



# Annual Report 2017



ITALIAN - THAI DEVELOPMENT  
PUBLIC COMPANY LIMITED



## Contents

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Message from the President	2
Report of Audit Committee for the Year 2017	3
Report of the Risk Management Committee	4
Organization Chart	5
Policy and Business Overview	6
Nature of Business	11
Review of Construction Operations	14
Risk Factors	17
Marketing and Competition	24
Corporate Information and Other Information	26
Shareholders	31
Dividend Policy	33
Management Structure	34
Corporate Governance	40
Corporate Social Responsibility Report (CSR)	60
Board of Directors and Board of Management	80
Number of Shares Held by ITD Directors and Directors' Remuneration as of January 31, 2018	88
Internal Control	89
Related Party Transactions	90
Summary of Financial Information	96
Management's Discussion and Analysis of Results of Operations and Financial Condition as at December 31, 2017	97
The Board of Director's Report on their Responsibilities for Financial Reports for the year 2017	107
Independent Auditor's Report	108
Financial Statement	113

## Message from the President

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2016 was the greatest year of growth the Company has ever experienced. The Company was able to win numerous project bids such as “3 routes of Doubled Track Railway Projects”, the “400 Bed Chulabhorn Hospital Building Project” and the “Coal Excavation for Mae Moh Power Plant Phase 9 Project”. These projects will create a workload for the Company valued at one hundred and thirty seven billion Baht which is the highest revenue the Company has ever generated since being established. Moreover, these benefits are expected to grow for consecutive years.

The expectations are that 2018 will be another great year for the Company as supported by the government opening bidding on several projects. These upcoming projects cost up to 1 thousand billion Baht. The projects that the Company plans to undertake are the “Phase 2 Doubled Track Railway Project”, the “Thai-Chinese High Speed Rail Project”, the “High-Speed Rail Link Connecting 3 International Airports Project”, the “Bangkok Mass Rapid Transit South Purple Line Project”, the “Bangkok Mass Rapid Transit West Orange Line Project”, the “Phase 3 Laem Chabang Port”, amongst others. Theafore mentioned projects are large projects that shall generate large revenues and workload for the Company as well as benefits. In addition our own developing projects are also being improved continuously. For the Dawei SEZ Development Project, the negotiation regarding land lease agreements will be held soon and will enable the Company to proceed with the project. For the Design and Construction of Moatize Railway Line and Macuse Port Terminal in Mozambique, there will be a contract signing ceremony with the customers and the Company will hasten the financial closure. The Bauxite Mining and Production of Alumina / Aluminum Project in Lao PDR will be developed this year providing high benefits. The Udon Thani Potash Mining Project is now awaiting the new Minerals Act, to enable the Company to receive the mining license from the Department of Primary Industries and Mines and further proceed with the project.

Subsequently, as it is seen, this year will be another great year for the Company.



Premchai Karnasuta

## Report of Audit Committee for the Year 2017

The Audit Committee of Italian Thai Development Public Company Limited was duly appointed by the resolution of the Annual General Meeting of Shareholders on 27<sup>th</sup> April 2017. The three members of the Audit Committee have been appointed for a three year term, comprising Dr. Krisorn Jittorntrum as Chairman, Mr. William Lee Zentgraf and Prof. Dr. Mingsarn Kaosa-ard as Committee Members. In addition, Mr. Withit Ouaysinprasert, the Vice President of Internal Audit Division, served as secretary of the Audit Committee.

In 2017, five Audit Committee Meetings were held, each of which was met by presence of all members. The significant activities undertaken by the Audit Committee assigned by the Company's Board of Directors in the year 2017 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 2017.
2. Review of the Company's Internal Control Systems and the 2017 Audit Plan of the Internal Audit Division. Also, review of 2017 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 caused by potential increasing price of main materials in 2017 and the measures against direct impact to the Company.
5. Review of the connected transaction and those of 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 2017, including holding an official meeting with the Certified Public Accountant without the management representative once a year.

The Audit Committee's opinion is 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. Adequate Internal Control Systems were practiced without significant 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 related transactions are accurate and reliable and fairly priced according to the market price index. Finally, the Audit Committee's opinion is that 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 are qualified to be the Company's auditor for 2017.



(Dr. Krisorn Jittorntrum)  
Audit Committee Chairman  
15 March 2018

## 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 2017, 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 Industrial Estate Project in Myanmar, the Dhaka Elevated Expressway Project in Bangladesh and the Potash Mining Project in Udon Thani Province, Thailand and Bauxite Mine Project, Lao PDR.

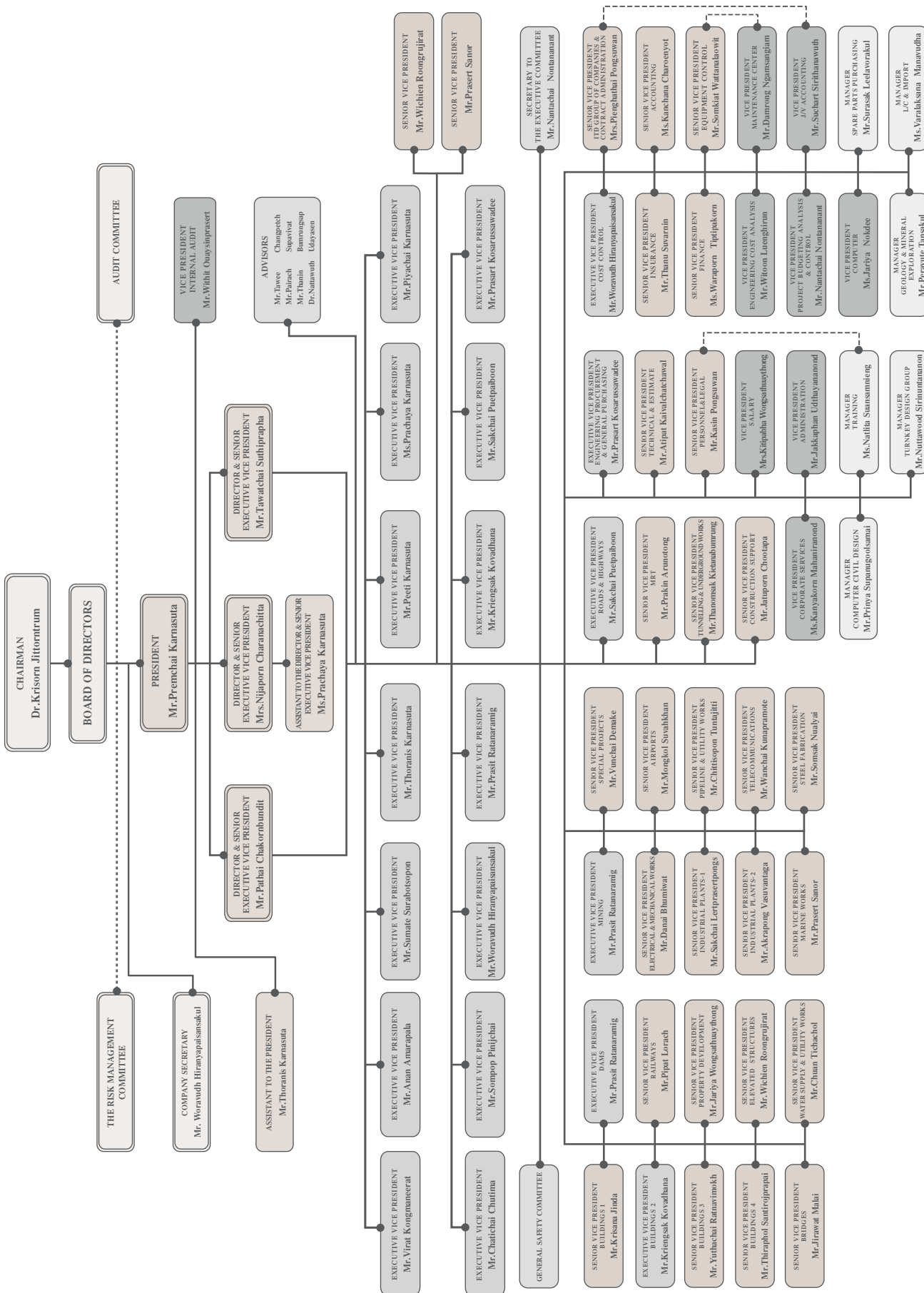
The Risk Management Committee has also considered and provided recommendations for enhancing the Company's profitability. Some recommendations have been implemented, for example the improving of the accuracy of construction cost estimation and the incentive scheme for motivating productivity, efficiency 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, 2018

# 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 LIMITED” (ITD), by Dr. Chaijudh Karnasuta (a Thai) and Mr. Giorgio Berlingieri (an Italian) as co-founders who had the objective of establishing 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 agencies. The Company’s high-standard 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’ Meeting No. 6/12/2560, held on 15<sup>th</sup> December 2017 has review the vision, mission, motto and operating strategy of the Company including to set Short Term, Medium Term, and long Term Goals to be in line with objective and main goal 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 and On-time delivery 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's operation goal for the year 2018 are categorized into 6 parts as follows;

Short Term – Medium Term Period (within 1-4 years)	Long Term Period (More than 5 years)
<b>1. To increase competitiveness for revenue growth</b> <ul style="list-style-type: none"> <li>Attend the Government's biddings i.e.               <ul style="list-style-type: none"> <li>Water resource management project</li> <li>EEC (Eastern Economic Corridor Development) project</li> <li>Double track railway project</li> <li>Motorway and elevate expressway project</li> <li>High speed train project</li> </ul> </li> <li>For each BU (business unit), create capabilities in operation for advantages in bidding and archive biddings</li> <li>Maintain the market share and the position of No.1 leader</li> <li>Be a joint venture with the Government for the PPP Projects i.e.               <ul style="list-style-type: none"> <li>Lam Chabang Port Phase 3</li> <li>Phuket Sky Train, Phuket Airport - Chalong Five Ways</li> <li>High Speed Rail linking 3 airports, Don Mueang - Suvarnabhumi</li> <li>U-Tapao</li> <li>Bangpain – Nakonrachasrima and Bang Yai – Kanchanaburi Expressway</li> <li>Increase backlog from the present</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>To maintain the market share and the position of No.1 leader.</li> <li>Expand the overseas market</li> <li>Improve the revenues from the invested projects so as to generate profits to the Company.</li> </ul>
<b>2. To increase capability in making profits</b> <ul style="list-style-type: none"> <li>Apply IT system with the budgets and resources management</li> <li>Support each BU on developing and researching of innovation for upcoming projects which would benefit the construction</li> <li>Establish the developing and researching center of the Company in a site work that supports the construction</li> </ul>	<ul style="list-style-type: none"> <li>Be a leader of innovation in construction field</li> <li>Continually develop and update technologies for better competency</li> </ul>
<b>3. To create satisfaction for customers</b> <ul style="list-style-type: none"> <li>Operate the construction based on the standards and hand over work following the contract work</li> </ul>	
<b>4. To maintain safety standards in working</b> <ul style="list-style-type: none"> <li>Focus on setting up team conscious of safety in working</li> <li>Inspect the safety standard of each site work by the General Committee</li> <li>Decrease the number of accidents to the least from the present</li> </ul>	<ul style="list-style-type: none"> <li>Try to reach zero rate accident</li> </ul>
<b>5. To improve employees' skills and quality of life of family</b> <ul style="list-style-type: none"> <li>Hold training courses for improving employees' skills in every level to be knowledgeable and conscious of working among the Management Level (SVP, VP, PM and PE), Supervisory Level, Operational Officer both BUs and work supports with full efficiency</li> <li>Offer scholarships to the employees' children</li> <li>Establish the training center for engineers and technicians</li> <li>Develop the engineers by holding internal competition and giving awards</li> </ul>	<ul style="list-style-type: none"> <li>Decrease the employee turnover rates of each level</li> <li>Support the winning engineers in supervisory level</li> </ul>
<b>6. Corporate Social Responsibility Image</b> <ul style="list-style-type: none"> <li>Attend activities with community nearby working projects</li> <li>Support every CSR activity of every site work i.e. Pordee Pordee School</li> <li>Support the good corporate governance following the principles by SEC such as: the definition of the objectives and main targets of the company for sustainability and support the participation and communication with the Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Continuously support every CSR activity</li> <li>CG scoring not less than 90</li> </ul>

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### **Significant Change and Development**

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to increase the registered share capital from Baht 6,335,808,993 (6,335,808,993 shares at Baht 1 par value) to Baht 6,337,920,861 (6,337,920,861 shares at Baht 1 par value) to reserve for the adjustment of the warrants no.1 (ITD-W1) exercising. The Company registered such changes with the Department of Business Development on 19 May 2017. Moreover, shareholders passed a resolution to adjust the exercising price and exercising ratio of the warrant no.1 (ITD-W1), from the existing rights offering 1 unit of warrant for 1 common share at Baht 14 each, to 1 unit of warrant for 1.002 common share at Baht 13.971 each.

Besides, on June 27<sup>th</sup> 2017 Mr. Krirk Vanikkul, Independent Director resigned as an Independent Director, effective from June 28 2017 onwards.

Recently, technology has been growing rapidly. The importance of information technology that supports the Management's decision factors in the growth of the company is well realized.

Therefore, to improve the efficiency of operation to promptly collect information and process from various work locations as scheduled, the management has approved the development and installation Computer system ERP : SAP S4/HANA replace ERP : SAP 4.6 C system that has been in use since 2003 for a total of 14 years.

