recognition of other good corporate governances

The Company has implemented the good corporate governance for 2015 listed company except for:

### 1. Terms and conditions of appointment of 9 consecutive years tenure of Independent Directors

To appoint the terms and conditions of 9 consecutive years tenure of Independent Directors, the Board of Directors has approved whether to appoint the consecutive Independent Directors, would be beneficial to the Company and shareholders. Since the consecutive Independent Directors must be knowledgeable and have experiences in operating the Company. Nevertheless, the consecutive Independent Directors would be able to express their opinions independently.

2. The Company has not determined a member in the Board's Remuneration and Nomination yet. However, technically, the Board would consult together in order to select the most appropriate members who are knowledgeable, expert and useful to the position of the Company as the following rules in 5.2 – Sub-committees.

3. The Company has not determined a policy about taking a position as a CEO in other companies since the Company has various subsidiaries.

Pursuant with the good Corporate Governance, the Company disclosed the information of Board of Directors' Meetings of sub-committees as follows:

Name – Surname (Numbers of Attendance / Numbers of Meeting)	Audit Committee	Risk Management Committee	Attendance of Shareholder Meeting
1. Dr. Krisorn Jittorntrum	4/4	2/2	1/1
2. Mr. Premchai Karnasuta	-	-	1/1
3. Mrs. Nijaporn Charanachitta	-	-	1/1
4. Mr. Pathai Chakornbundit	-	2/2	1/1
5. Mr. Tawatchai Suthiprapha	-	-	1/1
6. Mr. William Lee Zentgraf	4/4	-	1/1
7. Mr. Peeti Karnasuta	-	1/2	1/1
8. Mr. Tirapongse Pangsiwongse*	2/4	-	1/1
9. Mr. Thoranis Karnasuta	-	-	1/1
10. Mr. Krirk Vanikkul	-	-	1/1
11. Prof. Dr. Mingsarn Kaosa-ard**	1/4	-	-

Remarks \* resigned from the Audit Committee, affective on September 9, 2016

\*\* was appointed as the Independent Director and Audit Committee according to the resolution of the Board Meeting No. 4/9/2016 dated September 9, 2016.

### Sustainability Report

With a commitment to a quality and efficient work in accordance with the Company's principles "Commitment, Reliability, Quality", the Corporate Social Responsibility's policy has been given priority throughout its construction business operations, including its investment in diversified businesses. In addition, the Company has consistently studied and developed economic, social and environmental information to prepare for the upcoming investments in the future. The Company focused on the participation of employees, customers, society, and community as well as the Management in the activities expressing sustainable development by adjusting and encouraging CSR regulations to be in compliance with international standard and following the regulations related to the consumers, for example not taking advantage and social exploitation from the employment. This is what the Company has committed to operating its business.

### Corporate Social Responsibility Vision

*"Being a part in driving the country forward as well as being the leading construction firm in Southeast Asia, with a conscience of responsibility for standard operating business creating work by using advanced techniques which is environmentally friendly and safe."*

### Corporate Social Responsibility Policy

The Company has laid out policies to demonstrate its social responsibility as follows:

#### 1. Good corporate governance

The Company's management system is transparent and verifiable in order to create the confidence of all shareholders, stakeholders and related persons for sustainable growth of business.

#### 2. Fair business operation

The Company believes that its business operation must be fair to instil confidence to the customers which will be profitable to the Company for its long-term operations. Thus the Company shall run its business ethically and legitimately.

#### 3. Respect of human rights and fair treatment of labor

Since human resources are the key business factor in productivity and value-adding, the Company strives to achieve an optimal working atmosphere for the employees' well-being, so that they can bring out their full potential as well as developing working skills for good performances.

#### 4. Consumer responsibility

As the construction business is highly competitive at present, the successful completion of each project and customer satisfaction become significant factors to help the Company in maintaining its position in business competition. Thus, the Company shall establish its working standards in compliance with the commitment, and benefit society at the same time.

#### 5. Participation in social development

A healthy society with sustainable development is significant in advocating business operations, thus the Company has organized various social activities to strengthen both the community and society, such as education promotion, human resources development, employment promotion, social development projects and so on.

#### 6. Environmental conservation

Since environmental conservation is considered to be important nowadays, the Company is aware of the need to protect the environment by establishing measures and environmental protection plans for its project operations according to the law. This will help the Company to smoothly carry on its construction on time. The Company also joins in holding activities of environmental quality improvement with other agencies.

#### 7. Social and environmental report

The Company discloses in the Annual Report information which reflects its corporate social responsibility practices (CSR).

The above-mentioned policies can be referred to on the Company's website under "Corporate Governance".

### Corporate Social Responsibility Operation

The Company has implemented its business with regard to corporate social responsibility according to the Corporate Governance of the Stock Exchange of Thailand. For the Company's Corporate Governance policies, please refer to the Company's website [www.itd.co.th](http://www.itd.co.th) as it is disclosed under "Corporate Governance".

Apart from maintaining the quality and standard of the construction works as the Company provides works and services with reasonable prices, the Company has also a valued social responsibility along with its core business operations, which is the construction business. Besides, the quality and standard specification of the construction, the Company also realizes the importance of occupational health, safety and environmental

management by establishing the measures for the construction sites. Furthermore, the Company provides environmental management to reduce any negative impacts that may occur, for example the quality control of air and noise around the work site and nearby areas, solid waste management and traffic and transportation management.

For any accidents caused by the operation of the Company that affects our staff and people nearby, the Company does not ignore those problems. The Management of the Company has realized those problems and appointed the General Safety Committee in 2015 for checking every site work pursuant with the Policy on Occupational Safety, Health, and Working Environment, which was published on the Company's website under the topic 'Corporate Governance'. The details are as follows:

#### **Policy on Occupational Safety, Health, and Working Environment**

The Company recognizes an important of occupational safety, health, and working environment which affect to our employees.

The Company, therefore, has established the policy on the said issue as follows;

1. Occupational safety and good working environment maintenance are responsibilities of all employees to cooperative perform in order to afford safety to themselves, company, and related person.
2. The Company shall encourage all employees to understand and recognize occupational safety and health concern in their operation.
3. The Company recognizes an important of operational accident prevention.
4. The Company shall support and promote the improvement of working environment and working with safety and healthy.
5. The management shall supervise occupational safety, health, and working environment of the subordinates according to related Company's regulation.
6. The Company shall support and promote safety campaign for maximum effectiveness of an application of the policy in practice.
7. The Company shall monitor and evaluate an application of the policy on occupational safety, health, and working environment for efficient and effectiveness according to legal requirements
8. The General Safety Committee shall report any severe accidents to the Directors and Senior Vice President in every quarter. In case any severe accident happens with highest level, the General Safety Committee shall immediately report to the Project Director and Senior Vice President.

#### **Impact and Sustainable Development Principles (Triple Bottom Line: TBL)**

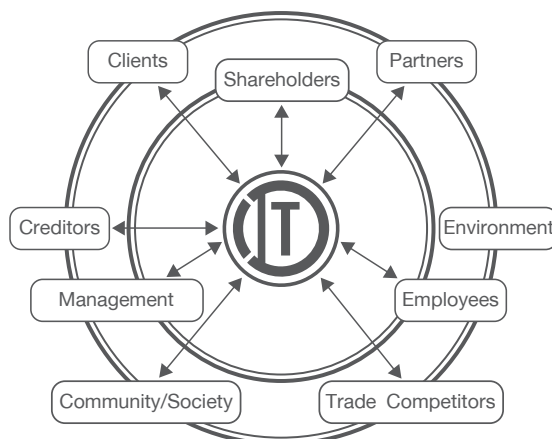
CSR framework reflecting the main issue of business, challenge, and expectation is the characteristics of construction business. Each issue is related to all groups of stakeholders as follows;

<b>TBL Component</b>	<b>Internal Aspect</b>	<b>External Aspect</b>	<b>CSR Standards</b>	<b>Main issues</b>
Economic success	<ul style="list-style-type: none"> <li>- Profit / project costs</li> <li>- Higher ratio of work</li> <li>- Share / investor's attention</li> <li>- Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>- Fair price</li> <li>- Reliability/quality</li> <li>- Dividend paying</li> <li>- Anti-corruption and fair trading competition</li> </ul>	CG (SET)	<ul style="list-style-type: none"> <li>- Business growth and fair trading competition</li> </ul>
Social Responsibility	<ul style="list-style-type: none"> <li>- Employees' safety</li> <li>- Preventive care</li> <li>- Welfare and fair benefit</li> <li>- Reducing resistance from the community</li> </ul>	<ul style="list-style-type: none"> <li>- Safety of community and society</li> <li>- Human rights</li> <li>- Skilled local laborers employment for income distribution</li> </ul>	CG (SET)	<ul style="list-style-type: none"> <li>- Safety first / zero accident</li> <li>- Human rights</li> </ul>
Environmental responsibility	<ul style="list-style-type: none"> <li>- Resource efficiency</li> <li>- Positive work environment</li> <li>- Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>- Environmental care and resource efficiency</li> <li>- Environmental control (water, dust, air, noise, etc.)</li> <li>- Energy management, energy efficiency, and renewable energy management</li> </ul>	CG (SET)	<ul style="list-style-type: none"> <li>- Raw materials management</li> <li>- Material replacement</li> <li>- Environmental impact control</li> <li>- Energy and renewable management</li> </ul>

## The Relation between the Company and Stakeholders

The Company takes into account all stakeholders both inside and outside the Company as follows:

1. Shareholders
2. The Management and Employees
3. Clients
4. Partners and Creditors
5. Trade Competitors
6. Community and Society
7. Environment



## The sustainable development related to the stakeholders



## Corporate Social Responsibility Guidelines

The Company conducts the activities with regard to social responsibility principles of the Stock Exchange of Thailand as follows:

1. Operating the business with fairness
2. Anti-corruption
3. Respecting human rights
4. Labor practices
5. Consumer responsibility
6. Environmental conservation
7. Participation in social development
8. Innovation promotion

The information disclosed by the Company is as follows:

### 1. Operating the business with fairness

The Company has established measures of anti-collusion and unfair competition, such as bid rigging, production cuts, hoarding, and cronyism including price cutting competition which is a disadvantage for small businesses.

Moreover, the Company has set a conflict of interest policy to maintain the maximum benefit of the Company and shareholders alike, covering two matters which are related transactions and any other situations leading to conflict of interest. These policies are included in "Corporate Governance".

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## **2. Anti-corruption**

The Company realizes the significance of anti-corruption and previously set the practical way of business ethics for the Directors, the Management and all Employees to follow, as disclosed in “Corporate Governance” under the topic of “Anti-Corruption policy”.

Furthermore, the Company has announced the rules and regulations for the acknowledgement and practice of Employees which cover the investigation to uphold justice and to set out the punishment according to its regulations. The Company also provides the Employees with anti-corruption awareness training, which is included in the Awareness Building and Integrity Development course during the year with 49 participants, Behavioral Integrity Development course with 40 participants, and Cultural Building and Awareness Development course with 32 participants. These courses are considered as the beginning of building Employees’ integrity awareness.

## **3. Respecting Human Rights and Labor Practices**

The Company pays much attention to the respect of human rights. Since Employees are the Company’s most valuable resource, the Company provides fair social welfare and remuneration, and encourages the Employees’ potential through valuable training courses which will be recorded for the annual performance appraisal. Moreover, the Company also provides a provident fund to support its Employees for the costs of vehicles, allowances, accommodation, as well as the regulation of overtime wage, vacation leave and an annual medical examination.

Incidentally, the Company has a policy of disabled Employees employment promotion, and places considerably emphasis on safety and occupational health policy to protect the Employees and outsiders from all accidents and property damage.

Furthermore, the Company investigates and surveys the working environment of projects, looking in particular for areas where there are weak points in every year. The Company has improved many facilities for the better working environment of the employees. In 2016, the Company renovated the goods storage facilities to be more convenient and to decrease any risks while working, constructed more restrooms for the employees and also renovated the unsatisfactory ones.

## **4. Consumer responsibility**

The Company has implemented guidelines to prevent the violation of stakeholders’ rights. This is a part of the Corporate Governance to ensure that all stakeholders will be treated fairly (Rights and Equality of the Shareholders Policy and Stakeholders Treatment Policy).

Furthermore, the Company has operation standards for each division, taking into account the safety and the risk that may happen in order to build the reliability of all stakeholders, employees, and public.

During operating a construction business, the Company has always undertaken its responsibilities by delivering a high quality standard of work, on time. There is an opportunity for both the contractor and client to consider and sign at contract on construction ethics prior to the operation.

In addition, the inspection of equipment and mechanical machines during operations is necessary as it helps prevent accidents that may occur. The Company provides check-list forms, covering water, air, environment, mechanical machines, traffic management around construction site in the operation including environmental and community restoration, which is included in the operation report made by safety staff of each division to be submitted to the Department of Labour Protection and Welfare.

## **5. Environmental Conservation**

The Company places significant emphasis on caring of the environment and the environmental management at the work sites and nearby areas. Also, for example, there are the improvements of landscape covering construction sites through 5S activities.

During construction, the Company provides environmental control for each division to prevent or minimize negative impacts, and to encourage effective resource utilization to reduce energy consumption as well as to protect environmental pollution caused by dust, noise, waste, waste oil, wire, old tire, empty oil tank, copper scrap, and so on.

Besides, the Company has the policies on equipment storage, waste segregation and disposal, dust and noise monitoring as well as wastewater emission protection.

## **6. Community and Society Development**

The Company undertakes community development in the community that is affected by the Company’s operations. To minimize the problem between the Company and community, the Company has promoted employment in the community and has organized various activities, for example public utility development volunteering, environmental restoration, sport campaign, and religious ceremonies.

For example, the community development activity that the Company undertakes is the J.1404 Italian-Thai Industrial Complex, Wihan Daeng, Saraburi Province. The Company developed and renovated the community with existing materials and machinery with full potential. The details are as follows:

Ground improvement for Wihan Daeng Kindergarten School



Concrete Overlay for Wat Samanmitr



Sala Karn Kaset Construction in Charoendham Sub-district



Tile installment for Wat Rat Charoen



Handrails construction for Wat Khao Noi



Residences for disabled people



Gentrification for Mosque



Pavillion construction for Ban Bang Gong School



Bann Pracha Rat Construction



Ground renovation and Canal dredging for Wat Nhong Poh



Moo 7 Street Renovation, Wihan Daeng



Dam Construction for Ban Bang Gong



Concrete overlay for Wihan Daeng Child Development Centre



Tile installment for Wat Nhong Mhoo Tai



Public canal renovation, Wat Khao Kaew Mook Da Ram



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## The Company's Disclosure Style

### ■ Policy and overview

Along with valuing its responsibility to society in general, the Company is aware that a sustainable environment is an essential part of the general business operations (In-Process), thus the Board of Directors has always followed the performance of its policy as well as assessing and amending such policy to keep up with a changing economy and society. All policies related to corporate social responsibility are disclosed on the Company's website [www.itd.co.th](http://www.itd.co.th) under "Corporate Governance".

### ■ Operation and report

According to the Corporate Social Responsibility reporting process, the Company takes into account all stakeholders, therefore the emphasis on corporate social responsibility in its business process (CSR-in-process) is highly placed, and in accordance with the Stock Exchange of Thailand's Corporate Governance.

Earlier in this Report on Corporate Social Responsibility, the Company disclosed information about its eight principles of social responsibility.

With the adherence of its motto: commitment, reliability, and quality, the Company places importance on construction business which is its main business. Apart from the practice of occupational health and safety regulation, the Company also takes into consideration the environment, the local communities, and suitable resource utilization. Earlier in this report, the Company established anti-corruption measures, the respect for the rights of stakeholders, as well as assessing the risks that occur with Company's projects, and the fair valuation of the well-being of personnel and employees.

### ■ Business operation effect toward corporate social responsibility

In 2016, any ongoing dispute involving the Company as a party to litigation which may significantly impact the assets of over 5% of shareholders of the Company as of December 31, 2016 is disclosed in the Annual Registration Statement (Form 56-1) of the Company under "Legal Disputes".

## Corporate Social Responsibility Activities

The Company believes that a good business must be developed with due regard to the development of society and sustainable environment, therefore the Company has operated its business under the principles of Corporate Social Responsibility (CSR) by continuing to support various activities that are beneficial to the society, and providing budget from the Company's revenue to execute the activities as follows:

### ■ Education and Youth Development: The Company has supported in education and youth development in many ways as follows:

- Dr. Chaijudh Karnasutra for Education Fund Project has established since 2006 for the purpose of supporting scholarships for Employee's children who show a good study performance
- Asia Pacific Potash Corporation (APPC), the Company's subsidiary, has established APPC Youth Project and has continuously operated since 2007 to enhance and encourage the education of vocational training students in Udon Thani province by providing 250 scholarships per year in the amount of THB 5,000 a scholarship.
- The Company supports various activities that are beneficial to youth development through public agencies, state agencies as well as private agencies and foundations, for example the endowment to Chulalongkorn royal birth fund under the patronage of HRH Princess Maha Chakri Sirindhorn's for Chulalongkorn Auditorium renovation, the support of New Year cards for autism children at Prapakarnpanya Foundation, the support for golf charity, etc.
- The Company promotes National Children's day activities by making donations to support the Ban Phu Nam Ron Rattanakiri School in Kanchanaburi Province, the Mass Rapid Transit Authority of Thailand (MRTA), etc.

- Social: “Elastic Bands Change Lives” is one of the corporate social activities generated by the grateful cooperation of the Management and Staff of Italian-Thai Development PLC together with Dr.Methee Dhammawattana, the Project initiator and developer. Dr. Methee was the leader for this activity and demonstrated how to use the elastic bands during the workout activity and during the use of portable fitness equipment for elderly patients who suffer from arthrosis. Besides, it can help muscle strength, is an affordable price, easy to buy and use it.



On August 8, 2016, Corporate Services Division was a representative of the company, delivered 130 handmade elastic bands to the Priest Hospital for elderly patients.



## ■ Culture, Religion, and Disaster

The Company recognizes the importance of preserving tradition and culture by continuously promoting the activities related to the Buddhist tradition and culture. In 2015, the Company held the Tod Pha Pa Ceremony, Tod Katin ceremony, and supported equipment maintenance and repair to the temples. On 23<sup>rd</sup> October 2015, even though the Company was not the host in the occasion, the Company donated to Pu Namron Rattanakiri Temple in Kanchanaburi Province. The total donations were Baht 30,000.

### **Monk Ordination Ceremony for His Late Majesty King Bhumibol Adulyadej**

On 19<sup>th</sup> January, 2017, Baramee Dhamma Hall, Wat Phanitaram, Chachoengsao and Italian-Thai Development Public Company Limited were the host of the Monk Ordination Ceremony of 100 day Memorial Service for His Late Majesty King Bhumibol Adulyadej from the 19<sup>th</sup>-27<sup>th</sup> January, 2017. Mr. Tawatchai Suthiprapha, Director and Senior Executive Vice President of ITD also presided over the ceremony together with the Management and staff from the ITD Head Office attending the ceremony as well.

Apart from being ordained for His Late Majesty King Bhumibol Adulyadej, monks had an opportunity in studying Dhamma Disciplines and following its disciplines for a better heart and life with ethics together with generating love and harmony in social and country life later on.



Another activity that the Company has operated continuously is the 'Peun Chuay Peun' project. This project supports ITD staff. In 2016, the Company undertook projects as follows:

As a result of the fire at the ITD camp, New Petchburi Road, on 17<sup>th</sup> February, 2016. There were many victims and damage. The damage included residences, food and necessary goods. The Company launched the project to help the ITD victims by receiving the donations such as money, foods, clothes and etc. and delivered to the fire victims. The donations were from the Management, ITD staff, site works, affiliates, other companies in ItalThai Tower and outside people. The total donations were Baht 230,516 Baht. All the donations were delivered to the victims at the Camp received by Mr. Phaibul Benjaprakairat.





As a result of the floods in southern of Thailand in the past January 2016, the Corporate Services Division of ITD launched the project to help the flood victims. ITD staff and people in ItalThai Tower were interested in such project and donated money and consumer goods in total of Baht 51,045 and the donations were received from the J.2219 site work in total of Baht 53,385.

The amount of the disaster relief packages were 380 packages consisting of 3 kilograms of rice, 3 packs of instant noodles, canned fish, drinking water, fish sauce, household remedies, bread and tissues. All donations were delivered to two villages, Moo 1 and Moo 2 of Suanluang Sub-district, Chalermprakiat District, Nakhon Si Thammarat Province which were the most damaged places. The donations were cooperated by Mr. Apinan Chowalit, the Chief Executive of the SAO, Tha Sala Sub-district and Phrakru Panyakittayathorn, the abbot of Wat Tha Soong, Tha Sala sub-district, Nakhon Si Thammarat Province. As a result, the Tha Sala Sub-district Administrative Organization delivered the thankyou letter to the Company.



#### ■ Social Activities in Dawei, Myanmar

As Italian-Thai Development PLC constructing the Dawei Project in Myanmar, the Company has participated in social activities for villages in the Dawei area, by utilizing the Company's construction capability for renovating public benefit projects for the community, temples and schools as follows;

- Renovating the streets and preventing floods of the graveyard entrance of Ya Lai Village



- Installing a storage tank and plumbing to the hill top for Mayan Gyi Temple



- Renovating the steel bridge and the streets of Wat Chaung Village



- Renovating the streets and the entrance of Kha Maung Chaung Village



- Renovating the streets and providing underground drainage piping at the entrance of Pagawzoon Village



- Renovating the street linking Km 4 to the entrance of Bawah, Bawah Beach and Htawa Village



- Renovating the street linking Lae Chaung to the Ou In Taung Pagoda



- Renovating the football field of the school and elevating the street of the entrance of Htein Gyi Village



- Renovating the area, clearing the area around the new lobby, and expanding pavements towards the Ou In Taung Temple



## CSR Activity of Italian-Thai Development PLC

### Pordee Pordee School Project

#### Ban Hua Rin Child Development Center, Mae Suay, Chiang Rai

According to the Company's policy in operating business for sustainable society in return, the Company recognized the value of education which is regarded as the foundation for the country's development, and has initiated the project related to education called "Pordee Pordee School Project Sharing Smile to Children Community and Victims" as a prototype project.



### Background of the Project

On 5 May 2014, a 6.3 magnitude earthquake on the Payao fault line shook Chiang Rai Province. The focus of the earthquake was at a shallow depth of 7 kilometers, making this one of the most severe disasters in Thailand, widely damaging government buildings, houses, temples and streets in seven provinces. Three districts in Chiang Rai: Amphur Phan, Amphur Mae Lao, and Amphur Mae Suay, which were close to the epicenter of the earthquake, suffered most damage. Apart from the residences, the schools were seriously affected and have been waiting for repair since the earthquake.

The Association of Siamese Architects under the Royal Patronage of His Majesty the King (ASA), the Engineering Institute of Thailand under H.M. the King's Patronage (EIT), the Thai Contractors Association under H.M. the King's Patronage (TCA), the Consulting Engineers Association of Thailand (CEAT), and the collaboration network from various professions took action to support the intent of Design for Disaster (D4D) network by volunteering at full capacity to deal with such disasters. This effort has resulted in the cooperation of various organizations leading to the project to mobilize support and help from all sectors for victims by assisting in the creation and restoration of the buildings affected by the earthquake. The new construction project building consists of nine schools and nine houses and the repair consists of two temples. For the school buildings, the construction was supervised by the Association of Siamese Architects under the Royal Patronage of His Majesty the King (ASA) which was also responsible for designs. The design concept for the buildings is that they must be easy to build, economical and earthquake resistant. The five main building materials are steel structure frame, concrete walls, cement board, metal roof sheets, and locally available materials. The modular system is used in the design to cause the minimum material debris.

The nine schools in need of urgent school building are as follows:

Order	School Name	Original Affiliation	District
1	Phan Subdistrict Administrative School	Phan Subdistrict Administrative Organization	Phan
2	Ban Tha Hor School	Sai Khao Subdistrict Administrative Organization	Phan
3	Than Thong Wittaya School	Office of the Basic Education Commission	Phan
4	Ban Nong Bua School	Office of the Basic Education Commission	Phan
5	Ban Tung Fa Pa School (Ban Hua Rin Child Development Centre)	Mae Prik Subdistrict Administrative Organization	Mae Suay
6	Chumchon Ban Pa Ko Dam School	Office of the Basic Education Commission	Mae Lao
7	Pong Prae Wwittaya School	Office of the Basic Education Commission	Mae Lao
8	Ban Doi Chang School	Office of the Basic Education Commission	Mae Suay
9	Ban Huay San Yao School	Office of the Basic Education Commission	Mae Lao

The Ban Tung Fa Pa School is one of the nine schools which were affected by the earthquake. Since the original buildings were of a wooden construction, the school was heavily damaged. The cement floor tiles were cracked, the ceiling collapsed, and buildings were not available to use as the wooden structure was badly damaged. As a result, twenty-two students (kindergarten) and two teachers had no place to study. Thus all the students and teachers had to leave the area and had moved to Wat Ban Hong for schooling.

Pictures showing the Ban Tung Fa Pa School damaged by the earthquake in Mae Prik, Mae Sa Ruay, Chiang Rai Province



Pictures showing Wat Ban Hong School which the students from Ban Tung Fa Pa had temporarily moved to for schooling



## Operation and Design

Italian-Thai Development Public Company Limited acknowledged and understood the suffering that had occurred, so the Company jointly supported the Pordee Pordee School Building Project by sending an engineer to investigate the area and to proceed with the construction of the new school building to replace the Ban Tung Fa Pa School with the purpose to be study place for kindergarten.

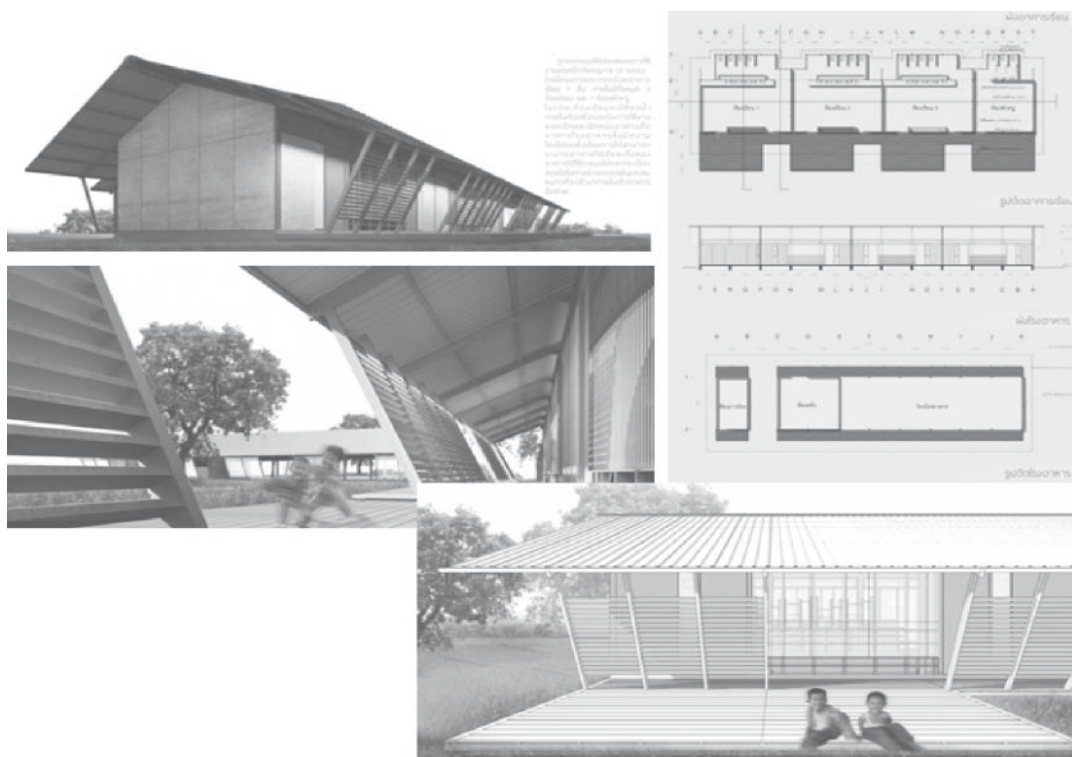
Since the original area of Ban Tung Fa Pa School is on a fault line, the Chief Executive of the Mae Prik SAO and Mr. Utai Foowong, the Executive of the school, were concerned that the fault line may cause another earthquake in the future. Thus they decided to build a new school in an area one kilometer away from the fault line.

Mae Prik Subdistrict Administrative Organization called the new school “Ban Hua Rin Child Development Centre”. The centre building received the support and cooperation from IDIN Architects for building design, Rafa Plus Architect Ltd. for landscape architecture, Faculty of Architecture and Planning, Interior Architect, Thammasat University for interior architecture, and Faculty of Architecture, King Mongkut’s Institute of Technology Ladkrabang for design and some furniture manufacture, in order that the students have a safe and secure school alleviating the suffering from the damaged Ban Tung Fa Pa School.

The Ban Hua Rin Child Development Centre was designed to meet the requirements of the children in preschool (kindergarten) and to withstand earthquakes with its structural strength. The building includes:

- School building: three classrooms and one teachers room (each classroom has a rest room for the use of the children.)
- Canteen with outdoor-air ventilation

The two buildings have the total area of about 480 square metres, and have been designed using laths and tile roofing batten sheets to help reduce dust and cold air from entering the buildings.



## Operation and Performance Tracking

The Construction of Ban Hua Rin Child Development Centre was planned to begin in November 2014 and to be complete in February 2015 which is approximately 4 months. Although the school and the canteen building are finished, the Company has to obtain equipment necessary for the school and classrooms such as learning support equipment for kindergarten, chairs, and tables. The procurement and installation of which must be completed before the term begins in May 2015. The project was supported by the equipment by the Company’s Management and staff, including the donors who wish to participate. Apart from equipment supply, there are still some parts to be completed such as fence building and hard scape and soft scape changes around the school and canteen, together with plant growing according to landscape architect since there are no trees in the construction area.

The Centre is expected to accommodate about 100 students, comprising of 22 former students from Ban Tung Fa Pa School, 45 students from Ban Hua Tung School (another school in the neighborhood), and a new group of students (kindergarten) from the area not too far away from the Centre making a total of about 100 persons.

### 1. Meeting with Mae Prik Subdistrict Administrative Organization and Conducting Area Investigation

Pictures showing the meeting between ITD, ASA, IDIN Architects, Mae Prik SAO, and D4D, the investigation of Ban Tung Fa Pa School and nearby area on 30 October 2015, and the students who will join the class at Ban Hua Rin Child Development Centre



### 2. Operation and Performance Tracking

The pictures for the progress of Ban Hua Rin Child Development Centre on 23 November 2014.



The pictures for the progress of Ban Hua Rin Child Development Centre on 15 December 2014



The pictures showing the follow up for the progress of Ban Hua Rin Child Development Centre construction on 14 January 2015.



The picture for the Management of Italian-Thai Public Company Limited following up the progress of the construction of Ban Hua Rin Child Development Center in Chiang Rai Province on 30 January 2015, together with IDIN Company Limited and Mae Prik Subdistrict Administrative Organization.



### 3. Group Visit from External Agencies

The pictures for the group of Payao University students visiting the construction project of Ban Hua Rin Child Development Centre on 27 November 2014, and listening to construction process information from the Company's engineers.



- On 19 February 2015, Japan Foundation Bangkok and joint authority led twenty-four youths from six countries, consisting of Thailand, Indonesia, Philippines, Japan, Malaysia, and India to visit and study the school building project after being damaged by an earthquake, so that they could earn new experiences to prepare for disaster and to share with other interested communities in their countries.

The Company's engineers welcomed upon their arrival and explained the project details and the construction process.



This is the project of Italian-Thai Development PLC which carried out the project returning it to society by using its potential and wide experience in contributing to the needy community.

#### 4. Hand Over Ceremony Pordee Pordee school

##### “Child Development Center Mae Prik 1 Subdistrict Administrative Organization (Patronized by ITD)”.

On 14 May 2015, Italian-Thai Development PLC led by Mrs. Nijaporn Charanachitta, officially handed over the Pordee Pordee school to replace the Bann Tung Fa Pa School, which was badly damaged by an earthquake in Chiangrai. This social activity was one of the CSR activities carried out in order to develop Thai social and people's lives.

Italian-Thai Development PLC donated and constructed the new school replacing Bann Tung Fa Pa costing Baht 10 million. The Company sent engineers to survey the areas before constructing the new school for pre-school children. The villagers from the area and the SAO agreed to name the school as “Child Development Center Mae Prik 1 Subdistrict Administrative Organization (Patronized by ITD)”.



#### 5. Environment of the First Day of the School

On 22 June 2015, Child Development Center Mae Prik 1 Subdistrict Administrative Organization (Patronized by ITD) was the first day of the new school. The teachers and the students were very happy and joyful. There were 50 students on the first day of school.



## 6. Operation after Hand-Over and Tracking Performance

After the School had been handed-over to Mae Prik SAO, a group of ITD staff and external people supported the School by donating money for buying materials, durable goods and other necessary utensils replacing the damaged ones. The School developed the areas that might possibly cause the damages to children such as fences and roof renovation which previously had been designed transparently, but was too hot due to the sunlight. The School then developed the roof by installing the awning connection between the building and canteen. Such development cost was from the donations.



## Board of Directors and Board of Management

### Experience of Board of Directors and Board of Management

#### 1 Dr. Krisorn Jittorntrum

Age: 64 years

##### Education:

Ph.D. Computing Research Group, Institute of Advance Studies,  
The Australia National University  
B.S. (Faculty of Sciences), First honor,  
The Australia National University

##### Director Position

Date of the first appointment: March 26, 1999  
Date of the latest appointment: April 8, 2015

##### Awards:

Australian Computer Society Award (1975)  
Medal from the Australian National University (1976)

##### Chairman:

Italian-Thai Development Plc.