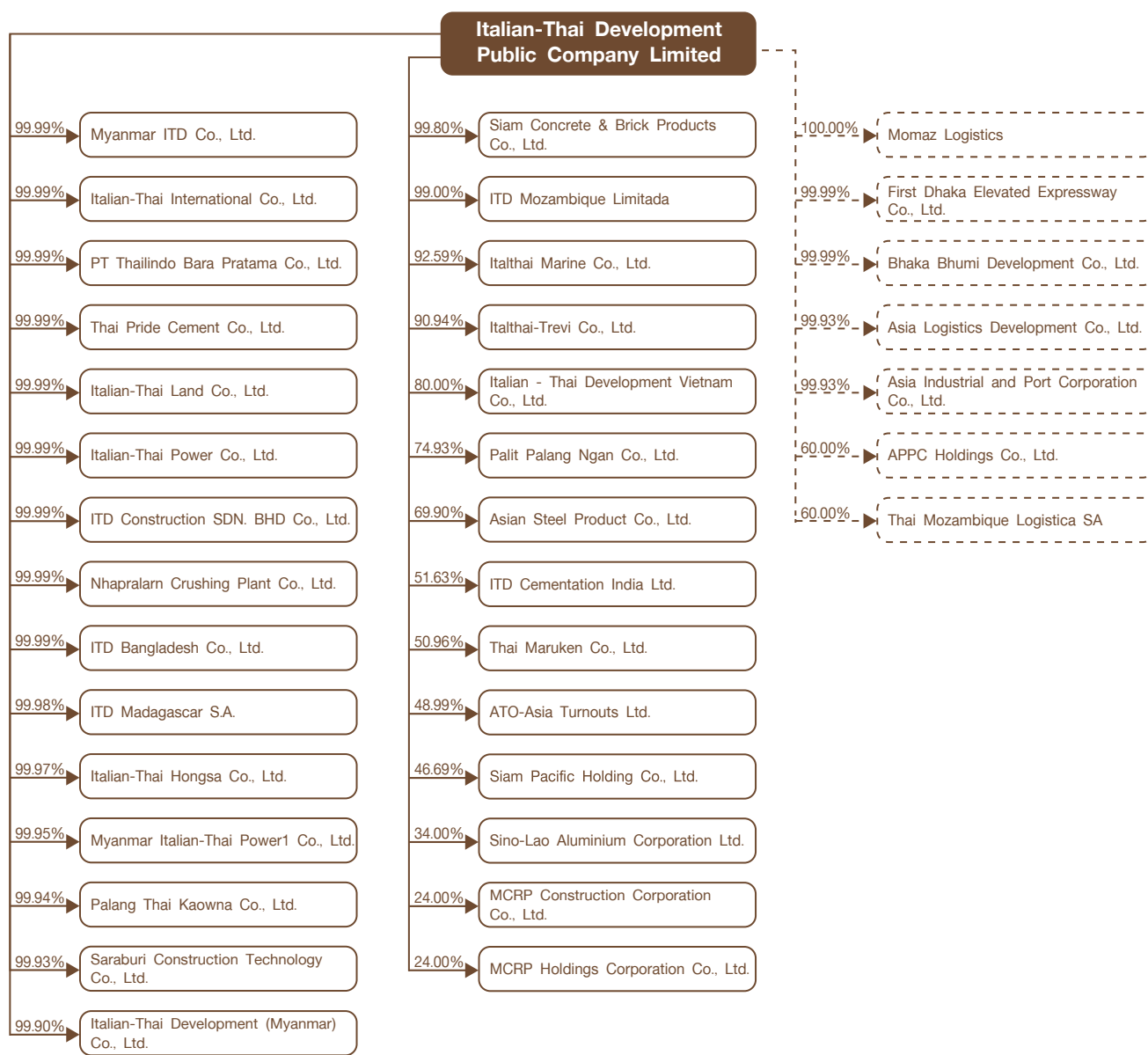
The development of the ERP: SAP S4/HANA System has begun since November 2017 and will be operable in August 2018.

Furthermore, on June 27 2017, Mr. Krirk Vanikkul submitted the resignation letter to resign as Independent Director, effective June 28 onwards.

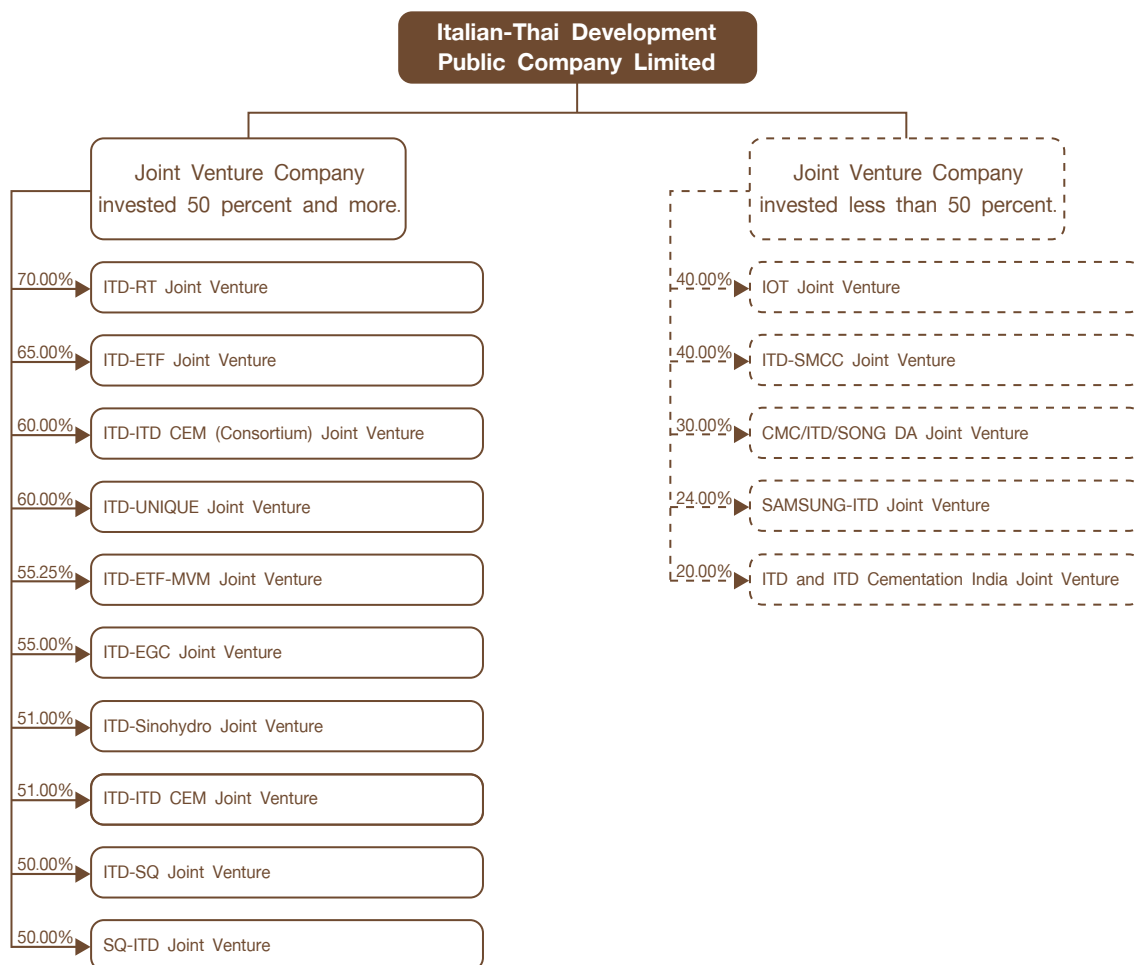
## Shareholding Structure of the Company

The business lines of the Company's subsidiary companies, associated companies, and joint venture as of 31<sup>st</sup> December 2017 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 2017:



### 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 2017 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	2017		2016		2015 (Restated)	
	(Baht) Million	%	(Baht) Million	%	(Baht) Million	%
1. Large-scale Building Construction	11,817.61	20.20	8,201.60	16.21	9,309.05	17.30
2. Industrial Plants and Facilities	1,240.00	2.12	527.49	1.04	583.46	1.08
3. Pipelines and Tank Farms	3,923.64	6.71	2,451.47	4.85	3,247.70	6.04
4. Highways, Railways, Bridges and Expressway Systems	14,929.25	25.51	14,580.91	28.82	19,012.66	35.34
5. Airports, Jetties, Deep-sea Ports and Marine Works	13,043.20	22.29	12,176.49	24.07	9,164.17	17.03
6. Multi-purpose Hydro-electric Dams, Tunnels and Power Plants	1,148.59	1.96	1,307.35	2.58	1,483.88	2.76
7. Steel Structures	78.95	0.13	230.40	0.46	389.48	0.72
8. Telecommunications	62.83	0.11	137.44	0.27	124.34	0.23
9. Mining	2,896.68	4.95	2,525.86	4.99	2,420.32	4.50
10. Miscellaneous	8,007.89	13.69	7,285.95	14.40	6,937.86	12.89
11. Others	1,367.18	2.33	1,165.29	2.31	1,132.52	2.11
Total Sales	58,515.82	100.00	50,590.25	100.00	53,805.44	100.00
Sale Growth (Decline)	15.67%		-5.98%		2.91%	
Related Party Transactions from Construction	513.57		474.68		183.93	
Related Party Transactions from Miscellaneous	1,538.76		1,581.18		1,191.51	
Others	384.48		145.21		394.94	
Total Net after Provisions	56,079.01		48,389.18		52,035.06	
Growth (Decline)	15.89%		-7.01%		5.93%	

## 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	2017		2016		2015	
(Unit : Thousand Baht)	Holdings	Sales	%	Sales	%	Sales	%
<b>Subsidiary Companies</b>							
1. Myanmar ITD Co., Ltd.	99.99	-	-	-	-	-	-
2. Italian-Thai International Co., Ltd.	99.99	106,636	0.50	87,504	0.36	88,861	0.35
3. PT Thailindo Bara Pratama Co., Ltd.	99.99	20,434	0.10	-	-	-	-
4. Thai Pride Cement Co., Ltd.	99.99	1,211,110	5.70	1,216,108	5.03	1,463,965	5.69
5. Italian-Thai Land Co., Ltd	99.99	-	-	-	-	-	-
6. Italian-Thai Power Co., Ltd	99.99	-	-	-	-	-	-
7. ITD Construction SDN.BHD.	99.99	-	-	-	-	-	-
8. Nha Pralan Crushing Plant Co., Ltd.	99.99	28,250	0.13	14,023	0.06	14,159	0.06
9. ITD Bangladesh Company Limited	99.99	-	-	-	-	-	-
10. ITD-Madagascar S.A.	99.98	2,135	0.01	2,487	0.02	7,132	0.03
11. Italian-Thai Hongsa Co., Ltd.	99.97	2,060,462	9.70	1,722,896	7.13	1,387,656	5.39
12. Myanmar Italian-Thai Power 1 Co., Ltd.	99.95	-	-	-	-	-	-
13. Palang Thai Kaowna Co., Ltd	99.94	-	-	-	-	-	-
14. Saraburi Construction Technolog Co., Ltd.	99.93	41,583	0.20	18,509	0.08	79,965	0.31
15. Italian - Thai Development (Myanmar) Co., Ltd.	99.90	-	-	-	-	46,416	0.18
16. Siam Concrete Brick&Products Co., Ltd.	99.80	435,856	2.05	353,773	1.46	501,569	1.95
17. ITD Mozambique Limitada	99.00	12,246	0.06	-	-	-	-
18. ItalThai Marine Co., Ltd.	92.59	196,760	0.93	417,303	1.73	272,000	1.06
19. ItalThai Trevi Co., Ltd.,	90.94	1,317,978	6.20	1,089,828	4.51	811,867	3.16
20. Italian-Thai Development Vietnam Co., Ltd.	80.00	-	-	-	-	-	-
21. Palit Palangan Co., Ltd.	74.93	-	-	-	-	-	-
22. Asian Steel Products Co., Ltd.	69.90	86,369	0.41	194,131	0.80	57,499	0.22
23. ITD Cementation India Ltd.	51.63	11,940,442	56.19	16,108,487	66.64	16,361,919	63.58
24. Thai Maruken Co., Ltd.	50.96	580,059	2.73	410,979	1.70	405,073	1.57
<b>Associated Companies</b>							
1. ATO Asia Turnouts Co., Ltd	48.99	146,885	0.69	95,214	0.39	169,425	0.66
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	% of	2017		2016		2015	
(Unit : Thousand Baht)	Holdings	Sales	%	Sales	%	Sales	%
Subsidiary Companies							
1. Momaz Logistics	100.00	-	-	-	-	-	-
2. First Dhaka Elevated Expressway Co., Ltd.	99.99	-	-	-	-	-	-
3. Bhaka Bhumii Development Co., Ltd.	99.99	543,357	2.56	542,339	2.24	289,544	1.13
4. Asia Logistics Development Co., Ltd.	99.93	-	-	-	-	-	-
5. Asia Industrial Port Corporation Co., Ltd.	99.93	-	-	-	-	-	-
6. APPC Holdings Co., Ltd.	60.00	-	-	-	-	-	-
7. Thai Mozambique Logistica SA	60.00	-	-	-	-	-	-

### 3. Lines of Joint Ventures

Company Name	% of Holding	2017		2016		2015 (Restated)	
(Unit : Thousand Baht)		Sales	%	Sales	%	Sales	%
<b>Joint Ventures</b>							
1.ITD –RT Joint Venture	70.00	4,520	0.02	-	-	-	-
2. ITD-ETF Joint Venture	65.00	137,408	0.65	66,845	0.28	-	-
3. ITD – ITD Cem (Consortium) Joint Venture	60.00	8,306	0.04	46	-	30,471	0.12
4. ITD – UNIQUE Joint Venture	60.00	-	-	-	-	143,534	0.56
5. ITD-ETF-MVM Joint Venture	55.25	-	-	-	-	55	-
6. Italian-Thai-EGC Joint Venture	55.00	2,161	0.01	-	-	3,831	0.01
7. ITD-ITD Cem Joint Venture	51.00	758,348	3.57	761,348	3.15	1,726,353	6.71
8. ITD- Sinohydro Joint Venture	51.00	37,799	0.18	-	-	-	-
9. ITD SQ Joint Venture	50.00	816,130	3.84	790,692	3.27	661,929	2.57
10. SQ ITD Joint Venture	50.00	-	-	157,212	0.65	638,540	2.48
11. IOT Joint Venture	40.00	-	-	-	-	-	-
12. ITD-SMCC Joint Venture	40.00	-	-	-	-	202,432	0.79
13. CMC/ITD/SONG DA JOINT VENTURE	30.00	594,761	2.80	101,685	0.42	-	-
14. Joint Venture Evergreen – Italian-Thai-PEWC	25.00	-	-	-	-	-	-
15.SUMSUNG – ITD Joint Venture	24.00	-	-	-	-	351,933	1.37
16. CEC-ITD CEM-TPL Joint venture	20.70	133,743	0.60	-	-	-	-
17. ITD Cementation Joint Venture	20.00	27,023	0.13	19,457	0.08	11,904	0.05
		21,250,894	100.00	24,170,866	100.00	25,728,032	100.00

The Thai economy for the year 2018 is poised to grow close to 3.5% supported by the government and private investment. The government was ramping up spending on infrastructure projects at the end of last year and there are several upcoming projects that will open for bidding this year. Rising private investment in the upcoming projects is also giving the economy a boost. Furthermore, These upcoming construction projects will stretch the abilities of the larger contractor companies and the subsequent expansion of workload will accelerate the overall Thai economy and employment opportunities.

### Building Works

The building projects completed in the past year included: the BITEC Bangna Phase 2 Project worth 598 million Baht, the Chulabhorn Hospital Project (Annex) worth 314 million Baht, the Nirvana Cover On-nut Project 65 worth 241 million Baht, Teerachai Paisan Engineering Project worth 195 million Baht, and importantly, the Replicas of the Royal Crematorium in Bangkok and Suburban Area Project, by 8 replicas, and in another 19 provinces.

The ongoing projects were listed as the Chakrinaruebodindra Medical Institute Phase 1, 2 and overall interior design, worth 8,428 million Baht with 95% completed and some parts are available to be operational, the medical center to mark the 150th year of the Somdej PhraPanwasa Aiyika Chao phrase 2 worth 5,198 million Baht with 23% completed, Krungsri Ploenchit Tower worth 2,200 million Baht with 85% completed, the Singha Complex worth 1,226 million Baht with 73% completed, Magnolias Waterfront Residences worth 2,412 million Baht with 61% completed, the ICONSIAM Superlux Residence worth 1,260 million Baht with 61% completed, and the Whizdom 101 worth 1,705 million Baht with 35% completed.

The additional projects which have recently begun include the 400-Bed Chulabhorn Hospital Building (Phase 1) worth 7,005 million Baht, and the Ozo Pattaya Hotel worth 309 million Baht.

### Expressway, Highways, Railways and Bridges

The construction projects completed in 2017 included the Construction of Bang Ku Underpass at Highway No.402, Phuket province worth 493 million Baht, and the Construction of the Second Border Bridge across the Moei River, Amphur Mae Sod Contract 1 worth 329 million Baht.

The ongoing domestic projects are include Bang Pa-In – Saraburi – Nakhon Ratchasima Motorway Project (Section 7-8-9) worth 3,265 million Baht with 56%, 53% and 30% completed respectively, the Sky Lane Suvarnabhumi Bicycle track worth 1,301 million Baht with 92% completed, the Highway No.304 Kabinburi – Pakthongchai, (Wildlife Corridor) worth 1,206 million Baht with 77% completed, the Highway No. 304 (Kabin Buri- Wang Nam Khiao) Phase 3 worth 743 million Baht with 38% completed, Laem Chabang Port worth 1,343 million Baht with 88% completed, the Construction of Khlong 19- Kaeng Khoi rail route worth Baht 581 million Baht with 45% completed.

The Double-Track Railway Project, includes the construction routes at Hua Hin-Prachuap Khiri Khan worth 5,427 million Baht, Map Kabao - Thanon Chira Junction contract 1 worth 7,065 million Baht, and the Map Kabao - Thanon Chira Junction contract 3 (Tunnel Works) worth 8,682 million Baht, under the ITD-RT Joint Venture. Furthermore, the Highway No.2 Ban Mai Chaiyaphot - Phutthaisong section 1 worth 500 million Baht has recently been included.

The primary targets that the company aims to win this year, are the auction for the Government motorway projects, the rest of double-track railway, and the standard gauge railway construction.

The ongoing overseas project is the Dhaka Elevated Expressway with a 25 year concession in Bangladesh worth 38,095 million Baht. The route layout has been modified by the Bangladesh Government, in order to reduce the land expropriation problem. The project is currently under financial closure, and expected to be complete by Q2 2018 in accordance with the Government programme.

### Airports

The ongoing project includes: the Second Phase Expansion of Suvarnabhumi Airport in sections of Aircraft Aprons (B2, B1 & Ground Floor), and South Tunnel Extension worth 11,262 million Baht with 67% completed.

Additionally, there are several projects in this expansion plan that AOT will conduct an auction for in order to have capacity to handle up to 60 million passengers. With this opportunity, the Company is truly confident to win any further auctions.

Further development projects for other airports in Thailand include Donmueng, Phuket, Hat-Yai, Krabi International Airport, as well as Aircraft Maintenance Center at Utapao Airport, the company maintains these projects as integral targets.



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## Industrial Plants

The industrial plant projects completed in 2017 included: the Construction of MDF 2 Factory and Equipment Foundation, Songkhla province worth 276 million Baht, Mitr Phuluang Sugar Mill worth 218 million Baht, the Warehouse of Mitr Phukhieo Sugar Mill, Chaiyaphum province worth 199 million Baht, and the Turbine and Boiler Building of Mitr Kalasin Sugar Mill, Kalasin province worth 144 million Baht.

The ongoing projects include, the Expansion of Sugar Factory and Biomass Power Plant of Korat industry worth 536 million Baht currently 96% complete, the Expansion of Goodyear Factory, Pathum Thani province worth 293 million Baht currently 94% complete, and Cooling Tower Water Treatment of Kaset Phol Sugar Mill worth 125 million now 50% complete.

For Bang Pakong Combined Cycle Power Plant Project (Units 1-2 Replacement), the company are cooperating with Sumitomo, and Black & Veatch (Thailand) the total project value is 22,000 million Baht (approximately 5,200 million Baht directly by the Company). Currently, this project is functionally operational.

## Mining Development

The ongoing domestic projects included: the Seventh Phrase of Mae Moh Mine Project worth 21,822 million Baht currently 77% complete. This project is operated with Sahakol Equipment Co., Ltd under the name 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 meters and coal mining targetting 50 million tons for the Electricity Generating Authority of Thailand.

Presently, the Company has just won the auction for the Ninth Phrase of Mae Moh Mine Project worth 35,000 million Baht and the contract will be signed shortly.

The ongoing overseas projects in hand are listed as the Hongsa Mine in Laos PDR, operating in soil excavation with the total quantity of 383 million cubic meters, worth 25,282 million Baht currently 20% complete, and the soil excavation work by Metalindo Bumi Raya PT Company (MBR) in Indonesia, operating in soil excavation for 14 million cubic meters and coal mining for 1.58 million tons worth 1,295 million Baht currently only 2% complete.

## Pipeline and Utility Works

The project completed in 2017, was the Natural Gas Pipeline Construction for Rojana Power Plant worth 480 million Baht.

The ongoing projects include, the first Transmission Pipeline Life Extension Project (RC-650) worth 966 million Baht currently 71% complete, the first Transmission Pipeline Life Extension Project-18" Reroute Section (RC-670) worth 1,692 million Baht currently 29% complete, and Chit Lom Electricity Terminal Station and Transmission Line Tunnel worth 878 million Baht currently 8% complete.

The additional projects which have recently been begun included: the Installation of Overhead Power Line to Underground Electric Distribution System in Rama III worth 1,816 million Baht, and the Replacement of Cross Pipe (type 36" and 42") for the Natural Gas Separation Plant, Rayong province worth 173 million Baht.

The ongoing overseas projects are the Laying of Water Trunk Main from Garden Reach Water Works to Taratala Valve Station in India worth 1,667 million rupee currently 97% complete, and the Laying of Sewer Line Project along James Long Sarani Road, at Kolkata with a length of 3.8 kilometers worth 987 million rupee currently 18% complete.

In Vietnam, the Company undertakes the laying of sewer line in Ho Chi Minh City, Package XL-01 worth 2,248 million Baht, currently 7% complete.

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

The completed projects included: the Construction of Concrete Retaining Wall at Klong Sakaengam worth 393 million Baht, the Mae Nam and Chawang Community Development Project, Ko Samui, Suratthani province altogether worth 409 million Baht, the development project of Chiangrai Municipality worth 74 million Baht, and the construction of flood protection barrier for Klong Mahasawat , soi Suanpak 4 worth 42 million Baht.

The ongoing projects included: the Fourth Phase of Kerry Siam Seaport Expansion Project worth 1,567 million Baht currently 77% complete, the Retaining Wall of Pasak River Phase1 Section1 worth 913 million Baht currently 82% complete, the Weir Construction Project at Wangpan weir, Lamphun province worth 382 million Baht currently 94% complete, Thai Oil Jetty No. 7 and 8 Expansion Project in Sriracha, Chonburi worth 2,317 million Baht currently 7% complete, and the Construction of Flood Protection System for Bangsrimuang community, Nonthaburi province worth 326 million Baht currently 6% complete.

Furthermore, the mega-project that company is targetting is the Third Phase of Laem Chabang Port Development Plan worth 35,000 million Baht.

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## **Dams and Hydroelectric Power**

The ongoing domestic projects include: the Tunneling and Associated Works, Mae Ngad-Mae Kuang Water Transmission Tunnel Contract 1 worth 2,182 million Baht currently 12% complete. The Company has positioned itself to be ready for any further projects that the Government may carry out in particular regard to dam construction.

The ongoing overseas project is Nam Theun 1 Hydropower Project in Lao PDR worth 16.8 billion Baht currently 26% complete. For this project, the Joint Venture of CMC/ ITD/ SONG DA (from CMC, ITD and Song Da Corporation) with the share holding of 40:30:30 respectively. Holding the shares of 30%, accounts for 5.03 billion Baht.

## **Mass Rapid Transit Systems**

The ongoing projects include: the MRT Extension Phase 1– Blue Line (Hua Lamphong - Sanam Chai Section) worth 10,897 million Baht with 97% complete, the SRT Red Line Contract 2 (Bang Sue – Rangsit Section) worth 23,580 million Baht with 96% complete, the MRT Green Line (North) Project (Mo Chit–Saphan Mai–Khu Khot Section) Contract 1 worth 14,280 million Baht with 51% complete, the MRT Orange Line (East) Project (Thailand Cultural Center – Minburi Section) Contract 3 with a length of 23 kilometers along with the design and Construction project of underground structures at Hua Mak-Khlong Ban Ma Section worth 17,355 million Baht with 7% complete. Also, to facilitate the construction by removing the public utility system and managing the traffic congestion are a part of the project., and lastly the BTS Gold Line Contract1 (Krung Thonburi - Khlong San Station) worth 999 million Baht, prepared to be additionally signed in relevant matters in order to make the project efficient.

The completed overseas projects include the Delhi Metro Rail Project Contract CC-32 (UG 3) worth 7,600 million rupee.

The ongoing overseas projects includesd: the Delhi Metro Rail Project Contract CC-26R worth 6,167 million rupee with 91% complete, and the Kolkata Metro Rail Project (UG-2) worth 16,507 million rupee with 54% complete.

Besides those aforementioned projects, the company still handles with Dhaka Metro Rail Project in Bangladesh for the Dhaka Elevated 6th Expressway (Package CP-03 and CP-04) worth 16,479 million Baht, and the construction of Civil and Building Works (Package CP-02) under the ITD -SINOHYDRO Joint Venture worth 1,579 million Baht.

The Dhaka Metro Rail continues to conduct auctions for more packages which the Company expects to be a successful bidder.

## **Steel Fabrication**

The steel supply of the Wihan Daeng Factory in Saraburi province has saved time and improved the effectiveness of several construction projects by its readymade steel. In a past year, the total production volume of structural steel fabrication by Wihan Daeng was 5,282 tons, mainly to support ITD's projects, such as the Mass Transit System Projects in Bangkok (Red and Green Line), the Launching Gantry for Bang Pa-In – Saraburi – Nakhon Ratchasima Motorway Project, and the Steel Construction for the Sky Lane Suvarnabhumi Bicycle track as well as Laem Chabang Port.

## **Telecommunications**

The completed telecommunications project in 2017 was the Repairs and Maintenance of Fiber Optic Cable phase 2 in the Southern region worth 97 million Baht.

The current ongoing project is the Construction of PEA Data Center Building worth 582 million Baht with 40% complete.

Other than those works, the company are actively pusuig the Installation of the Undersea Electric Cable 33 kV worth 1,800 million Baht. 45 kilometers to Koh Tao. Also the first phrase of PEA's four construction projects worth 12,000 million Baht is another one that the company is following.

Apart from the aforementioned projects, there are several projects that the Company has researched, pushed forward and continues to develope. For example, the Potash Mining Project in Udon Thani province, the Bauxite Mining and Production of Alumina Factory in Lao PDR, Port and Railway Construction project in the Republic of Mozambique, and lastly the Dawei SEZ Project in Myanmar.

### 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 2017, we generated 71.3% of our construction service revenues in Thailand. The Thai economy had been expanded in 2017. Real GDP in Thailand grew 3.9% in 2017, 3.3% in 2016 and 3.0% in 2015. Real GDP of the construction industry decreased -2.3% in 2017, 8.6% in 2016 and 17.1% in 2015 (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 globally
- Discontinue of pushing economic system by the government's monetary and fiscal policy in local 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 loan agreements and the terms and conditions of bonds, affecting the results of our operations and prospects.

In addition to our business concentration in Thailand, our business is also highly dependent on Thai public sector spending. Our Thai public sector customers accounted for 68.2% and 72.4% of our construction revenues in 2017 and 2016, respectively, and 71.7% and 53.4% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2017 and 2016, 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 affect our business, financial condition, financial covenants in the loan agreements and the terms and conditions 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 revenues, 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 accrue 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 successfully estimated 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 business, financial condition, financial covenants in the loan agreements and the terms and conditions 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 Airports of Thailand Public Company Limited, the Mass Rapid Transit Authority of Thailand, the State Railway of Thailand, the Department of Highways and the Mahidol University accounted for 32.5% and 28.7% of our construction revenues in 2017 and 2016, respectively, and 34.9% and 31.7% of the Company, the subsidiaries with the Company’s construction role and portion of the Company backlog as of December 31, 2017 and 2016, 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 conditions 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 conditions 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 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

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of our joint venture partners 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 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, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and conditions 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 of Thailand even though our work outside Thailand accounted for 28.7% and 37.8% of our construction revenues in 2017 and the 2016, respectively and 38.7% and 40.3% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2017 and 2016, 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, of these countries. 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 and the composition of contracts within our portfolio at any one time. We cannot predict whether or when we will receive awards of new contracts that 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 follow:

- 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)

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

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.