##### Chairman of Audit Committee:

Italian-Thai Development Plc.

##### Independent Director and Audit Committee:

Italian-Thai Development Plc.

##### Chairman of the Risk Management Committee:

Italian-Thai Development Plc.

##### Associate Professor:

Faculty of Sciences, Chiang Mai University

##### Director:

Information Technology Service Centre, Chiang Mai University

##### Chairman of Working Group on Law and Digital Signature:

Consulting Committee of Electronic Commerce Project  
ASEAN Coordinating Committee on Electronic Commerce

##### President of Strategic Plan for the Development of Upper

##### North Region Study (1998-2008):

Office of the National Economic and Social Development Board

##### Advisor to the Minister:

Ministry of Labor

##### Director:

Asia Pacific Potash Corporation Co., Ltd.

#### 2 Mr. Premchai Karnasuta

Age: 63 years

##### Education:

Master of Business Administration  
University of Southern California U.S.A.  
B.S. in Mining Engineering:  
Colorado School of Mines, U.S.A.

##### Director Position

Date of the first appointment: March 24, 1994  
Date of the latest appointment: April 8, 2015

##### President:

Italian-Thai Development Plc.

Bangkok Steel Wire Co., Ltd.

##### Chairman the Board of Directors:

First Dhaka Elevated Expressway Co., Ltd.

Thai Maruken Co., Ltd.

##### Director:

Italian-Thai Development Plc.  
Imperial Technology Management Services Plc.  
Kanika Co., Ltd.  
Siam Machinery and Equipment Co., Ltd.  
C.P.K. International Co., Ltd.  
Nahathai Co., Ltd.  
Palang Hgan Sakol Co., Ltd.

Charoong Thai Wire & Cable Plc.  
ITD Cementation India Co., Ltd.  
Siam Steel Syndicate Plc.  
Chantaburi Country Co., Ltd.  
Southern Industry Co., Ltd. (1996)  
Ditheer Co., Ltd.  
Tayakee Co., Ltd.

Tridayuk Co., Ltd.  
 Thai Nippon Steel Engineering & Construction Corp. Co., Ltd.  
 Myanmar Italian-Thai Power 1 Co., Ltd.  
 Nipa Lodge Co., Ltd.  
 Panoot Co., Ltd.  
 Praram 9 Square Co., Ltd.  
 Palangthai Kaona Co., Ltd.  
 PT Thailindo Bara Pratama Co., Ltd.  
 Thai Pride Cement Co., Ltd.  
 Siam Pacific Holding Co., Ltd.  
 Siam Fiber Optics Co., Ltd.  
 Amari Co., Ltd.  
 Amari Oriental and Resort Co., Ltd.  
 Italthai Real Estate Co., Ltd.  
 Italthai Engineering Co., Ltd.  
 Italthai Trevi Co., Ltd.  
 Italian-Thai Land Co., Ltd.  
 Asia Pacific Potash Corporation Co., Ltd.  
 Oriental Residence Bangkok Co., Ltd.  
 MCRP Holding Corporation Ltd.  
 Ao Po Grand Marina Co., Ltd.  
 Saraburu Construction Technology Co., Ltd.  
 Italian-Thai Power Co., Ltd.  
 Koh Kong Power Light Co., Ltd.  
 Sino Lao Aluminum Co., Ltd.  
 Italian-Thai Hongsa Co., Ltd.  
 ITD Bangladesh Co., Ltd.  
 Italian - Thai International SDN. BHD.  
 Wildemere Co., Ltd.  
 Lao Metal Industry Co., Ltd.  
 Thai Mozambique Logistica SA.  
 Momaz Logistics

Tongkrai Co., Ltd.  
 Saraburi Coal Co., Ltd.  
 Takolkiat Co., Ltd.  
 Nishio Rentall (Thailand) Co., Ltd.  
 Bhantu Wong Co., Ltd.  
 Praram 9 Square Hotel Co., Ltd.  
 Bangkok Steel Wire Co., Ltd.  
 Metropolitan Water and Services Co., Ltd.  
 Palit Palangngan Co., Ltd.  
 Phannin Co., Ltd.  
 Bhaka Bhumi Development Co., Ltd.  
 Myanmar ITD Co., Ltd.  
 Lasalle Co., Ltd.  
 Siam Concrete Brick and Products Co., Ltd.  
 Sarithorn Co., Ltd.  
 Chantaburi Farm Co., Ltd.  
 Amari Orchid Lodge Co., Ltd.  
 Italian-Thai International Co., Ltd.  
 Italthai Holding Co., Ltd.  
 ATO Asia Turnout Co., Ltd.  
 MCRP Holding Corporation Co., Ltd.  
 Asian Steel Product Co., Ltd.  
 Nhaphalarn Crushing Plant Co., Ltd.  
 Italthai Industrial Co., Ltd.  
 Italthai Marine Co., Ltd.  
 ITD-EGC Joint Venture  
 Sin Rae Muang Thai Co., Ltd.  
 Asia Logistics Development Co., Ltd.  
 Asia Industrial and Port Corporation Co., Ltd.  
 Italian-Thai Development (Myanmar) Co., Ltd.  
 Asia Thai Mining Co., Ltd.  
 Pan African Mining Corp.

### 3 Mrs. Nijaporn Charanachitta

#### Education:

M.B.A. (Finance) University of Wisconsin (Madison), U.S.A.  
 B.A. (Faculty of Arts) Chulalongkorn University  
 Director Certification Program (DCP)  
 (Thai Institute of Directors Association (IOD))

#### Chairman:

Amari Hotel & Resort Co., Ltd.  
 Amari Co., Ltd.  
 Oriental Residence Bangkok Co., Ltd.  
 Italthai Industrial Co., Ltd.

#### Director and Senior Executive Vice President:

Italian-Thai Development Plc.

#### Director and Member of the Nomination and

##### Compensation Committee:

Charoong Thai Wire & Cable Plc.

#### Director:

Italian-Thai Development Plc.

#### Age: 66 years

#### Director Position

Date of the first appointment: March 24, 1994  
 Date of the latest appointment: April 30, 2013

Chao Phraya Development Corporation Co., Ltd.  
 OHTL Plc., (Mandarin Oriental, Bangkok)  
 Sakdi Sin Prasit Co., Ltd.

Siam Machinery & Equipment Co., Ltd.

Chantaburi Country Club Co., Ltd.  
 CPK International Co., Ltd.  
 Bangkok Steel Wire Co., Ltd.  
 Praram 9 Square Co., Ltd.  
 Bhaka Bhumi Development Co., Ltd.  
 Myanmar Italian-Thai Power 1 Co., Ltd.  
 Siam Concrete Brick and Product Co., Ltd.  
 Aquathai Co., Ltd.  
 ItalThai Trevi Co., Ltd.  
 Italian-Thai Lab Co., Ltd.  
 Italian-Thai International Co., Ltd.  
 Asian Steel Product Co., Ltd.  
 Siam Steel Syndicate Public Co., Ltd.  
 Amari Huahin Co., Ltd.  
 Sino Lao Aluminum Co., Ltd.  
 Sankyu Thai Co., Ltd.  
 First Dhaka Elevated Expressway Co., Ltd.  
 Chantaburi Farm Co., Ltd.  
 ItalThai Marine Co., Ltd.  
 ItalThai Real Estate Co., Ltd.  
 Sin Rae Muang Thai Co., Ltd.  
 Asia Industrial and Port Corporation Co., Ltd.  
 Palang Ngan Sakol Co., Ltd.  
 Asia Thai Mining Co., Ltd.  
 Pan African Mining Corp.

Thai Barge Container Services Co., Ltd.  
 TTCL Plc.  
 Thai Maruken Co., Ltd.  
 Palangthai Kaona Co., Ltd.  
 Napralan Crushing Plant Co., Ltd.  
 Nishio ren All (Thailand) Co., Ltd.  
 Palit Palangan Co., Ltd.  
 Praram 9 Square Hotel Co., Ltd.  
 Thai Pride Cement Co., Ltd.  
 Myanmar ITD Co., Ltd.  
 PT Thai Lindo Bara Pratama Co., Ltd.  
 Asia Pacific Potash Corporation Co., Ltd.  
 ATO Asia Turnouts Co., Ltd.  
 ItalThai Power Co., Ltd.  
 Saraburi Construction Technology Co., Ltd.  
 Amari Estate Phuket Co., Ltd.  
 Siam Pacific Holding Co., Ltd.  
 Sarithorn Co., Ltd.  
 ITD Bangladesh Co., Ltd.  
 ItalThai Holding Co., Ltd.  
 Saraburi Coal Co., Ltd.  
 Asia Logistics Development Co., Ltd.  
 Italian-Thai Development (Myanmar) Co., Ltd.  
 Momaz Logistics

#### 4 Mr. Pathai Chakornbundit

##### Education:

B.Eng (Civil), Chulalongkorn University (1962-1966)  
 Director Certificate Program, the Institute of Directors (IOD)

##### Director and Senior Executive Vice President:

Italian-Thai Development Plc.

##### Vice President of Risk Management Committee:

Italian-Thai Development Plc.

##### Director:

Italian-Thai Development Plc.  
 Myanmar Italian-Thai Power 1 Co., Ltd.  
 IOT Joint Venture  
 Asia Industrial and Port Corporation Co., Ltd.  
 Thai Nippon Steel Engineering & Construction Co., Ltd.  
 Thai Maruken Co., Ltd.  
 PT Thailindo Bara Pratama Co., Ltd.  
 Thai Pride Cement Co., Ltd.  
 Aquathai Co., Ltd.  
 Sin Rae Muang Thai Co., Ltd.  
 Italian - Thai International SDN. BHD.  
 First Dhaka Elevated Expressway Co., Ltd.  
 Italian-Thai Hongsa Co., Ltd.  
 Asia Logistics Development Co., Ltd.  
 APPC holding Co., Ltd.

**Age: 75 years**

##### Director Position

Date of the first appointment: March 21, 2003  
 Date of the latest appointment: April 8, 2015

ITD Cementation India Co., Ltd.  
 Koh Kong Power Light Co., Ltd.  
 Khunka Faifa Thai Co., Ltd.  
 Italian-Thai Development (Myanmar) Co., Ltd.  
 Palit Palangan Co., Ltd.  
 Palangthai Kaona Co., Ltd.  
 Bhaka Bhumi Development Co., Ltd.  
 Myanmar ITD Co., Ltd.  
 Sarithorn Co., Ltd.  
 ItalThai Trevi Co., Ltd.  
 ItalThai Marine Co., Ltd.  
 Asia Pacific Potash Corporation Co., Ltd.  
 ITD-EGC Joint Venture  
 Bangkok Steel Wire Co., Ltd.

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**5 Mr. Tawatchai Suthiprapha**

**Education:**

Bachelor of Engineering (Civil), Chulalongkorn University  
Director Accreditation Program (DAP)  
Finance for Non Finance Director (Thai Institute of Directors Association (IOD))  
Sharing Forum on Financial Instrument for Directors

**Director and Senior Executive Vice President:**

Italian-Thai Development Plc.

**Director:**

Siam Steel Tower Co., Ltd.  
ITD - SMCC Joint Venture  
ITD - ETF - MVM Joint Venture.  
Saraburi Construction Technology Co., Ltd.  
Asia Logistics Development Co., Ltd.  
Thai Maruken Co., Ltd.  
Asia Fastening System Co., Ltd.

**Age: 75 years**

**Director Position**

Date of the first appointment: March 24, 2005  
Date of the latest appointment: April 22, 2016

Italian-Thai Development Plc.  
Thai Pride Cement Co., Ltd.  
Sarithorn Co., Ltd.  
ATO Asia Turnouts Co., Ltd.  
Bhaka Bhumi Development Co., Ltd.  
Asia Industrial and Port Corporation Co., Ltd.

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**6 Mr. William Lee Zentgraf**

**Education:**

A.B. (cum laude) Harvard College

**Independent Director and Audit Committee:**

Italian-Thai Development Plc.

**Director:**

OHTL Plc., (Mandarin Oriental, Bangkok)

**Age: 77 years**

**Director Position**

Date of the first appointment: March 24, 2005  
Date of the latest appointment: April 22, 2016

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**7 Mr. Peeti Karnasuta**

**Education:**

Applied Economics, University of Saint Andrews

**Executive Vice President:**

Italian-Thai Development Plc.

**Risk Management Committee:**

Italian-Thai Development Plc.

**Director:**

Italian-Thai Development Plc.  
Italian-Thai Power Co., Ltd.  
ITD Madagascar S.A Co., Ltd.  
International Shipping Corporation Co., Ltd.  
Pan Sakao Coal SA  
Pan African Mining Corp.

**Managing Director:**

Suvarnabhumi Entertainment Co., Ltd.

**Executive Director:**

Auo Siam Marine Co., Ltd.

**Age: 36 years**

**Director Position**

Date of the first appointment: March 24, 2008  
Date of the latest appointment: April 22, 2016

Saraburi Coal Co., Ltd.  
Construction Concrete Co., Ltd.  
Myanmar Italian-Thai Power 1 Co., Ltd.  
Asia Thai Mining Co., Ltd.  
Intrinsic Resources Co., Ltd.

<p><b>8 Mr. Tirapongse Pangsrivongse</b></p> <p><b>Education:</b> M.Sc. (Faculty of Technology) University of Manchester Institute of Science and Technology</p> <p><b>Independent Director and Audit Committee Member:</b> Italian-Thai Development Plc.</p> <p><b>Executive Director:</b> Kasemkij Co., Ltd.</p>	<p><b>Age: 62 years</b></p> <p><b>Director Position</b> Date of the first appointment: April 30, 2014 *Resignation from Audit Committee is effective on: April 30, 2016</p>
<p><b>9 Mr. Thoranis Karnasuta</b></p> <p><b>Education:</b> Bachelor's degree in Industrial Engineering University of California, Berkeley, USA</p> <p><b>Director:</b> Italian-Thai Development Plc. LNG Plus International (Hongkong) Limited</p> <p><b>Assistant to the President:</b> Italian-Thai Development Plc.</p> <p><b>Executive Vice President:</b> Italian-Thai Development Plc.</p>	<p><b>Age: 27 years</b></p> <p><b>Director Position</b> Date of the first appointment: April 30, 2014</p> <p>Thai Mozambique Logistica S.A.</p>
<p><b>10 Mr. Krirk Vanikkul</b></p> <p><b>Education:</b> Barrister-at-Law, Middle Temple B.A. in Jurisprudence (Hons, Oxon) UK Thai Bar Association L.L.B. with second-class honors from Chulalongkorn University Director Certification Program (DCP) Class 42/2004 and Charter Director Course (CDC) Class 3/2008 Thai Institute of Directors Association (IOD)</p> <p><b>Independent Director:</b> Italian-Thai Development Plc.</p> <p><b>Director:</b> Office of Knowledge Management and Development (Public Organization) Council of State</p> <p><b>Chairman the Board of Directors:</b> The Government Housing Bank</p> <p><b>Deputy Governor Financial Institutions Stability:</b> Bank of Thailand</p>	<p><b>Age: 63 years</b></p> <p><b>Director Position</b> Date of the first appointment: July 15, 2015</p> <p>Siam Commercial Bank Plc.</p>
<p><b>11 Prof. Dr. Mingsarn Kaosa-Ard</b></p> <p><b>Education</b> Doctor of Philosophy (Economic) The Australian National University Bachelor of Economic (First honor) The Australian National University</p> <p><b>Independent Director and Audit Committee:</b> Italian-Thai Development Plc.</p> <p><b>Chairman the Bord of Director:</b> Public Policy Studies Institue Foundation</p> <p><b>Professor Emeritus of Economic:</b> Chiang Mai University</p>	<p><b>Age: 68 years</b></p> <p><b>Director Position</b> Date of the first appointment: September 9, 2016</p>

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12 **Mr. Chatichai Chutima** **Age: 57 years**

**Education:**  
 Master of Economics from Ohio University, U.S.A.  
 Director Accreditation Program Class 67/2007  
 Successful Formulation & Executive of Strategy Class 12/2001  
 (Thai Institute of Directors Association (IOD))

**Executive Vice President (Finance):**  
 Italian-Thai Development Plc.

**Risk Management Committee:**  
 Italian-Thai Development Plc.

**Vice President (Finance):**  
 Italian-Thai Development Plc.

**Director:**  
 Siam Pacific Electric Wire & Cable Co., Ltd. ITD Bangladesh Co., Ltd.  
 Siam Steel Syndicate Plc.

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13 **Ms. Kanchana Charoenyot** **Age: 55 years**

**Education:**  
 Master of Business Administration (Finance and Banking)  
 Ramkhamhaeng University

**Vice President (Accounting):**  
 Italian-Thai Development Plc.

**Assistant Vice President (Accounting):**  
 Italian-Thai Development Plc.

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14 **Mr. Anan Amarapala** **Age: 71 years**

**Education:**  
 Bachelor of Engineering (Civil), Chulalongkorn University

**Executive Vice President:**  
 Italian-Thai Development Plc.

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15 **Mr. Taweesilp Pattanakitchamroon** **Age: 70 years**

**Education:**  
 Bachelor of Engineering (Civil), Chulalongkorn University

**Executive Vice President:**  
 Italian-Thai Development Plc.

**Director:**  
 Samsung-ITD Joint Venture

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16 **Mr. Virat Kongmaneerat** **Age: 63 years**

**Education:**  
 Bachelor of Engineering (Civil)  
 King Mongkut's University of Technology Thonburi

**Executive Vice President:**  
 Italian-Thai Development Plc.

**Director:**  
 Thai Mozambique Ligistiga S.A.

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17	<b>Mr. Sumate Surabotsopon</b>	<b>Age: 53 years</b>
	<b>Education:</b> Master of Engineering (Civil) King Mongkut's University of Technology Thonburi	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	
	<b>Director:</b> Italian-Thai Development Plc. First Dhaka Elevated Expressway Co., Ltd.	ITD Bangladesh Co., Ltd.
18	<b>Mr. Piyachai Karnasuta</b>	<b>Age: 42 years</b>
	<b>Education:</b> MBA of Civil Engineering, Waseda University, Japan	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	
	<b>Director:</b> Siam Machinery & Equipment Co., Ltd. ITD Cementation India Co., Ltd. Italian-Thai Vietnam Development Co., Ltd.	Italian-Thai Power Co., Ltd. ITD Construction SDN. BHD.
19	<b>Ms. Prachaya Karnasuta</b>	<b>Age: 34 years</b>
	<b>Education:</b> Master of Business Administration Hawaii Pacific University, USA	
	<b>Executive Vice President and Assistant to Director:</b> Italian-Thai Development Plc.	
	<b>Director:</b> LNG Plus International Co., Ltd. MSI Thailand Co., Ltd.	Ao Po Grand Marina Co., Ltd. Ao Po Grand Marina & Residence Co., Ltd.
20	<b>Mr. Woravudh Hiranyapaisarnsakul</b>	<b>Age: 56 years</b>
	<b>Education:</b> MBA, Thammasart University (Company Secretary Program) Effective Minute Taking, the Institute of Directors (IOD)	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	
	<b>Company Secretary:</b> Italian-Thai Development Plc.	
	<b>Director and Secretary of Risk Management Committee:</b> Italian-Thai Development Plc.	
	<b>Manager:</b> Asia Pacific Potash Corporation Co., Ltd. * Please refer to the attachment for the Company Secretary's Qualification	
21	<b>Mr. Prasit Ratanaramig</b>	<b>Age: 66 years</b>
	<b>Education:</b> Bachelor of Engineering (Civil), Chulalongkorn University	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	

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22 **Mr. Sompop Pinijchai**

**Age: 60 years**

**Education:**

M.B.A. of Finance, National Institute of Development  
Administration

**Executive Vice President:**

Italian-Thai Development Plc.

**Director:**

ItalThai Marine Co., Ltd.

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23 **Mr. Wichien Roongrujirat**

**Age: 58 years**

**Education:**

Master of Engineering (Civil), Asian Institute of Technology

Date of the latest appointment: July 1, 2015

**Vice President:**

Italian-Thai Development Plc.

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24 **Mr. Krengsak Kovadhana**

**Age: 58 years**

**Education:**

Master of Engineering (Civil), LAMAR University, U.S.A

Date of the latest appointment: July 1, 2015

**Vice President:**

Italian-Thai Development Plc.

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25 **Mr. Prasert Sanor**

**Age: 53 years**

**Education:**

M.B.A., Ramkhamhaeng University

Date of the latest appointment: July 1, 2015

**Vice President:**

Italian-Thai Development Plc.

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**Authority and Responsibility of the Company Secretary**

The Company Secretary is required to perform his/her duties with responsibility, caution, and integrity in compliance with the laws, objectives and regulations of the Company, and the resolution of the Board of Directors and Shareholders as defined in Securities and Exchange Act (No.4) B.E. 2551, Section 89/15 and 89/16, which is effective on 31<sup>st</sup> August 2008. The Company Secretary is responsible for the following proceedings:

1. Preparing and keeping the following documents:
  - a) A register of Directors
  - b) Notices calling for the Directors' Meetings, minutes of Board of Directors' Meetings, and the Annual Reports
  - c) Notices calling for Shareholders' Meetings and minutes of Shareholders' Meetings
2. Keeping a report on activities reported by the Directors or the Management, and submitting a copy of report according to Section 89/14 to the Chairman of the Board and Audit Committee Chairman for acknowledgement within seven days from the date the report is received.
3. Performing other duties as prescribed by the Capital Market Supervisory Board

**Qualification of the Company Secretary**

1. To have a comprehensive knowledge and understanding of the Company's business, including the roles and duties related to the work of the Company's secretary, for instance, duties of the Board and the Company, having sound knowledge of related laws and regulations, including the continuous pursuit of knowledge, and the follow-up of data and information for the development of work implementation.
2. The performance of duties in accordance with laws, rules and the Company's regulations, with responsibility, caution, integrity and determination, including lending support for the Company's operations, based on the Company's principles of good corporate governance and code of ethics, so that the Company may fulfill its goal.
3. To strictly adhere to virtue and morality, as well as take into account the interests of all groups of stakeholders, while not acting in a way that will cause damage to the Company's reputation and good image.
4. Not to promote self-interest through the Company's business opportunities, and to strictly maintain the Company's confidential details.
5. Have good human relations and an ability to coordinate with other work units or agencies both inside and outside the Company.

## Number of Shares Held by ITD Directors and Directors' Remuneration as of January 31, 2017

Name (Unit : Baht)	Position	Share Amount as of February 15, 2016	Share Amount as of January 31, 2017	Change during the Year	Remuneration
1. Dr. Krisorn Jittorntrum	Chairman of the Board of Directors	- 0 -	- 0 -	- 0 -	750,000 (1)
	Chairman of the Audit Committee				535,000 (2)
	Chairman of the Risk Management Committee				30,000 (3)
2. Mr. Premchai Karnasuta	Director	827,656,226	785,494,526	(42,161,700)	580,000 (1)
3. Mrs. Nijaporn Charanachitta	Director	377,703,340	371,698,140	(6,005,200)	580,000 (1)
4. Mr. Pathai Chakornbundit	Director	69,540	69,540	- 0 -	580,000 (1)
	Vice Chairman of the Risk Management Committee				20,000 (3)
5. Mr. Tawatchai Suthiprapha	Director	- 0 -	- 0 -	- 0 -	580,000 (1)
6. Mr. William Lee Zentgraf	Independent Director	- 0 -	- 0 -	- 0 -	580,000 (1)
	Audit Committee Member				415,000 (2)
7. Mr. Peeti Karnasuta	Director	463	463	- 0 -	580,000 (1)
	Risk Management Committee				10,000 (3)
8. Mr. Teerapong Pangsiwong	Independent Director	1,064,500	1,064,500	- 0 -	580,000 (1)
	Audit Committee Member*				262,500 (2)
	(* resigned on September 9, 2016)				
9. Mr. Thoranis Karnasuta	Director	28,210,960	28,210,960	- 0 -	580,000 (1)
10. Mr. Krirk Vanikkul	Independent Director	- 0 -	- 0 -	- 0 -	580,000 (1)
11. Prof. Dr. Mingsarn Kaosa-ard	Independent Director*	-	12,837		193,333 (1)
	Audit Committee Member *				131,333 (2)
	(*appointed on September 9, 2016)				

### Remarks

(1) Directors' remuneration

(2) Audit Committee Members' remuneration

(3) Risk Management Committees' remuneration

The Company has recognized the importance of an Internal Control System, for the assessment of operations both at the managerial level and operative level, following up the Board of Directors' decision to ensure that the Company has an appropriate and sufficient Internal Control System for its operations.

According to the Board of Director's Meeting No. 2/3/2560 on 15<sup>th</sup> March 2017, there were three Audit Committee Directors present at the meeting. The Board of Directors assessed the adequacy of the Internal Control System by requesting the Management for information in various fields as follows:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The Board of Directors and Audit Committee's opinions state that the Company's Internal Control System is appropriate, sufficient, and consistent with Adequacy Assessment Form for the Internal Control System of the Securities and Exchange Commission. In addition, the Company has sufficient personnel to effectively operate and monitor the governance of its subsidiaries in protecting the assets of the Company and its subsidiaries from being abused by the Directors and Executives, including the transactions with those who may have a conflict of interest and related parties.

Regarding Accounting Internal Control of the Company, the Audit Committee, in expressing an opinion on financial statement, states that no defects were found to have a significant impact against the Company.

## Related Party Transactions

Company	Description of Relations	Transactions	The Value of Transactions ending December 31, 2016 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
1. Siam Steel Syndicate Co., Ltd. (Steel Bar Production)	<ul style="list-style-type: none"> <li>- A connected company</li> <li>- The Company held a total of 1.15 % of the total outstanding shares of Siam Steel Syndicate Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta, Mrs.Nijaporn Charanachitta, Mr. Peeti Kamasuta and Mr.Thoranis Kamasuta) and related persons of the Directors held a total of 89.27% of the total outstanding shares of Siam Steel Syndicate Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta ,Mrs.Nijaporn Charanachitta, and Mr.Thoranis Kamasuta) are the Directors of Siam Steel Syndicate Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from office rental, common area services and utilities, and sale of billet, scrap-iron and construction services</li> <li>- Account receivable</li> <li>- Cost of Construction Services</li> <li>- Account payable</li> </ul>	<p>219.14</p> <p>99.37</p> <p>798.00</p> <p>258.19</p>	<ul style="list-style-type: none"> <li>- Siam Steel Syndicate Co., Ltd. paid for office rental, common area services and utilities. The term of contract is 3 years terminating on October 31, 2018.</li> <li>- The Company sold scrap-iron and provided construction services with 30-60 days of credit term.</li> <li>- The Company purchased the products from Siam Steel Syndicate Public Company Limited.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Rental price and common service fee are based on market pricing and on arm's length basis.</li> <li>- Utility charges are actual cost pricing.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on approximate market pricing and on arm's length basis.</li> </ul>
2. ItalThai Industrial Co., Ltd. (Machines & Parts Trading)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) and related persons of the Directors held a total of 8.37% of the total outstanding shares of ItalThai Industrial Co., Ltd.</li> <li>- The Directors and the Management of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta and Mr.Piyachai Kamasuta) and related persons of the Directors and the Management indirectly held a total of 89.71% of the total outstanding shares of ItalThai Industrial Co., Ltd. Via ItalThai Holding Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are the Directors of ItalThai Industrial Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenues from service</li> <li>- Cost of machines</li> <li>- Spare part and maintenance expenses.</li> <li>- Account payable</li> </ul>	<p>6.79</p> <p>569.69</p> <p>14.03</p> <p>25.69</p>	<ul style="list-style-type: none"> <li>- ItalThai Industrial Co., Ltd. paid for office and furnitures rental for an amount of Baht 566,280 per month The term of contract is 3 years terminating on Jan 31, 2018 with 30-60 days of credit term.</li> <li>- The Company purchased machines, parts and maintenance services from ItalThai Industrial Co., Ltd. with 30-60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Rental price and common service fee are based on market pricing and on arm's length basis.</li> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Spare spart, machines, Back Hoe rental and services are based on market pricing and on arm's length basis.</li> </ul>
Transaction with the subsidiaries	<ul style="list-style-type: none"> <li>- The Company purchased machines, parts and maintenance services</li> <li>- The Company purchased machines, parts and maintenance services</li> <li>- The Company purchased machines</li> </ul>	<ul style="list-style-type: none"> <li>- Account payable</li> <li>- Account payable</li> <li>- Cost of the services</li> <li>- Account payable</li> <li>- Cost of machines</li> </ul>	<p>9.12</p> <p>6.35</p> <p>30.80</p> <p>4.57</p> <p>6.40</p>	<ul style="list-style-type: none"> <li>- Dawei Development Co., Ltd. and Italanthai Hongsa Co., Ltd. purchased machines, spare parts and maintenance services from ItalThai Industrial Co., Ltd. with 30-60 days of credit term.</li> <li>- Nha Pralan Crushing Plant Co., Ltd. purchased machines from ItalThai Industrial Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Spare parts, machines, Back Hoe rental and services are based on market pricing and on arm's length basis.</li> <li>- Machines are based on market pricing and on arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending December 31, 2016 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
3. Italthai Engineering Co., Ltd. (Construction and Installation of Gas and Air Conditioning Systems)	<ul style="list-style-type: none"> <li>- A connected company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mr. Peeti Kamasuta) and related persons of the Directors held a total of 95.53% of the total outstanding shares of Italthai Engineering Co., Ltd. Via Italthai Holding Co., Ltd. and Sak Di Sin Prasit Co., Ltd.</li> <li>- The Director of the Company (Mrs. Nijaporn Charanachitta) is a Director of Italthai Engineering Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenues from Construction service</li> <li>- Account payable</li> <li>- Cost of the services</li> </ul>	<p>11.37</p> <p>73.31 111.58</p>	<ul style="list-style-type: none"> <li>- The Company provided the civil construction of steam pipe system. The credit term is 30-60 days.</li> <li>- The Company employed Italthai Engineering Co., Ltd. to install mechanical and electrical systems and the construction.</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> </ul>
4. Auo-Po Grand Marina Co., Ltd. (Hotel and Resort)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) indirectly held a total of 90% of the total outstanding shares of Auo-Po Grand Co., Ltd. via 3 B Holding Co., Ltd.</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) is a Director of Auo-Po Grand Marina Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> </ul>	103.09	<ul style="list-style-type: none"> <li>- The Company provided jetty and Yacht Club construction services at Auo-Po, Phuket Province. (Provision for losses in excess of 12 months in the amount of Baht 38.66 million.)</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- Auo-Po Grand Marina Co., Ltd. has a repayment plan and gradually pay debt regarding its capabilities (Remark: It's in the process of following up the repayment plan)</li> </ul>
5. NWR-SBCC Joint Venture (Coal Extraction and Overburden Excavation)	<ul style="list-style-type: none"> <li>- A connected Company (Saraburi Coal Co., Ltd. invest in the amount of 50% of NWR-SBCC Joint Venture)</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Kamasuta) are the Directors of Saraburi Coal Co., Ltd. since July 21, 2008</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> <li>- Account payable</li> <li>- Cost of Sales</li> <li>- Account receivable</li> </ul>	<p>423.12</p> <p>8.34 9.25 459.60</p>	<ul style="list-style-type: none"> <li>- The Company provided consulting services and performed the machinery repairing and moving machinery</li> <li>- Office Rental, Common area services and utilities</li> <li>- ITD hired a Joint Venture Company, NWR-SBCC for backfilling and material cost.</li> <li>- The Company sold machine of Mae Moh Project, Lampang Province with 30-60 days of credit term. (Provision for losses in the amount of Baht 24.93 million.)</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> <li>- An asset or service transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- The Joint Ventures will appraise the machinery cost of the project and will pay debt by the time the project complete in '2018</li> </ul>
Transaction with the subsidiaries Thai Pride Cement Co., Ltd.		<ul style="list-style-type: none"> <li>- Other revenue</li> </ul>	4.67	<ul style="list-style-type: none"> <li>- Thai Pride Cement Co., Ltd. provided accounting services for NWR-SBCC</li> <li>- Joint Venture</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending December 31, 2016 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
6. Pan African Mining Corp. (Holding Company)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) indirectly held a total of 90% of the total outstanding shares of Pan African Mining Corp via Asia Thai Mining Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) are the Directors of Pan African Mining Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> </ul>	103.57	<ul style="list-style-type: none"> <li>- The Company provided the project management services for SAKOA Coal Mine Project in Madagascar with 30-60 days of credit term.</li> <li>- Baht 98.7 million was outstanding more than 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> </ul>
7. Asia Thai Mining Co., Ltd. (Holding Company & Coal Mine) Transaction with the subsidiaries	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) indirectly held a total of 90% of the total outstanding shares of Asia Thai Mining Co., Ltd. via Saraburi Coal Co., Ltd and Palang Ngan Sakol Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) are the Directors of Asia Thai Mining Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> <li>- Product cost</li> </ul>	11.97  176.31	<ul style="list-style-type: none"> <li>- Asia Pacific Potash Corporation Co., Ltd. provided consulting service for coal mining project of Asia Thai Mining Co., Ltd.</li> <li>- Thai Pride Cement Co., Ltd. purchased coal from Asia Thai Mining Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis which Thai Pride Cement Co., Ltd. purchased coal from another sellers.</li> </ul>
8. AM SAKOA COAL SA (Coal Mine) Transaction with the subsidiaries	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) indirectly held a total of 89.73% of the total outstanding shares of PAM SAKOA COAL SA via Asia Thai Mining Co., Ltd.</li> <li>- The Director of the Company (Mr. Peeti Karnasuta) is a Director PAM SAKOA COAL SA</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> <li>- Short term loan and advance payment</li> </ul>	56.93  15.55	<ul style="list-style-type: none"> <li>- ITD Madagascar provided consulting service for coal mining project of PAM SAKOA COAL SA in Madagascar.</li> <li>- Baht 48.65 million was outstanding more than 12 months.</li> <li>- Advance payment for Import duty of Machinery and mining coal's expense</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- A financial assistance transaction.</li> <li>- Import fee on behalf of the project owner (PAMS) to ITD Madagascar and in a process of TAX benefits approval. By the time the government issues BOI to PAMS, PAMS will regain the paid tax and advance the regained tax to ITD Madagascar</li> </ul>
9. Siam Machinery Equipment Co., Ltd. (Casting and Machine)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) and related persons of the Directors held a total of 53.75% of the total outstanding shares of Siam Machinery Equipment Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are the Directors of Siam Machinery Equipment Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenues from construction services</li> </ul>	61.99	<ul style="list-style-type: none"> <li>- The Company provided the Construction of Flood Protection Wall with 30 - 60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> </ul>
10. LNG Plus International Co., Ltd (Hong Kong) (Manufacture and distribution of electricity )	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Director of the Company (Mr. Thoranis Kamasuta) is a Director of LNG Plus International Co., Ltd. (Hong Kong)</li> </ul>	<ul style="list-style-type: none"> <li>- Account payable</li> <li>- Account payable</li> </ul>	4.89  20.00	<ul style="list-style-type: none"> <li>- The Company purchased the Electricity from Dawei Project</li> <li>- The Compensation occurred by broken promise from Dawei Project, with 30-60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- The transactions are based on Take or Pay Agreement</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending December 31, 2016 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
11. Ao Po Grand Marina & Residence Co., Ltd. (Real Estate Development)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) held a total of 90% of the total outstanding shares of Ao Po Grand Marina Residence Company Limited via 3 B Holding Co., Ltd.</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) is a Director of Ao Po Grand Marina</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> <li>- Cost of Luxury Condominium</li> </ul>	<p>92.43</p> <p>211.45</p>	<ul style="list-style-type: none"> <li>- The Company provided the Construction of condominium and breakwater, Phuket Province with 30-60 days of credit term.</li> <li>- ITD has transferred the ownership from Ao Po Grand Marina and Residence Co. Ltd for debt payment pursuant to the Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> <li>- It's in the process of following up the repayment plan.</li> <li>- The Company will offer the Condominium for renting or purchasing by the public which will create an opportunity for increase of the Company's income</li> </ul>
12. Construction Concrete Co., Ltd. (Concrete Trading )	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Director of the Company (Mr. Peeti Kamasuta) held a total of 99.99% of the total outstanding shares of Construction Concrete Co., Ltd.</li> <li>- The Director of the Company (Mr. Peeti Kamasuta) is a Director of Construction Concrete Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of Products</li> <li>- Account payable</li> </ul>	<p>298.94</p> <p>133.46</p>	<ul style="list-style-type: none"> <li>- The Company purchased concrete from Construction Concrete Co., Ltd. with 60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> </ul>
Transaction with Subsidiaries					
- Thai Pride Cement Co., Ltd. (Manufacture and distribution of cement)		<ul style="list-style-type: none"> <li>- Revenue from sales</li> <li>- Account receivable</li> </ul>	<p>128.37</p> <p>53.05</p>	<ul style="list-style-type: none"> <li>- Thai Pride Cement Co., Ltd. sold the cement powder to Construction Concrete Co., Ltd. with 30-60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing which Thai Pride Cement Co., Ltd. sold the products to another buyers</li> </ul>
13. OHTL Plc. (Hotel )	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta, Mr. Premchai Kamasuta) and related persons of the Directors held a total of 30.45% of the total outstanding shares of OHTL Plc.</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta and Mr. William Lee Zenggraf) are the Directors of OHTL Plc.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction services</li> </ul>	<p>133.09</p>	<ul style="list-style-type: none"> <li>- The Company provided the construction services and renovate of room, restaurant and banquet room of Mandarin Oriental Hotel, Bangkok, with 30-60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on arm's length basis.</li> </ul>
14. P 3 Global Energy Co., Ltd. ** (Energy and Gas)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) held a total of 84.95% of the total outstanding shares of P 3 Global Energy Company Limited via 3 B Holding Co., Ltd.</li> <li>- The Director of the Company (Mr. Premchai Kamasuta) is a Director of P 3 Global Energy Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of a private Jet and other services</li> </ul>	<p>38.92</p>	<ul style="list-style-type: none"> <li>- The Company purchased a private Jet and services from P 3 Global Energy Co., Ltd. with 30-60 days of credit term.</li> </ul>	<ul style="list-style-type: none"> <li>- An asset or service transaction.</li> <li>- The Company has verified that the price is lower than margin pricing and it is reasonable price which the Company purchased from P 3 Global Energy Co., Ltd.</li> <li>- To facilitate the Managements in transportation.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending December 31, 2016 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
15. Charoong Thai Wire and Cable Plc. (CTW) (Wire and Cable Manufacture and Distributor)	- A connected Company - The Company held a total of 12.90% of the total outstanding shares of CTW - The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are directors of Charoong Thai Wire and Cable Plc.	- Revenue from construction services - Cost of construction services - Account payable	9.98  81.66 77.95	- The Company provided the construction services for Packing Plant Building, with 30-60 days of credit term. - The Company purchased material from Charoong Thai Wire and Cable Plc. with 30-60 days of credit term.	- Normal business transaction. - The transactions are based on cost plus margin pricing and on arm's length basis. - Normal business transaction. - The transactions are based on market pricing which the Company purchased from another sellers.
<u>Transaction with Subsidiaries</u>					
- Dawei Development Company Limited	- Dawei Development Company Limited purchased material	- Account payable	5.53	- Dawei Development Co., Ltd. purchased material from Charoong Thai Wire and Cable Plc. with 30-60 days of credit term.	- Normal business transaction. - The transactions are based on market pricing which the Company purchased from another sellers.
16. Nishi-O Rent All (Thailand) Co., Ltd. (Machine rental for Construction) (Former name : Thai rent All Co., Ltd.)	- A connected Company - The Company held a total of 15% of the total outstanding shares of Nishi-O Rent All (Thailand) Co., Ltd. - The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are directors of Nishi-O Rent All (Thailand) Co., Ltd.	- Cost of construction services - Account payable	111.56 107.41	- The Company rent machine from Nishi-O Rent All (Thailand) Co., Ltd. with 30-60 days of credit term.	- A Supporting ordinary and Normal business transaction. - The transactions are based on market pricing and on arm's length basis.
17. Belle Development Co., Ltd. ** (Property Development)	- A connected Company - The Company, Italian-Thai Land Co., Ltd. (Subsidiary) and Siam Steel Syndicate Co., Ltd. (Related Party) held a total of 10.38% of the total outstanding shares of Belle Development Co., Ltd.	- Cost of Luxury Condominium	91.62	- The Company purchased 4 units of Condominium from Belle Development Co., Ltd. Paid by Interim Dividend from the investment of Belle Avenue Project.	- An asset or service transaction. - The transactions are based on market pricing. - The Company will offer the 4 units of Condominium for renting or purchasing by the public which will create an opportunity for increase of the Company's income.
18. Rama 9 Squares Co., Ltd.	- A connected Company - The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta)	- Revenue from construction services - Account receivable	221.25 44.51	- The Company has undertaken the G Tower Grand Rama 9 Project for steel structure works and construction works	- Normal business transaction based on a cost plus margin pricing and on an arm's length basis
19. Siam Fiber Optics Co., Ltd.	- A connected Company	- Cost of construction services	20.13	- The Company purchased the materials from Siam Fiber Optics Co., Ltd. The credit term are 30 -60 days	- Normal business transaction based market pricing and on an arm's length basis