In addition, the project has continuously been supported by the governments of Thailand and Myanmar. On 30th June 2017, there was the Myanmar Joint Coordinating Committee Meeting for the Comprehensive Development in the Dawei Special Economic Zone and its related project areas (JCC) co-chaired by Thai Minister of Transportation and Myanmar Minister of Commerce. The meeting resulted in the establishment of two Joint Technical Task forces between the two governments, namely: 1) Joint Taskforce for the Road Project and 2) Joint Technical Taskforce for the DSEZ Initial Phase. The objectives of the two task forces are to establish a plan, timeframe, and guideline for further project development.

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 stakeholder representative 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 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 the cabinet before signing the mining license. However, due to the effect of the Mineral Act, BE 2560, dated August 29, 2017, the announcement of the new National Mineral Management Master Plan is imminently expected. It has been approved by the National Mineral Management Policy Commission in December, 2017 and presently is under the consideration and approval process of the Cabinet. In addition, with respect to the contract between the Company's subsidiary (government's shares is 10%) and the government, rights and obligations between the parties are mutually stipulated for the successful implementation of this project. Hence the risk is lessened whilst the mining license should be granted.

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 invested in subsidiaries, associated companies and joint ventures, the other investments, the investment properties and the deferred concession costs and cost of project under development as of December 31, 2017 totaling Baht 7,505 million. The investment's objective to increase revenues and decrease expenses according to the policy of vertical integration and economy of scale and also derived from the appraisal of repay debt; however, the limitations and conditions of each entity might be 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 conditions 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**

As at 31 December 2017, the consolidated financial statements include trade accounts receivable of an overseas subsidiary totaling Baht 309 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 179 million and Baht 104 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 had not provided allowance for doubtful accounts for such receivables and claims matter in the accounts. 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.



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## **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 conditions of bonds, results of operations, prospects and returns of investors.

### **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 take us to be defendant in lawsuits asserting 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 conditions of bonds, results of operations, prospects and returns of investors.

### **2.3 We may not be able to fully realize the contracts value 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 134,812 million and Baht 87,815 million as of December 31, 2017 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 conditions 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 conditions 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.

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### 3. Risks related to finance

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

It is customary in the construction industry, and we are typically required, 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 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 conditions 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 conditions 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 conditions 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 57,417 million and Baht 48,392 million as of December 31, 2017, and December 31, 2016, respectively, and our contingent liabilities under guarantees that we issued to financial institutions to secure credit facilities granted by those financial institutions to our subsidiaries, associated companies and joint ventures amounted to Baht 6,536 million and Baht 6,952 million as of December 31, 2017 and December 31, 2016, 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 conditions 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 conditions 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, 2017 and December 31, 2016, 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 13,668 million and Baht 10,808 million, respectively, the other investments amounting to Baht 861 million and Baht 846 million, respectively and the land lease concession and project under development, in the Dawei project, amounting to Baht 7,652 million and Baht 7,559 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 conditions of bonds, results of operations, prospects and returns of investors.



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

October 30, 2017, 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 cyclical nature 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

## **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, 2018 the Thailand Securities Depository Co., Ltd. reported the shares distribution of major shareholders including the directors, the managements and related persons totally 1,385,646,730 shares or 26.24% 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 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 and maintain not excess than 2.5 times under banks’ conditions. As at December 31, 2017 and 2016, the debt to equity ratio from the Company’s consolidated financial statement were 2.47 times and 2.22 times, respectively. 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 issued “the Unsubordinated and Unsecured and Callable Debentures of Italian-Thai Development Public Company Limited No. 2/2560 Due B.E. 2565” (“ITD226A”), 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 29, 2022 started from the 2nd anniversary year of issuance date. 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. As at 31 December 2017, the Company has the outstanding warrant totaling 1,055,934,093 units unexercised warrants. A 1 Warrant was capable to purchase newly issued ordinary 1.002 shares with the exercise price at Baht 13.971 per share and its maturity would 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.

## 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, 2017, the public sector accounted for approximately 71.7% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog, while the private sector accounted for approximately 28.3%. Domestic clients accounted for approximately 61.3% of the Company and portion of the Company backlog as of December 31, 2017, while international clients accounted for approximately 38.7%.

Backlog by Client Classification	As of December 31,		
	2017	2016	2015
Public Sector Backlog	71.7	53.4	53.2
Private Sector Backlog	28.3	46.6	46.8
Total	100.0	100.0	100.0
Domestic	61.3	59.7	62.9
International	38.7	40.3	37.1
Total	100.0	100.0	100.0

In 2 years, the public sector backlog is 53% to 72% of total backlog. The public sector is 71.7% and 53.4% of total backlog at the year ended 2017 and 2016, 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 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 potential, experience, expertise, technical knowledge and resource availability. Contractors who are classified in the highest level typically pre-qualify to bid for all types of contracts. The public sector agencies also encourage contractors to participate in bidding contracts under their own individual potential to complete the public sector agencies' objective. The contractors can portray their own business and strengthen continuous improvement.

The following table sets forth the construction contractors in Thailand that are listed on the SET and the reported revenues of each for 2017:

Company Name	Revenues (million Baht)	% of Total
Italian-Thai Development Public Company Limited	56,079.0	28.80
CH. Karnchang Public Company Limited	37,730.7	19.38
Sino-Thai Engineering Public Company Limited	21,158.9	10.87
Unique Engineering and Construction Public Company Limited	12,675.1	6.51
TTCL Public Company Limited	10,975.6	5.64
Nawarat Pattanakan Public Company Limited	9,345.3	4.80
Syntec Construction Public Company Limited	9,156.7	4.70
Power Line Engineering Public Company Limited	8,427.9	4.33
Christiani & Neilsen (Thai) Public Company Limited	7,943.6	4.08
Pre-Built Public Company Limited	4,827.0	2.48
Thai Polycons Public Company Limited	3,476.5	1.79
Sahakol Equipment Public Company Limited	3,185.7	1.64
TRC Construction Company Limited	2,436.0	1.25
SEAFCO Public Company Limited	1,907.2	0.98
BJC Heavy Industries Public Company Limited	1,512.7	0.78
Sriracha Construction Public Company Limited	1,284.1	0.66
STP&I Public Company Limited	1,158.3	0.59
Pylon Public Company Limited	721.3	0.37
EMC Public Company Limited	675.1	0.35
Total	194,676.7	100.00

Source: Stock Exchange of Thailand

Remark: Excluded PAE (Thailand) Public Company Limited due to no financial statements 2017.

There are not only Thai companies, but also foreign construction companies operating in Thailand. However foreign construction companies are restricted from bidding in government projects because regulations require 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 of 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 6,337,920,861 (Six Thousand Three Hundred and Thirty seven Million, Nine Hundred And Twenty Thousand, Eight Hundred and Sixty -One 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 6,337,920,861 (Six Thousand Three Hundred and Thirty seven Million, Nine Hundred and Twenty Thousand, Eight Hundred and Sixty-One 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, 2017 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 Holding
				Amount	%	
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	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
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

Company Name	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of Holding
				Amount	%	
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
<b><u>Subsidiary Companies</u></b>						
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	1,120 (Million BDT)	100	99.99
2. Bhaka Bhumi Development Co., Ltd.	Bangkok	Tel. 0-2716-1600 ext. 5057 Fax 0-2716-1600-1464	Real Estate development	100 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
<b><u>Subsidiary Companies</u></b>						
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
<b><u>Other Companies</u></b>						
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	Head Office	Tel./Fax	Nature of Business	Paid-up Capital		% of
				Amount	%	Holding
Joint Venture						
1.ITD- RT Joint Venture	Bangkok	Tel 0-2716-1600 ext.4201 Fax 0-2716-1418	The Construction of Track Doubling Project	-	-	70.00
2. ITD-ETF Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Track Doubling Contractor	-	-	65.00
3. 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
4. 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
5. 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
6. ITD-EGC Joint Venture	Taiwan	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Construction of underground electrical train station in Taiwan	295,206	100	55.00
7. ITD-SINOHYDRO Joint Venture	Bangladesh		Contractor	-	-	51.00
8. ITD-ITD Cem Joint Venture	India	Tel 001-91-226-768-0600 Fax 001-91-226-768-0841	Construction Service in India	-	-	51.00
9. 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 , Lampang	348,500	100	50.00
10. 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	302,000	100	50.00
11. IOT Joint Venture	Bangkok	Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418	Airfield Pavement Construction for Suvarnabhumi Airport			40.00
12. 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
13. CMC-ITD Song Da	Laos	Tel. 001-848-120-446-3258 Tel. 001-848-120-446-3259	Contractor Nam Theun1 Hydropower Project, Lao PDR	-	-	30.00
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. CEC-ITDCem - TPL Joint Venture	India	Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841	Construction services in India	-	-	20.70
16. 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

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### (3) References

■ Register of Common Stock

Thailand Securities Depository Co., Ltd.

93 The Stock Exchange of Thailand Building, Rachadapisek Road, Bangkok 10400, Thailand

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Facsimile +66 (0) 2009-999-1

■ Auditor

- |                                  |                           |
|----------------------------------|---------------------------|
| 1. Mr. Somckid Tiatrakul         | certified auditor No.2785 |
| 2. Ms. Kanyanat Sriratchatchaval | 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 |

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■ Financial Advisor

-None-

■ Management Advisor

-None-

### Other Significant Information

-None-



## Shareholders

10 Major Shareholders as at January 31, 2018:

Name of Major Shareholders	Number of Shares	Percent of Shares (%)
<b>1. Karnasuta Family</b>		
1.1 Mr. Premchai Karnasuta	714,479,026	13.532
1.2 Mrs. Nijaporn Charanachitta	367,913,140	6.968
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	2,334,774	0.044
1.8 Mr. Piyachai Karnasuta	23,303,438	0.441
1.9 Ms. Chamaimas Karnasuta	33,594,681	0.636
1.10 Mrs. Bhilaichit Roengpithya	19,934,982	0.378
1.11 Mr. Punsu Roengpithya	10,602,718	0.201
1.12 Ms. Chayaporn Roengpithya	18,680,632	0.354
1.13 Mrs. Oraem Terdpravat	17,845,500	0.338
1.14 C.P.K. International Co., Ltd.*	34,680,000	0.657
<b>2. Thai NVDR Co., Ltd.</b>	223,634,193	4.236
<b>3. Wachiraphong Family</b>		
3.1 Mr. Wichai Wachiraphong	148,554,200	2.814
3.2 Ms. Hataichanok Wachirapong	3,220,000	0.061
3.3 Mrs. Walaiporn Sompakdee	24,154,300	0.457
<b>4. Mr. Prawit Pansaicheu</b>	82,052,400	1.554
<b>5. HSBC (SINGAPORE) NOMINEES PTE LTD.</b>	67,385,000	1.276
<b>6. CHASE NOMINEES LIMITED</b>	47,437,029	0.898
<b>7. Mr. Chaiya Sakulchaivanich</b>	45,004,150	0.852
<b>8. Mr. Nattapol Jurangkool</b>	39,986,400	0.757
<b>9. Mr. Taweechart Jurangkool</b>	39,300,000	0.744
<b>10. N.C.B TRUST LIMITED-POLUNIN DEVELOPING COMPANIES FUND, LLC</b>	33,432,508	0.633

*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
<b>Total</b>	<b>498,300</b>	<b>99.66</b>

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 January 31, 2018 the Board of Directors consists of ten persons as listed below:

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

*Note : Mr. Krirk Vanikkul submitted the resignation letter to resign as Independent Director, effective June 28, 2017 onward.*

### Management

#### ■ Board of Management

As at January 31, 2018 the Board of Management of the Company consists of twenty 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

Name-Surname	Position
6. Mr. Chatichai Chutima	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. Sompop Pinijchai	Executive Vice President
13. Mr. Woravudh Hiranyapaisansakul	Executive Vice President
14. Mr. Prasit Ratanaramig	Executive Vice President
15. Mr. Thoranis Karnasuta	Executive Vice President and Assistant to the President
16. Mr. Kriengsak Kovadchana *	Executive Vice President
17. Mr. Prasart Kosarussawadee *	Executive Vice President
18. Mr. Sakchai Puetpaiboon *	Executive Vice President
19. Mr. Wichien Roongrujirat	Vice President
20. Mr. Prasert Sanor	Vice President

■ The Management announced by the Securities and Exchange Commission

As at January 31, 2018, the Management of the Company consists of twenty-one 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. Virat Kongmaneerat	Executive Vice President
7. Mr. Sumate Surabotsopon	Executive Vice President
8. Mr. Piyachai Karnasuta	Executive Vice President
9. Mr. Peeti Karnasuta	Executive Vice President
10. Ms. Prachaya Karnasuta	Executive Vice President and Assistant to Director and senior Executive Vice President
11. Mr. Chatichai Chutima	Executive Vice President
12. Mr. Sompop Pinijchai	Executive Vice President
13. Mr. Woravudh Hiranyapaisansakul	Executive Vice President
14. Mr. Prasit Ratanaramig	Executive Vice President
15. Ms. Kanchana Charoenyot	Vice President (Accounting)
16. Mr. Thoranis Karnasuta	Executive Vice President and Assistant to the President
17. Mr. Kriengsak Kovadchana *	Executive Vice President
18. Mr. Prasart Kosarussawadee *	Executive Vice President
19. Mr. Sakchai Puetpaiboon *	Executive Vice President
20. Mr. Wichien Roongrujirat	Vice President
21. Mr. Prasert Sanor	Vice President

Note : \* The Company has appointed three Executive Vice Presidents on December 25, 2017, effective from January 1, 2018 onward.

\*\* Mr. Taweesilp Pattanakitchamroon Executive Vice President resigned from the company, effective from December 31, 2017.