**Remarks**

\*\* 1. Item 14 .Mr.Premchai Kamasuta is not a Shareholder and a Director in P3 Global Energy Co.,Ltd. since September 6, 2016

\*\* 2. Item 17 The Company disclosed transaction information to SET since November 7, 2016

\*\* 3. Item 11 The Company disclosed transaction information to SET since December 8, 2016

## Summary of Financial Information

### (1) Financial Statement of The Company Only

Description	Unit : Year	2016	2015	2014*
Total Assets	Million Baht	59,668	57,480	55,767
Share Capital	Million Baht	5,280	5,280	5,280
Shareholder's Equity	Million Baht	14,149	14,182	14,293
Revenues from Construction Work, Sales and Services	Million Baht	26,466	29,117	34,556
Net Profit after Tax	Million Baht	111	274	528
EPS	Baht	0.02	0.05	0.11
Book Value	Baht	2.68	2.69	2.71
Par Value	Baht	1	1	1
DPS	Baht	0.01	0.00	0.00
DPS x 100 EPS	%	48.85	0.00	0.00

### (2) Financial Statements of Consolidated

as of 31 <sup>st</sup> December	Unit : Year	2016	2015	2014*
Total Assets	Million Baht	78,120	78,095	73,190
Total Liabilities	Million Baht	63,786	63,519	57,842
Total Shareholder's Equity	Million Baht	14,333	14,577	15,348
Revenues from Construction Work, Sales and Services	Million Baht	47,369	51,297	48,082
Total Revenues	Million Baht	48,389	52,035	49,123
Gross Profit	Million Baht	4,668	4,409	4,302
Net Profit (Loss)**	Million Baht	(109)	(362)	581

### (3) Financial Ratios and Results of Operation of the Company and its Subsidiaries for 3 years

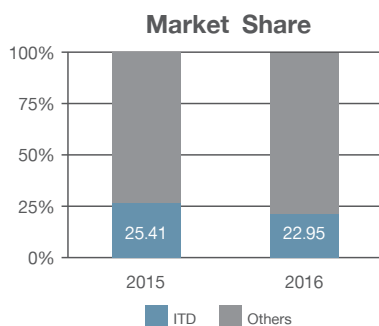
	2016		2015		2014*	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
<b>Current Ratio</b>						
Current Ratio	1.12	1.22	1.07	1.12	1.05	1.08
Quick Ratio	0.33	0.36	0.31	0.37	0.32	0.36
A/R Turnover	4.35	2.91	4.37	3.09	4.15	3.82
Collection Period	82.76	123.85	82.39	116.69	86.81	94.22
Inventory Turnover	12.91	15.75	12.10	14.31	10.69	14.59
Return on Sales	27.88	22.86	29.76	25.16	33.67	24.68
A/P Turnover	2.92	2.85	3.24	3.08	3.67	3.73
Payment Period	123.45	126.14	111.15	117.02	98.05	96.47
Cash Cycle	(12.81)	20.57	1.00	24.83	22.43	22.43
<b>Profitability Ratio</b>						
Gross Profit (%)	9.85	7.98	8.59	6.15	8.95	7.51
Net Profit (%)	(0.23)	0.41	(0.70)	0.91	1.18	1.49
Return on Equity (%)	(0.76)	0.78	(2.42)	1.92	4.21	4.05
<b>Efficiency Ratio</b>						
Return on Assets (%)	(0.14)	0.19	(0.48)	0.48	0.84	0.98
Return on Fixed Assets (%)	12.81	17.04	10.59	18.76	17.17	20.40
Assets Turnover	0.62	0.47	0.69	0.53	0.71	0.66
<b>Financial Ratio Analysis</b>						
Debt to Equity	4.45	3.22	4.36	3.05	3.77	2.90
Interest Coverage	3.18	2.36	2.15	1.62	1.22	0.11
Dividend Payout Ratio (%)	N/A	48.85%	0.00%	0.00%	0.00%	0.00%
Debt to Equity (Under Terms and Conditions of Bond Issuer and Bond Holders)	2.22	1.83	2.11	1.73	1.87	1.62
<b>Data per Share and Growth Ratio of Business</b>						
<b>Growth Ratio</b>						
Total Assets (%)	0.03	3.81	6.70	3.07	13.38	8.10
Total Liabilities (%)	0.42	5.13	9.81	4.40	10.60	4.16
Revenues from Construction Services (%)	(7.66)	(9.10)	6.69	(15.74)	7.38	9.02
Cost of Services (%)	(8.93)	(10.88)	7.10	(14.51)	8.11	9.17
Net Earning (%)	69.79	(59.46)	(162.28)	(48.21)	(41.06)	117.83
<b>Data per Share</b>						
Book Value	2.71	2.68	2.76	2.69	2.91	2.71
EPS	(0.02)	0.02	(0.07)	0.05	0.12	0.11
Dividend per Share	0.01	0.01	0.00	0.00	0.00	0.00

Note: \* Restated

\*\* Net income (loss) in the portion of the Company's shareholders

## Management's Discussion and Analysis of Results of Operations and Financial Conditions as at December 31, 2016

Market share 22.95% in 2016



As of December 31, 2016, backlog for construction and concession Baht 236,261 million, the backlog for construction Baht 87,815 million was in public sector 53.36% and in Thailand 59.71%

### 1. Overview

#### 1) Results of operation and factors of major changes

ITD is considered to be a large civil engineering and construction firm on the Stock Exchange of Thailand as measured by total revenues of construction companies listed on the Stock Exchange of Thailand (SET). The Company's market share of the total construction industry revenues was 22.95% and 25.41% in year ended of 2016 and the year ended 2015, respectively. In 2016, the total revenue of the Company was Baht 48,389 million which was mainly the revenue from construction services and the allocation of loss under the portion of the Company's shareholders in the amount of Baht 109 million.

As at December 31, 2016 the Company's backlog for construction and concession was Baht 236,261 million, compared to Baht 230,349 million in December 31, 2015. In addition to the Company's backlog at December 31, 2016, as at February 16, 2016, the Company has signed new contracts valued at Baht 20,013 million and has been awarded, but has yet to sign, contracts for a further Baht 2,512 million. The Company's current backlog, therefore, has an accumulated value of Baht 258,786 million.

As at December 31, 2016, the backlog for construction (by Italian-Thai Development Public Company Limited, joint ventures, consortium and subsidiaries with the Company's role) was Baht 87,815 million, of which over 53.36% comprised public sector infrastructure development and 59.71% comprised work in Thailand.

In 2016, the Company signed new large construction contracts which will increase the future revenues such as:

- The satellite building (B2, B1, & ground fl. Level), aircraft aprons and south tunnel extension for Suvarnabhumi airport expansion project Baht 11,207 million
- Nam Theun 1 Hydropower project, Lao PDR Baht 5,003 million (in the Company's portion of the joint venture)
- Saraburi interchange for motorway route no.6 Bang Pa In – Nakhonratchasima project (Section no. 7-8-9) totally Baht 3,265 million
- Second Ho Chi Minh City Environment Sanitation project, Package XL-01: Construction of the Interceptor Baht 2,765 million
- Single rail transfer operator project Baht 1,236 million

#### 2) Economic and industry conditions to operation

In 2016, construction business in Thailand tended to grow as it was affected from the investment in infrastructure by the Government, both continuous projects and new projects. The Ministry of Transport proposed the 36 action plans of 2016 with a value of almost THB 900,000 million making the investment in infrastructure by the Government to be quite substantial. This was expected to stimulate the Thai economy and increase the confidence of investors and generate new project investments from the private sector. Besides, large contractors now have an opportunity to undertake more works in overseas, especially the neighboring countries – Cambodia, Lao PDR, and Myanmar which need more development of infrastructure and facilities.

#### 3) Policy, strategy or option to business decisions

Vision: "To be the leading contractor in Southeast Asia"

Mission:

- Build credibility and trust of the Company through quality.
- On-time delivery with high quality work.
- Develop and innovate construction technology by using advanced techniques.
- Develop and enhance the management of the organization while continually modernizing its human resources.

The Company also aims at supporting and developing projects such as

- The Dawei SEZ project in Myanmar
- The Potash project in Udon Thani
- The Dhaka Elevated Expressway project in Bangladesh
- The Port and Railway Construction Services project in the Republic of Mozambique
- The Bauxite Mining and Production of Alumina project in Lao PDR

These projects are under study for commencement which will increase turnover to the Company.

#### 4) Explanation by business segments

The operations of the Company and subsidiaries for the years ended 31 December 2016 and 2015 were mainly engaged in a single industry segment, construction services, and were conducted in the following geographical segments.

(Unit: Million Baht)	Consolidated F/S											
	For the years ended 31 December											
	Thailand		India		Other countries		Total		Eliminate		Grand Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from construction work	27,989	29,109	16,889	18,168	1,794	2,577	46,672	49,854	-1,482	-634	45,190	49,220
Revenue from sale and service	2,749	2,812	0	0	3	7	2,752	2,819	-573	-741	2,179	2,078
Total	30,738	31,921	16,889	18,168	1,797	2,584	49,424	52,673	-2,055	-1,375	47,369	51,298

In 2016, the Company had revenues both from construction work and from sales and services totaling Baht 47,369 million. The major revenues were from construction work Baht 45,190 million and the revenues from sales and services Baht 2,179 million but included some decrease of revenues from railway construction in Thailand and in India subsidiary and joint ventures.

#### 5) Auditor's opinion

The trade accounts receivable and unbilled work in progress from an overseas subsidiary totaling Baht 606.94 million, represents some variation order claims recognized some years in the past based on the terms and conditions implicit in the agreements. These claims are technical in nature and subject to arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and legal opinion from an independent counsel and has not provided allowance for doubtful accounts for such receivables and claims in the financial statements.

The trade accounts receivable of overseas subsidiary of Baht 339.97 million which is presently under negotiation for debt settlement plan. In addition, the consolidated financial statements and separate financial statements include trade accounts receivable and short – term loans to related companies totaling of Baht 176.65 million and Baht 103.57 million, respectively. Such receivables are presently under the process of project feasibility study and negotiation with strategic investors to join the operation in the future. The company has not considered setting up allowance for non-collection of these receivables.

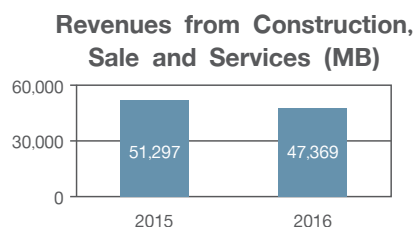
The trade accounts receivable and unbilled work in progress of overseas subsidiary which included in the consolidated financial statements as at 31 December 2015 of Baht 190.66 million because such trade accounts receivable were under negotiation with the debtors or subject matter of litigation. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2016 which effected to the comparability of the current year and correspondence figures.

#### 6) Extraordinary items

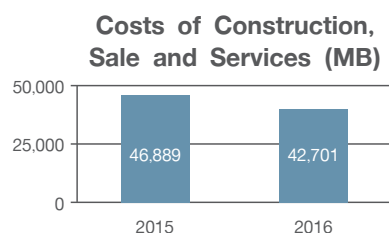
In 2016, the Company's gain on sale of investments was Baht 341 million, an increase from the same period of previous year which arose mainly from the divestment of a company in the Stock Exchange of Thailand.

For more information, please find details under topics of the policy and business overview and nature of business.

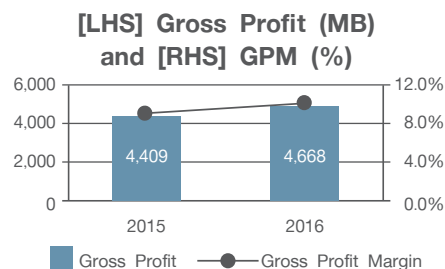
Revenues from construction work, sale and services Baht 47,369 million in 2016, decreased 7.66% y-o-y



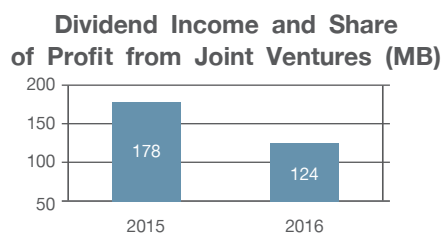
Costs of construction work, sale and service Baht 42,701 million in 2016 decreased 8.93% y-o-y



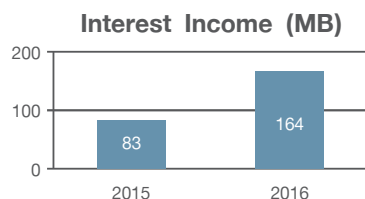
Gross profit Baht 4,668 million and Gross profit margin 9.85% in 2016



Dividend income and share of profit from joint ventures Baht 124 million in 2016 decreased 30.36% y-o-y



Interest income Baht 164 million in 2016 increased 96.97% y-o-y



## 2. Operations Results and Profitability

### Revenues from construction Work, sale and services

Revenues from construction work, sales and services were Baht 47,369 million in 2016, a decrease of Baht 3,928 million from the same period of the previous year partially from the decrease of revenues from railway and mass transit projects.

### Costs of construction work, sale and service

The costs of construction work, sales and services were Baht 42,701 million in 2016, a decrease of Baht 4,188 million from the same period of the previous year due to the decrease of revenues from railway and mass transit projects.

In 2016, the Company's gross profit was Baht 4,668 million, an increase when compared to the same period of the previous year for which the gross profit was Baht 4,409 million. While the Company's gross profit margin in 2016 was 9.85%, an increase when compared to the same period of the previous year for which the gross profit margin was 8.59%.

### Dividend income and share of profit from joint ventures

The Company's dividend income and share of profit from joint ventures was Baht 124 million, a decrease of Baht 54 million from the same period of the previous year according to the decrease of dividend income from property development business.

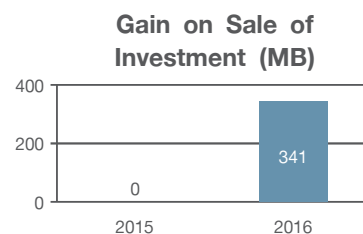
### Interest income

The Company's interest income in 2016 was Baht 164 million, an increase of Baht 81 million from the same period of the previous year because an overseas subsidiary had more interest income from deposits.

#### Gain on sale of investments

In 2016, the Company's gain on sale of investments was Baht 341 million, an increase from the same period of previous year according to the gain on sale of investments of a listing company in the Stock Exchange of Thailand.

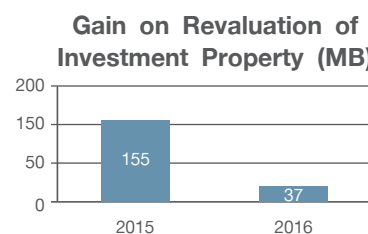
Gain on sale of investments Baht 341 million in 2016 increased 100% y-o-y



#### Gain on revaluation of investment property

In 2016, the Company's gain on revaluation of investment property was Baht 37 million, a decrease Baht 118 million from the same period of the previous year mainly from the gain on land revaluation, by the fair market value method, in a subsidiary by an independent appraiser.

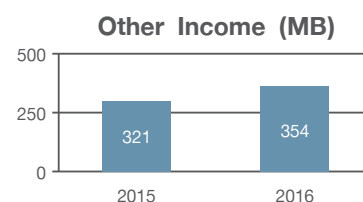
Gain on revaluation of investment property Baht 37 million in 2016 decreased 76.17% y-o-y



#### Other income

The Company's other revenues in 2016 were Baht 354 million, an increase of Baht 33 million from the same period of the previous year due to the reversal of liabilities in a joint ventures which had the decrease of tax burden.

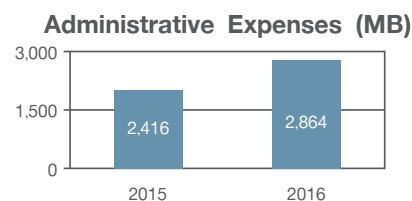
Other income Baht 354 million in 2016 increased 10.22% y-o-y



#### Administrative expenses

In 2016, the Company's administrative expenses were Baht 2,864 million, an increase of Baht 448 million from the same period of the previous year partially from the commencement of a subsidiary in Laos PDR and the depreciation expenses of idle equipment in the projects in India.

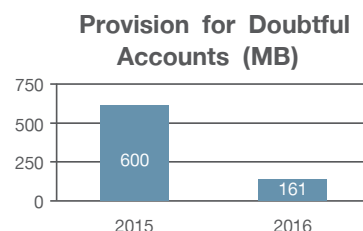
Administrative expenses Baht 2,864 million in 2016 increased 18.54% y-o-y



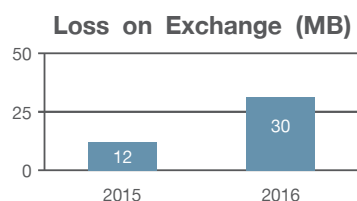
#### Provision for doubtful accounts

In 2016, the Company set up the provision for doubtful accounts Baht 161 million, a decrease of Baht 439 million from the same period of the previous year mainly from the decrease of the provision of the overseas subsidiary. The provision for doubtful accounts in this year was under the Company's ordinary accounting policy which arose mainly from the overseas subsidiaries proportionate of revenues.

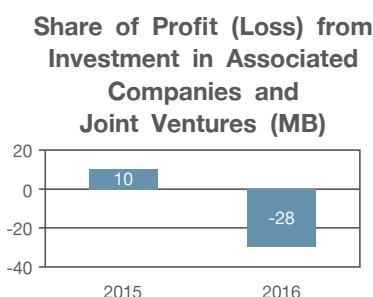
Provision for doubtful accounts Baht 161 million in 2016 decreased 73.20% y-o-y



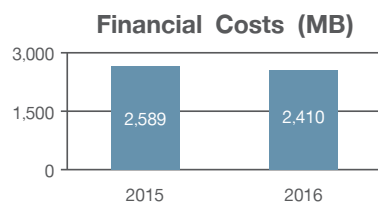
*Loss on exchange Baht (30) million in 2016 increased 141.99% y-o-y*



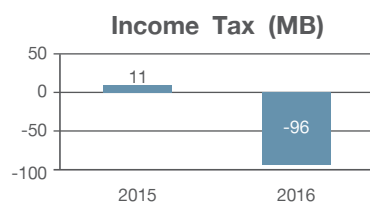
*Share of profit (loss) from investment in associated companies and joint ventures Baht (28) million in 2016 loss increased 381.40% y-o-y*



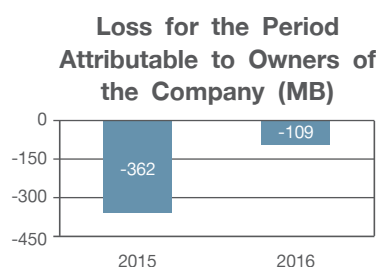
*Financial costs Baht 2,410 million in 2015 increased 6.92% y-o-y*



*Income tax benefit (expense) Baht (96) million in 2016 income tax increased 993.71% y-o-y*



*Loss for the period attributable to owners of the Company Baht 109 million in 2016 loss decreased 69.79% y-o-y*



#### Loss on exchange rate

In 2016, the Company's loss on exchange rate was Baht 30 million, an increase of Baht 17 million from the same period of the previous year partially from the appreciation of Baht against Euro and caused the loss on the fair value measurement of the forward exchange contracts.

#### Share of loss from investment in associated companies and joint ventures

The Company had the share of loss from investment in associated companies and joint ventures Baht 28 million in 2016, a decrease of Baht 38 million from the same period of the previous year partially from the loss of railway joint ventures and the dissolving oversea joint ventures.

#### Financial costs

The Company's financial costs were Baht 2,410 million in 2016, a decrease of Baht 179 million from the same period of the previous year due to the decrease of interest rate.

#### Income tax

The Company's income tax was Baht 96 million in 2016, an increase of Baht 106 million from the same period of the previous year due to the increase of profit in oversea subsidiaries.

#### Loss for the period attributable to shareholders of the Company

As a result of the foregoing, in 2016, the loss for the period attributable to shareholders of the Company was Baht 109 million, a decrease of Baht 252 million from the same period of the previous year.

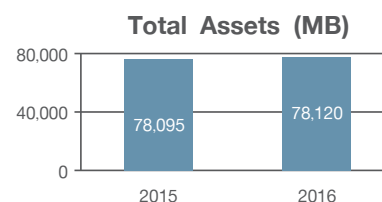
The Company's return on equity was -0.76%, an increase from the same period of previous year which was -2.42% and the return on assets was -0.14%, an increase from the same period of previous year which was -0.48%.

### 3. Assets Management Abilities

#### Total assets

The Company's total assets were Baht 78,120 million in 2016, an increase of Baht 25 million from 2015, or by approximately 0.03% because, in 2016, the Company's current assets was Baht 41,579 million, a decrease of Baht 1,818 million from 2015, or by approximately 4.19%. It was mainly from the decrease of the account receivable, the earned revenues not yet billed and the advance for purchases of construction materials and sub-contractors. At the year ended 2016, the Company's non-current assets were Baht 36,541 million, an increase of Baht 1,843 million from 2015, or by approximately 5.31% according to the increase of the property, plant and equipment and the deferred concession costs in oversea subsidiary.

Total assets Baht 78,120 million at the year ended 2016 increased 0.03% y-o-y



#### 1) Quality of trade accounts receivable, aging analysis, provision and sufficiency of allowance for doubtful accounts

The gross trade accounts receivable-unrelated parties as at December 31, 2016 was Baht 7,568 million. The Company already set up the allowance for doubtful account Baht 940 million and the net trade accounts receivable-unrelated parties was Baht 6,628 million, a decrease of Baht 1,023 million from 2015, or approximately 13.37%. It was partially from the decrease of the accounts receivable on the mass transit system project in Bangkok (Red Line), contract 2: civil works for Bangsue – Rangsit railway.

For the receivable ages more than 12 months as at December 31, 2016 was Baht 1,720 million, an increase of Baht 274 million, or approximately 18.91% mainly because of the increase of the oversea subsidiaries' accounts receivable.

Receivable Ages (Unit: Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Less than 3 months	5,217,266	6,351,999	4,521,537	5,530,104
3 – 6 months	117,340	302,631	20,697	26,255
6 – 12 months	513,656	357,199	295,639	32,369
More than 12 months	1,720,004	1,446,450	341,256	293,638
Total	7,568,266	8,458,279	5,179,129	5,882,366
Less : Allowance for doubtful accounts	(940,163)	(807,591)	(297,501)	(247,479)
Net	6,628,103	7,650,688	4,881,628	5,634,887

The Company sets up a full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except as stated below:

The trade accounts receivable and unbilled work in progress of an overseas subsidiary totaling Baht 606.94 million (2015 : Baht 626.56 million) which represent some variation order claims recognized some years in the past based on the terms and conditions implicit in the agreement. These claims are technical in nature and subject to arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and the legal opinion from an independent counsel and subsidiary has not provided allowance for doubtful accounts for such receivables and claims matter in the accounts.

The trade receivables and unbilled work in progress of overseas subsidiary of Baht 164.66 million and Baht 26.00 million, respectively. These amounts were under negotiation with the customers or subject matter litigation for the year ended of December 31, 2015. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2016.

The trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 339.97 million which is presently under negotiation for debt settlement plan. The management considers that it would be received in full amount.

#### 2) Inventories and depletion or obsolete

As of December 31, 2016 the inventories and work in progress were Baht 3,339 million, an increase of Baht 66 million from the same period of previous year or approximately 2.02% partially from the increase of raw material for the satellite building (B2, B1, & ground fl. Level), aircraft aprons and south tunnel extension for Suvamhumi airport expansion project.

Costs of property development projects as of December 31, 2016 were Baht 472 million, a decrease of Baht 93 million from the same period of previous year or approximately 16.46% from the increase of revenue on the real estate of the subsidiaries in property development business.

### 3) Investment, goodwill and impairment (If any)

The other long-term investments as of December 31, 2016 were Baht 846 million, a decrease of Baht 193 million from the same period of previous year or approximately 18.59% mainly from the divestment of a listed company in the Stock Exchange of Thailand. The details of the other long-term investments and the fair value were in the note to financial statements no. 13 and 45.

The goodwill as of December 31, 2016 was Baht 942 million, unchanged from the same period of previous year. The Company compared the carrying amount of goodwill and recoverable amount of cash generated unit which is consider based on the estimated financial value of the cash flows. The Company needed not to recognize an impairment of goodwill. The details were in the note to financial statements no. 22.

### 4) Other component of other assets and reasons of change

As of December 31, 2016, the short-term loans and advances to subsidiaries and related parties were Baht 256 million, an increase of Baht 65 million from the same period of previous year or approximately 33.97% from the increase of loans to the related overseas companies.

The advances for purchases of construction materials and sub-contractors as of December 31, 2016 were Baht 576 million, a decrease of Baht 493 million from the same period of previous year or approximately 46.12% due to the decrease of the advances for purchases of an overseas subsidiary in the large projects.

The investment properties as of December 31, 2016 were Baht 1,925 million, an increase of Baht 334 million from the same period of previous year or approximately 20.98% due to the appraisal to pay debt.

The deferred concession costs as of December 31, 2016 were Baht 1,352 million, an increase of Baht 674 million from the same period of previous year or approximately 99.38% mainly for conducting the concession of the Dhaka Elevated Expressway project at Bangladesh and the railway and deep seaport at Mozambique. The details were in the note to financial statements no. 23.

## 4. Liquidity and sufficiency of funds

### 1) Source and use of funds, and liquidity

Summary of cash flow statement

(Expressed in thousand Baht)	2016	2015	2014*
Net cash provided from (used in) operating activities	5,344,014	2,991,043	275,443
Net cash provided from (used in) investing activities	(3,826,203)	(2,271,981)	(2,312,105)
Net cash provided from (used in) financing activities	(1,369,242)	(192,844)	2,522,887
Translation adjustment on foreign currency financial statement	(64,881)	42,226	19,633
Cash and cash equivalents at beginning of year	2,501,742	1,933,298	1,427,440
Adjustment cash and cash equivalents	-	-	-
Cash and cash equivalents at end of year	2,588,430	2,501,742	1,933,298

Remark: \* Restated financial statements

As shown in the table above, in 2016 the cash flow provided from operating activities was at Baht 5,344 million because the decrease of operating assets such as the trade accounts receivable – unrelated parties, the earned revenues not yet billed and the advances for purchases of construction materials and sub-contractors as well as the increase of operating liabilities such as the customer advances under construction contracts and the receipts in excess of contracted work in process.

In 2016, cash flow used in investing activities amounted to Baht 3,823 million mainly from the purchase of assets for construction and the deferred concession costs.

The Company's net cash provided from financing activities mainly from the loans for project financing and the bond issuance. The cash used in financing activities mainly from finance lease and the decrease of interest payment.

The Company's current ratios were about 1.12 times and 1.07 times at year ended 2016 and 2015, respectively, and quick ratios were 0.33 times and 0.31 times at year ended 2016 and 2015, respectively.

### 2) Capital expenditure, financial resource, repayment ability and capability to provide additional source of funds

#### 2.1) Capital expenditure

The Company intends to invest in other business related to construction services i.e. manufacturing and providing construction materials, real estate development, power business, mining business, port business and logistic business.

## 2.2) Financial resources and commitments

- **Short-term debt:** The Company's short-term debt consists of

- 1) general working capital; and
- 2) Project specific loans in Thailand and Internationally.

It was the Company's practice to advance funds to its joint ventures for working capital. The Company's short-term debt was incurred at the parent Company level and Branch levels in other countries.

At December 31, 2016 and 2015 the Company, on a consolidated basis, had Baht 8,291 million and Baht 9,698 million, respectively, outstanding in bank overdrafts and loans from financial institutions. On a stand-alone basis, the Company's corresponding amounts were Baht 5,111 million and Baht 5,482 million, respectively. This kind of project tied debt will normally be repaid as the projects progress, with full repayment being achieved at project completion.

- **Long-term debt:** The Company's long-term debt consists of

- 1) long-term foreign loans for investing in assets, project finance and working capital; and
- 2) long-term Thai Baht loans for purchasing equipment and project financing and working capital.

The Company has used long-term loans for supporting the Company's long term projects. As of December 31, 2016 and 2015 the Company had outstanding long-term loans and debentures of Baht 24,657 million and Baht 21,623 million respectively.

- **Share capital:**

As of December 31, 2016, the Company's common shares were Baht 6,336 million while the share issued and fully paid-up were Baht 5,280 million. The Company also registered Warrants with The Thailand Securities Depository Co., Ltd. 1,055,934,113 units. One Warrant is entitled to purchase one newly issued ordinary share with the exercise price Baht 14 per share and its maturity will be on May 13, 2019.

## 3) Covenant

The Company committed to maintain the debt to equity ratio not excess than 3.0 times under the debentures conditions each consecutive half year and ended year on its consolidated financial statements. As at December 31, 2016 and 2015, the debt to equity ratio from the Company's consolidated financial statement were 2.22 times and 2.11 times, respectively.

The details of the factors on the ability to pay debts and to comply with the financial covenants are in the Risk Factors no.3 and 4.

## 5. Contingent liabilities and off-balance sheets

### Guarantees

As at December 31, 2016 and 2015, there were outstanding guarantees of approximately Baht 48,392 million and Baht 45,838 million, respectively, issued by financial institutions on behalf of the Company, subsidiaries and its joint ventures in respect of certain performance bonds required in the normal course of business of the Company, subsidiaries and its joint ventures.

As at December 31, 2016 and 2015, there were guarantees of approximately Baht 6,952 million and Baht 7,947 million, respectively, issued by the Company to financial institutions and its ventures to secure credit facilities granted by those financial institutions and ventures to subsidiaries, associated and related companies and joint ventures. The Company had issued guarantees in proportion to its shareholding, except for Italthai Trevi Co., Ltd., Italthai Marine Co., Ltd., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd. and ITD Cementation India Limited., for which the Company issued full guarantees for the credit facilities. Such guarantees were necessary for regular operation of the Company, its subsidiaries and its joint ventures.

## 6. Factors to the Future Operation

The government's investment plan to develop the infrastructure for transportation has become more clearer and affects continuity on many large projects, roads, rail, water and air transportation, These projects will increase the construction works and will push the construction business in the future.

Auditors' Report and Consolidated Financial Statements of  
**Italian-Thai Development Public Company Limited**  
**and its subsidiaries**  
For the Years Ended 31 December 2016

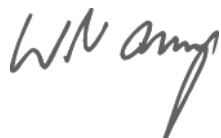
## The Board of Director's Report on their Responsibilities for Financial Reports for the year 2016

The Financial Statements for Italian-Thai Development Public Company Limited and its subsidiaries have been prepared in accordance with the policy of the Board of Directors which requires the compliance with generally accepted accounting principles and careful book-keeping to reflect the accurate performance of the Company.

The Financial Statements provide for the significant disclosure of additional substantial information as shown in the notes attached to the Financial Statements, as well as explanations and analysis for the benefit of the shareholders and general investors.

The Company's Board of Directors recognizes the importance of the Financial Statements by auditing the input financial data. In this regard, the Board of Directors has appointed the Audit Committee comprising independent and non-executive members of the Board to oversee the quality of financial reports. Their opinion is shown in the Report of Audit Committee included in this Annual Report.

Based on the management structure and internal audit system as mentioned above, as well as the Audit Report produced by the certified public auditor, the Board of Directors is convinced that the Financial Statements for the Company and its subsidiaries as at 31<sup>st</sup> December 2016 reasonably represent an accurate statement of the financial status, business performance and cash flow of the Company in accordance with generally accepted accounting principles.



(Mr. Premchai Karnasuta)  
President



(Mrs. Nijaporn Charanachitta)  
Senior Executive Vice President

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Italian-Thai Development Public Company Limited

### *Qualified Opinion*

I have audited the consolidated financial statements of Italian – Thai Development Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit and loss and other comprehensive income, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Italian – Thai Development Public Company Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2016, the separate statement of profit and loss and other comprehensive income, separate statement of changes in shareholders’ equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2016, and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### *Basis for Qualified Opinion*

The basis for my qualified opinion is as follows:

- As at 31 December 2016, the consolidated financial statements include trade accounts receivable and unbilled work in progress of an overseas subsidiary totaling Baht 606.94 million which represent variation orders claims recognized in prior years based on the terms and conditions implicit in the agreements that the subsidiary had with its customers. These claims are technical in nature and are currently subject to an arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and legal opinion from an independent counsel, however, no allowance for doubtful accounts for such receivables and claims has been recorded in the consolidated financial statements. I am unable to assess the potential impact (if any) to such outstanding balances and the corresponding impact to the consolidated statement of financial position and consolidated results of operations for the current year.
- As at 31 December 2016, the consolidated financial statements include trade accounts receivable of an overseas subsidiary totaling Baht 339.97 million which is presently under negotiation for debt settlement plan. In addition, the consolidated financial statements and separate financial statements include trade accounts receivable and short – term loans to related companies totaling Baht 176.65 million and Baht 103.57 million, respectively, which are presently under the process of project feasibility study and negotiation with strategic investors to join the operations in the future. The Company has not set up an allowance for doubtful accounts for such receivables. I am unable to assess the potential impact (if any) to such outstanding balances and the corresponding impact to consolidated and separate financial position and consolidated and separate results of operations for current year.

In the prior year, the predecessor auditor issued a modified opinion in respect of the realizability of trade accounts receivable and unbilled work in progress of overseas subsidiary which was included in the consolidated financial statements as at 31 December 2015 of Baht 190.66 million because such trade accounts receivable were under negotiation with the debtors or subject matter of litigation. In 2016, the overseas subsidiary recognized an allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2016. My opinion for the consolidated financial statements of current year is qualified with respect to this matter because of the comparability of the current year and correspondence figures.

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 Federation of Accounting Professions' *Code of Ethics for Professional Accountants* that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### *Emphasis of matters*

I draw attention to the following information which does not change my qualified opinion above:

- 1) As discussed in Note 14 to the financial statements, the Company has land lease concessions and costs of projects under development in the Dawei Special Economic Zone totaling Baht 7,558.99 million. This project depends on the cooperation of the governments of Thailand and the Republic of the Union of Myanmar, as the new concessionaires and promoter of the Dawei Project. The Company has the right to reimburse such amount from new partners of each project or else obtain additional right over the procession of land.
- 2) As discussed in Note 15 to the financial statements, a subsidiary company has potash mining rights amounting to Baht 2,293.49 million for which the application for potash mining concessions is in process. The Company's management believes that this project will be approved by the government and will become operational as planned in the near future.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section I have determined the matters described below to be the key audit matters to be communicated in my report.

Key audit matters	Audit response
<p><b>Revenue recognition for construction contract</b></p> <p>The Group and the Company has revenue from construction services for the year ended 31 December 2016 of Baht 45,190.16 million and Baht 26,465.75 million, respectively. Revenue recognition for construction services requires significant judgement and estimates to assess the appropriateness assessment of revenue relating to construction services under the contract. The Group's and Company's revenues are recognized based on the percentage of completion. Such revenues from construction services are material and have a significant impact to related accounting transactions including unbilled revenues, receipts in excess of contracted work in progress, and costs of construction. The percentage of completion requires management's judgement and continuous review throughout the construction period and the estimate needs to be adjusted as necessary.</p> <p>The Group and the Company disclosed accounting policies for revenue recognition for construction in Note 3 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding and testing the process for the preparation of reports and budgets used for the determination of the percentage of completion for selected projects outstanding as at 31 December 2016</li> <li>- Verified the actual cost and reliability of estimated costs to complete the project construction. Tested the estimate costs with related documents</li> <li>- Tested the revenue recognition during the year with construction contracts and customers' acceptance documents</li> <li>- Assessed the reasonableness of estimates with actual costs in line with construction contracts</li> <li>- Tested and assessed the appropriateness of changes in estimated costs during the year</li> <li>- Compared gross profit from the start of project up to the end of the year for analysis and assessment for the appropriateness of estimated costs</li> <li>- Tested actual costs during the year and collection from customers for determination of appropriateness of unbilled income and receipts in excess of contracted work in progress</li> <li>- Performed site visit for significant projects, inquired the progress of projects from engineers and compared and assessed the appropriateness of the percentages of completion of construction projects for comparison with accounting percentage of completion</li> <li>- Assessed the adequacy of the Group's and the Company's disclosure for revenue recognition</li> </ul>
<p><b>Impairment of trade accounts receivable</b></p> <p>As at 31 December 2016, the Group and the Company have trade accounts receivable of Baht 8,679.73 million and Baht 7,846.66 million, respectively. During the year, the Group and the Company recognized allowance for doubtful accounts of Baht 160.72 million and Baht 97.27 million, respectively. The estimation of allowance for doubtful accounts is to reflect impairment of receivables that may result from non-collection. Management is required use judgement to assess the estimation using assumption, including the probability for collection based on circumstances, except for the matters discussed under the basis for qualified opinion.</p> <p>The Group and the Company disclosed balance of trade accounts receivable in Notes 6 and 7 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the internal controls and procedures for impairment testing for trade accounts receivable to determine the appropriateness of management estimates</li> <li>- Reviewed the periods of receivables that have been long outstanding and developed allowance for doubtful accounts based on the circumstances for comparison with the allowance for doubtful accounts recognized by the Group and the Company. Considered the reason for the differences and the appropriateness of allowance for doubtful accounts</li> <li>- Assessed the net realizable values of receivables including subsequent collection testing together with the assessment of the cash flows projection of debtors to assess their ability to settle their accounts in the future</li> <li>- Assessed the adequacy of the Group's and the Company's disclosure for trade accounts receivable and allowance for doubtful accounts</li> </ul>

Key audit matters	Audit response
<p><b>Impairment of investment in subsidiaries and goodwill</b></p> <p>The Company has investments in subsidiaries of Baht 6,635.36 million. During the year, the Company recognized allowance for impairment of investments in the separate financial statement of Baht 99.17 million. In consideration of allowance for impairment of investment, management is required to use judgement for the assessment of appropriate estimates and significant assumptions relating to the subsidiaries' ability to operate profitably, their cash flows and discount rates used for the calculation of net realizable values.</p> <p>The Company disclosed detail of investment in subsidiaries in Note 12 to financial statements.</p> <p>The Company has goodwill of Baht 942.11 million as at 31 December 2016 which arose from the acquisition of investments in Potash mining, cement business in Thailand and construction business in India. According to Thai Financial Reporting Standard, the Company has to annually test impairment of goodwill. Goodwill impairment requires management to make significant judgement, which is complicate, and use of assumptions about cash flows projection and expenses from the continuing operations of such business units and the use of the appropriate discount rate to discount cash flows projection.</p> <p>The Group disclosed information of goodwill in Note 22 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the process for assessment of recoverable amounts of investments in subsidiaries and group of business units</li> <li>- Considered the indication of impairment for investments in subsidiaries and goodwill of each business unit</li> <li>- Considered the reasonableness of management's assumptions and procedures for calculation of cash flow projections</li> <li>- Examined the documents supporting the best estimates of management, especially the projected growth in revenues, gross margins and operating net income of subsidiaries and business units</li> <li>- Tested the calculation and assess the appropriateness of discount rate used by management</li> <li>- Tested calculation for the recoverable amounts from investments</li> <li>- Considered the key drivers as the sensitivity analysis and the impact to recoverable amounts</li> <li>- Considered the adequacy and appropriateness of the Group's disclosures for investment in subsidiary, allowance for goodwill and investments in subsidiaries</li> </ul>
<p><b>Impairment of project costs on investments in projects development</b></p> <p>As at 31 December 2016, the Group and Company have a number of significant investment projects in various locations which are in various stages of completion. The total amount of the investments in the Group and Company financial statements is Baht 12,155.21 million and Baht 5,025.20 million, respectively. In addition, the Company has recorded unbilled revenues amounting to Baht 1,909.20 million.</p> <p>The assessment of the realizable value of the investment in such projects requires significant judgement about the future project feasibility, forecasted cash flows and expenses from operations in such projects and the use of the appropriate discount rate to discount cash flows projection.</p> <p>The details of the investments are disclosed in Notes 14, 15, 16 and 23.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the process for assessment of recoverable amounts of investments and group business units</li> <li>- Considered indication of impairment of investments in subsidiaries and goodwill of business units</li> <li>- Considered the reasonableness of management's assumptions and procedures used for calculation of cash flows projection</li> <li>- Examined the documents supporting the best estimates of management, especially the projected growth in revenues, gross margins and operating net income of subsidiaries and business units</li> <li>- Tested the calculation and assessed the appropriateness of discount rate used by management</li> <li>- Tested the calculation for the recoverable amounts of projects under development</li> <li>- Considered the adequacy and appropriateness of the Group's and Company's disclosures for investments in projects and intangible assets</li> </ul>

### *Other matters*

The consolidated statement of financial position of Italian-Thai Development Public Company Limited and its subsidiaries and the separate statement of financial position of Italian-Thai Development Public Company Limited as at 31 December 2015, presented as comparative information, were audited by another auditor in the same office as mine, who issued his audit report dated 29 February 2016 and expressed a qualified opinion thereon with respect to the uncertainty in the collection of trade accounts receivable and unbilled work in progress of overseas subsidiary which have been under the judicial process and negotiation with the customers. The report also emphasized on 1) the Company's changes in accounting policies from the adoption of new financial reporting standards 2) the land lease concessions and projects under development in the Dawei Special Economic Zone which the Company has rights to reimburse the costs from the Special Purpose Vehicle after the completion of the due diligence and 3) the Company's investment in a potash mining project which the application for potash mining concession from the government is still in process.

### *Other Information*

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

My opinion on the consolidated and separate 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 consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 request management and those charged with governance to correct the material misstatement.

However, as described in the Basis for Qualified Opinion section with respect to the uncertainty in the collection of trade accounts receivable and unbilled work in progress of overseas subsidiaries and trade accounts receivable of the Company, my opinion is qualified. Therefore, should the management prepare other information based on financial statements that is different from such fact, other information will be materially misstated with respect to the value and other information in annual report which will impact by the uncertainty in the collection of such accounts receivable and unbilled accrued income.

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

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

In preparing the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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. Somkid Tiatragul**  
Certified Public Accountant  
Registration No. 2785

Grant Thornton Limited  
Bangkok  
28 February 2017

## STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER

(Unit : Thousand Baht)	Notes	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		2,588,430	2,501,742	1,011,412	1,176,045
Fixed deposits less than one year		37,057	64,803	14,960	34,203
Restricted deposits with banks	5	752,739	79,705	54,205	79,184
Trade accounts receivable - unrelated parties - net	6	6,628,103	7,650,688	4,881,628	5,634,887
Trade accounts receivable - related parties - net	7	2,051,627	2,210,032	2,965,033	2,834,705
Short - term loans and advances to subsidiaries and related parties - net	8	255,653	190,823	1,210,395	1,287,948
Earned revenues not yet billed		19,738,171	20,493,826	16,168,426	14,534,060
Retentions receivable		2,127,924	2,469,625	1,215,262	1,355,592
Inventories and work in process - net	9	3,339,485	3,273,267	1,706,354	1,386,882
Costs of property development projects - net	10	472,137	565,135	-	-
Income tax withheld at sources		1,131,239	1,047,115	540,339	604,509
Refundable value added tax		1,369,903	1,368,411	142,644	152,030
Advances for purchases of construction materials and sub-contractors		575,643	1,068,382	437,780	478,053
Other current assets	45	342,164	413,583	72,428	120,398
Non - current assets classified as held for sale - net	11, 45	168,677	-	168,677	-
<b>Total current assets</b>		<b>41,578,952</b>	<b>43,397,137</b>	<b>30,589,543</b>	<b>29,678,496</b>
<b>NON - CURRENT ASSETS</b>					
Investments in subsidiaries, associated companies, and joint ventures - net	12	749,759	810,728	7,333,318	7,339,319
Other long - term investments - net	13, 45	845,703	1,038,856	677,315	877,004
Land lease concession and project under development	14	7,558,992	7,251,447	5,025,204	4,787,637
Potash mining right	15	2,293,489	2,293,489	-	-
Deferred exploration and development costs	16	950,688	948,875	-	-
Long - term loans and advances to subsidiaries and related parties - net	17	-	-	5,611,878	5,386,070
Loan and advances to unrelated party - net	18	-	-	-	-
Land awaiting development - net	19	765,124	771,705	474,846	474,846
Investment properties	20, 45	1,925,363	1,591,469	1,040,043	743,000
Advances for purchases of machinery		30,955	69,241	-	-
Property, plant and equipment - net	21	18,510,768	17,675,383	8,815,217	8,066,413
Goodwill	22	942,112	942,112	-	-
Deferred concession costs	23	1,352,041	678,119	-	-
Deferred tax assets	30	339,441	348,463	-	2,024
Other non - current assets	45	276,331	278,116	100,881	125,162
<b>Total non - current assets</b>		<b>36,540,766</b>	<b>34,698,003</b>	<b>29,078,702</b>	<b>27,801,475</b>
<b>TOTAL ASSETS</b>		<b>78,119,718</b>	<b>78,095,140</b>	<b>59,668,245</b>	<b>57,479,971</b>

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

## STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER

(Unit : Thousand Baht)	Notes	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short - term loans					
from financial institutions	24	<b>8,290,541</b>	9,698,158	<b>5,110,778</b>	5,481,586
Liabilities under trust receipts		<b>620,138</b>	618,287	<b>601,605</b>	496,663
Trade accounts and other payable - unrelated parties		<b>13,156,926</b>	13,466,505	<b>6,736,936</b>	6,154,035
Trade accounts payable - related parties	25	<b>1,230,588</b>	1,432,510	<b>2,013,534</b>	2,161,447
Receipts in excess of contracted work in progress		<b>529,269</b>	214,544	<b>529,269</b>	210,032
Customer advances under construction contracts					
due for revenue recognition within 1 year		<b>6,113,917</b>	5,453,070	<b>4,786,638</b>	4,300,598
Current portion of finance lease payables	26	<b>649,422</b>	601,357	<b>575,577</b>	570,407
Current portion of long - term loans	27	<b>3,623,801</b>	2,940,627	<b>2,903,816</b>	2,179,028
Current portion of debentures	28	<b>499,598</b>	3,497,909	<b>499,598</b>	3,497,909
Income tax payable	30	<b>54,180</b>	138,962	<b>747</b>	57,222
Value added tax payable		<b>143,866</b>	140,031	<b>122,698</b>	101,111
Accrued expenses		<b>1,002,882</b>	1,118,088	<b>399,363</b>	425,895
Accounts payable for purchase of investments					
- related parties		<b>62,484</b>	62,484	<b>56,809</b>	56,809
Retentions payable		<b>608,561</b>	644,766	<b>519,402</b>	566,039
Other current liabilities		<b>504,196</b>	621,944	<b>232,505</b>	352,711
<b>Total current liabilities</b>		<b>37,090,369</b>	40,649,242	<b>25,089,275</b>	26,611,492
<b>NON - CURRENT LIABILITIES</b>					
Customer advances under construction					
contracts - net		<b>3,042,579</b>	4,553,788	<b>2,028,214</b>	2,015,517
Finance lease payables - net	26	<b>934,388</b>	931,470	<b>798,950</b>	869,658
Long - term loans - net	27	<b>7,370,297</b>	5,225,189	<b>3,234,288</b>	2,602,792
Debentures - net	28	<b>13,163,205</b>	9,958,971	<b>13,163,205</b>	9,958,971
Allowance for losses on construction projects	34	<b>291,587</b>	265,468	<b>221,100</b>	265,468
Employee benefits obligation	29	<b>1,015,291</b>	947,442	<b>800,856</b>	764,259
Deferred tax liabilities	30	<b>772,610</b>	785,811	<b>183,195</b>	204,989
Other non - current liabilities		<b>105,998</b>	201,248	-	5,000
<b>Total non - current liabilities</b>		<b>26,695,955</b>	22,869,387	<b>20,429,808</b>	16,686,654
<b>TOTAL LIABILITIES</b>		<b>63,786,324</b>	63,518,629	<b>45,519,083</b>	43,298,146

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

## STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER

(Unit : Thousand Baht)	Notes	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>(Continued)</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share capital - ordinary share at Baht 1 par value					
Registered - 6,335,808,993 shares		<b>6,335,809</b>	6,335,809	<b>6,335,809</b>	6,335,809
Issued and fully paid - up - 5,279,840,848 shares	31	<b>5,279,841</b>	5,279,841	<b>5,279,841</b>	5,279,841
(31 December 2015 : 5,279,840,828 shares)					
Share premium		<b>8,547,392</b>	8,547,392	<b>8,547,392</b>	8,547,392
Retained earnings (deficit)					
Appropriated - legal reserve	37	<b>514,074</b>	507,325	<b>487,474</b>	483,374
Unappropriated		<b>(741,940)</b>	(605,424)	<b>54,220</b>	(29,187)
Other components of shareholders' equity		<b>(627,195)</b>	(412,321)	<b>(219,765)</b>	(99,595)
<b>Equity attributable to the Company's shareholders</b>		<b>12,972,172</b>	13,316,813	<b>14,149,162</b>	14,181,825
Non - controlling interests		<b>1,361,222</b>	1,259,698	-	-
<b>Total shareholders' equity</b>		<b>14,333,394</b>	14,576,511	<b>14,149,162</b>	14,181,825
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>78,119,718</b>	78,095,140	<b>59,668,245</b>	57,479,971

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

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)	Notes	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
REVENUES					
Revenues from construction work		45,190,164	49,219,649	26,465,749	29,116,580
Revenues from sales and services		2,178,944	2,077,846	-	-
Total revenues	33, 34	47,369,108	51,297,495	26,465,749	29,116,580
COSTS					
Costs of construction work		40,906,132	45,171,719	24,353,102	27,324,909
Costs of sales and services		1,794,777	1,716,965	-	-
Total costs	33, 39	42,700,909	46,888,684	24,353,102	27,324,909
Gross profit		4,668,199	4,408,811	2,112,647	1,791,671
Dividend income and share of profit from joint ventures		124,237	178,404	134,904	380,953
Interest income	43	164,176	83,352	107,018	90,716
Gain on sale of investments	13	340,782	-	340,782	-
Gain on revaluation of investment property	20	36,851	154,620	-	-
Reversal of allowance (provision) for impairment of investments		-	-	(101,481)	(4,727)
Other income	33, 38, 43	354,023	321,191	196,648	141,455
Profit before expenses		5,688,268	5,146,378	2,790,518	2,400,068
Selling expenses		(47,359)	(36,927)	-	-
Administrative expenses		(2,863,529)	(2,415,680)	(1,157,163)	(1,103,628)
Reversal of allowance (provision) for doubtful accounts		(160,720)	(599,605)	(97,271)	172,043
Gain (loss) on exchange rate	43	(29,695)	(12,271)	5,679	349,961
Total expenses	39	(3,101,303)	(3,064,483)	(1,248,755)	(581,624)
Profit from operations		2,586,965	2,081,895	1,541,763	1,818,444
Share of profit (loss) from investment in associated companies and joint ventures	43	(27,867)	9,903	-	-
Profit before finance costs and income tax		2,559,098	2,091,798	1,541,763	1,818,444
Financial costs	43	(2,409,792)	(2,589,057)	(1,419,356)	(1,510,026)
Profit (loss) before income tax		149,306	(497,259)	122,407	308,418
Income tax	30, 43	(95,556)	10,692	(11,509)	(34,892)
Profit (loss) for the year		53,750	(486,567)	110,898	273,526

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

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)	Notes	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified subsequently to profit or loss					
Actuarial losses - net of tax	29	(27,069)	(181,305)	(23,391)	(155,057)
Items that will be reclassified subsequently to profit or loss					
Unrealised loss on changes in value of investments - net of tax		(119,585)	(221,867)	(124,815)	(215,417)
Translation adjustments for foreign currency financial statements		(126,013)	157,549	4,645	(14,697)
TOTAL COMPREHENSIVE INCOME (LOSS)					
FOR THE YEAR		(218,917)	(732,190)	(32,663)	(111,645)
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO :					
Shareholders of the Company		(109,271)	(361,744)	110,898	273,526
Non-controlling interests		163,021	(124,823)	-	-
		53,750	(486,567)	110,898	273,526
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO :					
Shareholders of the Company		(344,641)	(665,306)	(32,663)	(111,645)
Non-controlling interests		125,724	(66,884)	-	-
		(218,917)	(732,190)	(32,663)	(111,645)
BASIC EARNINGS PER SHARE					
Profit (loss) (Baht per share)	32	(0.0207)	(0.0685)	0.0210	0.0518
Weighted average number of ordinary shares					
(Unit : Thousand shares)		5,279,841	5,279,841	5,279,841	5,279,841

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

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

Equity attributable to the Company's shareholders											
	Issued and paid-up share capital	Share premium	Retained earnings (Deficit)		Other components of shareholders' equity				Total equity attributable to the Company's shareholders	Non - controlling interests	Total
			Legal Reserve	Unappropriated	Unrealised gain (loss) on changes in value of investments	Translation adjustments for foreign currency financial statements	Discount on dilution of investment in subsidiary companies	Total			
(Unit : Thousand Baht)	Note										
<b>Consolidated F/S</b>											
<b>Balance as at 1 January 2015</b>	5,279,841	8,547,392	467,537	(34,950)	538,631	(615,888)	(200,444)	(277,701)	13,982,119	1,365,606 (39,073)	15,347,725 (39,073)
Dividend paid from subsidiary	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests during the year	-	-	-	-	-	-	-	-	-	49	49
Appropriated for legal reserve	-	-	39,788	(39,788)	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(530,686)	(221,867)	87,247	-	(134,620)	(665,306)	(66,884)	(732,190)
<b>Balance as at 31 December 2015</b>	5,279,841	8,547,392	507,325	(605,424)	316,764	(528,641)	(200,444)	(412,321)	13,316,813	1,259,698	14,576,511
<b>Balance as at 1 January 2016</b>	5,279,841	8,547,392	507,325	(605,424)	316,764	(528,641)	(200,444)	(412,321)	13,316,813	1,259,698 (24,367)	14,576,511 (24,367)
Dividend paid from subsidiary	-	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests during the year	-	-	-	-	-	-	-	-	-	167	167
Appropriated for legal reserve	-	-	6,749	(6,749)	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(129,767)	(119,585)	(95,289)	-	(214,874)	(344,641)	125,724	(218,917)
<b>Balance as at 31 December 2016</b>	5,279,841	8,547,392	514,074	(741,940)	197,179	(623,930)	(200,444)	(627,195)	12,972,172	1,361,222	14,333,394

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

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

	(Unit : Thousand Baht)	Note	Issued and paid-up share capital	Share premium	Retained earnings (Deficit)		Other components of shareholders' equity			Total
					Legal Reserve	Unappropriated	Unrealised gain (loss) on changes in value of investments	Translation adjustments for foreign currency financial statements	Total	
<b>Separate F/S</b>										
<b>Balance as at 1 January 2015</b>			5,279,841	8,547,392	451,021	(115,303)	526,222	(395,703)	130,519	14,293,470
Appropriated for legal reserve		37	-	-	32,353	(32,353)	-	-	-	-
Total comprehensive income (loss) for the year			-	-	-	118,469	(215,417)	(14,697)	(230,114)	(111,645)
<b>Balance as at 31 December 2015</b>			5,279,841	8,547,392	483,374	(29,187)	310,805	(410,400)	(99,595)	14,181,825
<b>Balance as at 1 January 2016</b>			5,279,841	8,547,392	483,374	(29,187)	310,805	(410,400)	(99,595)	14,181,825
Appropriated for legal reserve		37	-	-	4,100	(4,100)	-	-	-	-
Total comprehensive income (loss) for the year			-	-	-	87,507	(124,815)	4,645	(120,170)	(32,663)
<b>Balance as at 31 December 2016</b>			5,279,841	8,547,392	487,474	54,220	185,990	(405,755)	(219,765)	14,149,162

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

## STATEMENTS OF CASH FLOWS

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit (loss) before taxation	<b>149,306</b>	(497,259)	<b>122,407</b>	308,418
<b>Adjustments :-</b>				
Depreciation and amortisation	<b>2,429,190</b>	2,199,670	<b>1,327,630</b>	1,302,112
Unrealised loss (gain) on exchange rate	<b>32,070</b>	120,887	<b>4,170</b>	(68,879)
Dividend and shares of profit from the joint ventures	<b>(124,237)</b>	(178,404)	<b>(134,904)</b>	(380,953)
Share of loss (profit) from investments in associated companies and joint ventures	<b>27,867</b>	(9,903)	-	-
Provision (reversal of allowance) for doubtful accounts	<b>160,720</b>	599,605	<b>97,271</b>	(172,043)
Provision (reversal of allowance) for impairment of investments	-	-	<b>101,481</b>	4,727
Gain on revaluation of investment property	<b>(36,851)</b>	(154,620)	-	-
Gain on sale of investments	<b>(340,782)</b>	-	<b>(340,782)</b>	-
Loss on revaluation of non - current assets classified as held for sale	<b>26,000</b>	-	<b>26,000</b>	-
Loss (gain) on disposal of assets	<b>(45,331)</b>	(40,624)	<b>(47,598)</b>	8,487
Gain on sale of investment property	<b>(19,093)</b>	-	<b>(19,093)</b>	-
Provision (reversal of allowance) for loss on construction projects	<b>25,772</b>	107,811	<b>(44,286)</b>	107,811
Provision for devaluation of inventories	<b>20,179</b>	23,371	<b>14,854</b>	7,500
Other income from reversal of liability	<b>(35,449)</b>	-	<b>(35,449)</b>	-
Provision for employee benefits obligation	<b>72,373</b>	50,790	<b>49,798</b>	38,689
Interest expense	<b>2,409,792</b>	2,589,057	<b>1,419,356</b>	1,510,026
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>4,751,526</b>	4,810,381	<b>2,540,855</b>	2,665,895
<b>Decrease (increase) in operating assets:-</b>				
Trade accounts receivable - unrelated parties	<b>840,850</b>	144,363	<b>686,462</b>	(167,779)
Trade accounts receivable - related parties	<b>(51,066)</b>	(13,737)	<b>(420,775)</b>	(3,123)
Loans and advances to subsidiaries and related parties	<b>(69,520)</b>	(88,092)	<b>(198,684)</b>	(594,415)
Earned revenues not yet billed	<b>755,655</b>	(3,554,574)	<b>(1,634,366)</b>	(2,193,821)
Retentions receivable	<b>342,052</b>	(253,644)	<b>140,649</b>	41,350
Inventories and work in process	<b>(79,816)</b>	1,183,346	<b>(334,326)</b>	1,038,520
Costs of property development projects	<b>92,998</b>	(246,635)	-	-
Refundable value added tax	<b>(1,492)</b>	(303,328)	<b>9,386</b>	(5,599)
Advances for purchases of construction materials and sub-contractors	<b>492,739</b>	(732,648)	<b>40,273</b>	(255,063)
Other current assets	<b>27,092</b>	(1,451)	<b>30,177</b>	14,767
Other non - current assets	<b>(54,746)</b>	(6,117)	<b>(31,917)</b>	(35,398)
<b>Increase (decrease) in operating liabilities:</b>				
Trade accounts and other payable - unrelated parties	<b>(266,598)</b>	704,215	<b>582,858</b>	(494,327)
Trade accounts payable - related parties	<b>(201,921)</b>	(268,606)	<b>(147,913)</b>	(332,816)
Receipts in excess of contracted work in progress	<b>314,725</b>	(445,552)	<b>319,237</b>	(443,778)
Customer advances under construction contracts	<b>(970,362)</b>	2,098,071	<b>378,737</b>	1,530,629
Value added tax payable	<b>3,835</b>	51,342	<b>21,587</b>	57,025
Accrued expenses	<b>(115,206)</b>	118,738	<b>(26,532)</b>	(7,945)
Retentions payable	<b>(36,205)</b>	51,592	<b>(46,637)</b>	54,439
Other current liabilities	<b>(63,185)</b>	165,898	<b>35,141</b>	159,467
Employee benefits obligation	<b>(60,125)</b>	(35,208)	<b>(56,963)</b>	(32,827)
Other non-current liabilities	<b>(95,288)</b>	(45,416)	<b>(5,000)</b>	5,000
<b>Cash received from operations</b>	<b>5,555,942</b>	3,332,938	<b>1,882,249</b>	1,000,201
Income tax refund	<b>510,214</b>	451,345	<b>508,066</b>	438,853
Income tax payment	<b>(722,142)</b>	(793,240)	<b>(464,988)</b>	(543,255)
<b>Net cash provided from operating activities</b>	<b>5,344,014</b>	2,991,043	<b>1,925,327</b>	895,799

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

## STATEMENT OF CASH FLOWS (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Decrease (increase) in fixed deposits and restricted deposits with banks	(645,288)	80,463	44,222	65,166
Disposal of current investments	-	40,084	-	88
Disposal of other long - term investment	384,452	-	384,452	-
Purchases of investment properties	(92,091)	-	(92,091)	-
Disposal of investment properties	25,123	-	25,123	-
Disposal of fixed assets	121,972	203,231	92,070	102,868
Purchases of fixed assets	(2,791,826)	(2,134,224)	(1,678,429)	(674,286)
Purchases of land awaiting development	-	(1,862)	-	-
Decrease (increase) in investments in subsidiaries, associated companies and joint ventures	33,498	40,000	(505)	(29,331)
Cash received from dividend and shares of profit from associated companies and joint ventures	124,237	315,274	134,904	380,953
Payment for land lease concession and project under development	(307,545)	(630,732)	(237,567)	(473,908)
Payment for deferred concession costs	(673,922)	(183,018)	-	-
Payment for deferred exploration and development costs	(1,813)	(1,197)	-	-
<b>Net cash used in investing activities</b>	<b>(3,823,203)</b>	<b>(2,271,981)</b>	<b>(1,327,821)</b>	<b>(628,450)</b>
<b>Cash flows from financing activities</b>				
Interest payment	(2,379,196)	(2,526,236)	(1,416,424)	(1,459,314)
Increase (decrease) in bank overdrafts and short - term loans from financial institutions	(1,407,617)	2,024,478	(370,808)	2,017,244
Increase in long - term loans	5,352,567	2,825,282	2,980,288	1,085,000
Payment of long - term loans	(2,519,902)	(2,620,278)	(1,624,004)	(1,935,958)
Increase (decrease) in finance lease payables	(580,033)	268,861	(628,656)	230,929
Increase (decrease) in liabilities under trust receipts	(2,377)	(611,511)	104,942	(611,511)
Proceed from issuance of debentures	3,691,683	3,985,584	3,691,683	3,985,584
Payment for debentures redemption	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)
Dividend paid from subsidiary companies	(24,367)	(39,073)	-	-
Cash received from non-controlling interests	-	49	-	-
<b>Net cash used in financing activities</b>	<b>(1,369,242)</b>	<b>(192,844)</b>	<b>(762,979)</b>	<b>(188,026)</b>
Translation adjustment on foreign currency financial statements	(64,881)	42,226	840	(21,054)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>86,688</b>	<b>568,444</b>	<b>(164,633)</b>	<b>58,269</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,501,742</b>	<b>1,933,298</b>	<b>1,176,045</b>	<b>1,117,776</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2,588,430</b>	<b>2,501,742</b>	<b>1,011,412</b>	<b>1,176,045</b>
<b>Supplemental cash flows information</b>				
Non cash transactions:-				
Unrealised loss on changes in value of investments	(149,482)	(277,283)	(156,019)	(269,271)
Purchase assets under finance lease agreements	658,644	65,046	563,118	65,046
Off - setting trade accounts payable with advance for sub-contractors	-	306,747	-	306,747
Accounts payable from purchases of assets	4,228	695,297	-	-
Off - setting trade account receivable with loan to subsidiary	-	-	-	13,998
Debt-Equity Swap by transferred trade accounts receivable - subsidiary to investment in subsidiary	-	-	(94,974)	-
Transferred other current liability to customer advances under construction contracts	120,000	-	120,000	-
Transferred investment property for debt settlement from trade accounts receivable - related company	(210,982)	-	(210,982)	-
Transferred equipments to assets held for sale	(194,677)	-	(194,677)	-

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
31 DECEMBER 2016

## 1. GENERAL INFORMATION

Italian - Thai Development Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. The Company is principally engaged in the construction business. The Company has four overseas branches and two project offices. Its registered office address is 2034/132-161, New Petchburi Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok.