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, 2017

Directors	Remuneration (Baht/Year)		
	Directors	Audit Committee	Risk Management Committee
1. Dr. Krisorn Jittorntrum	750,000	535,000	15,000
2. Mr. Premchai Karnasuta	580,000		
3. Mrs. Nijaporn Charanachitta	580,000		
4. Mr. Pathai Chakornbundit	580,000		10,000
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 Pangsriwongse	580,000		
9. Mr. Thoranis Karnasuta	580,000		
10. Mr. Krirk Wanigkul *	145,000		
11. Prof. Dr. Mingsarn Kaosa-ard	580,000	415,000	
<b>Total</b>	<b>6,115,000</b>	<b>1,365,000</b>	<b>35,000</b>

Note : \* Mr. Krirk Vanikkul submitted the resignation letter to resign as Independent Director, effective June 28, 2017 onward.

(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 113,918,073 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 109,377,073 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 2017 (as at 31<sup>st</sup> December 2017), the 20 members of the Board of Management received, in total, provident fund amounting to Baht 1,743,740.

## Human Resources

#### ■ Total Number of Employees as of 31<sup>st</sup> December 2017 was 31,142 persons

#### ■ Number of Employees by Major Categories

Categorized by job classification:

- Engineers	=	2,073	Persons
- Accountants	=	260	Persons
- Administrators	=	323	Persons
- General Employees	=	28,846	Persons
<b>Total</b>	<b>=</b>	<b>31,142</b>	<b>Persons</b>

Categorized by the Company's nine business categories:

1) Buildings	=	8,626	Persons
2) Industrial Plants	=	4,582	Persons
3) Pipelines and Utility Works	=	2,796	Persons
4) Highways, Railways, High Speed Rails, Viaducts, Track Works, MRT Systems, Bridges and Expressways	=	6,210	Persons
5) Airports, Ports, Jetties, River Protection, Dredging & Reclamation, Marine Works	=	5,739	Persons
6) Dams, Tunnels, and Power Plants	=	938	Persons
7) Steel Structures	=	403	Persons
8) Telecommunications	=	75	Persons
9) Mining and Miscellaneous	=	1,068	Persons
10) Head Office and Foreigner	=	55	Persons
<b>Total</b>	<b>=</b>	<b>31,142</b>	<b>Persons</b>

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

- 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
- Total number of employees as of 31<sup>st</sup> December 2017 = 31,142 Persons

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

- None

#### ■ Employee benefits for the year 2017

- Baht 7,690,649,000 (salaries, wages, and other benefits)

## Employee Skills Development Policy

The Company recognizes that all employee development is a key part of its success, and belief 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 as an effective or efficient teamwork.

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

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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 that:

- 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 attend adequate 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 planning and working 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 provide developing Knowledge and Skills.

- 1.1 Construction Project Management in Action
- 1.2 Construction Management in Action
- 1.3 Result Oriented
- 1.4 Pro-Active Working for Executive
- 1.5 Mind Mapping for Executive
- 1.6 Environmental and Safety Law
- 1.7 The Safety Officer in Management Level
- 1.8 Occupational Safety, Health and Environment Committee

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

The Company knows well that all supervisor staffs are the greatest asset, so we provided 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 to all supervisory staff build team work, instruct and give the opportunity to work in success target with safety.

The program provide developing Knowledge and Skills.

- 2.1 Working Improvement with Key Performance Indicator
- 2.2 Effective Planning and Time Management
- 2.3 Developed Yourself and Team with Mind Map
- 2.4 Supervisory Skills Development
- 2.5 Accountant Seminars
- 2.6 Store Supervisor Seminars
- 2.7 The Safety Officer in Supervising Level
- 2.8 The Safety Officer in Technical Level
- 2.9 Occupational Safety, Health and Environment Committee
- 2.10 Train the Trainer for Electrical Practitioners
- 2.11 License for Professional Practice



### 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 aim to support on further education and also requires for the continuous development of their performance.

The program provide developing Knowledge and Skills.

- 3.1 Working Performance Improvement
- 3.2 Pro-Active Working
- 3.3 Developed Yourself with Mind Map
- 3.4 Effective Communication on Telephone
- 3.5 The Preparation of Store Site Officer
- 3.6 Social Security Knowledge
- 3.7 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 worker to train more skill 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 increasing the effectiveness of the career aspirations and to 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 2017

Level	People	Hours	Training Man Hours
1. Executive Level	532	9,106	17.12
2. Supervisor Level	803	15,940	19.85
3. Officer Level	555	5,364	9.66
4. Semi-Skilled Worked Level	13,772	82,824	6.01
5. Skilled Worked Level	1,223	10,716	8.76
6. On the Job Training	7,541	8,484	1.13

Recognition of the importance of good corporate governance is essential in creating value-added efficiency to 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 Corporate Governance must be reviewed every year and updated in line with the current situation. In 2017, the Board of Directors reviewed the Policy and suggested the addition of more policy, namely, Intellectual Property Policy and was proposed at the Board of Directors' meeting on 15<sup>th</sup> December 2017. 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 2017 Annual General Meeting of Shareholders was rated as "Very Good" carried out by the Thai Investor Association.

- The results of IOD for the Corporate Governance of the year 2017 that was rated "Very Good" but the Rights of Shareholders and the Treatment to the Shareholders with Equality was rated "Excellent"

### 1. Good Corporate Governance Policy

The Board gives precedence to the corporate governance policy in order to be the guideline for transparency of the Board's responsibilities. Nevertheless, the Corporate Governance Policy is stipulated in accordance with the Corporate Governance Code by Securities and Exchange Commission The Corporate Governance Policy is divided into eight parts. The details are as follows:-

#### 1. Aware of Role and Responsibilities of the Board as Leadership

1.1 The board demonstrates a thorough understanding of its leadership role, assumes its responsibilities in overseeing the company, and strengthens good governance, including defining objectives, determining means to attain the objectives, and monitoring, evaluating, and reporting on performance.

1.2 To achieve sustainable value creation, the board exercises its leadership role and pursues the following governance outcomes: competitiveness and performance with long-term perspective, ethical and responsible business, good corporate citizenship, and corporate resilience.

1.3 The board ensures that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the company operates in accordance with applicable law, standards and the resolution of the shareholders' meeting.

1.4 The board demonstrates a thorough understanding of the division of board and management responsibilities. The board clearly defines the roles and responsibilities of management and monitor management's proper performance of its duties.

#### 2. Define Objectives that Promote Sustainable Value Creation

2.1 The board shall define objectives and/or promote sustainable value creation and governance outcomes as a framework for the operation of the company, interested people and publicity.

2.2 The board shall ensure that the company's medium-term objectives, goals, strategies, plans annual are consistent with the long-term objectives, while utilising innovation and technology effectively.

#### 3. Strengthen Board Effectiveness

##### Principle 3.1

The board is responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the company's objectives.

##### Principle 3.2

The board selects an appropriate person as the chairman and ensures that the board composition and operation serve the best interest of the company, enabling the board to make its decisions as a result of exercising independent judgement on corporate affairs.

##### Principle 3.3

The board shall ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the board.

##### Principle 3.4

When proposing director remuneration to the shareholders' meeting for approval, the board considers whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and company performance, and provide incentives for the board to lead the company in meeting its objectives, both in the short and long term.

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Principle 3.5

The board shall ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

Principle 3.6

The board shall ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

Principle 3.7

The board conducts a formal annual performance evaluation of the board, its committees, and each individual director. The evaluation results shall be used to strengthen the effectiveness of the board.

Principle 3.8

The board shall ensure that the board and each individual director understand their roles and responsibilities, the nature of the business and relevant law and standards. The board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and board committees.

Principle 3.9

The board ensures that it can perform its duties effectively and have access to accurate, relevant and timely information. The board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the board in performing its duties.

#### **4. Ensure Effective CEO and People Management**

Principle 4.1

The board shall ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.

Principle 4.2

The board shall ensure that an appropriate compensation structure and equitable performance evaluation are in place including an appropriate benefit to employees.

Principle 4.3

The board shall consider its responsibilities in the context of the company's shareholder structure and relationships, which may impact the management and operation of the company

Principle 4.4

The board shall ensure the company has effective human resources management and development programmes to ensure that the company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

#### **5. Nurture Innovation and Responsible Business**

Principle 5.1

The board shall prioritise and promote innovation that creates value for the company and its shareholders together with benefits for its customers, other stakeholders and the environment, in support of sustainable growth of the company.

Principle 5.2

The board shall encourage management to adopt responsible operations, and incorporate them into the company's operations plan. This is to ensure that every department and function in the company adopts the company's objectives, goals, and strategies.

Principle 5.3

The board shall ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the company to meet its objectives.

Principle 5.4

The board shall establish a framework for governance of enterprise IT that is aligned with the company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the company's objectives.

#### **6. Strengthen Effective Risk Management and Internal Control**

Principle 6.1

The Board shall ensure that the company has effective and appropriate risk management and internal control systems that are aligned with the company's objectives, goals and strategies and comply with applicable law and standards.

Principle 6.2

The board shall establish an audit committee that can act effectively and independently.

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Principle 6.3

The board should manage and monitor conflicts of interest that might occur between the company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

Principle 6.4

The board shall establish a clear anti-corruption policy and practices to extend its anti-corruption including establish a mechanism for handling complaints and whistleblowing.

Principle 6.5

The board committee assigns the board and the executive management to report to the board committee about the stock trading 1 day prior to the date of transaction.

**7. Ensure Disclosure and Financial Integrity**

Principle 7.1

The board must ensure the integrity of the company's financial reporting system and that timely and accurate disclosure of all material information regarding the company is made consistent with applicable requirements.

Principle 7.2

The board shall monitor the company's financial liquidity and solvency.

Principle 7.3

The board ensures that risks to the financial position of the company or financial difficulties are promptly identified, managed and mitigated, and that the company's governance framework provides for the consideration of stakeholder rights.

Principle 7.4

The board shall ensure sustainability reporting, as appropriate.

Principle 7.5

The board shall ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

Principle 7.6

The board ensures the effective use by the company of information technology in disseminating information.

**8. Ensure Engagement and Communication with Shareholders**

Principle 8.1

The board shall ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters including facilitating and enhancing the shareholders and institutional investors participation in the shareholders' meetings.

Principle 8.2

The board shall ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

Principle 8.3

The board shall ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

**The Report of Corporate Governance for Listed Companies**

In 2017, ITD's Board of Directors strictly followed the regulations of Corporate Governance 2017 (CG Code) by the Securities and Exchange Commission of Thailand as follows;

**1) The Recognition of Role and Responsibility**

1.1 The Board of Directors, acting as corporate leader, acknowledged to take responsibilities to keep the good Corporate Governance as standardized, and to run the business along with morality and responsibility towards shareholders and the whole society which aiming to maintain company with sustainable values.

In the Board meeting on December 15<sup>th</sup>, 2017, the vision, mission, and direction had been revised in order to get along with the company objectives. With its importance, the revision, purposing to set the strategy for business running upon the company objectives, was also co-operated by Management Division.

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Furthermore, the Management Division took part to do the quarter report, which it was primarily concerned by the Board of Directors in order to ensure the potential of company for competition, to cope with changes from internal and external factors, and to gain the profit with sustainability

1.2 The good Corporate Governance was implemented as the key factor of operational efficiency, to assure the company's potential to shareholders and investors. By this significance, the Corporate Governance had been composed in "ITD Corporate Governance Handbook" since 2004, which contained philosophies, policies and the code of conduct for Corporate Governance of the Company. It was considered as guidelines for all employees to follow. Moreover, the Corporate Governance policy normally was reviewed, updated with the current situation every year, and too publicly posted on company website ([www.itd.co.th](http://www.itd.co.th)).

1.3 The Board of Directors ruled the norms to be strictly followed by all levels of employees with duty of responsibility, duty of care, and duty of loyalty. The Board also took role to keep the business flow on track, and took duty regarding the approval for any significant operations as investments, any transactions may impact on company, assets gaining or distribution, and divided payout. Importantly, all actions, aiming to the best profit towards company and shareholders, might be firmly processed upon the usual right and law.

1.4 The Board of Directors took role to clearly define the responsibility, authority and duty for the Chairmen and Management Division as described on the section of the Board of Directors' authority. Moreover, monitored and kept the management flow on track, or even set the Board Charter was included. With its necessity, the Corporate Governance policy was annually reviewed in accordance with business direction. The responsibility, authority and duty were enclosed on company's website ([www.itd.co.th](http://www.itd.co.th))

## 2) Business Goals and Objectives Setting

In the Board meeting No. 6/12/2017 held on December 15<sup>th</sup>, 2017, the vision, mission, strategy and duty were revised for 2018 by co-operation of Management Division to set the short-term, mid-term, long-term planning objective in accordance with company's primary direction by proper implementing of innovation and technology based on company's current state.

The objective-setting framework consisted of

- increasing the potential for competition
- increasing the profit-earning potential
- satisfying clients
- maintaining security level as being standardized
- improving employees' quality of work and life
- contributing towards the whole society

Hence, the primary objectives were concluded and listed as below

1. To be the front-line leading construction company for both domestic and international markets
2. To run any in-hand projects with the best level of quality and efficiency
3. To provide the secure workplace, and to improve the working environment, ultimately providing the best performance
4. To provide the moderate profit to company shareholders

Anyhow, all planning objectives (in short-term, mid-term, long-term) were disclosed on the **Section 1: the policy and overall business running**.

## 3) Contributions for the Board of Directors

### 3.1 Structure of the Board of Directors

The Board of Directors consisted of ten members. Each Director was an expert with substantial experiences aiming to contribute the best benefit to ITD. The Director positions were:

- |  |             |       |
|--|-------------|-------|
| - Executive Directors                            | 6 Directors | (60%) |
| - Non-Executive Director (Independent Directors) | 4 Directors | (40%) |

The structure of the Board consisted of 4 Independent Directors, with one female (more than one – third of all Directors' number). Moreover, three-fifth of directors were appointed as the Audit Committee. Also, The Chairman of the Audit Committee was appointed as the Chairman of the Board of Directors. Hence, it was able to ensure that the structure was run under the 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.

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### 3.2 Roles and responsibilities of the Chairman and the President

According to the Good Corporate Governance, the Chairman of the Board of Directors was determined to be the Independent Director as well as the person who was not acting as the President (Managing Director)/ Executive President in order to balance the company's management. The authorities of the Chairman and the President are clearly defined as follows:

#### **The Chairman:**

1. Taking the role as the leader of the Board of Directors, and presiding as the Chairman in the board's and shareholders' Meetings.
2. Setting and monitoring the Board of Directors' performance in order to achieve the company's primary direction.
3. Building the corporate culture with morality and good corporate governance
4. Co-operating with the president to set the agenda, and to amend significant issues on agenda
5. Managing the period of time with quality for purposing and revising on any issues
6. Encouraging the Board of Directors to independently express their opinions
7. Building the good relation between the board of non/director and committee with management division

**The President:** playing the integral 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 had set the vision, mission, motto, and business operation strategy which were annually reviewed.