## 2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

### 2.1 Statement of compliance

The accompanying financial statements have been officially prepared in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

The Federation of Accounting Professions has issued new and revised TFRS that may be relevant to the Company’s operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company and subsidiaries do not plan to early adopt these TFRS.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 106 (revised 2016)	Accounting for Investments Companies
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements

TFRS	Topic
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2016)	Disclosure – Service Concession Arrangements
TSIC 31 (revised 2016)	Revenue – Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
FAP Announcement (05/2559)	Accounting guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and do not expect material impact on the financial statements in the period of initial adoption.

## 2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Italian-Thai Development Public Company Limited and subsidiaries which the Company can exercise control as follows:-

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2016	2015
<u>Overseas subsidiaries</u>			
Myanmar ITD Co., Ltd.	Myanmar	99.99	99.99
PT. Thailindo Bara Pratama	Indonesia	99.99	99.99
ITD Cementation India Limited	India	51.63	51.63
ITD - Madagascar S.A.	Madagascar	99.98	99.98
ITD Construction SDN. BHD	Malaysia	99.99	99.99
First Dhaka Elevated Expressway Co., Ltd.	Bangladesh	99.99	99.99
ITD Bangladesh Company Limited	Bangladesh	99.99	99.99
Italian - Thai Development Vietnam Co., Ltd.	Vietnam	80.00	80.00
ITD Mozambique Limitada	Mozambique	99.00	99.00
Thai Mozambique Logistica SA	Mozambique	60.00	60.00
Momaz Logistics	Republic of Mauritius	100.00	100.00
Italian - Thai Development (Myanmar) Co., Ltd.	Myanmar	99.90	99.90
<u>Local subsidiaries</u>			
Italian - Thai International Co., Ltd.	Thailand	99.99	99.99
Bhaka Bhumi Development Co., Ltd.	Thailand	99.99	99.99
Thai Pride Cement Co., Ltd.	Thailand	99.99	99.99
Nha Pralan Crushing Plant Co., Ltd.	Thailand	99.99	99.99
Siam Concrete and Brick Products Co., Ltd.	Thailand	99.80	99.80
ItalThai Marine Co., Ltd.	Thailand	92.59	92.59
ItalThai Trevi Co., Ltd.	Thailand	90.94	90.94
Asian Steel Product Co., Ltd.	Thailand	69.90	69.90
Thai Maruken Co., Ltd.	Thailand	50.96	50.96
Italian Thai Land Co., Ltd.	Thailand	99.99	99.99
Palit Palangngan Co., Ltd.	Thailand	74.93	74.93

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2016	2015
Palang Thai Kaowna Co., Ltd.	Thailand	99.94	99.94
Italian Thai Power Co., Ltd.	Thailand	99.99	99.99
Saraburi Construction Technology Co., Ltd.	Thailand	99.93	99.93
Asia Logistics Development Co., Ltd.	Thailand	99.93	99.93
Asia Industrial and Port Corporation Co., Ltd.	Thailand	99.93	99.93
Myanmar Italian – Thai Power 1 Co., Ltd.	Thailand	99.95	99.95
Italian – Thai Hongsa Co., Ltd.	Thailand	99.97	99.97
APPC Holding Co., Ltd.	Thailand	60.00	60.00
<u>Indirect overseas subsidiaries</u>			
Italian – Thai Development (BVI) Co., Ltd.	British Virgin Islands	99.99	99.99
Ayeyarwady Multitrade Co., Ltd.	Myanmar	99.99	99.99
ITD Cementation Projects India Limited	India	99.99	99.99
Koh Kong Power Light Co., Ltd.	Cambodia	93.00	93.00
ITD Vertex Consortium SDN. BHD	Malaysia	70.00	70.00
Dawei Development Company Limited (BVI)	British Virgin Islands	75.00	75.00
Dawei Development Company Limited (Myanmar)	Myanmar	75.00	75.00
Future Prosperity Investment Company Limited	Republic of Mauritius	99.99	99.99
Thai Port Development Company Limited	Hong Kong	99.99	99.99
Thai Road Link Development Company Limited	Hong Kong	99.99	99.99
Thai Power Development Company Limited	Hong Kong	99.99	99.99
Thai Water Development Company Limited	Hong Kong	99.99	99.99
Thai Telecom Development Company Limited	Hong Kong	99.99	99.99
Thai International Industrial Estate Development Company Limited	Hong Kong	99.99	99.99
Dawei Port Holding Company Limited	Hong Kong	99.99	99.99
Dawei Road Link Holding Company Limited	Hong Kong	99.99	99.99
Dawei Power Holding Company Limited	Hong Kong	99.99	99.99
Dawei Green Power Holding Company Limited	Hong Kong	-	99.99
Dawei Electricity Distribution Holding Company Limited	Hong Kong	-	99.99
Dawei LNG Terminal Holding Company Limited	Hong Kong	99.99	99.99
Dawei Water Holding Company Limited	Hong Kong	99.99	99.99
Dawei Telecom Holding Company Limited	Hong Kong	99.99	99.99
Dawei International Industrial Estate Holding Company Limited	Hong Kong	99.99	99.99
APPC Hong Kong Company Limited	Hong Kong	100.00	100.00
THAI INTERNATIONAL INDUSTRIAL ESTATE DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
THAI POWER DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
THAI TELECOM DEVELOPMENT PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
DAWEI TELECOM HOLDING PRIVATE COMPANY LIMITED	Singapore	100.00	100.00
DAWEI RESIDENCE HOLDING PTE LTD.	Singapore	50.00	50.00
DAWEI POWER HOLDING PTE LTD	Singapore	100.00	100.00
DAWEI LNG TERMINAL HOLDING PTE LTD.	Singapore	35.00	50.00
MYANDAWEI INDUSTRIAL ESTATE HOLDING PTE LTD.	Singapore	50.00	50.00
DAWEI TELECOM COMPANY LIMITED	Myanmar	100.00	100.00
DAWEI RESIDENCE COMPANY LIMITED	Myanmar	50.00	50.00
DAWEI POWER COMPANY LIMITED	Myanmar	100.00	100.00
DAWEI LNG TERMINAL COMPANY LIMITED	Myanmar	35.00	50.00
MYANDAWEI INDUSTRIAL ESTATE COMPANY LIMITED	Myanmar	50.00	50.00
<u>Indirect local subsidiaries</u>			
Aquathai Co., Ltd.	Thailand	99.99	99.99
Sarithorn Co., Ltd.	Thailand	99.99	99.99
Southern Industries (1996) Co., Ltd.	Thailand	99.99	99.99
Asia Pacific Potash Corporation Limited	Thailand	90.00	90.00

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2016	2015
Lasalle Company Limited	Thailand	99.30	99.30
Tongkrai Company Limited	Thailand	99.40	99.40
Tayakhee Company Limited	Thailand	99.40	99.40
Dithee Company Limited	Thailand	99.40	99.40
Panoot Company Limited	Thailand	99.40	99.40
Phannin Company Limited	Thailand	99.40	99.40
Takolkiat Company Limited	Thailand	99.40	99.40
Tridayuk Company Limited	Thailand	99.40	99.40
Bhantuwong Company Limited	Thailand	99.40	99.40
Nahathai Company Limited	Thailand	99.40	99.40
Kanika Company Limited	Thailand	99.40	99.40
Sin Rae Muang Thai Co., Ltd.	Thailand	99.99	99.99
Wildemere Co., Ltd.	Thailand	99.99	99.99
APPC Holding Co., Ltd.	Thailand	40.00	40.00

2.3 Significant changes during the year 2016 are as follows :

- The Company made additional payment of USD 0.36 million for share capital of ITD Mozambique Limitada.
- The Company made additional investment for share capital of ITD - Madagascar S.A. by Debt - Equity Swap of Baht 94.97 million.
- A subsidiary invested in 100% of another company established in Republic of the Union of Myanmar.
- An indirect subsidiary registered the liquidation of 2 group companies in overseas.
- The Company registered the liquidation of a joint venture.
- The Company made investment for share capital increment of Nha Pralan Crushing Plant Co., Ltd. of Baht 20.00 million. Its proportion of investment was remained at 99.99%
- An indirect subsidiary decreased its proportion of investment from 50% to 35% of registered share capital in 2 group companies established in Singapore and Republic of the Union of Myanmar.
- The Company registered to establish a branch in the Kingdom of Cambodia.
- The Company, Cooperativa Muratori & Cementisti and Song Da Corporation invested in CMC/ITD/SONG DA joint venture which was incorporated under the laws of Lao People's Domestic Republic and principally engaged in construction service. The Company proportion is 30%.

2.4 Significant changes during the year 2015 are as follows :

- The Company made additional payment of paid BDT 137.10 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
- An indirect subsidiary invested in DAWEI RESIDENCE HOLDING PTE LTD. decrease in proportion of investment from 100% to 50% of registered shares capital.
- An indirect subsidiary invested in 3 group companies which were established in Singapore for proportion of 50% and 100% of registered share capital. Such group companies have invested in 5 newly established companies in Republic of the Union of Myanmar for proportion at 50% and 100% of their registered share capital.
- An indirect subsidiary registered the liquidation of 7 group companies in overseas.
- The Company registered the liquidation of a subsidiary and two joint ventures in overseas.
- The Company invested in a subsidiary company which was established in Republic of Mauritius for proportion of 100%.

2.5 The financial statements of the overseas project offices, branches and subsidiaries are translated into Thai Baht using exchange rates at the statement of financial position date for assets and liabilities, and using the monthly average exchange rates for revenues and expenses. The resultant differences are presented under the caption "Translation adjustments for foreign currency financial statements" under shareholders' equity.

2.6 Significant transactions and account balances with subsidiaries have been eliminated from the consolidated financial statements, except for intercompany profit in inventories at the end of the year, which has insignificant affect on the consolidated financial statements.

2.7 Non-controlling interests represent the portion of subsidiary companies' profit or loss and net assets that are not held by the Company.

2.8 All subsidiaries have the same reporting date of 31 December and have been prepared with the same accounting policies as the separate financial statements for the same accounting transactions or accounting events.

2.9 Dilution gains (loss) that arise on shares issued by subsidiaries and sold to third parties are recognised as surplus (discount) on dilution of investment in subsidiary companies, which is presented in shareholders' equity in the consolidated financial statements.

- 2.10 The Company's financial statements for the years ended 31 December 2016 and 2015 include the audited financial statements of two overseas project offices, four overseas branches, ten overseas subsidiaries, and three joint ventures with aggregate assets and revenues in Baht equivalent as follows : -

(Unit : Million Baht)	2016		2015	
	Total assets	Total Revenues	Total assets	Total revenues
KOLDAM Project Office	1,208	59	1,281	78
West Bengal Project Office	22	10	34	6
Italian – Thai Development Public Co., Ltd. – Philippines Branch	62	1	65	10
Italian – Thai Development Public Co., Ltd. – Taiwan Branch	19	3	32	17
Italian – Thai Development Public Co., Ltd – India Branch	397	79	170	1
Italian – Thai Development Public Co., Ltd – Cambodia Branch	38	70	-	-
ITD Cementation India Limited	10,229	16,263	13,018	16,505
PT. Thailindo Bara Pratama	523	31	582	1
ITD Madagascar S.A.	121	105	132	10
ITD Construction SDN. BHD	-	-	-	6
First Dhaka Elevated Expressway Co., Ltd.	2,185	1	522	6
ITD Bangladesh Company Limited	2	-	2	-
Italian – Thai Development Vietnam Co., Ltd.	4	-	4	-
Italian – Thai Development (Myanmar) Co., Ltd.	27	1	32	55
ITD Mozambique Limitada	112	-	92	-
Thai Mozambique Logistica SA	226	-	212	-
ITD – Cemindia JV	28	20	28	13
ITD – ITD CEM JV	2,308	800	2,425	1,747
ITD – ITD CEM JV (Consortium)	72	1	91	42
<b>Total</b>	<b>17,583</b>	<b>17,444</b>	<b>18,722</b>	<b>18,497</b>

- 2.11 The Company's management considered the economic content of the joint venture agreements and concluded that the investments in some arrangements are joint operations. The Company therefore, prepared and presented the financial statements by recognizing assets, liabilities, revenues and expenses of such joint operations proportionately based on the Company's interest.

Joint operations are as follows:

Name of Entity	Interest in joint operations (percent)		Type of businesses
	2016	2015	
ITD – SQ Joint Venture	50.00	50.00	Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand
ITD – Unique Joint Venture	60.00	60.00	Construction harbour at Trad Province for the Marine Department, Ministry of Transport, Thailand
SQ – ITD Joint Venture	50.00	50.00	Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand
ITD – SMCC Joint Venture	40.00	40.00	Construction the Chao Phraya River Crossing Bridge at Nonthaburi I Road Construction Project with the Department of Rural Roads under the Ministry of Transport, Thailand
Samsung – ITD Joint Venture	24.00	24.00	Construction the LPG expansion project at Khao Bo Ya, Chonburi Province with PTT Public Company Limited, Thailand

The consolidated and separate financial statements as at 31 December 2016 and 2015 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations as follows:

(Unit : Million Baht)	2016				2015			
	Current assets	Non – current assets	Current liabilities	Non – current liabilities	Current assets	Non – current assets	Current liabilities	Non – current liabilities
ITD – SQ Joint Venture	524	1,075	1,786	382	738	1,243	1,699	819
ITD – Unique Joint Venture	30	-	235	-	191	2	263	-
SQ – ITD Joint Venture	264	165	60	-	116	508	99	5
ITD – SMCC Joint Venture	26	-	4	-	143	2	14	-
Samsung – ITD Joint Venture	252	7	450	-	273	14	402	-

(Unit : Million Baht)	2016		2015	
	Revenues	Expenses	Revenues	Expenses
ITD – SQ Joint Venture	794	913	896	1,340
ITD – Unique Joint Venture	2	136	145	235
SQ – ITD Joint Venture	195	345	643	474
ITD – SMCC Joint Venture	3	33	274	208
Samsung – ITD Joint Venture	11	86	362	594

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues recognition

##### *Revenues from construction work*

Revenues from construction work are recognized when services have been rendered taking into account the stage of completion measured by the proportion of actual construction costs incurred up to the end of the year and the total anticipated costs to complete the construction. Provision for the total anticipated loss on construction projects is made in the accounts as soon as the possibility of loss is ascertained.

##### *Revenue from sales*

Revenue from sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are presented at invoiced values, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Revenue from services*

Revenue from services are recognized when the services have been rendered.

##### *Interest income*

Interest income is recognized over time – period on an accrued basis.

##### *Dividend income*

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

#### 3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company and subsidiaries provide allowance for doubtful accounts for the estimated losses that may occur in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on a specific account basis.

#### 3.4 Earned revenues not yet billed/receipt in excess of contract work in progress

The recognized revenues which are not yet due as per contracts are presented as “Earned revenues not yet billed” in the statement of financial position. The instalment amounts due and received according to the contracts but not yet recognized as revenue is presented as “Receipt in excess of contract work in progress” in the statement of financial position.

#### 3.5 Inventories and work in process

Inventories and work in process are valued at the lower of weighted average cost and net realizable value and are charged to production costs whenever consumed. Management periodically review and provide allowance for obsolete inventories.

#### 3.6 Costs of property development projects

Costs of property development projects are presented at costs or net realizable value whichever is lower. Project development costs include land cost, construction costs and expenses directly related to the development projects, including interest expense incurred from related loan interest. These will be amortized to cost of sales based on the percentage of sold area of each project.

#### 3.7 Borrowing costs

Interest expenses incurred on loans to finance the acquisition and development of the project is capitalized as a cost of each project. It will cease the capitalization of interest when the project is completed, or if suspended, until development is resumed.

#### 3.8 Non – current assets held – for – sale

Disposed assets or asset groups held-for-sale are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. Management must commit to the sale of the assets and they must be actively marketed at a price that is reasonable compared to their current fair value, with the expectation that sale should be recorded as completed within one year from the date of classification. These disposed assets or asset groups are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

The Company ceases to depreciate plant and equipment from the date the assets meet the criteria for classification as assets held – for – sale.

### 3.9 Investments

- a) Investments in available-for-sale securities are presented at fair value. Gains or losses arising from changes in the value of such investments are separately presented as part of shareholders' equity under the caption "Unrealised gain/loss on changes in value of investments". When the securities are sold, the change is included in the statement of profit or loss.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are presented at cost net of allowance for impairment (if any).
- c) Investments in subsidiaries, associated companies and joint ventures are accounted for by the cost method in the separate financial statements. Investments in associated companies and joint ventures are accounted for by the equity method in the consolidated financial statements.

The fair value of available-for-sale securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The weighted average method is used for computation of the cost of investments.

The Company and subsidiaries recorded impairment losses (if any) on investments in available-for-sale securities and other investments in the statement of profit or loss when the carrying amount exceeds its recoverable amount.

### 3.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing of the Company's operations.

#### *Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### *Associated*

Associated companies are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains or losses of associated companies by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company will account for the share of losses not exceeding its investments and further losses are no longer accounted for, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associated company.

#### *Joint arrangement*

A joint arrangement is an arrangement of which two or more parties have joint control. A joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Company will recognize such losses as obligation of the Company's interest in the joint ventures.

A joint operation, the Company recognizes the assets, liabilities, revenues and expenses in relation to its interest in the arrangement.

### 3.11 Land awaiting developments

Land awaiting developments are valued at cost or net realisable value whichever is lower.

### 3.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Company and subsidiaries are stated investment properties at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the statement of profit or loss.

On disposal of investment properties, the Company and subsidiaries are recognised the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period when the asset is derecognised.

### 3.13 Property, plant and equipment, and depreciation

Property, plant and equipment are presented at cost less accumulated depreciation and allowance for impairment of assets (if any). Cost is measured by the cash or cash equivalent price including interest expense incurred from related loan interest of obtaining the asset and to bring it to the location and condition necessary for its intended use.

The Company and subsidiaries depreciated its buildings and equipment by the straight – line method over their estimated useful lives of the assets based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows :

Buildings	20 years
Machinery and equipment	3 – 25 years
Furniture, fixtures and office equipment	3 – 7 years
Vehicles	5 – 12 years
Site office and temporary camps	5 – 12 years

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

#### 3.14 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets which the Company acquired. Goodwill is measured at cost less allowance for impairment. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

#### 3.15 Potash mining right

Potash mining right represents the excess of the cost of investment over the fair value of the subsidiary's net assets which, in managements' view, represents future economic benefits attributable to the potash mining rights. Potash mining right will be amortised using the units of potash production over the estimated potash reserve from the start of production.

#### 3.16 Deferred exploration and development costs

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of the mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or the abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable recoverable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be recorded as expenses.

#### 3.17 Advances from customers under construction contracts

Advances from customers under construction contracts will be deducted from the bill of work over the period as indicated in the construction agreement. Advances from customers under construction contracts spanning more than 1 year are classified as non - current liabilities.

#### 3.18 Debentures

Debentures are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, debentures are presented at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowing on an effective interest basis. Gains or losses on early redemption are recognized in the statement of profit or loss upon redemption.

#### 3.19 Lease – where the Company and subsidiaries are the lessees

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of the leased assets or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets in which the lessor effectively retains all the risks and benefits of ownership, are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on the straight – line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required by the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

#### 3.20 Leases – where the Company and subsidiaries are the lessors

Assets leased out under operating leases are included in building and equipment in the statement of financial position. Depreciation is calculated over their estimated useful lives on a basis consistent with other similar assets. Rental income is recognized on a straight – line basis over the lease period.

#### 3.21 Hire – purchase payables

These represent hire - purchase payables less deferred interest. The repayment sub-schedules of the hire - purchase contracts are for 24 – 60 months. The fixed assets acquired under hire - purchase agreements are recorded as assets of the Company at their cash prices and will be registered in the name of the Company upon the completion of payments. Interest on hire purchases payable is recognized as an expense in the statement of profit or loss.

#### 3.22 Impairment

The Company and subsidiaries assess whether there is an indication that any assets may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the assets recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less cost to sell and value in use.

### 3.23 Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

#### *Current income tax*

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, which is different from profit or loss in the financial statements, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

#### *Deferred tax*

Deferred taxes are calculated on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or when tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

### 3.24 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Financial assets and liabilities, denominated in foreign currencies, which are outstanding at the reporting date, are translated into Baht at the exchange rates ruling on the reporting date. Gains and losses on exchange are included in the statement of profit or loss.

### 3.25 Employee benefits

#### *Short-term employment benefits*

Salaries, wages, bonuses and contribution to the social security are recognised as expenses when incurred on the accrual basis.

#### *Post-employment benefits (Defined contribution plan)*

The Company and its subsidiaries, and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company and subsidiaries' assets. The Company's and subsidiaries' contributions to the fund are recognised as expenses when incurred.

#### *Post-employment benefits (Defined benefit plan)*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under the labour law. The Company and subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses for the computation of post-employee benefits are recognised in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

The expected rate of return of plan assets is the Company's expectation of the average long – term rate of return expected on investments of the fund during the estimated term of obligations. Plan assets are measured at fair value as at the reporting date.

### 3.26 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 3.27 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

### 3.28 Basic earnings per share

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year.

### 3.29 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding common shares is assumed to be converted to common shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding warrants to determine the number of potential common shares to be additionally issued.

### 3.30 Derivatives

#### *Forward exchange contracts*

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss.

#### *Cross currency and interest rate swap agreements*

Receivables and payables arising from the cross currency swap agreements are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the hedged financial obligations in the statement of profit or loss.

#### 3.31 Provision for liabilities and expenses, and contingent assets

The Company and subsidiaries recognised provision for liabilities and expenses in the financial statements when the Company and subsidiaries have present legal or constructive obligations as a result of past events with probable future outflows of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

#### 3.32 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

### 4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT

The preparation of the financial statements requires management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Critical accounting estimates, assumption and judgments are as follows:

#### 1. Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcomes in terms of actual costs or revenues may be higher or lower than estimated at reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

#### 2. Claims income

A claim is an amount that the Company and subsidiaries seek to collect from their customers or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations.

#### 3. Allowance for loss on construction projects

The Company and subsidiaries review its construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognised immediately in the statement of profit or loss when it is probable that total contract costs will exceed total contract revenue as determined by the management.

#### 4. Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at reporting date.

#### 5. Allowance for obsolete, slow-moving and defective inventories

The Company and subsidiaries provide allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category and such requires management judgment.

#### 6. Allowance for diminution in value of cost of property development projects and land held for development

The Company and subsidiaries treat cost of property development projects and land held for development, as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such cost of property development projects and land held for development based on net realisable value. The determination of what is “significant” or “prolonged” and such devaluation requires management judgment.

#### 7. Allowance for impairment of investments

The Company and subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

#### 8. Impairment of goodwill

The Company annually reviews goodwill from investments in subsidiary companies to determine whether it is impaired or not. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of management estimates.

9. Non – current assets classified as held for sale

The Company presented non-current assets held for sale at the fair value and recognize loss on decline in value on initial classification as held for sales and subsequent gains and losses on remeasurement are recognized in the statement of profit or loss. The fair value of non-current assets held for sales is determined by the independent appraiser by using the depreciated replacement cost approach which the valuation involves certain assumptions and estimates.

10. Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for plant and equipment and intangible assets of the Company and subsidiaries. Management will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or subject to be written off for their technical obsolescence or if they are no longer in use.

11. Investment property

The Company and subsidiaries presented investment property at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The fair value of investment properties are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

12. Allowance for impairment of assets

The Company and subsidiaries consider an allowance for impairment of assets when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value below their cost, the Company and subsidiaries, make an estimate of the assets recoverable amount. The determination of recoverable amount requires management judgment.

13. Post-employment benefits under defined benefit plans

Obligation under defined benefit plans is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

14. Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company and subsidiaries future taxable income against which the deductible temporary differences can be utilised. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

15. Litigation

The Company and subsidiaries normally have contingent liabilities as a result of disputes and litigation. Management use judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

## 5. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2016, savings and fixed deposits of the Company and subsidiaries totaling approximately Baht 751.96 million (2015 : Baht 79.01 million) have been pledged with banks as the normal course of business and collaterals for loans obtained by the Company and subsidiaries to finance specific projects, and fixed deposits amounting to Baht 0.78 million (2015 : Baht 0.69 million) have been pledged as required in the normal course of businesses of the Company, subsidiaries, and the overseas branches. Most of these restricted deposits with banks are turned over within one year so they are classified as current assets.

## 6. TRADE ACCOUNTS RECEIVABLE – UNRELATED PARTIES - NET

The aging of outstanding trade accounts receivable balances as at 31 December 2016 and 2015 are as follows:

(Unit : Thousand Baht) Receivable Ages	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Less than 3 months	5,217,266	6,351,999	4,521,537	5,530,104
3 – 6 months	117,340	302,631	20,697	26,255
6 – 12 months	513,656	357,199	295,639	32,369
More than 12 months	1,720,004	1,446,450	341,256	293,638
Total	7,568,266	8,458,279	5,179,129	5,882,366
Less : Allowance for doubtful accounts	(940,163)	(807,591)	(297,501)	(247,479)
Net	6,628,103	7,650,688	4,881,628	5,634,887

The Company sets up a full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except as stated below:

The consolidated financial statements as at 31 December 2016 include trade accounts receivable and unbilled work in progress of an overseas subsidiary totaling Baht 606.94 million (2015 : Baht 626.56 million) which represent some variation order claims recognized some years in the past based on the terms and conditions implicit in the agreement. These claims are technical in nature and subject to arbitration tribunal. The subsidiary has assessed the realization of these claims based on information from the dispute resolution board, the arbitration tribunal, High Court orders and the legal opinion from an independent counsel and subsidiary has not provided allowance for doubtful accounts for such receivables and claims matter in the accounts.

During the year 2015, such overseas subsidiary concluded an agreement with the employer to accept the partial settlement of outstanding trade account receivable and unbilled work in progress. Therefore, the subsidiary has recognized loss on such agreement in its accounts of Baht 663.26 million in the consolidated financial statements for year ended 31 December 2015.

The consolidated financial statements as at 31 December 2015 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 164.66 million and Baht 26.00 million, respectively. These amounts are presently under negotiation with the customers or subject matter litigation. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2016.

As at 31 December 2016, trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 339.97 million which is presently under negotiation for debt settlement plan. The management considers that it would be received in full amount.