Furthermore, as the President was the highest position of company, the presidential succession planning was properly prepared. The succession was going to be appointed to be acting as the Presidential Assistant and Executive Vice President in order to be conveyed with knowledge, proficiencies along with experiences.

#### **3.2.1 Authority of the Board of Directors**

The Board of Directors had the authority to approve and define the overall company's vision, mission and strategy. In the same time, the policies and directions are included. The Board of Directors, too, appointed the Board of Directors, Audit Committee, Risk Management Committee and/or other Directors to be assigned in each particular responsibility as proper in order to get the managing system on track.

The scope of authority will be defined on the section of the Board Responsibilities

#### **3.2.2 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 was the Secretary of the Audit Committee.

The Audit Committee held five meetings during the year 2017. Agendas were sent to the Committee members at least seven days in prior to make sure they knew what to expect on the meeting. Normally, the period was lasted two to three hours. After the meeting was adjourned, the conclusion was implemented, monitored and directly reported as the Committees' performance in Annual Report.

##### **Risk Management Committee**

In 2010, the resolution of the Board of Director's Meeting No. 1/9/2010 on September 2<sup>nd</sup>, 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 might 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 2017, the Risk Management Committee had held meetings to consider, review, and make recommendations for the investment in five 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, Dhaka Elevated Expressway, and Bauxite Mining Project in Laos which all had been reported to the Board of Directors.

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### 3.3 Selection and Nomination of Directors

#### - Independent Directors

Rules and Regulations in selection of Independent Directors

##### Independent Director's Qualification

The result of the Board of Director's meeting No. 9/3/2009 on March 25<sup>th</sup>, 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 percent 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);

2. Never been or not being a director engaging in management, employee, staff, advisor, who received 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;



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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 percent 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 could play an integral role to nominate the Independent Directors by 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.

The Company had set up a transparent procedure to select Directors, although it did 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 gave the requirements relating to the qualifications of executives of a company that issues securities.

The nominated Director would then receive the ITD Corporate Governance Handbook from the company secretary as the guidance to follow

The Company announced on December 14<sup>th</sup>, 2017 to February 1<sup>st</sup>, 2018 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 2017 Ordinary General Meeting of Shareholders. For Shareholders to be eligible to nominate a person as a Director they could, individually or as a group, hold not less than five percent of the total number of the Company's ordinary shares. The incumbent Board of Directors' approved candidates for any vacant or new directorship could then be nominated to the shareholders at the Shareholders' Meeting, for approval by a majority. In the meeting, there was no any name lists to be nominated.

### **3.4 Remuneration of Directors**

The Company did 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.

### **3.5 Responsibilities and Time Management**

There was five Board of Directors' Meeting held in 2017 finishing as on December 31<sup>st</sup>, 2017. All the Board of Directors attended the meeting not less than seventy-five percent of the meeting of the whole year. For the effective performance, the Board of Directors ruled two policies including with directors could be a director in not more than five listed companies, and the directors could disclose any holding positions of themselves and their spouse to the board meeting in the Annual Registration Statement and the Company's Annual Report.

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.

### **3.6 Corporate Governance of Subsidiaries and Associated Companies**

The Board of Directors had established policies for subsidiaries and associated companies' good corporate governance with regard to management practices which was responsible, controllable, and detectable for all stages. Especially, the policies had to be preserved with the maximum profit of the subsidiaries and associated companies, thus a qualified person could 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, could 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.

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

### **3.7 Self-Assessment of the Directors and Subsidiaries**

#### **3.7.1 The Board of Directors**

The Board of Directors conducted the annual self-assessment at least once a year in order to assess their performances, aiming to revise their works and come up with their operational evaluation. The annual self-assessment was considered as one of the key factors turning to the guidance for performance improvement.

The assessment was responsible by the company secretary; to distribute and collect the form, to calculate the score, to summarize, and to report to the Board of Directors. The form distributed is qualified under the track of Stock Exchange of Thailand, and used to assess both individual and collective each member's work performance in whole year. In 2017, the Company assigned the Board of Directors to assess their work performance at the Board of Directors' Meeting No. 6/12/2017 held on December 15<sup>th</sup>, 2017. 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

The assessment was divided by two dimensions as (1) the collective and (2) the individual work performance assessment.

Those dimensions were evaluated basing on the Board of Directors' detail as (1) the structure and qualification (2) the meeting (3) the role and responsibility (4) the operational performance (5) relation with managing department, and (6) the self-development.

#### **3.7.2 Operational Assessment of the Sub-committees**

The Board of Directors also assigned the sub-committees, as the Audit and Risk Management Committee, to assess their annual operation performance in order to revise the whole-year practice, and to improve or even increase the working proficiencies in following years. As the same, the results were directly reported to the Board of Directors' Meeting for consideration and acknowledgement

### **3.8 Further Development for Directors**

The Directors of the Company had 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 IOD training programs, the Directors of the Company had 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). Prof.Dr. Mingsarn Kaosa-ard      | - Director Certification Program (DCP) class 209/2015          |
| f). Mr. Woravudh Hiranyapaisarnsakul | - Company Secretary Program 29/2009                            |
|                                      | - Effective Minute Taking 13/2009                              |

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### **3.9 The Board of Directors' Meeting**

The Board of Directors set the frequency of meeting in every quarter. By this frequency, the whole -year agenda was orderly prepared, and sent to notify to all directors in prior to that date scheduled for each meeting. Thus, all directors was able to plan to attend the meetings in a year ahead

In 2017, there were total five Board of Directors' meetings. In each, the company regularly sent all attendants the invitation letter attached with meeting documents in seven days prior to date scheduled the meeting to begin, making sure they were able to prepare themselves before each meeting began.

After adjourning, two to three hours of meeting, the company secretary primarily took an integral duty to take minutes and do the report purposing to the Board of Directors. The meeting report might be amended basing on the completeness of detail in meetings. Too, the report would be confidentially kept at Corporate Service Division in soft copy via electronic document for any retrieving as references in future.

Anyhow, effective since the board meeting No. 5/6/2008 held on June 9<sup>th</sup>, 2008, Mr. Woravudh Hiranyapaisarnsakul was appointed to be acting as the company secretary accordance with the Securities and Exchange Act (No. 4) B.E. 2551 (2008). His mandatory obligation was to hold the boards' and shareholders' meeting, to give the guidance to directors regarding regulations, to list and maintain committees' registration, to make the annual report, as well to do any actions assigned by the Securities Exchange Commission. Lastly, in order to operate this obligation with efficiency, he was trained and certified in courses related with secretarial field.

### **4) Selections and Nomination of Chief Executive Directors and Management Staff**

#### **4.1 Nominating Chief Executive**

The Chief Executive, who was nominated by the Board of Directors, could be selecting the persons who were properly qualified by knowledge, experiences and capabilities. Too, the qualification could be contributing the company's operation and achieve the company's objectives. Additionally, the remuneration could be revised and provided under the Board of Directors' authority.

Furthermore, as the President was the highest position of company, the presidential succession planning was methodically prepared. The succession could be appointed to be acting as the Presidential Assistant and Executive Vice President in order to be conveyed with knowledge, proficiencies along with experiences.

#### **4.2 Structure of Remuneration of Directors**

The Company had 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 cases, the amount of remuneration to be paid to Directors could be eventually approved by the shareholders' meeting depending on the corporate and individual achievement.

#### **4.3 Employees' Management and Development**

The board of directors had the proper plan for employees' management and development in order to maintain the company loyalty. It might be including with fair treatment to labors, provident funds providing, funds management, and investment tutoring.

### **5) Innovative Contribution and Businesses Running with Responsibility**

#### **5.1 The innovative contribution**

The Board of Directors' meeting, held on December 15<sup>th</sup>, 2017 had revised the strategy and directed the objectives to implement the information technology system for contribution of construction procedure with innovation. The settlement of research and development center as Vihandang unit at Saraburi province, under the supporting line of construction department, was one of the examples for this integral implementation.

#### **5.2 Businesses Running with Morality and Concern for Whole Society**

The Board of Directors recognized the rights of all stakeholders; such as shareholders, employees, customers, partners, business competitors and the general public, and they also paid 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 had implemented the policy for dealing with the stakeholders, which was 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 could 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

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

The Company had 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 email at [kanyakorn@itd.co.th](mailto:kanyakorn@itd.co.th) or/and [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 2017, the Company had been in contact with all interested shareholders and members of the public as follows:

**Shareholders:** The Company had strived to achieve growth for long term benefits. The Company had also disclosed complete, true and timely information through the system of the Stock Exchange of Thailand and the Company website ([www.itd.co.th](http://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 had 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. With its importance, all levels of staff participated in this project.

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

Since the employees’ skills were very important to the Company’s performance, the Company had 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 2017, the Company provided 26 courses as shown on the page 37, section of Management Structure under Employee Skill Development Policy.

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

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

**Society:** As the Company was in the construction business for which occupational health, safety and environmental management were very significant, the Company had 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 cases the Company received any complaints from the community, the Company could immediately send staff to investigate and carry out further necessary action. If such impacts caused by the construction of the Company, the Company would immediately figure out the problems.

#### **Respect for Human Rights and Labor Practices to the Labors with Equity: Disclosed in the Corporate Social Responsibility**

As the recognition on usage the limitation of resources, the Board of Directors would use all recourses with best allocation. Furthermore, the management division took role to revise and maintained them to be properly used upon factors of the changes.

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## 5.4 The Corporate Innovative Management

5.4.1 The company had conducted the rules and regulations, as well as communicated to all employees in the concern of any information technologies usage.

5.4.2 The company had the security system to protect all information, with confidentiality, integrity, and availability, to avoid for either modifying or using in improper way

5.4.3 The company had the policy for risk management in concern of information technology in various dimensions as business continuity management, incident management, and asset management.

5.4.4 The company had revised and managed the information technology resources. The plan for information technology resources management would be adjusted to get along with the business field. In 2017, the significant implement approved by the board was the replacement of computer system ERP: SAP S4/ HANA. It was ratified to settle and replace to the former system ERP: SAP 4.6C, on November 2017 and expected to be practically used in August 2018.

## 6) Risk Management and Internal Audit

The board of directors ratified to set up the systematic management of risk internal audit and management in purposing to achieve the company objectives, and process overall operation upon the law and standard. Moreover, the policy of risk management was composed as one of Corporate Governances in “ITD Corporate Governance Handbook”, which also enclosed over the website ([www.itd.co.th](http://www.itd.co.th)).

In sum, there were two subcommittees as Risk Management and Audit Committee.

### 6.1 Audit Committee

The Board of Directors appointed the Audit Committee as the subcommittee to assist company in the concern of corporate governance practice and the effectiveness of internal control systems. The Audit Committee comprised of three members whose all were Independent Directors. In addition, the Executive Vice President of the Internal Audit Division was the Secretary of the Audit Committee.

The scope of responsibilities was formally assigned as listed below

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 and internal audit system to ensure that both were 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 an efficiency or sufficiency upon the operation of risk management, and to co-operate 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,

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- 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.

The Audit Committee held five meetings during the year 2017. Agendas were sent to the Committee members at least seven days in prior to make sure they knew what to expect on the meeting. Normally, the period was lasted two to three hours. Importantly, the committee was freely accessible to all types of information that could be used to contribute on this operational procedure. After the meeting was adjourned, the conclusion was implemented, monitored and directly reported in Annual Report.

The audit committee, furthermore, held the private meeting with auditors without joining of the management division.

### **6.2 Risk Management Committee**

In 2010, the resolution of the Board of Director's Meeting No. 1/9/2010 on September 2<sup>nd</sup>, 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 2017, the Risk Management Committee had 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 which all had been reported to the Board of Directors.

### **6.3 Conflict of Interest**

The Company had the strict policy in the concern of information usage upon the Corporate Governance. It, too, was formally recorded on ITD Corporate Governance Handbook, formally disclosed on company's website. The primary regulations could be excerpted as the limitation of information access, or limitation of information disclosure. The company also set the penalty for those who acted against the rules in many levels as the verbal warning, written warning, job suspension, or even dismissal. Importantly, the committees or directors might directly report any asset holdings/ purchasing/ selling/transferring to the Securities and Exchange Commission (SEC).

The Company also had established the policy to manage conflict of interest and had implemented measures to prevent the internal abuse of confidential or privileged information. The policy and measures had 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 acknowledged 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 provided details of the parties concerned, contract value, reason/ necessity for relationship in the Annual Report and the Annual Registration Statement (Form 56-1).

### **6.4 The Anti-Corruption Policy**

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" posted on the Company's website ([www.itd.co.th](http://www.itd.co.th)) for the acknowledgement of the employees and public.

## **7) Disclosure and Transparency of the Company**

The Board of Directors 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 Securities and Exchange Commission (SEC) and the Company's website ([www.itd.co.th](http://www.itd.co.th)), in both Thai and English

### **7.1 Financial Reports**

The Company established the internal control policy within each department or section to prevent confidential information from being

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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 could be subject to disciplinary action according to Company procedures and might face legal action.

#### 7.1.1 Disclosure Information of the Company

The Company would 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 had 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 Subcommittee, 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.

#### 7.1.2 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 could 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 would report to SEC their share portfolios with each purchase, sale, or transfer of shares.

### 7.2 The company's financial estimation (with solution plan)

The board of directors assigned the management department to take the role to report the company's financial status as well as the overall performance on the board of directors' meeting. With its importance, this matter was all-time consisted as one of issues in the meeting in order to acknowledged and estimated for any incidents in further.

### 7.3 the Corporate Sustainability report

The board of directors provided the corporate social responsibility report, disclosed with business ethics, social and environmental responsibility, fair treatment to related persons and labors, equality and human rights respect, along with anti-corruption policy revealed on the annual registration statement (Form 56-1) and website.