## 7. TRADE ACCOUNTS RECEIVABLE – RELATED PARTIES - NET

The outstanding balances as at 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<b>Subsidiaries</b>				
(eliminated in consolidated financial statements)				
Asia Industrial and Port Corporation Co., Ltd.	-	-	124,640	123,109
Asian Steel Products Co., Ltd.	-	-	260	260
Thai Pride Cement Co., Ltd.	-	-	22,392	3,288
Italhai Marine Co., Ltd.	-	-	16,649	10,474
Bhaka Bhumi Development Co., Ltd.	-	-	25,942	13,458
Sarithorn Co., Ltd.	-	-	20,730	21,937
Aquathai Co., Ltd.	-	-	28,239	27,353
Nha Pralan Crushing Plant Co., Ltd.	-	-	31,163	35,847
Italhai Trevi Co., Ltd.	-	-	126,872	69,985
Italian – Thai Power Co., Ltd.	-	-	27,498	27,498
Thai Maruken Co., Ltd.	-	-	7,067	9,877
ITD Construction SDN. BHD.	-	-	2,753	2,753
Asia Pacific Potash Corporation Limited	-	-	50,102	43,369
ITD Madagascar S.A.	-	-	25,290	120,954
Italian – Thai Hongsa Co., Ltd.	-	-	388,564	82,026
First Dhaka Elevated Expressway Co., Ltd.	-	-	179,331	159,370
Italian – Thai International Co., Ltd.	-	-	33,781	33,781
Siam Concrete and Brick Products Co., Ltd.	-	-	2,928	14,511
Saraburi Construction Technology Co., Ltd.	-	-	7,044	10,516
Italian – Thai Development (Myanmar) Co., Ltd.	-	-	24,403	24,410
Others	-	-	6,795	-
<b>Total</b>	-	-	<b>1,152,443</b>	834,776
Less : Allowance for doubtful accounts	-	-	(124,805)	(118,778)
<b>Net</b>	-	-	<b>1,027,638</b>	715,998
<b>Associated companies and joint ventures</b>				
MCRP Construction Corporation, Philippines	540,097	553,705	488,226	501,834
Sino Lao Aluminum Corporation Limited	293,686	196,674	293,686	196,674
Bangkok Steel Wire Co., Ltd.	2,737	8,574	2,737	8,574
ATO – Asia Turnouts Co., Ltd.	14,631	34,857	14,631	34,857
ITO Joint Venture	-	5,816	-	5,816
ITD – ETF – MVM Joint Venture	17,826	17,269	17,826	17,269
ITD – ETF Joint Venture	226,702	170,767	226,702	170,767
CMC/ITD/SONG DA Joint Venture	61,165	-	61,165	-
<b>Total</b>	<b>1,156,844</b>	987,662	<b>1,104,973</b>	935,791
Less : Allowance for doubtful accounts	(540,097)	(553,705)	(488,226)	(501,834)
<b>Net</b>	<b>616,747</b>	433,957	<b>616,747</b>	433,957

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Related parties</u>				
NWR – SBCC Joint Venture	883,467	870,462	882,722	869,733
ItalThai Engineering Co., Ltd.	136	12,134	100	12,098
Siam Steel Syndicate Plc.	99,373	3,400	99,373	3,400
ItalThai Industrial Co., Ltd.	2,328	3,493	2,328	3,493
Ao Po Grand Marina Co., Ltd.	103,092	102,604	103,092	102,604
Ao Po Grand Marina & Residence Co., Ltd.	92,431	312,501	92,431	312,501
Saraburi Coal Co., Ltd.	1,781	1,781	1,781	1,781
PAN AFRICAN MINING CORP.	103,567	99,705	103,567	99,705
Asia Thai Mining Co., Ltd.	17,262	26,341	2,825	3,859
Amari Huahin Co., Ltd.	1,731	1,731	1,731	1,731
PAM SAKOA COAL S.A.	56,931	52,830	-	-
Sahakol Equipment Public Co., Ltd.	12,899	25,735	12,899	25,735
Lao Metal Industrial Co., Ltd.	-	4	-	4
Charoong Thai Wire and Cable Plc.	-	14,573	-	14,573
OHTL Plc.	400	113,912	400	113,912
Praram 9 Square Co., Ltd.	44,510	72,783	44,510	72,783
Siam machinery & equipment Co., Ltd.	2,896	18,212	2,896	18,212
Construction concrete Co., Ltd	53,053	26,489	-	-
Others	1,500	16,668	500	15,939
Total	1,477,357	1,775,358	1,351,155	1,672,063
Less : Allowance for doubtful accounts	(75,530)	(63,079)	(63,560)	(51,109)
Net	1,401,827	1,712,279	1,287,595	1,620,954
<u>Outstanding balances of joint operations</u>				
ITD – SQ Joint Venture	29,128	59,988	29,128	59,988
SQ – ITD Joint Venture	3,925	3,662	3,925	3,662
Samsung – ITD Joint Venture	-	146	-	146
Total	33,053	63,796	33,053	63,796
Trade accounts receivable – related parties – net	2,051,627	2,210,032	2,965,033	2,834,705

The ages of outstanding balances of accounts receivable – related parties as at 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Outstanding Ages	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
	Less than 3 months	284,214	487,725	636,063	690,894
	3 – 6 months	182,580	150,854	306,837	176,371
	6 – 12 months	68,305	110,948	179,609	187,614
	More than 12 months	2,132,155	2,077,289	2,519,115	2,451,547
	Total	2,667,254	2,826,816	3,641,624	3,506,426
	Less : Allowance for doubtful accounts	(615,627)	(616,784)	(676,591)	(671,721)
	Net	2,051,627	2,210,032	2,965,033	2,834,705

On 8 December 2016, the Board of Directors passed a resolution to approve transferred of condominium from a related company for debt settlement from construction services of Baht 210.98 million.

The consolidated financial statements and separate financial statement include trade accounts receivable and short – term loans to related companies of totaling Baht 176.65 million and Baht 103.57 million, respectively. Such receivables are presently under the process of project feasibility study and negotiation with strategic investors to join its operation in the future. Debt repayment from such debtors based on the project feasibility. The management considers that it would be received in full amount and has not considered setting up allowance for non – collection in the accounts.

8. SHORT - TERM LOANS AND ADVANCES TO SUBSIDIARIES AND RELATED PARTIES - NET

	Consolidated F/S		Separate F/S	
(Unit : Thousand Baht)	2016	2015	2016	2015
<u>Subsidiaries</u>				
(eliminated in consolidated financial statements)				
PT. Thailindo Bara Pratama	-	-	2,169,880	2,131,632
Italthai Marine Co., Ltd.	-	-	232,685	232,685
Bhaka Bhumi Development Co., Ltd.	-	-	256,780	256,780
First Dhaka Elevated Expressway Co., Ltd.	-	-	34,711	34,667
ITD Cementation India Limited	-	-	12,604	13,011
Aquathai Co., Ltd.	-	-	44,000	71,200
ITD - ITD Cem JV	-	-	46,744	48,104
Total	-	-	2,797,404	2,788,079
Less : Allowance for doubtful accounts	-	-	(1,776,398)	(1,674,800)
Net	-	-	1,021,006	1,113,279
<u>Associated companies and joint ventures</u>				
Sino Lao Aluminum Corporation Limited	189,389	174,669	189,389	174,669
IOT Joint Venture	9,801	9,801	9,801	9,801
DAWEI LNG TERMINAL HOLDING PTE. LTD.	47,100	-	-	-
CEC-ITD CEM -TPL Joint Venture	3,586	-	-	-
Total	249,876	184,470	199,190	184,470
Less : Allowance for doubtful accounts	(10,374)	(9,801)	(9,801)	(9,801)
Net	239,502	174,669	189,389	174,669
<u>Related companies</u>				
PAM SAKOA COAL S.A.	15,550	15,550	-	-
PAM MADAGASCAR S.A.	601	604	-	-
Total	16,151	16,154	-	-
Short – term loans and advances to subsidiaries related parties – net	255,653	190,823	1,210,395	1,287,948
Significant movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2016 are as follows				
	1 January	During the year		31 December
(Unit : Thousand Baht)	2016	Increase	Decrease	2016
<u>Subsidiaries</u>				
PT. Thailindo Bara Pratama	2,131,632	38,248	-	2,169,880
Italthai Marine Co., Ltd.	232,685	-	-	232,685
Bhaka Bhumi Development Co., Ltd.	256,780	-	-	256,780
First Dhaka Elevated Expressway Co., Ltd.	34,667	44	-	34,711
ITD Cementation India Limited	13,011	-	407	12,604
Aquathai Co., Ltd.	71,200	-	27,200	44,000
ITD - ITD Cem JV	48,104	-	1,360	46,744
Total	2,788,079	38,292	28,967	2,797,404
<u>Associated company and joint venture</u>				
Sino Lao Aluminum Corporation Limited	174,669	14,720	-	189,389
IOT Joint Venture	9,801	-	-	9,801
Total	184,470	14,720	-	199,190
Total	2,972,549	53,012	28,967	2,996,594

## 9. INVENTORIES AND WORK IN PROCESS - NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Work in process	76,180	51,705	-	-
Materials and inventories	3,318,172	3,248,748	1,740,507	1,395,884
Total	3,394,352	3,300,453	1,740,507	1,395,884
Less : Allowance for obsolete inventories	(54,867)	(27,186)	(34,153)	(9,002)
Net	3,339,485	3,273,267	1,706,354	1,386,882

During the years 2016 and 2015, movements in the allowance for obsolete inventories are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	27,186	21,545	9,002	-
Add : Additional allowance	31,109	10,646	25,669	9,002
Less : Reversal of allowance	(2,910)	(5,005)	-	-
Less : Translation adjustment	(518)	-	(518)	-
Balance as at 31 December	54,867	27,186	34,153	9,002

## 10. COSTS OF PROPERTY DEVELOPMENT PROJECTS – NET

(Unit : Thousand Baht)	Consolidated F/S	
	2016	2015
Land	964,656	921,266
Cost of property development projects	1,897,331	1,597,758
Utilities installation	74,892	112,428
Capitalized borrowing costs	40,152	39,520
Total	2,977,031	2,670,972
Less : Accumulated amounts transferred to cost of sales	(2,504,894)	(2,105,837)
Net	472,137	565,135

As at 31 December 2016 and 2015, the above land and constructions have been pledged as collaterals for overdraft, loan and credit facilities with local banks as discussed in Note 24.

During the years 2016 and 2015 the Company capitalized interest amounting to Baht 0.63 million and Baht 4.32 million, respectively, to the cost of property development project. The capitalization rates of interest are based on the borrowing costs as discussed in Note 24.

The changes in cost of property development projects for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S	
	2016	2015
Balance as at 1 January	565,135	318,500
Add : Cost of property development	306,059	459,164
Less : Cost of sales	(399,057)	(212,529)
Balance as at 31 December	472,137	565,135

## 11. NON - CURRENT ASSETS HELD FOR SALE – NET

SQ-ITD Joint venture finished of providing soil and coal extraction and removal service to Electricity Generating Authority of Thailand (EGAT) and ITD-SQ Joint venture during June 2015 and September 2016, respectively. Its operations were confined to the follow-up of collections from customers, payment of liabilities and agreed with Joint venture partner to customary for sales of such assets which the management expected that sale should be completed within one year.

As at 31 December 2016, the non-current assets held-for-sale represented machineries and equipment Baht 194.68 million (net of impairment of assets of Baht 168.68 million).

## 12. INVESTMENTS

### 12.1 Investments in subsidiaries – net

Movements in investments in subsidiaries for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Separate F/S	
	2016	2015
Balance as at 1 January	6,606,801	6,542,196
Add : Additional investments during the year	127,727	64,605
Less : Disposal	-	(10,169)
Less : Reversal of allowance (allowance) for impairment	(99,173)	10,169
Balance as at 31 December	6,635,355	6,606,801

Investments in subsidiaries as at 31 December 2016 and 2015 comprise investments as follows:-

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of shareholding (%)		Separate F/S Cost	
			2016	2015	2016	2015
<b>Investments in subsidiaries</b>						
Italian-Thai International Co., Ltd.	Holding company	400,000	<b>99.99</b>	99.99	<b>400,000</b>	400,000
Less : Allowance for impairment					<b>(400,000)</b>	(400,000)
Net					-	-
Bhaka Bhum Development Co., Ltd.	Real estate development	5,075	<b>99.99</b>	99.99	<b>5,075</b>	5,075
Thai Pride Cement Co., Ltd.	Manufacture and distribution of cement	1,300,000	<b>99.99</b>	99.99	<b>1,585,000</b>	1,585,000
Nha Pralan Crushing Plant Co., Ltd.	Rock quarrying, processing and distribution	31,000	<b>99.99</b>	99.99	<b>30,999</b>	10,999
		(2015 : 11,000 Thousand Baht)				
Less : Allowance for impairment					<b>(10,999)</b>	(10,999)
Net					<b>20,000</b>	-
Siam Concrete and Brick Products Co., Ltd.	Manufacture and distribution of concrete products	126,000	<b>99.80</b>	99.80	<b>124,296</b>	124,296
ItalThai Marine Co., Ltd.	Production and sale of vessels and equipment	810,000	<b>92.59</b>	92.59	<b>430,000</b>	430,000
Less : Allowance for impairment					<b>(430,000)</b>	(430,000)
Net					-	-
ItalThai Trevi Co., Ltd.	Foundation and piling work services	80,000	<b>90.94</b>	90.94	<b>84,189</b>	84,189
Asian Steel Product Co., Ltd.	Manufacture and distribution of large steel pipes	20,000	<b>69.90</b>	69.90	<b>7,004</b>	7,004
Thai Maruken Co., Ltd.	Lease and sale of sheet piles and beams for foundation construction work	20,000	<b>50.96</b>	50.96	<b>10,196</b>	10,196
Italian-Thai Land Co., Ltd.	Not yet operational	10,000	<b>99.99</b>	99.99	<b>50</b>	50
Less : Allowance for impairment					<b>(50)</b>	(50)
Net					-	-
Palang Thai Kaowna Co., Ltd.	Not yet operational	1,000	<b>99.94</b>	99.94	<b>650</b>	650
Less : Allowance for impairment					<b>(650)</b>	(650)
Net					-	-
Palit Palang Ngan Co., Ltd.	Not yet operational	1,000	<b>74.93</b>	74.93	<b>50</b>	50
Less : Allowance for impairment					<b>(50)</b>	(50)
Net					-	-
Italian Thai Power Co., Ltd.	Production and distribution of electricity	100,000	<b>99.99</b>	99.99	<b>100,000</b>	100,000
Less : Allowance for impairment					<b>(100,000)</b>	(100,000)
Net					-	-
Saraburi Construction Technology Co., Ltd.	Manufacture, distribution and installation of concrete sheet	250	<b>99.93</b>	99.93	<b>250</b>	250
Asia Logistics Development Co., Ltd.	Not yet operational	1,000	<b>99.93</b>	99.93	<b>999</b>	999
Asia Industrial and Port Corporation Co., Ltd.	Not yet operational	1,000	<b>99.93</b>	99.93	<b>999</b>	999
Myanmar Italian-Thai Power 1 Co., Ltd.	Not yet operational	250	<b>99.95</b>	99.95	<b>250</b>	250
Italian - Thai Hongsa Co., Ltd.	Coal mining contractor	250	<b>99.97</b>	99.97	<b>250</b>	250
APPC Holding Co., Ltd.	Holding company	3,795,987	<b>60.00</b>	60.00	<b>2,277,592</b>	2,277,592

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of shareholding (%)		Separate F/S Cost	
			2016	2015	2016	2015
<u>Overseas subsidiary companies</u>						
Myanmar ITD Co., Ltd.	Service agent for Myanmar companies	1,483 Baht	99.99	99.99	1,483	1,483
Less : Allowance for impairment Net					(1,483)	(1,483)
PT. Thailindo Bara Pratama	Coal mining contractor	25,250 Million IDR	99.99	99.99	108,071	108,071
ITD Cementation India Limited	Construction services in India	155 Million INR	51.63	51.63	2,143,951	2,143,951
ITD–Madagascar S.A.	Mining business	20 Million MGA	99.98	99.98	99,527	4,553
Less : Allowance for impairment Net					(99,173)	-
ITD Construction SDN. BHD.	Construction services in Malaysia	0.75 Million MYR	99.99	99.99	7,312	7,312
Less : Allowance for impairment Net					(7,312)	(7,312)
First Dhaka Elevated Expressway Co., Ltd.	Concession for constructing elevated expressway in Bangladesh	534 Million BDT	99.99	99.99	221,117	221,117
ITD Bangladesh Company Limited	Construction services in Bangladesh	4 Million BDT	99.99	99.99	1,546	1,546
Italian–Thai Development Vietnam Co., Ltd	Not yet operational	6,000 Million VND	80.00	80.00	9,160	9,160
Less : Allowance for impairment Net					(9,160)	(9,160)
ITD Mozambique Limitada	Construction services in the Republic of Mozambique	1,141,815 USD (2015 : 782,815 USD)	99.00	99.00	38,447	25,694
Thai Mozambique Logistica SA.	Concession for constructing Port and Railway in the Republic of Mozambique	250,000 USD	60.00	60.00	4,955	4,955
Italian - Thai Development (Myanmar) Co., Ltd	Construction services in the Republic of the Union of Myanmar	25,000 USD	99.90	99.90	814	814
Total Investments in subsidiaries - net					6,635,355	6,606,801

#### NON – CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests are as follows :

Name	Proportion of ownership interests held by the NCI (Percentage)		Total comprehensive Income(Loss) allocated to NCI		Accumulated NCI	
(Unit: Million Baht)	2016	2015	2016	2015	2016	2015
ItalThai Trevi Co., Ltd.	<b>9.06</b>	9.06	<b>9</b>	9	<b>45</b>	39
Asian Steel Product Co., Ltd.	<b>30.10</b>	30.10	<b>8</b>	(7)	<b>44</b>	37
Thai Maruken Co., Ltd.	<b>49.04</b>	49.04	<b>22</b>	21	<b>214</b>	212
ITD Cementation India Limited	<b>48.37</b>	48.37	<b>88</b>	(94)	<b>1,172</b>	1,084
ItalThai Marine Co., Ltd.	<b>7.41</b>	7.41	<b>(2)</b>	(2)	<b>(25)</b>	(23)
APPC Holding Co., Ltd.	<b>10.00</b>	10.00	<b>(8)</b>	(7)	<b>(108)</b>	(101)

Subsidiaries was paid dividend to the NCI during the year 2016 of Baht 24.37 million (2015 : Baht 39.07 million)

Significant financial information of the subsidiaries with material non-controlling interest in the aggregate amounts before eliminations are summarized as follows :

(Unit : Million Baht)	For the years ended 31 December											
	Italthai Trevi Co., Ltd.		Asian Steel Product Co., Ltd.		Thai Maruken Co., Ltd.		ITD Cementation India Limited		Italthai Marine Co., Ltd.		APPC Holding Co., Ltd.	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Current assets	635	624	117	92	154	203	8,372	11,211	136	140	9	21
Non – current assets	364	223	49	50	531	423	1,857	1,807	44	47	4,006	4,006
Current liabilities	449	354	10	10	213	73	6,784	8,618	509	496	51	45
Non - current liabilities	65	59	10	8	35	120	1,022	2,159	10	6	373	325
Equity attributable to the Company's shareholder	440	395	102	87	223	221	1,251	1,157	(314)	(292)	3,699	3,758
Non – controlling interests	45	39	44	37	214	212	1,172	1,084	(25)	(23)	(108)	(101)
Revenue	1,098	819	199	67	424	412	16,263	16,505	430	277	39	57
Profit (loss) for attributable to the Company's shareholders	93	90	18	(14)	23	23	138	(152)	(20)	(31)	(69)	(61)
Profit (loss) for attributable to non – controlling interests	9	9	8	(6)	22	22	130	(143)	(2)	(2)	(8)	(7)
Profit (loss) for the year	102	99	26	(20)	45	45	268	(295)	(22)	(33)	(77)	(68)
Other comprehensive income (loss)	(1)	-	(1)	(1)	-	(2)	(86)	100	(2)	1	-	-
Total comprehensive income (loss) to the Company's shareholder	(1)	-	(1)	(1)	-	(1)	(44)	51	(2)	1	-	-
Total comprehensive income (loss) attributable to non – controlling interests	-	-	-	-	-	(1)	(42)	49	-	-	-	-
Total comprehensive income (loss) for the year	(1)	-	(1)	(1)	-	(2)	(86)	100	(2)	1	-	-

(Unit : Million Baht)	For the year ended 31 December 2016					
	Italthai Trevi Co., Ltd.	Asian Steel Product Co., Ltd.	Thai Maruken Co., Ltd.	ITD Cementation India Limited	Italthai Marine Co., Ltd.	APPC Holding Co., Ltd.
Net cash from (used in) operating activities	192	20	2	1,889	19	(60)
Net cash from (used in) investing activities	(206)	(6)	(2)	(34)	-	2
Net cash from (used in) financing activities	(52)	-	-	(1,345)	(27)	57
Net cash inflows (outflows)	(66)	14	-	510	(8)	(1)

## 12.2 Investments in associated companies - net

### Significant judgement and assumptions

Associates are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The Company's share voting right 20 - 50 percentage of voting right, which the investments are stated at cost.

The consolidated financial statements include the Company's share of the total recognized gains and losses of associates by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. Except Siam Pacific Holding which the company holding 46.69 percentage and a subsidiary holding 4.30 percentage (totalling 50.99 percentage) because the Company has not control such company and classifies as associated investments.

Movements in investments in associated companies, which are accounted for using the equity method in the consolidated financial statements, for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	662,140	692,398	697,963	697,963
Less: Share of profit (loss) from associated companies	(1,786)	10,694	-	-
Less: Dividend from associated companies	(1,251)	(65,045)	-	-
Add: Transferred investment from subsidiary company to associated company	11	-	-	-
Add (less): Translation adjustment for foreign currency financial statements	(167)	24,093	-	-
Balance as at 31 December	658,947	662,140	697,963	697,963

A reconciliation of the summarised financial information to the carrying amount of the investment in associated companies are as follow:

(Unit : Thousand Baht)	31 December 2016							
	ATO-Asia Turnouts Co., Ltd.	Siam Pacific Holding Co., Ltd.	Bangkok Steel Wire Co., Ltd.	Oriental Residence Bangkok Co., Ltd.	MCRP Construction Corporation, Philippines	Sino Lao Aluminum Corporation Limited	MCRP Holding	Total
Total net assets of associated companies	48,051	57,188	480,006	(194,308)	-	1,008,353	-	1,399,290
Proportion of ownership interests held by the Company (%)	48.99	46.69	19.98	15	24	50*	24	-
Net assets by the Company's proportion	23,540	26,701	95,905	(29,146)	-	504,177	-	621,177
Other adjustment	-	2,525	869	29,146	-	5,230	-	37,770
Carrying amount of the investment in associated companies	23,540	29,226	96,774	-	-	509,407	-	658,947
Dividend received from associated company	-	-	1,250	-	-	-	-	1,250

(Unit : Thousand Baht)	31 December 2015							
	ATO-Asia Turnouts Co., Ltd.	Siam Pacific Holding Co., Ltd.	Bangkok Steel Wire Co., Ltd.	Oriental Residence Bangkok Co., Ltd.	MCRP Construction Corporation, Philippines	Sino Lao Aluminum Corporation Limited	MCRP Holding	Total
Total net assets of associated companies	44,566	57,376	467,002	(154,275)	-	1,030,154	-	1,444,823
Proportion of ownership interests held by the Company (%)	48.99	46.69	19.98	15	24	50*	24	-
Net assets by the Company's proportion	21,831	26,789	93,307	(23,141)	-	515,077	-	633,863
Other adjustment	-	2,525	869	23,141	-	1,742	-	28,277
Carrying amount of the investment in associated companies	21,831	29,314	94,176	-	-	516,819	-	662,140
Dividend received from associated company	58,790	-	6,255	-	-	-	-	65,045

\* The Company paid-up share capital at the proportion of 34% which have to pay in accordance with agreement but a shareholder has unpaid share capital in accordance with shareholder agreement as result of the Company's interest in accordance with investment amount is 50%.

Unrecognized loss from associated companies

(Unit : Thousand Baht)	2016	2015
Unrecognized loss from associated companies	6,005	7,644
Cumulative share loss from associated companies	29,146	23,141

Investments in associated companies as at 31 December 2016 and 2015, comprise investments in the following :

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of shareholding (%)		Consolidated F/S		Separate F/S	
					Equity		Cost	
			2016	2015	2016	2015	2016	2015
<b><u>Investments in associated companies</u></b>								
ATO-Asia Turnouts Co., Ltd.	Production and distribution of turnouts for railway projects	5,000	<b>48.99</b>	48.99	<b>23,540</b>	21,831	<b>2,450</b>	2,450
Siam Pacific Holding Co., Ltd.	Holding company	58,625	<b>46.69</b>	46.69	<b>26,701</b>	26,789	<b>27,373</b>	27,373
Bangkok Steel Wire Co., Ltd.	Production and distribution of P.C. wire	313,000	<b>19.98</b>	19.98	<b>96,774</b>	94,176	<b>71,603</b>	71,603
Oriental Residence Bangkok Co., Ltd.	Real estate development	500,000	<b>15.00</b>	15.00	-	-	<b>75,000</b>	75,000
<b><u>Overseas companies</u></b>								
MCRP Construction Corporation, Philippines	Construction contractor in Philippines	25 Million Peso	<b>24.00</b>	24.00	<b>12,000</b>	12,000	<b>12,000</b>	12,000
Less : Allowance for impairment Net					<b>(12,000)</b>	(12,000)	<b>(12,000)</b>	(12,000)
					-	-	-	-
MCRP Holding Corporation, Philippines	Holding company in Philippines	5 Million Peso	<b>24.00</b>	24.00	<b>3,000</b>	3,000	<b>3,000</b>	3,000
Less : Allowance for impairment Net					<b>(3,000)</b>	(3,000)	<b>(3,000)</b>	(3,000)
					-	-	-	-
Sino Lao Aluminum Corporation Limited	Bauxite mine business in Laos	32 Million USD)	<b>34.00</b>	34.00	<b>509,407</b>	516,819	<b>521,537</b>	521,537
Total Investments in associated companies – net					<b>656,422</b>	659,615	<b>697,963</b>	697,963
<b><u>Investments in associated companies held by subsidiaries</u></b>								
Siam Pacific Holding Co., Ltd.	Holding company	58,625	<b>4.30</b>	4.30	<b>2,525</b>	2,525	-	-
Total investments in associated companies held by subsidiaries					<b>2,525</b>	2,525	-	-
Total Investments in associated companies - net					<b>658,947</b>	662,140	<b>697,963</b>	697,963

Significant financial information of the associates in the aggregate amounts are summarized as follows :

(Unit : Million Baht)	For the years ended 31 December							
	Current assets		Non - current assets		Current liabilities		Non - current liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
ATO-Asia Turnouts Co., Ltd.	<b>144</b>	82	<b>40</b>	43	<b>136</b>	80	-	-
Bangkok Steel Wire Co., Ltd.	<b>518</b>	457	<b>336</b>	350	<b>327</b>	284	<b>47</b>	56
Oriental Residence Bangkok Co., Ltd.	<b>1,941</b>	1,907	<b>1,436</b>	1,530	<b>2,448</b>	2,422	<b>1,123</b>	1,169
Sino Lao Aluminum Corporation Limited	<b>107</b>	5	<b>1,411</b>	1,411	<b>208</b>	203	<b>302</b>	183
Siam Pacific Holding Co., Ltd.	<b>1</b>	-	<b>62</b>	62	-	5	<b>6</b>	-
Total	<b>2,711</b>	2,451	<b>3,285</b>	3,396	<b>3,119</b>	2,994	<b>1,478</b>	1,408

(Unit : Million Baht)	For the years ended 31 December					
	Revenues		Profit (loss)		Other comprehensive income	
	2016	2015	2016	2015	2016	2015
ATO-Asia Turnouts Co., Ltd.	<b>96</b>	359	<b>3</b>	37	-	-
Bangkok Steel Wire Co., Ltd.	<b>835</b>	964	<b>19</b>	-	-	-
Oriental Residence Bangkok Co., Ltd.	<b>328</b>	310	<b>(49)</b>	(61)	-	-
Sino Lao Aluminum Corporation Limited	-	2	<b>(21)</b>	(26)	-	-
Total	<b>1,259</b>	1,635	<b>(48)</b>	(50)	-	-

### 12.3 Investments in joint ventures - net

Movements in investments in joint ventures, which are accounted for by using the equity method in the consolidated financial statements, during the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	148,588	292,256	34,555	74,555
Add : Share of loss from joint ventures	(26,047)	(791)	-	-
Less : Received for the share of profit from joint ventures	-	(71,825)	-	-
Less : Received of capital from joint ventures	(32,247)	(40,000)	(32,247)	(40,000)
Less : Allowance for impairment of investment	-	-	(2,308)	-
Add (less) : Translation adjustment on financial statements	518	(31,052)	-	-
Balance as at 31 December	90,812	148,588	-	34,555

Investments in joint ventures as at 31 December 2016 and 2015, comprise investments in the following :

(Unit : Thousand Baht)	Nature of business	Percentage of shareholding		Consolidated F/S		Separate F/S	
				Equity		Cost	
		2016	2015	2016	2015	2016	2015
<b>Investments in joint ventures</b>							
Evergreen –Italian Thai – PEWC Joint Venture	Construction services in Republic of China	25.00	25.00	194	227	-	-
ITD-EGC Joint Venture	Construction services in Republic of China	55.00	55.00	306,737	315,739	296,569	293,843
Less : Allowance for impairment Net				(296,569)	(293,843)	(296,569)	(293,843)
				10,168	21,896	-	-
ITD – ETF Joint Venture	Machinery rental services	65.00	65.00	46,723	62,260	-	-
IN Joint Venture	Construction services	51.00	51.00	108,337	118,277	103,192	119,601
Less : Allowance for impairment Net				(103,192)	(96,726)	(103,192)	(96,726)
				5,145	21,551	-	22,875
ITO Joint Venture	Construction services	-	40.00	-	70,801	-	65,680
Less : Allowance for impairment Net				-	(54,000)	-	(54,000)
				-	16,801	-	11,680
IOT Joint Venture	Construction services	40.00	40.00	-	-	-	-
ITD – ETF – MVM Joint Venture	Construction services	55.25	55.25	23,420	25,853	-	-
CMC/ITD/SONG DA Joint Venture	Construction services	30.00	-	5,162	-	-	-
Total investments in joint venture - net				90,812	148,588	-	34,555
Total investments in subsidiaries, associated companies and joint venture - net				749,759	810,728	7,333,318	7,339,319

A reconciliation of the summarised financial information to the carrying amount of the investment in joint ventures are as follow:

For the years ended 31 December																		
	Evergreen - Italian Thai - PEWC		ITD - Nawarat (L.L.C.)		ITD – EGC Joint Venture		ITD - ETF Joint Venture		IN Joint Venture		ITO Joint Venture		IOT Joint Venture		ITD - ETF - MVM Joint Venture		CMC/ITD/ SONGDA	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
(Unit : Million Baht)																		
Total net assets of joint venture	1	1	-	-	18	40	72	96	-	41	-	42	3	3	42	47	17	-
Proportion of ownership Interest (%)	25%	25%	-	-	55%	55%	65%	65%	-	51%	-	40%	40%	40%	55.25%	55.25%	30%	-
Net assets by proportion	-	-	-	-	10	22	47	62	-	21	-	17	1	1	23	26	5	-
Other adjustment	-	-	-	-	-	-	-	-	-	-	-	-	(19)	(19)	-	-	-	-
Carrying amount of the investment (obligation)	-	-	-	-	10	22	47	62	-	21	-	(17)	(18)	(18)	23	26	5	-

Significant financial information of the joint ventures in the aggregate amounts are summarized as follows :

For the years ended 31 December																				
Evergreen - Italian Thai - PEWC	ITD - Nawarat (L.L.C.)		ITD - EGC Joint Venture		ITD - ETF Joint Venture		IN Joint Venture		ITO Joint Venture		IOT Joint Venture		ITD - ETF - MVM Joint Venture		CMC/ITD/ SONGDA		Total			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
Cash and cash equivalents	-	-	-	-	21	64	2	5	-	41	-	11	3	3	10	1	579	-	615	125
	44	43	-	-	66	52	213	166	-	-	-	37	-	-	49	62	956	-	1,328	360
Total current assets	44	43	-	-	87	116	215	171	-	41	-	48	3	3	59	63	1,535	-	1,943	485
Non-current assets	-	-	-	-	-	-	126	146	-	-	-	-	-	-	1	2	223	-	350	148
Financial liabilities	43	42	-	-	-	65	1	3	-	-	-	-	-	-	-	1	1,440	-	1,484	111
Other current liabilities (including trade payables and provision)	-	-	-	-	62	11	268	218	-	-	-	6	-	-	18	17	301	-	649	252
Total current liabilities	43	42	-	-	62	76	269	221	-	-	-	6	-	-	18	18	1,741	-	2,133	363
Non-current liabilities	-	-	-	-	7	-	-	-	-	-	-	-	-	-	-	-	-	-	7	-
Net assets	1	1	-	-	18	40	72	96	-	41	-	42	3	3	42	47	17	-	153	270

	For the years ended 31 December									
	Revenues		Profit (loss)		Other comprehensive income (loss)		Depreciation and amortization		Tax	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
(Unit : Million Baht)										
Evergreen - Italian Thai - PEWC Joint Venture	-	-	-	-	-	-	-	-	-	-
ITD - Nawarat (L.L.C.)	-	482	-	473	-	-	-	-	-	-
ITD - EGC Joint Venture	(8)	20	(21)	3	-	-	-	-	-	-
ITD - ETF Joint Venture	105	130	(24)	(6)	-	-	24	20	-	-
IN Joint Venture	-	-	-	(3)	-	-	-	-	-	-
ITO Joint Venture	125	-	122	(20)	-	-	-	-	-	-
IOT Joint Venture	-	-	-	(1)	-	-	-	-	-	-
ITD - ETF - MVM Joint Venture	1	5	(4)	(13)	-	-	1	4	-	-
CMC/ITD/SONG DA Joint Venture	353	-	16	-	-	-	3	-	6	-
Total	576	637	89	433	-	-	28	24	6	-

The Company regularly assesses the values of investments in subsidiaries, associated and joint ventures. An allowance for impairment is promptly taken up when there is a reliable indication that the decline in value can be determined.

### 13. OTHER LONG – TERM INVESTMENTS - NET

Movements in other long - term investments during the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	1,038,856	1,315,939	877,004	1,146,275
Less : Disposal of investment during the year	(193,000)	-	(193,000)	-
Less : Reclassified unrealized gain from changes in value of investments to profit or loss	(262,800)	-	(262,800)	-
Add : Reversal of allowance for impairment of investment	149,331	-	149,331	-
Less : Unrealized gain (loss) from changes in value of investments	113,316	(277,083)	106,780	(269,271)
Balance as at 31 December	845,703	1,038,856	677,315	877,004

Other long - term investments as at 31 December 2016 and 2015 comprise investments as follows :

	Nature of business	Percentage of Shareholding		Consolidated F/S		Separate F/S	
(Unit : Thousand Baht)		2016	2015	2016	2015	2016	2015
<b><u>Investments in other companies</u></b>							
a) <u>Non-listed companies</u>							
M-Home SPV 3 Co., Ltd.	Real estate development	11.54	11.54	12	12	12	12
Less : Allowance for impairment				(12)	(12)	(12)	(12)
Net				-	-	-	-
Siam Steel Syndicate Plc.	Manufacture and distribution for construction	1.15	1.15	55,885	55,885	55,885	55,885
Siam Fiber Optics Co., Ltd.	Manufacture and distribution of optic fibers	10.00	10.00	24,000	24,000	24,000	24,000
Bell Development Co., Ltd.	Real estate development	2.29	2.29	47,313	47,313	47,313	47,313
The Bangkok Club Co., Ltd.	Entertainment services	0.44	0.44	3,000	3,000	3,000	3,000
Less : Allowance for impairment				(1,985)	(1,985)	(1,985)	(1,985)
Net				1,015	1,015	1,015	1,015
Imperial Technology Management Service Plc.	Initiation and establishment of Asian University of Science and Technology	-	4.93	-	175,000	-	175,000
Less : Allowance for impairment				-	(149,331)	-	(149,331)
Net				-	25,669	-	25,669
Nishio Rent All (Thailand) Co., Ltd.	Construction machinery Rental	15.00	15.00	7,500	7,500	7,500	7,500

(Unit : Thousand Baht)	Nature of business	Percentage of Shareholding		Consolidated F/S		Separate F/S	
		2016	2015	2016	2015	2016	2015
Praram 9 Square Co., Ltd.	Shopping center development	6.32	10.91	200,000	200,000	200,000	200,000
Less : Allowance for impairment				(200,000)	(200,000)	(200,000)	(200,000)
Net				-	-	-	-
Lao Metal Industry Co., Ltd.	Manufacture steel wires.	-	10.00	-	10,000	-	10,000
Less : Allowance for impairment				-	(10,000)	-	(10,000)
Net				-	-	-	-
Total Investment in other non – listed companies – net				135,713	161,382	135,713	161,382
<b>b) Listed companies</b>							
Charoong Thai Wire and Cable Plc.	Manufacture and distribution of wire and cable	12.90	12.90	308,715	308,715	308,715	308,715
Add : Unrealized gain from changes in value of investments				225,087	119,867	225,087	119,867
Net market value				533,802	428,582	533,802	428,582
TTCL Plc.	Construction services	0.07	3.29	400	18,400	400	18,400
Add : Unrealized gain from changes in value of investments				7,400	268,640	7,400	268,640
Net market value				7,800	287,040	7,800	287,040
Total Investment in other listed companies – net				541,602	715,622	541,602	715,622
Total Investments in other companies - net				677,315	877,004	677,315	877,004
<b>Investments held by subsidiaries</b>							
<b>a) Non-listed companies</b>							
Bell Development Co., Ltd.	Real estate development	6.55	6.55	135,226	135,226	-	-
<b>b) Listed company</b>							
Charoong Thai Wire and Cable Plc.	Manufacture and distribution of wire and cable	0.80	0.80	19,178	19,178	-	-
Add : Unrealized gain from changes in value of investments				13,984	7,448	-	-
Net market value				33,162	26,626	-	-
Total				168,388	161,852	-	-
<b>Total other long-term investments – net</b>				<b>845,703</b>	<b>1,038,856</b>	<b>677,315</b>	<b>877,004</b>

On 15 December 2016, The Company disposed 18.00 million shares of TTCL Public Company Limited and received cash proceed from sales of Baht 332.66 million. The Company recognized gain on disposal of such investments of Baht 315.00 million in the statements of profit or loss for the year ended 31 December 2016

During the year 2016, the Company disposed shares of Imperial Technology Management Service Public Company Limited which has cost of Baht 175 million and allowance for impairment of investment of Baht 149.33 million. The Company received cash proceed from sales of Baht 51.45 million and recognized gain on disposal of such investments of Baht 25.78 million in the statement of profit or loss for the year ended 31 December 2016.

#### 14. LAND LEASE CONCESSION AND PROJECT UNDER DEVELOPMENT

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Land lease concession	30,198	30,198	-	-
Project under development	7,528,794	7,221,249	5,025,204	4,787,637
Total	7,558,992	7,251,447	5,025,204	4,787,637

On 2 November 2010, the Company entered into a Framework Agreement with the Myanmar Port Authority (MPA), Ministry of Transportation of the Republic of the Union of Myanmar to develop the Dawei Deep Sea Port, Industrial Estate and Road and Rail Link to Thailand Project connecting from the Dawei Special Economic Zone (“Dawei SEZ”) to the Myanmar-Thailand border at Ban Pu Nam Ron, Kanchanaburi Province, Thailand.

On 21 November 2013, a Framework Agreement between the Thai and Myanmar Government was signed to develop DSEZ. Consequently, the Myanmar and Thai Governments established the Special Purpose Vehicle (“SPV”) named Dawei SEZ Development Company Limited to be the promoter, facilitator, and advisor to the Dawei Special Economic Zone and its Related Project Area. Moreover, the Myanmar Government also established the Dawei SEZ Management Committee (“DSEZ MC”) to be the responsible integrated Myanmar Authority to grant the concession rights to the developer within the Dawei SEZ.

On the same date, the agreement of Termination between the Company and MPA was signed. The Tripartite Memorandum between the Company, DSEZ MC and Dawei SEZ Development Co., Ltd (“SPV”) was signed which defined the scope for the SPV to be the designated party to coordinate for the reimbursement of the Company’s previous investments from the future developer of the Dawei SEZ. Furthermore, on 27 March 2014, a newer Tripartite Memorandum was again signed between the Company, DSEZ MC, and the SPV in which it was agreed that a due diligence process will be conducted by a hired consultant to determine the Company’s total previous investment amount.

On 5 August 2015, the Company, DSEZ MC, and the SPV signed the Supplementary Memorandum of Understanding wherein the agreement defined the DSEZ MC and the SPV as the responsible entities to coordinate for the reimbursement of the Company’s previous investments from the future developer of the Dawei SEZ as well as determine the conditions wherein the Company has the option to exchange its previous investment amount for additional industrial estate land.

On the same date, the Company along with its consortium partners signed separate concession agreements with the DSEZ MC to develop the Initial Phase of the Dawei SEZ which includes the Initial Industrial Estate area of 27 square kilometers and its related infrastructure projects wherein each respective partners of the individual concessions will be responsible for the Company’s previous investment through its own due diligence.

As at 31 December 2016 and 2015, the Company has land lease concessions and projects under development in the Dawei Special Economic amounting to Baht 7,558.99 million and Baht 7,251.45 million, respectively. This project depends on the cooperation of the governments of Thailand and Myanmar as the new concessionaires and promoter of the Dawei Project. The Company has the right to reimburse such amount including other expenses during negotiation from Special Purpose Vehicle after the completion of the due diligence work performed by the consultants of the two governments.

On 29 March 2016, the Company along with its consortium partners signed the LNG Terminal Concession Agreement, which is part of the Initial Phase Development of the Dawei Special Economic Zone. Currently, the Company along with consortium partners and the DSEZ MC are undertaking each of the respective responsibilities fulfilling the process of document preparation and management of the project’s development plan as indicated in the signed concession agreements.

On 12 October 2016, the Myanmar Government appointed the new DSEZ MC, with the Myanmar’s Deputy Minister of Electricity and Energy as the Chairman, to supervise and manage all matters related to the DSEZ.

Currently, both the Company along with consortium partners and the new DSEZ MC are undertaking each of the respective responsibilities fulfilling the process of document preparation and management of the project’s development plan as indicated in the signed concession agreements. Continuing discussion amongst parties are ongoing.

#### 15. POTASH MINING RIGHT

The Company holds a 90% investment in a potash mine project through a group of subsidiary companies. The Ministry of Finance holds 10% of the registered capital. The application for potash mining concessions from the government is currently being processed.

During the year 2015, the Company and related government authorities have provided project information to more people living in the mining area. The related government authorities have gathered information to prepare for public hearing meeting of the stakeholders in compliance with relevant laws.

During the year 2016, the Ministry of Industry had instructed the provincial governor to organize a public hearing meeting of the stakeholders as stipulated in the Mining Act. The Minister of Industry will use this public hearing report as a supporting document in consideration for mining license approval. Udonthani Governor had organized public hearing and submitted report to the Department of Primary Industries and Mines at present which is in process to consider the documents accompanying the application to the Ministry of Industry for mining license approval.

On 9 February 2017, Office of the Attorney General corresponded a letter to clarify legal issued associate with right to explored Potash to the Department of Primary Industries and Mines confirm that government authorities operated in accordance with concession contract. In compensation to the state made since 1984. As a result, the Company met requirement and take to proceed to a step for obtaining a mining license.

The Company’s management believes that this project will generate benefits both for neighboring area and for the country. The project will be approved by the government within the year 2017 and operational as planned. The management of the Company believes that there will be no impairment in the value of investment.

#### 16. DEFERRED EXPLORATION AND DEVELOPMENT COSTS

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be written off as expenses.

(Unit : Thousand Baht)	Consolidated F/S	
	2016	2015
<u>Exploration expenditures cost</u>		
Beginning balance	566,570	566,570
Increase during the year	-	-
Ending balance	566,570	566,570
<u>Mining license expenditures cost</u>		
Beginning balance	382,305	381,108
Increase during the year	1,813	1,197
Ending balance	384,118	382,305
Total deferred exploration and development costs	950,688	948,875

# 17. LONG - TERM LOANS AND ADVANCES TO SUBSIDIARIES AND RELATED PARTIES - NET

The outstanding balances as at 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Subsidiaries</u>				
(eliminated in consolidated financial statements)				
Italian – Thai International Co., Ltd.	-	-	4,030,802	3,904,096
Italian – Thai Land Co., Ltd.	-	-	411,426	480,778
Palang Thai Kaowna Co., Ltd.	-	-	457,371	457,171
Italian – Thai Power Co., Ltd.	-	-	513,176	500,517
Thai Pride Cement Co., Ltd.	-	-	300,303	300,303
ITD Construction SDN. BHD.	-	-	296,738	296,475
Palit Palang Ngan Co., Ltd.	-	-	95,090	94,966
ITD Mozambique Limitada	-	-	70,726	62,797
Thai Mozambique Logistica SA	-	-	217,909	202,317
ITD – Madagascar S.A.	-	-	106,582	102,685
Italian – Thai Development Vietnam Co., Ltd.	-	-	47,425	42,972
Italian – Thai Development (Myanmar) Co., Ltd.	-	-	8,585	6,738
Myanmar ITD Co., Ltd.	-	-	13,413	12,736
Momaz Logistics	-	-	961	878
APPC Holding Co., Ltd.	-	-	369,363	311,974
Total	-	-	6,939,870	6,777,403
Less : Allowance for doubtful accounts	-	-	(1,327,992)	(1,391,333)
Net	-	-	5,611,878	5,386,070

Significant movements in the long - term loans and advances to subsidiaries and related parties for the year ended 31 December 2016 are as follows :

(Unit : Thousand Baht)	Separate F/S			
	1 January 2016	During the year		31 December 2016
		Increase	Decrease	
<u>Subsidiaries</u>				
Italian – Thai International Co., Ltd.	3,904,096	126,706	-	4,030,802
Italian – Thai Land Co., Ltd.	480,778	-	69,352	411,426
Palang Thai Kaowna Co., Ltd.	457,171	200	-	457,371
Italian – Thai Power Co., Ltd.	500,517	12,659	-	513,176
Thai Pride Cement Co., Ltd.	300,303	-	-	300,303
ITD Construction SDN. BHD.	296,475	263	-	296,738
Palit Palang Ngan Co., Ltd.	94,966	124	-	95,090
ITD Mozambique Limitada	62,797	7,929	-	70,726
Thai Mozambique Logistica SA	202,317	15,592	-	217,909
ITD – Madagascar S.A.	102,685	3,897	-	106,582
Italian – Thai Development Vietnam Co., Ltd.	42,972	4,453	-	47,425
Italian – Thai Development (Myanmar) Co., Ltd.	6,738	1,847	-	8,585
Myanmar ITD Co., Ltd.	12,736	677	-	13,413
Momaz Logistics	878	83	-	961
APPC Holding Co., Ltd.	311,974	57,389	-	369,363
Total	6,777,403	231,819	69,352	6,939,870

# 18. LOAN AND ADVANCES TO UNRELATED PARTY

As at 31 December 2016 and 2015, the Company also has made loans to an unrelated party of Baht 88.61 million for the investment in a foreign company which is under the negotiation process. Currently, there has been no further development in the project because the Electricity Generating Authority of Thailand is in the process of concluding the development plan for the capacity of Power plant. Such loan to unrelated party is to support the acquisition of the concession license from the Government of Cambodia to develop a 3,600 megawatt Coal-Fired Power Plant at Koh Kong. Such loan and advances are refundable should the Power Plant project not materialize. The Company has filed claims for refund of such loan and in the process of consideration by Court. In year 2015, the Civil court has judged the Company recovered and seized property. At present, lawsuit is in process of auction sale by Legal Execution Department. However, the Company recognised full allowance for non – refund of such amount.

## 19. LAND AWAITING DEVELOPMENT - NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Land awaiting development	771,705	769,843	474,846	474,846
Add : Purchase during the year	1,244	1,862	-	-
Less : Disposal during the year	(7,977)	-	-	-
Add : Reversal of allowance for impairment	152	-	-	-
Land awaiting development – net	765,124	771,705	474,846	474,846

As at 31 December 2016 and 2015, land awaiting for development of Baht 283.57 million and Baht 282.34 million, respectively, is the land located in Udonthani province for use in the potash mining project.

## 20. INVESTMENT PROPERTIES

As at 31 December 2016, investment properties presented at fair value consist of :

(Unit : Thousand Baht)	Consolidated F/S	Separate F/S
Land	1,602,420	717,100
Building	322,943	322,943
Total	1,925,363	1,040,043

During the year 2016, the Company hired independent appraisers to re-appraise the value of land and building under the market approach.

Movements in investment properties for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Net book value as at 1 January	1,591,469	1,436,849	743,000	743,000
Increased during the year	303,073	-	303,073	-
Disposal during the year	(6,030)	-	(6,030)	-
Gain on revaluation of assets	36,851	154,620	-	-
Net book value as at 31 December	1,925,363	1,591,469	1,040,043	743,000

At the Board of Director Meeting held on 22 September 2016, the director passed a resolution to approve the purchase of condominium rooms from a related company for Baht 92.09 million. The Company intends to hold these properties for sales or rent.

On 8 December 2016, the Board of Directors passed a resolution to approve transferred of condominium from a related company for debt settlement from construction services of Baht 210.98 million.

## 21. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)	Consolidated F/S					
	Land	Building and factories	Machinery, furniture, fixtures and office equipment	Site office and temporary camps	Machinery and equipment under installation	Total
<b>Cost</b>						
1 January 2015	1,341,667	5,934,989	24,586,463	1,181,235	3,981,868	37,026,222
Acquisitions/Transfer in	28,997	40,497	6,237,288	55,692	462,808	6,825,282
Disposals/Transfer out	(72,909)	(1,873)	(1,056,824)	(23,191)	(3,747,965)	(4,902,762)
Translation adjustment	41	4,193	223,288	863	1,308	229,693
31 December 2015	1,297,796	5,977,806	29,990,215	1,214,599	698,019	39,178,435
1 January 2016	1,297,796	5,977,806	29,990,215	1,214,599	698,019	39,178,435
Acquisitions/Transfer in	1,037	244,354	3,227,718	14,066	783,479	4,270,654
Disposals/Transfer out	-	(10,062)	(533,219)	(3,157)	(755,109)	(1,301,547)
Transferred to assets held for sale	-	-	(700,787)	-	-	(700,787)
Translation adjustment	(932)	(2,582)	(134,617)	(225)	(578)	(138,934)
31 December 2016	1,297,901	6,209,516	31,849,310	1,225,283	725,811	41,307,821

	Consolidated F/S					
	Land	Building and factories	Machinery, furniture, fixtures and office equipment	Site office and temporary camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>Accumulated depreciation</b>						
<b>1 January 2015</b>	-	3,773,185	15,566,053	593,506	-	19,932,744
Depreciation for the year	-	300,995	1,781,811	110,613	-	2,193,419
Depreciation for disposals	-	(745)	(838,248)	(23,158)	-	(862,151)
Translation adjustment	-	1,159	153,166	599	-	154,924
<b>31 December 2015</b>	-	4,074,594	16,662,782	681,560	-	21,418,936
<b>1 January 2016</b>	-	4,074,594	16,662,782	681,560	-	21,418,936
Depreciation for the year	-	188,272	2,033,194	110,080	-	2,331,546
Depreciation for disposals	-	(6,933)	(433,834)	(2,241)	-	(443,008)
Transferred to assets held for sale	-	-	(506,110)	-	-	(506,110)
Translation adjustment	-	(827)	(88,779)	(153)	-	(89,759)
<b>31 December 2016</b>	-	4,255,106	17,667,253	789,246	-	22,711,605
<b>Less Allowance for impairment</b>						
31 December 2015	15,219	1,818	67,079	-	-	84,116
31 December 2016	15,219	1,818	68,411	-	-	85,448
<b>Net book value</b>						
<b>31 December 2015</b>	1,282,577	1,901,394	13,260,354	533,039	698,019	17,675,383
<b>31 December 2016</b>	1,282,682	1,952,592	14,113,646	436,037	725,811	18,510,768
<b>Depreciation for the year 2015</b>						2,193,419
<b>Depreciation for the year 2016</b>						2,331,546

	Separate F/S					
	Land	Building and factories	Machinery, furniture, fixtures and office equipment	Site office And Temporary Camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>Cost</b>						
<b>1 January 2015</b>	1,124,175	4,374,197	15,638,193	1,075,002	169,374	22,380,941
Acquisitions/Transfer in	-	31,182	570,713	8,011	139,154	749,060
Disposals/Transfer out	(46,360)	-	(697,977)	(23,191)	(9,728)	(777,256)
Translation adjustment	-	-	54,658	599	-	55,257
<b>31 December 2015</b>	1,077,815	4,405,379	15,565,587	1,060,421	298,800	22,408,002
<b>1 January 2016</b>	1,077,815	4,405,379	15,565,587	1,060,421	298,800	22,408,002
Acquisitions/Transfer in	-	81,088	1,888,781	3,931	383,026	2,356,826
Disposals/Transfer out	-	(10,062)	(364,839)	(2,857)	(115,279)	(493,037)
Transferred to assets held for sale	-	-	(700,787)	-	-	(700,787)
Translation adjustment	-	-	(27,232)	(170)	-	(27,402)
31 December 2016	1,077,815	4,476,405	16,361,510	1,061,325	566,547	23,543,602
<b>Accumulated depreciation</b>						
<b>1 January 2015</b>	-	3,026,206	10,036,872	589,559	-	13,652,637
Depreciation for the year	-	226,415	969,393	100,719	-	1,296,527
Depreciation for disposals	-	-	(633,015)	(23,158)	-	(656,173)
Translation adjustment	-	-	47,999	599	-	48,598
<b>31 December 2015</b>	-	3,252,621	10,421,249	667,719	-	14,341,589

	Separate F/S					
	Land	Building and factories	Machinery, furniture, fixtures and office equipment	Site office And Temporary Camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>1 January 2016</b>	-	3,252,621	10,421,249	667,719	-	14,341,589
Depreciation for the year	-	115,866	1,043,364	97,571	-	1,256,801
Depreciation for disposals	-	(6,933)	(324,412)	(1,941)	-	(333,286)
Transferred to assets held for sale	-	-	(560,110)	-	-	(560,110)
Translation adjustment	-	-	(30,439)	(170)	-	(30,609)
<b>31 December 2016</b>	-	3,361,554	10,603,652	763,179	-	14,728,385
<b>Net book value</b>						
<b>31 December 2015</b>	1,077,815	1,152,758	5,144,338	392,702	298,800	8,066,413
<b>31 December 2016</b>	1,077,815	1,114,851	5,757,858	298,146	566,547	8,815,217
<b>Depreciation for the year 2015</b>						1,296,527
<b>Depreciation for the year 2016</b>						1,256,801

As at 31 December 2016 and 2015, certain building, machinery and equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 9,207.70 million and Baht 8,314.63 million, respectively (Separate F/S : Baht 7,338.01 million and Baht 7,046.94 million, respectively).

As at 31 December 2016 and 2015, the Company and subsidiaries' machinery, equipment and vehicles with a total net book value of Baht 2,706.56 million and Baht 2,471.18 million, respectively, were acquired under finance lease/ hire purchase agreements (Separate F/S : Baht 2,429.57 million and Baht 2,222.92 million, respectively).

The Company has assets under construction for precast and limestone production to support the project under development of Baht 138.49 million. The Company's management believes that these assets will not impair.

## 22. GOODWILL

(Unit : Thousand Baht)	Consolidated F/S	
	2016	2015
Goodwill	<b>958,785</b>	958,785
Less : Allowance for impairment	<b>(16,673)</b>	(16,673)
<b>Net</b>	<b>942,112</b>	942,112

A segment-level summary of the goodwill allocation is presented as follow :

(Unit : Thousand Baht)	Consolidated F/S		
	Cement business in Thailand	Potash mining in Thailand	Construction business in India
Goodwill allocation	275,619	458,699	207,794

### Impairment tests of goodwill

The Company annually tested impairment of goodwill resulting from cement, mining and construction business. The Company compared the carrying amount of goodwill and recoverable amount of cash generated unit which is consider based on the estimated financial value of the cash flows for the period 5 - 25 years.

Key assumptions used in the recoverable amount assessment include:

	Cement business	Construction business in India
Gross margin (%)	20	9
Growth rate (%)	2	7
Discount rate (%)	10	18
Recoverable amount (Million Baht)	2,331	5,360

The Group assesses recoverable value from Potash Mining Project by considered project feasibility and internal rate of return (IRR). The Company using discount rate at 8% with appropriate internal rate of return considered by Management. Recoverable value from project amounts is Baht 45,585 million.

#### Cash flow assumptions

Management determined budgeted gross margin is approximate with the normal gross margin from past experience and its expectations of market development. Management believes that this is the best available input for this projection.

#### Growth rate

Weighted average growth rate is based on the industry growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years period.

#### Discount rate

Discount rate is reflected the current market assessments of the time value of money and risks specific to assets.

The Company recognized impairment losses on goodwill in the statement of profit or loss when the recoverable amounts of cash generate unit lower than its book value and cannot reverse in the future.

Based on impairment test for goodwill by increased discount rate at 0.5 percent, the Company will not recognize an impairment of goodwill in the consolidated financial statements for the year end 31 December 2016.

### **23. DEFERRED CONCESSION COST**

In the year 2011, the Company entered into a Concession agreement with Bangladesh Bridge Authority of the Government of People's Republic of Bangladesh to proceed with the development of the Dhaka Elevated Expressway. The Company shall establish and incorporate in the Republic of Bangladesh a Project Company as the Concessionaire, which will be a limited liability company. In addition, the Company will be appointed as the EPC Contractor for the design, construction and completion of the Dhaka Elevated Expressway. The period of concession agreement is 25 years. Total project development is approximately Baht 38,044.98 million. Currently, the Company has received 1st Tranche of land distance of 7.45 kilometre from the government and has started construction work.

In the year 2013, the Company has signed the Concession agreement with the Ministry of Transportation and Communications, Government of the Republic of Mozambique. The Company will hold 60% of project with project value of USD 3,500 million equivalents to Baht 122,500 million and project detail are as follows:

1. Construction of a Heavy Haul Railway Lines from Moatize to Macuse Port, the approximate length of the standard gauge railways is about 530 kilometers.
2. Construction of a Deep Sea Port at Macuse with the starting port capacity, for exporting coal, of 25 million tons annually to the maximum capacity of 100 million tons annually.
3. Operation of the Heavy Haul Railway Lines and Macuse Deep Sea Port on the Concession Agreement of 30 Years (including the Construction) and the Concession period could be extended for another 10 years.

The Company paid USD 5 million within 30 days after signing the concession agreement and USD 5 million will be used in human development program and formation of national framework from the start-up of the project.

Currently, the Company is completed Bankable Feasibility Study and already selected Engineering Procurement and Construction (EPC Contractor).

### **24. BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS**

The outstanding balances of bank overdrafts and short – term loans from financial institutions as at 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Bank overdrafts	753,657	2,020,489	-	621
Short – term loans from financial institutions	7,536,884	7,677,669	5,110,778	5,480,965
Total	8,290,541	9,698,158	5,110,778	5,481,586

These represent loans obtained from local and overseas financial institutions in the following currencies:

(Unit : Million)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
THB	5,577	5,908	5,111	5,481
INR	3,727	3,159	-	-
BDT	-	120	-	-

These loans are subject to interest at domestic market rates for Thai Baht currency loans and at the market rates of India for Rupee currency loans.

The Company has not been able to maintain some financial ratios as stipulated in the loan agreements with a bank. However, the Company has negotiated with the bank to waive the covenants of such financial ratios. The Company obtained letter for the waiver of the covenants from such bank dated 24 February 2017 granting to relieve to all covenant conditions under the loan agreements for the period ended 31 December 2016.

The subsidiary companies have loan agreements with commercial banks for credit facilities of Baht 330.81 million. These loans bear interest per annum at MLR – 0.75%. Such long – term loans are collateralized by its land and structure including most present and future thereon, and the guarantee of the Company and subsidiary as described in Note 10. The subsidiary companies will reduce credit facilities when redeemed the mortgage at 70% – 80% of selling price of the projects' assets as stipulated in the agreements. The payback period for the principals are within 36 – 42 months from agreements date.

As at 31 December 2016 and 2015, part of loans amounting to Baht 1,606.97 million and Baht 2,450.07 million, respectively, have been used to finance certain specific projects (Project Finance). The lending banks had set a condition for the Company to process the cash transactions from the projects through the Company's accounts with those banks.

As at 31 December 2016 and 2015, bank overdrafts and short - term credit facilities that have not been drawn down amounted to Baht 4,332.72 million and Baht 2,601.41 million, respectively.

## 25. TRADE ACCOUNTS PAYABLE - RELATED PARTIES

The outstanding balances as at 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Subsidiaries</u>				
(eliminated in consolidated financial statements)				
Siam Concrete and Brick Products Co., Ltd.	-	-	159,196	224,298
Thai Maruken Co., Ltd.	-	-	108,908	150,252
Asian Steel Product Co., Ltd.	-	-	17,145	1,544
ItalThai Trevi Co., Ltd.	-	-	450,022	321,764
ITD Cementation India Limited	-	-	12,723	13,134
Thai Pride Cement Co., Ltd.	-	-	55,744	45,468
Aquathai Co., Ltd.	-	-	1,819	6,082
ItalThai Marine Co., Ltd.	-	-	4,724	13,607
Nha Pralan Crushing Plant Co., Ltd.	-	-	1,716	2,092
Saraburi Construction Technology Co., Ltd.	-	-	6,048	19,802
Italian – Thai Hongsa Co., Ltd.	-	-	2,213	2,206
Others	-	-	3,195	6,283
Total	-	-	823,453	806,532
<u>Associated companies and joint ventures</u>				
MCRP Construction Corporation, Philippines	146,024	152,283	146,024	152,283
Bangkok Steel Wire Co., Ltd.	71,377	81,554	66,961	73,435
ATO – Asia Turnouts Ltd.	248	126	248	124
ITD – ETF – MVM Joint Venture	40,259	39,854	40,259	39,854
ITD – ETF Joint Venture	177,927	135,675	177,927	135,675
CMC/ITD/SONG DA Joint Venture	9,420	-	-	-
Total	445,255	409,492	431,419	401,371
<u>Related companies</u>				
Sahakol Equipment Plc.	43,938	75,676	43,938	75,676
Siam Steel Syndicate Plc.	258,203	167,626	258,193	167,626
ItalThai Engineering Co., Ltd.	73,313	352,558	73,313	352,558
ItalThai Industrial Co., Ltd.	45,791	43,373	25,697	22,725
Nishio Rent All (Thailand) Co., Ltd.	107,946	95,621	107,408	95,592
Charoong Thai Wire & Cable Plc.	83,494	89,440	77,956	83,863
LNG PLUS International	24,894	36,644	24,894	36,644
Asia Thai Mining Co., Ltd.	-	27,403	-	-
Construction Concrete Co., Ltd.	133,461	87,793	133,461	87,793
Praram 9 Square Co., Ltd.	348	3,126	348	3,126
OHTL Plc.	-	11,146	-	11,146
Siam Fiber Optics Co., Ltd.	1,115	10,194	1,115	10,194
Siam machinery and equipment Co., Ltd.	3,091	3,471	3,091	3,471
Others	9,739	18,947	9,248	3,130
Total	785,333	1,023,018	758,662	953,544
Total trade accounts payable – related parties	1,230,588	1,432,510	2,013,534	2,161,447

## 26. FINANCE LEASE PAYABLES – NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Not over one year	685,537	668,348	624,438	629,604
Over one year but not over five years	1,010,932	985,745	833,815	919,367
Total	1,696,469	1,654,093	1,458,253	1,548,971
Less : Deferred interest	(112,659)	(121,266)	(83,726)	(108,906)
	1,583,810	1,532,827	1,374,527	1,440,065
Less : Current portion	(649,422)	(601,357)	(575,577)	(570,407)
Net	934,388	931,470	798,950	869,658

The above finance leases payable are for machinery, equipment and vehicles leases with scheduled repayment terms of two - five years

## 27. LONG - TERM LOANS - NET

As at 31 December 2016 and 2015, the outstanding balance of long - term loans are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Outstanding balances	10,994,098	8,165,816	6,138,104	4,781,820
Less : Current portion	(3,623,801)	(2,940,627)	(2,903,816)	(2,179,028)
Net	7,370,297	5,225,189	3,234,288	2,602,792

Movements in the long – term loans for the years ended 31 December 2016 and 2015 are summarized as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	8,165,816	7,999,658	4,781,820	5,633,895
Add : Additional borrowings	5,352,567	2,825,282	2,980,288	1,085,000
Less : Repayments	(2,519,902)	(2,620,278)	(1,624,004)	(1,935,958)
Less : Translation adjustment for foreign currency financial statements	(4,383)	(38,846)	-	(1,117)
Balance as at 31 December	10,994,098	8,165,816	6,138,104	4,781,820

During the year 2016, the Company entered into loan agreements with two banks for credit facilities of Baht 4,965 million. These credit facilities bear interest at the rate of MLR – 1 and MLR – 1.5 per annum. The loans are collateralized by transferring of right for the payment of construction project, and are payable within 31 August 2018, 16 May 2019, 30 November 2019 and 2 July 2020 or upon completion of the project, whichever comes first.

Loans of subsidiaries bear interest at the rate of MLR per annum.

A joint operation entered into loan agreement with a financial institution for credit facilities of Baht 8,330 million of which Baht 4,165 million is for the portion of the Company. These credit facilities bear interest at the rates of MLR – 0.75 and MOR – 1 per annum.

A subsidiary entered into loan agreement with a local bank for credit facilities of Baht 1,371 million which bear interest at the rates of MLR per annum. Such contain covenants relating to various matters including maintenance of financial ratios, limitations on the execution of new loan obligations and others. Loans are guaranteed by the Company and mortgages of machinery and equipment including the transfer of right for Engineering Procurement Contractor Contract of the subsidiary's construction project.

A subsidiary has loan facilities from local bank of Baht 12,650 million. Such loan guaranteed by the Company and collateralized by the mortgage of project's machinery and equipment.

Loan of an overseas subsidiary bears interest rate at 10.00 - 13.50 per annum and is repayable as specified in agreements. These loans secured by office premises and specific equipments.

An overseas subsidiary is entered into loan agreement with a financial institution with loan facilities of BDT 4,000 million. This loan bears interest at the floating rate of Bank of Bangladesh plus 6% per annum and repayment every 6 months within 3 years from initial drawdown. This loan collateralized by the Company.

## 28. DEBENTURES – NET

Debenture (Unit : Thousand Baht)	Duration	Date of issue	Maturity date	Interest rate (% p.a.)	Consolidated and Separate F/S	
					2016	2015
1	5 years	8 June 2011	8 June 2016	6.72	-	3,497,909
2	5 years	26 June 2014	26 June 2019	6.15	5,980,348	5,972,409
3	2 years	27 February 2015	27 February 2017	4.50	199,962	199,716
4	5 years 1 day	21 September 2015	22 September 2020	4.95	3,490,237	3,487,610
5	2 years 2 days	27 November 2015	29 November 2017	4.10	299,637	299,236

Debenture (Unit : Thousand Baht)	Duration	Date of issue	Maturity date	Interest rate (% p.a.)	Consolidated and Separate F/S	
					2016	2015
6	5 years	8 June 2016	8 June 2021	4.40	<b>3,493,015</b>	-
7	3 years 2 days	15 September 2016	17 September 2019	4.00	<b>199,604</b>	-
Total					<b>13,662,803</b>	13,456,880
Less: Current Portion					<b>(499,598)</b>	(3,497,909)
Debentures – net					<b>13,163,205</b>	9,958,971

Movements of debentures for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)	Consolidated and Separate F/S	
	2016	2015
Balance as at 1 January	<b>13,456,880</b>	12,951,466
Newly issued debentures	<b>3,700,000</b>	4,000,000
Old redeemed debentures	<b>(3,500,000)</b>	(3,500,000)
Cost of issuing debentures	<b>(8,317)</b>	(14,416)
Amortization of costs of issuing debentures	<b>14,240</b>	19,830
Balance as at 31 December	<b>13,662,803</b>	13,456,880
Less : Current Portion	<b>(499,598)</b>	(3,497,909)
Net	<b>13,163,205</b>	9,958,971

On 8 June 2016, the Company issued new unsecured, unsubordinated and represented debentures with a principal amount of Baht 3,500 million to specific persons with five-year tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.40 percent per annum which is payable quarterly. The debentures will be due for redemption on 8 June 2021. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 15 September 2016, the Company issued new unsecured, unsubordinated and represented debentures with a principal amount of Baht 200 million to specific persons with 3 years 2 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.00 percent per annum which is payable quarterly. The debentures will be due for redemption on 17 September 2019. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 27 February 2015, the Company issued new debenture issuing to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount totaling Baht 200 million with two-year tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.50 percent per annum which is payable every six months. The debentures will be due for redemption on 27 February 2017. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 21 September 2015, the Company issued new debenture issuing to specific persons, unsecured, subordinated with representative holders, for a principal amount totaling Baht 3,500 million with five-year and one-day tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.95 percent per annum which is payable quarterly. The debentures will be due for redemption on 22 September 2020. The Company used the proceeds from this issuance to redeem the maturity debenture and for working capital for operations.