### 7.4 Investor Relations

The Corporate Services Division of the Company was responsible for investor relation activities by directly providing information and news to investors, shareholders, analysts, and the public under the Stock Exchange of Thailand's rules and regulations.

The investors, shareholders, analysts and the public who required further information could 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).

### 7.5 Information disclosure in the Company's Website

#### The information disclosed over the Company's Website included with

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

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## 8) The Participation Supporting

The Board of Directors integrally respected to the right of shareholders. In other way, it could mean the shareholders could jointly control and set any significant directions for the company by appointing the proxies in the shareholders' meeting. The directions might be included with dividend payout or remuneration setting.

Hence, the shareholders' meeting was held to aim to treat all shareholders with fairness, and to clearly process in any procedures upon the legality.

### 8.1 Equitable Treatment of Minor Shareholders

The Company recognized the importance of proper conduct to ensure equality of treatment for all type of shareholders, major shareholders, and in particular, minor shareholders and foreign investors. Then, the company assigned the Independent Directors to take the integral role to treat minor shareholders with fairness. The minority might recommend, express the opinion or complain or any procedures via the Corporate Governance Department by e-mail: [cccs@itd.co.th](mailto:cccs@itd.co.th). In further step, the Corporate Governance Department would directly co-operate with the Independent Directors to figure out in any complaints as soon as possible.

For the Annual General Meeting of shareholders, the company gave the minor shareholders an opportunity to propose the agenda or enquiry and to nominate persons to be appointed as Directors at the meeting. Particularly in Directors nominating, the minor shareholders who were eligible to do so must hold shares not less than five percent of the company's ordinary shares upon the principle which was officially posted on the company's website ([www.itd.co.th](http://www.itd.co.th)).

Anyhow, the Independent Directors would consider the shareholders' proposals and further passed them to the Board of Directors for their consensus. If the Board agreed as they were significant or beneficial to the Company or the shareholders, the Board would amend those 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 were 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 in 2017, the company gave the shareholders an opportunity to propose the agenda or enquiry and to nominate persons to be appointed as Directors at the meeting. The principle or announcement was officially posted on the company's website and to the Stock Exchange of Thailand's website during December 14<sup>th</sup>, 2016 to February 1<sup>st</sup>, 2017. However, there were no proposals from the shareholders.

### 8.2 Itinerary for Shareholders' 2017 Meeting

The 2017 Ordinary Shareholders' meeting was held on Thursday, April 27<sup>th</sup>, 2017 at 1.30 p.m., at Watergate Ballroom, 6<sup>th</sup> floor, Amari Watergate Hotel, 847 New Petchburi Road, Ratchathewi, Bangkok

### 8.3 The Meeting Announcement

In 2017, the Company completed to prepare the meeting agendas and invitation notice on March 22<sup>nd</sup>, 2017. Also, the supporting documents, proxy, guidelines for proxy, conduct of the Annual General Meeting, and rules of procedure for Annual General Meetings were prepared.

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).



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#### **8.4 The Procedure of the 2017 Meeting**

The shareholders could register to participate in the meeting and recheck all necessary required documents two hours before the meeting to begin. Furthermore, any designation of a proxy holder could send the proxy form to the company for revising via facsimile any day prior to the date scheduled for the meeting to begin.

In 2017 shareholders' meeting, there were eleven committees to attend as follows;

1. Dr. Kraisorn Jittorntum (Chairman/ of the Audit/Risk Management)
2. Mr. Premchai Karnasuta (President)
3. Mrs. Nijaporn Charanachitta,
4. Mr. Pathai Chakornbundit,
5. Mr. Tawatchai Suthiprapha,
6. Mr. William Lee Zentgraf
7. Mr. Tirapongse Pangsrivongse
8. Mr. Peeti Karnasuta,
9. Mr. Krirk Vanikkul
10. Prof. Dr. Mingsarn Kaosa-ard
11. Mr. Thoranis Karnasuta

Along with Mr. Chartchai Chutima (Executive Vice President), the legal advisor from Weerawong, Chinnavat & Peangpanor Ltd., and the Independent financial auditor from Grant Thornton Ltd.

As the meeting started, a total of 979 shareholders and proxies (as holding 1,865,535,616 shares, or equivalent to 35.33% of total) were present, consisting of 571 shareholders attending the meeting in person (holding 1,239,519,733 shares, or equivalent to 23.48% of total), and 408 shareholders by proxy (holding 626,015,883 shares, equivalent to 11.86 percent of total)

All proposed agenda items were considered according to the meeting invitation notice without change or amendment and were approved by the shareholders in about two 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.

#### **8.5 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.

#### **8.6 The Proxy Form**

The proxy form, for those shareholders who cannot attend the meeting in person, can be given to the Independent Directors, Audit Committee, Directors and/or any persons to be the authorized proxy holder. The proxy (from B), attached with the meeting invitation, was encouraged to use so that the absent shareholders still can direct their vote, by assigning at least one Independent Director to be the proxy holder. Also, the proxy form B, form C (particularly used for foreign shareholders) and guidelines will be posted and available to download on the company's website ([www.itd.co.th](http://www.itd.co.th)) 30 days prior to date the meeting held.

In addition, the revenue stamp will be provided for using in the form for all shareholders.

#### **8.7 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 shareholders' meeting, the company disclosed the minutes of the shareholders' meeting, held on April 28<sup>th</sup>, 2017, reported and published on the company's website on May 9<sup>th</sup>, 2017.



## 2. Sub-Committee

Sub-Committee of the Company was made up with the Board of Directors, with three boards as the Audit Committee, the Board of Management, and the Risk Management Committee. The Authority and Responsibility of each Board was depicted as follows:

### a). Board of Directors

On January 1<sup>st</sup>, 2018, the Board of Directors consisted of ten 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. Prof. Dr. Mingsarn Kaosa-ard	Independent Director

Remarks \*Mr.Krirk Vanikkul resigned from the Independent Director effective on June 28<sup>th</sup>, 2017

### 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. 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. To strictly follow the rules and regulations of Stock Exchange of Thailand, and The Securities and Exchange Commission regarding the information disclosure, and any Acts of a Listed Company in order to make any significant investing information publicly available
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 company's financial and income status/statement to be up-to-date with correction and be examined by the company's financial auditors, purposing to get consideration and approval by shareholder in the Annual General Meeting.
7. To integrally role to consider as well as make the decision for any significant projects or investments.
8. To set the scope of responsibilities for any subcommittees as well as to cope with any changes which may significantly impact on the subcommittee's operation
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 would only be executed with the consent of a meeting of the Shareholders of the Company:
  - 9.1 Matters relating to the Law would 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 on January 1<sup>st</sup>, 2018, the Board of Management consists of twenty 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. Chatichai Chutima	Executive Financial 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. Sompop Pinijchai	Executive Vice President
13. Mr. Woravudh Hiranyapaisarnsakul	Executive Vice President
14. Mr. Prasit Ratanaramig	Executive Vice President
15. Mr. Thoranis Karnasuta	Assistant to the President and Executive Vice President
16. Mr. Kriengsak Kovadhana	Executive Vice President
17. Mr. Prasart Kosarussawadee	Executive Vice President
18. Mr. Sakchai Puetpaiboon	Executive Vice President
19. Mr. Wichien Roongrujirat	Senior Vice President
20. Mr. Prasert Sanor	Senior Vice President

### Authority and Responsibility

1. To determine ultimate goals and operational direction of the Company to accordance with the current and forecasted economic and market conditions
2. To determine policies and procedures for the company's operational procedure
3. To determine the policy, consider and decide on the selection of relevant projects in which the company could participate, tender and execute
4. To consider and approve the appointment, transfer and discharge of staff at division head level and above
5. To consider and approve the adjustment of salaries, wages and remuneration, including consideration and recognition of employee meritorious service
6. To appoint a person or persons to act on behalf of the Board of Management for any assignment
7. To consider and approve expenses on company's purchasing assets and other expenses
8. To review, consider and comment on all matters related to Company operations.
9. To 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. To consider and approve the company's expenses, under THB 1,000 million in matter of daily costs, investment cost, fixed assets, loans, financial instruments and insurances, and no limit with the concern of bids and contract making.
11. To undertake all other matters as directed by the Board of Directors.

**c). Audit Committee**

As on January 1<sup>st</sup>, 2018, the Audit Committee consisted of three persons as listed below (this position carries a 3 year term from 2017-2020.):

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 had experienced and background on company's financial review.*

**Authority and Responsibility**

1. To review the Company's financial reporting process to ensure that it was accurate and adequate
2. To review the Company's internal control system and internal audit system to ensure that they were 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 might lead to conflicts of interests, to ensure that they were in compliance with the laws and the Stock Exchange of Thailand's regulations, and were 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 on January 1<sup>st</sup>, 2018, the Risk Management Committee consisted 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 Rienthonglang	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 on the importance of risk management. Since being with effectiveness of risk management, it would be essential for the company objectives achievement, including with good Corporate Governance and related working processes. All the processes were based on the standards of risk management which were defined by the Stock Exchange of Thailand.

The Company had 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. To 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. To formulate risk management strategies and framework in compliance with the Company's risk management policy. The Committee would assess, monitor and control risk at the appropriate level
3. To 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. To set risk measurement criteria and limit at the acceptable level
5. To set appropriate risk management measures for different situations.
6. To review the sufficiency and effectiveness of risk management policy and system.
7. To 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. To 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

\*\*disclosed in the Good Corporate Governance item 3.3 Page 45 and item 4.1 page 48

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

\*\*disclosed in the Good Corporate Governance item 3.6 Page 46

### 5. Internal Information Control

\*\*disclosed in the Good Corporate Governance item 6.3 Page 51

## 6. Auditor's Remuneration

For auditor's remuneration, the financial year ended on December 31<sup>st</sup>, 2017

### 1. Audit Fee:

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

- The external auditor, amounting to 16,165,500 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

- 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 commonly had implemented under the good corporate governance for 2017, excepting those matters as below

1. Terms and conditions of appointment of nine-consecutive year 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 had 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 had 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:

Directors' Names	(Numbers of Attendance / Numbers of Meeting)		
	Audit Committee	Risk Management Committee	Attendance of Shareholder Meeting
1. Dr. Krisorn Jittorntrum	5/5	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	5/5	-	1/1
7. Mr. Peeti Karnasuta	-	2/2	1/1
8. Mr. Tirapongse Pangsiwongse	-	-	1/1
9. Mr. Thoranis Karnasuta	-	-	1/1
10. Prof. Dr. Mingsarn Kaosa-ard	5/5	-	1/1

### 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".

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## 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;

TBL Component	Internal Aspect	External Aspect	CSR Standards	Main issues
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

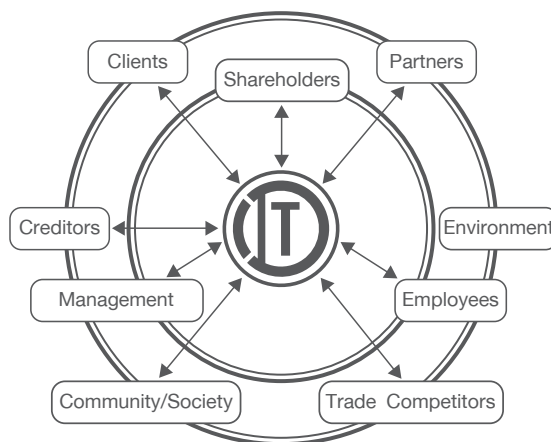
The Company takes into account all stakeholders both inside and outside the Company as follows:

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

### 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





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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”.

**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 considerable emphasis on safety and occupational health policy to protect the Employees and outsiders from all accidents and property damage.

To reduce social inequality and to afford opportunities to the disabled, the Company has encompassed the Rehabilitation of Disabled Persons Act, section 33 by employing persons with disabilities to work in the positions suitable for them in proportions of 100 entire employees per 1 person with disabilities. Section 34, the Company sends money to the Fund for Empowerment of Persons with Disabilities instead of employment. The Company has been operating such matters for consecutive years since the Persons with Disabilities Empowerment Act was announced. This is to support persons with disabilities on work employment pursuant to the Company’s policies.

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 2017, 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 and to protect environmental pollution caused by dust, noise, waste, waste oil, wire, old tire, empty oil tank, copper scrap, as well as estimating, recording and reporting on effective resource utilization.

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 reached an understanding with the community to prevent an impact during the construction. Furthermore, the Company has promoted employment in the community. This is not only career creation, but it also reduces any impact that might have occurred.

### Social Activities and Community Empowering Participation

The Company has participated in empowering and supporting activities solely for the community by providing machinery, resources, and experts to cooperate with local people for activities. For example, the community development activity, J.1404 Italian-Thai Industrial Complex, the Company utilized its existing machinery and materials on community development and nearby area. The details are as follows:

Construction of Community Mill Roof, Moo 7, Wihan Daeng Sub-District



Construction of Community Hall Roof, Moo 6, Wihan Daeng Sub-District



Area Adjustment of Wat Samarnmitrmongkol School



Area Adjustment of Bann Rat Charoen School



Area Adjustment and Marigold Preparation and Construction of Royal Cremation,  
Nhong Mu Municipality



Marigold Planting Activity for Royal Cremation Ceremony with Wihan Daeng Local



Flower Planting Activity for His Late Majesty with School and Moo 10 Wihan Daeng Community





## 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 2017, 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, 2017 is disclosed in the Annual Registration Statement (Form 56-1) of the Company under "Legal Disputes".

## Corporate Social Responsibility Activities (After Process)

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:

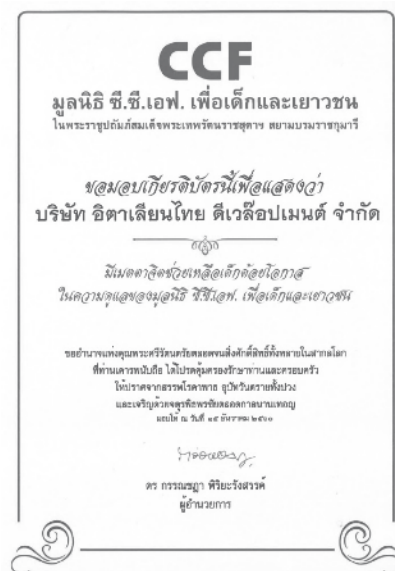
### ■ Education and Youth Development:

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 has supported 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 Sai Jai Thai Foundation, the support for golf charity and CCF (Community Children Foundation) Under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn.