On 27 November 2015, the Company issued new debenture issuing to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount totaling Baht 300 million with two-year and two-day tenure and with a face value of Baht 1,000. These bear interest at a rate of 4.10 percent per annum which is payable every three months. The debentures will be due for redemption on 29 November 2017. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

The debentures were issued with covenants relating to various matters such as the decrease in share capital, merger, the payment of dividend and limitations on the execution of new loan obligation.

## 29. EMPLOYEE BENEFITS OBLIGATION

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Present value of employee benefits obligation as at 31 December	<b>1,100,406</b>	1,021,629	<b>800,856</b>	764,259
Fair value of plan assets as at 31 December	<b>(85,115)</b>	(74,187)	-	-
Obligation – net	<b>1,015,291</b>	947,442	<b>800,856</b>	764,259
<u>Employee benefits obligation</u>				
Balance as at 1 January	<b>1,021,629</b>	788,220	<b>764,259</b>	578,869
Current service costs	<b>85,441</b>	61,472	<b>49,798</b>	38,689
Interest on obligation	<b>28,936</b>	37,241	<b>20,880</b>	24,653
Actuarial loss	<b>31,790</b>	178,926	<b>23,391</b>	155,057
Benefit paid	<b>(69,154)</b>	(50,032)	<b>(56,963)</b>	(32,827)
Translation adjustments for foreign currency financial statements	<b>1,764</b>	5,802	<b>(509)</b>	(182)
Balance as at 31 December	<b>1,100,406</b>	1,021,629	<b>800,856</b>	764,259

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Plan assets</u>				
Balance as at 1 January	74,187	70,534	-	-
Expected returns on plan assets	6,619	6,386	-	-
Contribution	13,068	10,682	-	-
Benefit paid	(9,029)	(14,824)	-	-
Actuarial gain (loss)	2,513	(2,282)	-	-
Translation adjustments for foreign currency financial statements	(2,243)	3,691	-	-
Balance as at 31 December	85,115	74,187	-	-

Plan assets invested with two insurance companies as at 31 December 2016 and 2015 are Baht 85.12 million and Baht 74.19 million, respectively. The management believes that the assets in these portfolios are well diversified risk and, as such, the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amount of employee benefits obligation, plan assets, the deficit thereof and the experiences of adjustments on plan assets and plan liabilities of overseas entities for the current and previous three years are as follow :

(Unit : Thousand Baht)	2016	2015	2014	2013
Employee benefits obligation	172,205	145,870	111,637	93,205
Plan assets	85,115	74,187	70,534	64,826
Deficit	(87,090)	(71,683)	(41,103)	(28,379)
Experience adjustments on plan assets	(2,513)	2,282	(2,556)	4,323
Experience adjustment on plan liabilities	(14,707)	(20,695)	(7,746)	9,800

The employee benefit obligations of the Company and subsidiaries are measured using actuarial techniques. The estimated amount is computed by the discounted cash flows for amounts to be paid in the future based on the government bond interest rate with a term to maturity that approximates the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, retirement ages, mortality, length of service and others. The employee benefits expenses are recognised in the statement of profit or loss to allocate the expenses through the hiring period. Principal actuarial assumptions are as follows :

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Financial assumptions</u>				
Discount rates	2.62 – 7% per annum	1.74 – 8% per annum	2.69% per annum	2.56 – 2.59% per annum
Future average salary increment rates	0 – 6.61% per annum	0 – 7.39% per annum	1.30 – 6.16% per annum	1.76 – 7.18% per annum
<u>Demographic assumptions</u>				
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008	Thai Mortality Table 2008	Thai Mortality Table 2008
Normal retirement ages	50 - 60 years	50 - 60 years	60 years	60 years
Weighted average duration of the defined benefit obligation (years)	3 - 28 years	6.9 - 20 years	8 years	8.30 years

- Defined benefit plan expenses

Amounts recognised in profit or loss related to employee benefits obligation are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Current service cost	72,373	50,790	49,798	38,689
Net interest expense	22,317	30,855	20,880	24,653
Total expenses recognized in profit or loss	94,690	81,645	70,678	63,342

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

- Amounts recognised in other profit or loss related to the employee benefits obligation plans are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Actuarial loss from changes in experience assumptions	(25,908)	(86,405)	(25,082)	(70,650)
Actuarial loss from changes in demographic assumptions	(40,772)	(36,776)	(37,321)	(32,204)

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Actuarial gain (loss) from changes in financial assumptions	37,400	(58,027)	39,012	(52,203)
Translation adjustments for foreign currency financial statement	1,858	(97)	-	-
Total income (loss) recognised in other profit or loss	(27,422)	(181,305)	(23,391)	(155,057)

All expenses summarised above were included within item that will not be reclassified subsequently to profit or loss.

- Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Unit : Thousand Baht)	Consolidated F/S				Separate F/S			
	2016		2015		2016		2015	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<b>Discount rate</b>								
Increment (decrement) of employee benefit obligation	46,029	96,671	36,356	104,619	(20,441)	19,856	(20,732)	19,220
<b>Future salary growth</b>								
Increment (decrement) of employee benefit obligation	95,213	47,146	104,713	36,731	19,245	(20,071)	18,402	(20,174)

- As at 31 December 2016 and 2015, expected maturity of employee benefits obligation before discount are as follow :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Within 1 year	378,414	350,591	351,925	322,006
Between 2 – 5 years	274,773	339,904	238,671	231,753
Between 6 – 10 years	367,945	342,404	302,358	284,963
Between 11 – 15 years	334,848	306,089	254,598	244,239

### 30. INCOME TAX

The analysis of deferred tax assets and liabilities are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Deferred tax assets	557,397	543,032	-	2,024
Deferred tax liabilities	(990,566)	(980,380)	(183,195)	(204,989)
Deferred tax – net	(433,169)	(437,348)	(183,195)	(202,965)

The movements in deferred tax assets and liabilities are as follows :

(Unit : Thousand Baht)	Consolidated F/S			
	Recognised as income (expense)			31 December 2016
	1 January 2016	Statement of profit and loss	Shareholders' Equity	
<b>Deferred tax assets</b>				
From allowance for doubtful accounts	73,195	36,709	-	109,904
From allowance for obsolete inventories	366	585	-	951
From allowance for impairment of assets	969	(969)	-	-
From depreciation of assets	336,436	(9,755)	-	326,681
From loss carry forward	7,491	21	-	7,512
From employee benefits obligations	66,833	24,745	583	92,161
From finance lease payables	6,066	7,292	-	13,358
From provision for liabilities	18,971	(18,971)	-	-
From provision for loss on construction project	18,924	(10,086)	-	8,838
From other timing differences	13,781	(6,916)	(8,873)	(2,008)
Total	543,032	22,655	(8,290)	557,397

	Consolidated F/S			
		Recognised as income (expense)		
	1 January 2016	Statement of profit and loss	Shareholders' Equity	31 December 2016
(Unit : Thousand Baht)				
<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	79,192	-	(29,897)	49,295
From finance lease receivable	-	-	-	-
From finance lease payables	74,533	22,815	-	97,348
From depreciation of machinery	298,319	(6,327)	-	291,992
From debentures	8,623	(1,184)	-	7,439
From potash mining right	458,699	-	-	458,699
From investment properties	61,014	9,218	-	70,232
From other timing differences	-	15,561	-	15,561
Total	980,380	40,083	(29,897)	990,566

	Consolidated F/S			
		Recognised as income (expense)		
	1 January 2015	Statement of profit and loss	Shareholders' Equity	31 December 2015
(Unit : Thousand Baht)				
<b>Deferred tax assets</b>				
From allowance for doubtful accounts	53,252	19,943	-	73,195
From allowance for obsolete inventories	813	(447)	-	366
From allowance for impairment of assets	969	-	-	969
From depreciation of assets	139,200	197,236	-	336,436
From loss carry forward	5,471	2,020	-	7,491
From employee benefits obligations	54,963	11,082	788	66,833
From finance lease payables	1,936	4,130	-	6,066
From provision for liabilities	18,414	557	-	18,971
From provision for loss on construction project	-	18,924	-	18,924
From other timing differences	2,683	2,333	8,765	13,781
Total	277,701	255,778	9,553	543,032

<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	134,608	-	(55,416)	79,192
From finance lease receivable	29,085	(29,085)	-	-
From finance lease payables	50,479	24,054	-	74,533
From depreciation of machinery	192,026	106,293	-	298,319
From debentures	9,706	(1,083)	-	8,623
From potash mining right	458,699	-	-	458,699
From investment properties	59,888	1,126	-	61,014
Total	934,491	101,305	(55,416)	980,380

	Separate F/S			
		Recognised as income (expense)		
	1 January 2016	Statement of profit or loss	Shareholders' Equity	31 December 2016
(Unit : Thousand Baht)				
<b>Deferred tax asset</b>				
From depreciation of assets	2,024	(2,034)	10	-
	2,024	(2,034)	10	-
<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	77,701	-	(31,203)	46,498
From finance lease payables	71,184	10,989	-	82,173
From depreciation of machinery	34,335	(2,242)	-	32,093
From debentures	8,624	(1,185)	-	7,439
From Investment properties	13,145	1,847	-	14,992
Total	204,989	9,409	(31,203)	183,195

(Unit : Thousand Baht)	Separate F/S			
	1 January 2015	Recognised as income (expense)		31 December 2015
		Statement of profit or loss	Shareholders' Equity	
<b>Deferred tax asset</b>				
From depreciation of assets	452	1,572	-	2,024
<b>Total</b>	<b>452</b>	<b>1,572</b>	<b>-</b>	<b>2,024</b>
<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	131,556	-	(53,855)	77,701
From finance lease receivable	29,085	(29,085)	-	-
From finance lease payables	50,479	20,705	-	71,184
From depreciation of machinery	31,347	2,988	-	34,335
From debentures	9,706	(1,082)	-	8,624
From investment properties	13,090	55	-	13,145
<b>Total</b>	<b>265,263</b>	<b>(6,419)</b>	<b>(53,855)</b>	<b>204,989</b>

Income tax consist of :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<b>Domestic income tax</b>				
Current tax	39,198	94,472	66	42,883
<b>Overseas income tax</b>				
Current tax	38,930	49,309	-	-
	<b>78,128</b>	<b>143,781</b>	<b>66</b>	<b>42,883</b>
<b>Deferred tax</b>				
Change in temporary differences	17,428	(154,473)	11,443	(7,991)
<b>Total</b>	<b>95,556</b>	<b>(10,692)</b>	<b>11,509</b>	<b>34,892</b>
<b>Income tax recognised in other comprehensive income</b>				
Unrealised gain on changes in value of investments	29,897	55,416	31,203	53,855
Actuarial losses	583	788	-	-
Others	(8,873)	8,765	10	-
<b>Total</b>	<b>21,607</b>	<b>64,969</b>	<b>31,213</b>	<b>53,855</b>

Reconciliation of effective tax rate

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Accounting profit (loss) before income tax	149,306	(497,259)	122,407	308,418
Tax rate for parent company (%)	20	20	20	20
Tax expense	29,861	(99,452)	24,481	61,684
Adjustment for tax – rate difference in foreign jurisdictions	(37,126)	(39,061)	-	-
Adjustment for eliminate transaction	26,241	70,774	(61,323)	(74,319)
Tax on deductible for revenue code	(323,016)	(524,247)	(202,661)	(325,711)
Tax on expenses not subject to tax for revenue code	385,435	280,980	187,221	172,516
Recognition of previously unrecognized loss carry forward	(302,230)	(16,788)	(45,808)	-
Current year losses for which no deferred tax asset was recognized	316,391	317,102	109,599	200,722
Tax expense	<b>95,556</b>	<b>(10,692)</b>	<b>11,509</b>	<b>34,892</b>

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statement are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Temporary differences	1,452,904	1,452,862	1,427,422	1,425,644
Unused loss carried forward	498,267	260,837	243,202	-
<b>Total</b>	<b>1,951,171</b>	<b>1,713,699</b>	<b>1,670,624</b>	<b>1,425,644</b>

The tax losses will expire in 2016 to 2020. The deductible temporary differences do not expire under current tax legislation. The Company and subsidiaries have not been recognised deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Company and subsidiaries can utilize the benefits.

### 31. SHARE CAPITAL AND WARRANT

#### 31.1 Share capital

At the Annual General Shareholders Meeting held on 8 April 2015, shareholders passed resolution as following :

31.1.1 Approval to decrease the registered share capital from Baht 5,871,149,452 to Baht 5,279,840,828 by decrease unissued shares of Baht 591,308,624 (591,308,624 shares at Baht 1 par value).

31.1.2 Approval to increase the register share capital from Baht 5,279,840,828 (5,279,840,828 shares at Baht 1 par value) to Baht 6,335,808,993 (6,335,808,993 shares at Baht 1 par value) which reserve for the exercise warrant of Baht 1,055,968,165.

The Company registered such changes with the Department of Business Development on 23 April 2015.

During the year 2016, the warrant holders exercised 20 warrants to buy 20 common shares. The Company received additional paid-up share capital to be Baht 5,279,840,848.

The Company registered such changes with the Department of Business Development on 11 October 2016.

#### 31.2 Warrant

At the Annual General Shareholders Meeting held on 8 April 2015, the shareholders passed a resolution to issue and allocate warrant no.1 (ITD-W1) to existing shareholders at 5 shares for 1 unit of warrant totaling 1,055,968,165 units. The Company registered warrants with The Thailand Securities Depository CO., Ltd totaling 1,055,934,113 units.

1 unit of warrant is exercisable to purchase 1 common share at Baht 14 each within 4 years starting from 14 May 2015 to 13 May 2019. It first exercise is on 30 June 2015 and able to exercise on the last working day of each quarter. The Company has the exercise of warrants No. 6 on 30 September 2016 that the warrant holders exercised 20 warrants to buy 20 common shares.

As at 31 December 2016, the Company has the outstanding warrant totaling 1,055,934,093 units unexercised warrants.

### 32. EARNING PER SHARE

There is no potential dilution in earnings per share arose from warrant because the average share price during this period was lower than the exercise price. The Company therefore, has not computed the diluted earnings per share from warrant.

### 33. RELATED PARTY TRANSACTIONS

During the year, the Company and subsidiaries had significant business transactions with related parties, which have been conducted on commercial terms and based on agreed upon in the ordinary course of businesses between the Company and those related parties, as follows :

Name	Location	Relationship
Siam Steel Syndicate Plc.	Thailand	Co-Director
Italhai Industrial Co., Ltd.	Thailand	Co-Director
Italhai Engineering Co., Ltd.	Thailand	Co-Director
Ao Po Grand Marina Co., Ltd.	Thailand	Co-Director
Ao Po Grand Marina & Residence Co., Ltd.	Thailand	Co-Director
P3 Global Energy Co., Ltd.	Thailand	Co-Director
PAN AFRICAN MINING CORP.	Canada	Co-Director
Asia Thai Mining Co., Ltd.	Thailand	Co-Director
Charoong Thai Wire and Cable Plc.	Thailand	Co-Director
PAM SAKOA COAL S.A.	Madagascar	Co-Director
LNG Plus International (Hong Kong) LTD	Hong Kong	Co-Director
Siam machinery and equipment Co., Ltd.	Thailand	Co-Director
Construction concrete Co., Ltd.	Thailand	Co-Director
OHTL Plc.	Thailand	Co-Director
NWR – SBCC Joint Venture	Thailand	Co-Director
Bell Development Co., Ltd.	Thailand	Co-Director
Nishio Rent All (Thailand) Co., Ltd.	Thailand	Co-Director
Intrinsic Resources Co., Ltd.	Thailand	Co-Director
Sakdi Sin Prasit Co., Ltd.	Thailand	Co-Director
Siam Fiber Optics Co., Ltd.	Thailand	Co-Director

Transaction	Pricing policy
Turn-key construction service income	Cost plus margin
Construction service income, exclusive the procurements of materials	Cost or cost plus margin
Land rental income	Mutually agreed rate
Sales of equipment	Cost or mutually agreed price
Sales of investment	Market price
Purchases of construction materials	Approximate market price
Turn-key construction expenses	Cost plus margin
Hire of construction services, exclusive procurements of materials	Cost
Purchases of investments	Approximate net book value
Purchases of assets	Mutually agreed prices
Interest on loans with related parties	Mutually agreed rate
Rental expenses	Mutually agreed rate

Below are summaries of significant related party transactions during the year :

(Unit : Million Baht)	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2016	2015	2016	2015
<u>Transactions with subsidiaries</u>				
Construction services, sales and other income	-	-	679	363
Sales of equipment	-	-	4	49
Purchases of construction materials and services	-	-	1,398	1,037
Purchases of equipment	-	-	-	1
<u>Transactions with associated companies and joint ventures</u>				
Construction services, sales and other income	195	231	194	231
Sales of equipment	8	-	8	-
Purchases of construction materials and services	250	405	223	354
<u>Transactions with related companies</u>				
Construction services, sales and other income	852	890	676	808
Purchases of construction materials and services	2,062	1,999	1,450	1,593
Purchases of equipment	909	93	907	39
<u>Key management personnel compensation</u>				
Short-term employee benefits	133	112	106	90
Post-employment benefits	11	6	2	1

Furthermore, the Company also has significant transactions with its related parties in respect of loans and advances. The outstanding balances of such transactions are presented as separate items in the statement of financial position.

#### Accrued rental expenses

As at 31 December 2016, a subsidiary has accrued rental expenses of Baht 70.31 million (2015 : Baht 62.42 million).

### 34. ALLOWANCE FOR LOSSES ON CONSTRUCTION PROJECT

Movements of allowance for losses on construction project for the years ended 31 December 2016 and 2015 are as follow:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Balance as at 1 January	265,468	159,401	265,468	157,173
Allowance (reversal) for loss on construction projects	26,119	106,067	(44,368)	108,295
Balance as at 31 December	291,587	265,468	221,100	265,468

### 35. PROVIDENT FUND

The Company and subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, and subsidiaries, contributed to the fund monthly at the rate of 2.00 – 15.00 percent of basic salary. The fund, which is managed by CIMB-Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2016 and 2015, the Company and its subsidiaries contributed Baht 113.03 million and Baht 138.69 million, respectively, to the fund (Separate F/S : Baht 52.21million and Baht 49.13 million, respectively).

### 36. COST OF CONSTRUCTION WORK

As at 31 December 2016 and 2015, construction costs of the Company after adjustment to reflect gains or losses recognized for current construction projects, amounted to Baht 84,715 million and Baht 78,738 million, respectively.

### 37. LEGAL RESERVE

Pursuant to Section 116 of the Public Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

### 38. OTHER INCOME

Significant other income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Rental income	47,687	63,457	37,456	56,997
Insurance claim	1,823	9,373	-	-
Gain on disposal of assets	4,558	60,091	573	10,319
Bad debt written back	47,637	10,365	7,432	192
Income from claims for debt settlement	94,811	59,241	92,974	42,854
Others	157,507	118,664	58,213	31,093
Total	354,023	321,191	196,648	141,455

### 39. EXPENSES BY NATURE

Significant expenses by nature are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Salaries, wages and other employee benefits	9,439,224	9,641,129	6,923,597	7,456,259
Depreciation	2,331,546	2,193,419	1,256,801	1,296,527
Amortisation	32,904	6,251	6,089	5,585
Rental expenses	1,349,770	1,524,950	876,549	1,143,809
Materials and supplies used	14,865,602	16,973,520	8,704,552	10,176,930
Subcontract costs	12,997,905	13,331,348	5,405,589	5,887,117
Utilities expenses	786,626	785,278	293,270	315,435
Transportation expenses	506,052	548,789	255,145	296,042
Repair and maintenance expenses	842,011	611,403	356,097	438,030
Prebid expenses	68,543	70,618	58,485	55,925
Professional fee	431,080	3,303,871	113,501	108,557
Fuel expenses	1,401,990	1,366,335	879,874	961,923

### 40. GUARANTEES

As at 31 December 2016, the Company and subsidiaries have outstanding guarantees totaling approximately Baht 48,391.86 million issued by financial institutions on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business. The Company does not expect to incur losses from these guarantees.

As at 31 December 2016, the Company has outstanding guarantees approximately Baht 6,952.22 million issued to financial institutions to collateralize credit facilities granted by those financial institutions to the subsidiaries and joint venture. The Company issued guarantees in proportion to its shareholding (except for ItalThai Trevi Co., Ltd., ItalThai Marine Co., Ltd., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd., and ITD Cementation India Limited for which the Company issued full guarantees for the credit facilities).

### 41. COMMITMENTS

41.1 As at 31 December 2016, the Company, subsidiaries and joint venture have outstanding commitments with major subcontractors, classified by currencies as follows :

(Unit : Million Baht)	Baht Equivalent	
	Consolidated F/S	Separate F/S
Currency		
THB	4,241.06	4,076.83
INR	2,896.86	103.28
BDT	697.92	-

- 41.2 As at 31 December 2016, the Company and subsidiaries have the following outstanding commitments, proportionately, for purchases of materials, machinery, software, related services and service contracts :

(Unit : Million Baht)	Baht Equivalent	
	Consolidated F/S	Separate F/S
<u>Currency</u>		
THB	471.09	380.52
USD	1,383.14	65.53
INR	96.98	-
EUR	519.26	19.53
TWD	0.64	0.64

- 41.3 As at 31 December 2016, the Company has outstanding commitments of USD 8.35 million in respect of the uncalled portion of investments in a related company, and nine subsidiary companies of Baht 2.25 million, USD 1.65 million, BDT 26,880.82 million and MMK 344.17 million.
- 41.4 A subsidiary company has a commitment to apply for and to obtain a mining concession from the Government of Thailand prior to the commencement of the potash mining operations. A fee of USD 5 million is payable to the Ministry of Industry upon receipt of the mining concession and an annual fee subsidizing the Education Fund of USD 0.20 million is payable to the Department of Primary Industries and Mines in accordance with an agreement between the Ministry of Industry and the Department of Primary Industries and Mines and the Company.
- 41.5 A subsidiary company entered into a land purchase and sale agreement for the land located in the mining project area in Udon Thani Province. The total area of land is approximately 1,239 rai for a total cost of Baht 279 million. The subsidiary company has paid a deposit of Baht 2 million for the land purchase, and the balance will be paid according to the terms of the agreements.
- 41.6 Several indirect subsidiary companies entered service agreements for project consultant which have commitment to pay at the rate as specified in agreements.

## 42. CONTINGENT LIABILITIES

- a) In year 1997, the Company and seven other parties were jointly sued for compensation totaling approximately Baht 654.89 million. On 30 December 2005, the Court of First Instance ordered the defendant to pay for damages amounting to Baht 440.03 million, plus interest at the rate of 7.50 percent per annum from 11 June 1992 to the payment date. On 17 March 2006, the Company submitted an appeal and a petition to stay execution to the order of the Court - Chonburi Province defending that the plaintiffs did not file the claims with the Bankruptcy Court within the prescribed period. The Appeal Court had issued a verdict in favour of the Company (co-defendant) whereby the Company has no responsibility to the plaintiff. Currently, such case is in the process of consideration to submit the petition by plaintiff. The Company believes that there will be no damage from such case. The Company therefore, has not set up any provision in its accounts. There has been no progress on this matter during the year.
- b) Certain customers of the Company have taken legal actions against the Company, subsidiary companies, and joint venture for breaches of service agreements as follow :

	Million Baht
Company and subsidiary companies	899.89
Associated companies	5.45
Joint venture	16.78
Total	922.12

The cases are currently pending for judgement from the Civil Courts. Management is of the opinion that such lawsuits are a normal part of businesses and some are brought without proper justifiable grounds, and believes that no material liabilities will be incurred as a result of those lawsuits. Therefore, the Company has not set up provision for those in the accounts. However certain creditor has taken legal actions against an indirect subsidiary company for breaches of service agreements amounting Baht 4.03 million which the case is currently pending for judgement from the Central Bankrupt Courts.

- c) A branch office in overseas has been tax assessed for the years 2008 by tax authority of branch office totalling Baht 128.41 million. The Company's management believes that no material liabilities will be incurred from tax assessed. Therefore, the Company has not set up provision for those in the accounts.
- d) A subsidiary company was assessed additional import tax for equipment by custom department of Baht 52.31 million. The management of subsidiary company submitted an appeal and objection such assessment by confirm that have to pay tax correct and completely. During the year 2016, Appeal Committee had issued a verdict a favour of the subsidiary company whereby the subsidiary company has no pay tax in the amount of Baht 52.31 million. The subsidiary company has to be classified component machineries by category to comply with verdict in order to assess and pay import tax in according to the Appeal Committee defined. The management of subsidiary company believe that there will be no damage from such case. The company therefore has not set up provision in its accounts.

### 43. SEGMENT REPORTING

Consolidated financial statements as at 31 December 2016 and 2015 and for the years ended 31 December 2016 and 2015 combined geographic segment reporting as follow :

(Unit : Million Baht)	Consolidated F/S			
	Revenues from construction work		Non - current assets*	
	2016	2015	2016	2015
<u>Geographic information</u>				
Thailand	26,976	28,679	22,441	21,152
India	16,846	18,154	2,056	1,997
Others	1,368	2,387	10,762	10,261
Total	45,190	49,220	35,259	33,410

\* Exclude deferred tax asset and goodwill

Revenues from external customers in the Group, Thailand as well as its major markets, and India, have been identified on the basis of the customer's geographical location. Non - current assets are allocated based on their physical location.

The operations of the Company and subsidiaries for the years ended 31 December 2016 and 2015 are mainly engaged in a single industry segment, construction services, and are conducted in the following geographical segments.

(Unit : Million Baht)	Consolidated F/S											
	For the years ended 31 December											
	Thailand		India		Other countries		Total		Eliminate		Grand Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<u>Revenue from construction work</u>												
Gross segment revenues	26,976	28,679	16,846	18,154	1,368	2,387	45,190	49,220	-	-	45,190	49,220
Inter - segment revenues	1,013	430	43	14	426	190	1,482	634	(1,482)	(634)	-	-
Net revenues from third parties	27,989	29,109	16,889	18,168	1,794	2,577	46,672	49,854	(1,482)	(634)	45,190	49,220
<u>Revenue from sale and service</u>												
Gross segment revenues	2,176	2,071	-	-	3	7	2,179	2,078	-	-	2,179	2,078
Inter - segment revenues	573	741	-	-	-	-	573	741	(573)	(741)	-	-
Net revenues from third parties	2,749	2,812	-	-	3	7	2,752	2,819	(573)	(741)	2,179	2,078
Gross profit (loss)	2,760	2,793	1,515	1,713	423	(80)	4,698	4,426	(30)	(17)	4,668	4,409
Other income	217	106	149	210	7	41	373	357	(19)	(36)	354	321
Interest income	88	91	105	37	11	1	204	129	(40)	(46)	164	83
Interest expense	(1,523)	(1,503)	(716)	(914)	(211)	(218)	(2,450)	(2,635)	40	46	(2,410)	(2,589)
Depreciation and amortization	(1,701)	(1,633)	(337)	(277)	(404)	(302)	(2,442)	(2,212)	13	12	(2,429)	(2,200)
Reversal of allowance (allowance) for doubtful accounts	(99)	218	(107)	(793)	1	-	(205)	(575)	44	(25)	(161)	(600)
Gain (loss) on exchange rate	2	23	4	15	(36)	(50)	(30)	(12)	-	-	(30)	(12)
Share of profit (loss) from investment in associated companies and joint ventures											(28)	10
Income tax expense											(96)	11
Profit (loss) for the year											54	(487)

(Unit : Million Baht)	Thailand		India		Other countries		Total		Elimination		Grand total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Property, plant and equipment - net	11,325	10,339	1,798	1,737	5,440	5,663	18,563	17,739	(52)	(64)	18,511	17,675
Other assets	56,727	55,594	12,466	15,309	7,652	6,128	76,845	77,031	(17,236)	(16,611)	59,609	60,420
Total assets	68,052	65,933	14,264	17,046	13,092	11,791	95,408	94,770	(17,288)	(16,675)	78,120	78,095
Total liabilities	45,821	43,732	15,145	17,765	15,059	13,719	76,025	75,216	(12,239)	(11,697)	63,786	63,519

#### Major Customer

For the year ended 31 December 2016, the Company and subsidiaries revenue come from Government agencies amounting of Baht 24,767.75 million (2015 : Baht 27,582.91 million).

#### 44. FINANCIAL INSTRUMENTS

##### Financial risk management

The Company and subsidiaries have financial instruments principally comprise cash and cash equivalent pledged deposits at banks, trade accounts receivable, loans, investments, bank overdrafts and short - term loans from financial institutions, loans, finance lease payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

##### Credit risk

The Company and subsidiaries have exposure to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit grantings are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as presented in the statement of financial position.

##### Interest rate risk

The Company and subsidiaries exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term loans from financial institutions, short-term loans, finance lease payables, debentures and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

##### Foreign currency risk

The Company and subsidiaries have exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Company, subsidiaries and joint ventures seek to manage this risk by entering into forward exchange and currency swap contracts when it considers appropriate.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2016 are summarized below :

Foreign currency	Consolidated F/S		Separate F/S		Average exchange rate as at 31 December 2016 (Baht per foreign currency unit)
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	
USD	24	24	29	1	35.8307
EUR	-	35	-	-	38.1362
LAK	-	80	-	-	0.0044
HKD	4	-	4	-	4.5796

Forward exchange contracts which remain outstanding as at 31 December 2016 are summarized below :

Currency	Balance (Million)	Forward contract exchange rate
USD (sell)	22	32.8000
EUR (buy)	35	43.7500
USD (buy)	24	33.2800
CNY (buy)	9	5.1200 – 5.3940

As at 31 December 2016, significant foreign currency denominated assets and liabilities which are unhedged of the Company, subsidiaries and joint venture as follow:

	Consolidated F/S (Net)			
	USD Million	EUR Million	LAK Million	HKD Million
Trade accounts receivable and retention	10	-	-	4
Trade accounts receivable and loan to – related companies	14	-	-	-
Trade accounts payable	-	-	80	-

	Separate F/S (Net)			
	USD Million	EUR Million	LAK Million	HKD Million
Trade accounts receivable and retention	-	-	-	4
Trade accounts receivable and loan to – related companies	29	-	-	-
Trade accounts payable	1	-	-	-

In addition, the Company and subsidiaries have foreign currency exposure risk with respect to their investments in subsidiaries and associated companies in overseas which are not covered by the hedges against foreign currency risk.

A subsidiary has entered into the cross currency swap contract with a financial institution to manage exposure of fluctuations in foreign currency exchange rates of Baht 2,702.39 million, starting from 20 November 2014 to 30 December 2024.

#### 45. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2016 :

(Unit : Thousand Baht)	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
<u>Non - financial assets</u>				
Current investments	-	46	-	46
Other long – term investments	574,764	-	-	574,764
Investment properties	-	-	1,925,363	1,925,363
Non – current assets classified as held for sale	-	-	168,677	168,677
Total	574,764	46	2,094,040	2,668,850
<u>Financial liabilities</u>				
Forward contract liabilities	-	125,315	-	125,315
Total	-	125,315	-	125,315

(Unit : Thousand Baht)	Separate F/S			
	Level 1	Level 2	Level 3	Total
<u>Non - financial assets</u>				
Other long – term investment	541,602	-	-	541,602
Investment properties	-	-	1,040,043	1,040,043
Non – current assets classified as held for sale	-	-	168,677	168,677
Total	541,602	-	1,208,720	1,750,322
<u>Financial liabilities</u>				
Forward contract liabilities	-	1,882	-	1,882
Total	-	1,882	-	1,882

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2015 :

(Unit : Thousand Baht)	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Forward contract asset	-	65	-	65
<u>Non - financial assets</u>				
Current investments	-	45	-	45
Other long – term investment	742,247	-	-	742,247
Investment properties	-	-	1,591,469	1,591,469
Total	742,247	110	1,591,469	2,333,826
<u>Financial liabilities</u>				
Forward contract liabilities	-	48,876	-	48,876
Total	-	48,876	-	48,876

(Unit : Thousand Baht)	Separate F/S			
	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Forward contract asset	-	65	-	65
<u>Non - financial assets</u>				
Other long – term investment	715,621	-	-	715,621
Investment properties	-	-	743,000	743,000
<b>Total</b>	<b>715,621</b>	<b>65</b>	<b>743,000</b>	<b>1,458,686</b>

Investment properties was carried out using a market approach comparable with market price of the same assets reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the investment properties in question, including plot size, location, encumbrances and current use.

The fair values of the non – current assets classified as held for sale are estimated using a depreciated replacement cost approach which capitalizes the estimated of the market value for the existing use of the assets plus the current gross replacement cost of improvements less allowances for physical deterioration and all relevant forms of obsolescence.

#### 46. CAPITAL RISK MANAGEMENT

The Company and subsidiaries's objective in the management of capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital. In addition, the Company and subsidiaries are required to maintain a debt to equity ratio as stipulated in loan facility agreements.

In order to maintain or adjust the capital structure, the Company and subsidiaries may adjust the dividend payment to shareholders, issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

#### 47. EVENT AFTER REPORTING PERIOD

On 21 February 2017, the Board of Director of an overseas subsidiary passed a resolution to approval to pay dividend to shareholder at 0.30 INR per share (equivalent to Baht 0.15 per share).

#### 48. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 28 February 2017.



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