- The Company has supported the National Children's Day activities for many years. For the past year the Company supported the National Children's Day held by the Mass Rapid Transit Authority of Thailand (MRTA) and supported the National Children's Day at the football field, Italian-Thai Industrial Complex.

National Children's Day held by the Mass Rapid Transit Authority of Thailand (MRTA)



National Children's Day by Italian-Thai Industrial Complex



#### ■ Social:

The Company associated with the Bangkok Metropolitan Administration held an activity “Bangkok Big Cleaning Day” together with the government and private sectors, community and volunteers in accordance with the government policy “Pracharath Ruam Jai”. Such a policy needs every sector to collaborate in the cleanness of the city. For ITD, Mr. Jariya Wongsathuaythong, Senior Vice President Property Development joined the activity together with the MRT Blue Line work site (Rama IX site), the head of HR, PR and Traffic, Safety Department and staff also joined the activity by cleaning the pathway and road surface of Jaturathit Road, painting the curbs, planting the Yellow Star Trees to praise His Majesty the King Rama X in front of the Show DC Department Store and distributing drinking water and refreshment towels to the participants on the 24 June 2017.



#### ■ 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 2017, the Company held the Tod Pha Pa Ceremony and Tod Katin ceremonies at several temples such as Tod Katin Ceremony at Khaonoi Jomsawan Temple, Charoentham Sub-district, Wihan Daeng District.



The death of His Majesty the late King Bhumibol Adulyadej was considered the greatest loss for Thai people. Mr. Premchai Karnasuta, President of Italian-Thai Development Public Company Limited including the Board, Management and Related Companies in total of 11 parties co-hosted the Royal Funeral Rites of His Majesty the late King Bhumibol Adulyadej and laid a wreath at the Dusit Throne Hall of the Grand Palace in remembrance and as a charity to His Late Majesty.



#### **“Daffodils for King’s Cremation by ITD”**

The Company held an activity as a tribute to His Majesty the late King Bhumibol Adulyadej and invited ITD staff to participate in the creation of funeral wood flowers “daffodil” which represents “love” for the Royal Cremation of His Majesty the late King Bhumibol Adulyadej.



Daffodils are considered precious meaning and symbol. Their origin was in winter countries. Its name in Thai is Dararat which has hidden meaning itself. The word ‘dara’ means ‘star’ which exists above everything and the word ‘rat’ means ‘glass’ which refers to precious things. Daffodils are often given to the one we love which means giving without anything in return or other meanings are honor, bravery and are the sign of hope. Moreover, its color is yellow which represents His Majesty the late King Bhumibol Adulyadej. The Company aimed to make 9,999 flowers but actually produced 11,239 flowers because of the great cooperation of ITD staff from head office such as Accounting Division, Turnkey Design Division, Cost Control Division, housekeepers etc. and from work sites such as Rama 9 work site, Buildings 2 - BU, Red Line work site, etc.

On 6th October 2017 Mrs. Kanyakorn Mahaneeranont (Dej-u-dom), Vice President of Corporate Services Division was a representative of the Company to give 11,239 funeral flowers (daffodils) to Rama 9 Kanjanapisek Temple for the royal cremation ceremonies of His Majesty the late King Bhumibol Adulyadej.





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 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, Nakhonsritammarat 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, Nakhonsritammarat 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 PCL 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.

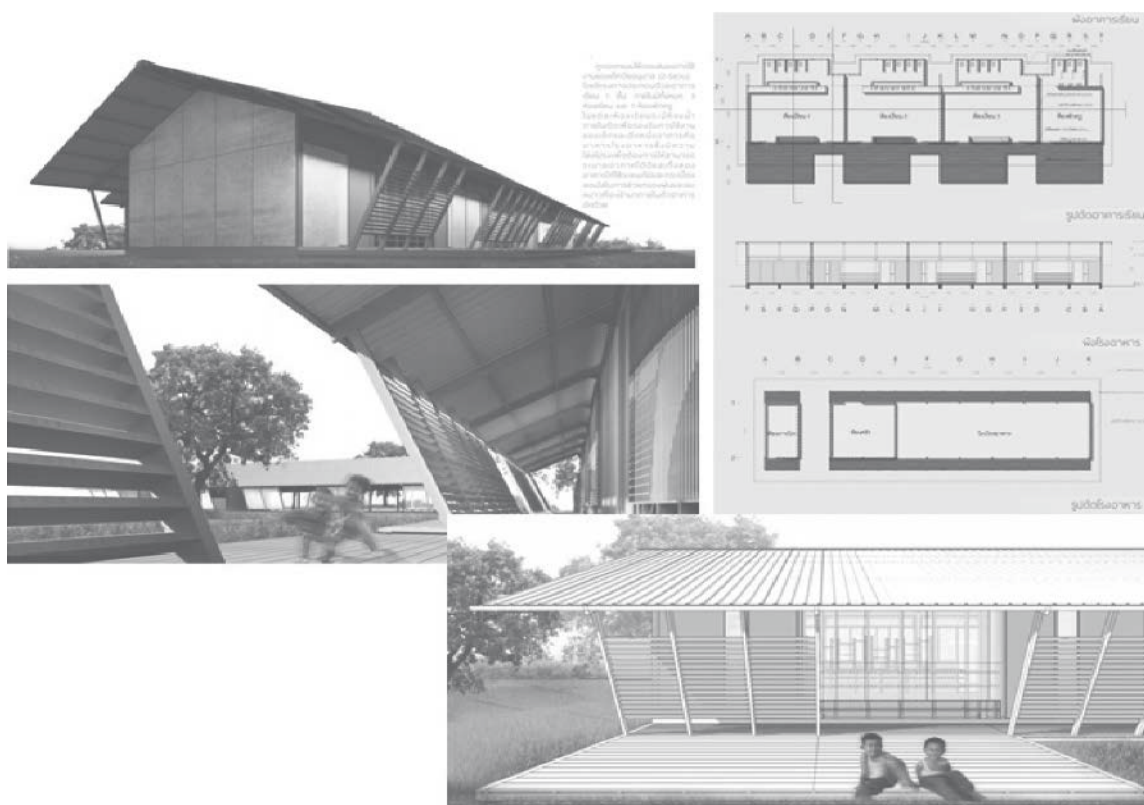


Mae Prik Subdistrict Administrative Organization called the new school “Ban Hua Rin Child Development Centre”. The centre building received the support and cooperation from IDIN Architects for building design, Rafa Plus Architect Ltd. for landscape architecture, Faculty of Architecture and Planning, 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.

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## 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 wither 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 PCL 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 PCL 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’ lives.

Italian-Thai Development PCL 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)”.





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## 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.

On January 24 2018 Corporate Services Division was a representative of the Company to give educational aids, children books together with roof, ceiling innovation and wall fans installation at Child Development Center Mae Prik 1 Subdistrict Administrative Organization (Patronized by ITD) in order to maintain the sustainable policy on educational development. Such policy is considered the precious way for social projects and demonstrates the corporate social responsibility.



## Board of Directors and Board of Management

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

#### 1 Dr. Krisorn Jittorntrum

##### 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 University

##### 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.

Age: 65 years

##### Director Position

Date of the first appointment: March 26, 1999

Date of the latest appointment: April 8, 2015

#### 2 Mr. Premchai Karnasuta

##### Education:

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

##### President:

Italian-Thai Development Plc.

##### Chairman the Board of Directors:

First Dhaka Elevated Expressway Co., Ltd.

##### Director:

Italian-Thai Development Plc.  
ITD Cementation India Co., Ltd.  
Kanika Co., Ltd.  
Siam Machinery and Equipment Co., Ltd.  
C.P.K. International Co., Ltd.  
Nahathai Co., Ltd.  
Palang Hgan Sakol Co., Ltd.  
Tridayuk Co., Ltd.  
Thai Nippon Steel Engineering & Construction Corp.Co., Ltd.  
Myanmar Italian-Thai Power 1 Co., Ltd.

Age: 64 years

##### Director Position

Date of the first appointment: March 24, 1994

Date of the latest appointment: April 27, 2017

Bangkok Steel Wire Co., Ltd.

Thai Maruken Co., Ltd.

Charoong Thai Wire & Cable Plc.  
Siam Steel Syndicate Plc.  
Chantaburi Country Co., Ltd.  
Southern Industry Co., Ltd. (1996)  
Dithee Co., Ltd.  
Tayakee Co., Ltd.  
Tongkrai Co., Ltd.  
Saraburi Coal Co., Ltd.  
Takolkiat Co., Ltd.  
Nishio Rentall (Thailand) 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 Construction Ltd.  
 Ao Po Grand Marina Co., Ltd.  
 Saraburi Construction Technology Co., Ltd.  
 Italian-Thai Power Co., Ltd.  
 ItalThai Industrial  
 Sino Lao Aluminum Co., Ltd.  
 Italian-Thai Hongsa Co., Ltd.  
 ITD Bangladesh Co., Ltd.  
 Wildemere Co., Ltd.  
 Lao Metal Industry Co., Ltd.  
 Thai Mozambique Logistica SA.  
 Ao Po Grand Marina & Residence Co., Ltd.  
 APPC Holding Co., Ltd.

Bhanuwong Co., Ltd.  
 Praram 9 Square Hotel Co., Ltd.  
 Bangkok Steel Wire Co., Ltd.  
 Metropolitan Water and Services Co., Ltd.  
 Palit Palangnang 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 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.  
 Momaz Logistics  
 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) 65/2005)

#### 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.  
 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.

#### Age: 67 years

#### Director Position

Date of the first appointment : March 24, 1994  
 Date of the latest appointment: April 22, 2016

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

Siam Machinery & Equipment Co., Ltd.  
 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 Palangnang Co., Ltd.  
 Praram 9 Square Hotel Co., Ltd.

Italthai Trevi Co., Ltd.  
 Italian-Thai Land 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.  
 Momaz Logistics  
 Pan African Mining Corp.,

Thai Pride Cement Co., Ltd.  
 Myanmar ITD Co., Ltd.  
 PT Thai Lindo Bara Pratama Co., Ltd.  
 Asia Pacific Potash Corporation Co., Ltd.  
 ATO Asia Turn-out 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.  
 Italthai Industrial Co., Ltd.  
 APPC Holding Co., Ltd.

#### 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: 76 years**

##### Director Position

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

ITD Cementation India Co., Ltd.  
 Italian-Thai Development (Myanmar) Co., Ltd.  
 Palit Palanguan 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 Turn-Out 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.,

**Executive Director:**

Auo Siam Marine Co., Ltd.

**Age: 37 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.

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**8 Mr. Tirapongse Pangsrivongse**

**Education:**

M.Sc. (Faculty of Technology)  
University of Manchester Institute of Science and Technology

**Independent Director and Audit Committee Member:**

Italian-Thai Development Plc.

**Executive Director:**

Kasemkij Co., Ltd.

**Age: 63 years**

**Director Position**

Date of the first appointment: April 30, 2014  
Date of the latest appointment: April 27, 2017

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9 **Mr. Thoranis Karnasuta**

**Education:**

Bachelor's degree in Industrial Engineering  
University of California, Berkeley, USA

**Director:**

Italian-Thai Development Plc.  
LNG Plus International(Hongkong)Limited

**Assistant to the President:**

Italian-Thai Development Plc.

**Executive Vice President:**

Italian-Thai Development Plc.

**Age: 28 years**

**Director Position**

Date of the first appointment: April 30, 2014  
Date of the latest appointment: April 27, 2017

Thai Mozambique Logistica S.A.

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10 **Prof. Dr. Mingsarn Kaosa-Ard**

**Education:**

Doctor of Philosophy (Economic) The Australian National University  
Bachelor of Economic (First honor) The Australian National University  
Director Certificate Program 209/2015 (Thai Institute of Directors  
Association (IOD)

**Independent Director and Audit Committee:**

Italian-Thai Development Plc.

**Chairman the Bord of Director:**

Public Policy Studies Institue Foundation

**Chairman of Independent Director and Audit Committee:**

Bangkok Steel Wire Co., Ltd.

**Professor Emeritus of Economic:**

Chiang Mai University

**Age: 69 years**

**Director Position**

Date of the first appointment: September 9,2016  
Date of the latest appointment: April 27, 2017

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11 **Mr. Chatichai Chutima**

**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.  
Siam Steel Syndicate Public Co., Ltd.

**Age: 58 years**

ITD Bangladesh Co., Ltd.

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12 **Ms. Kanchana Charoenyot**

**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.

**Age: 56 years**

13	<b>Mr. Anan Amarapala</b>	<b>Age: 72 years</b>
	<b>Education:</b> Bachelor of Engineering (Civil), Chulalongkorn University	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	
	<b>Director:</b> Asia Logistics Development Co., Ltd. Asia Industrial and Port Corporation Co., Ltd.	
14	<b>Mr. Virat Kongmaneerat</b>	<b>Age: 64 years</b>
	<b>Education:</b> Bachelor of Engineering (Civil) King Mongkut's University of Technology Thonburi	
	<b>Executive Vice President:</b> Italian-Thai Development Plc.	
	<b>Director:</b> Thai Mozambique Ligistiga S.A.	
15	<b>Mr. Sumate Surabotsopon</b>	<b>Age: 54 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.
16	<b>Mr. Piyachai Karnasuta</b>	<b>Age: 43 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 Myanmar Italian-Thai Power 1 Co., Ltd.
17	<b>Ms. Prachaya Karnasuta</b>	<b>Age: 35 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.

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18 **Mr. Woravudh Hiranyapaisarnsakul** **Age: 57 years**  
**Education:**  
MBA, Thammasart University (Company Secretary Program)  
Effective Minute Taking, the Institute of Directors (IOD)  
**Executive Vice President:**  
Italian-Thai Development Plc.  
**Company Secretary:**  
Italian-Thai Development Plc.  
**Director and Secretary of Risk Management Committee:**  
Italian-Thai Development Plc.  
**Manager:**  
Asia Pacific Potash Corporation Co., Ltd.  
\* Please refer to the attachment for the Company Secretary's Qualification

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19 **Mr. Prasit Ratanaramig** **Age: 67 years**  
**Education:**  
Bachelor of Engineering (Civil), Chulalongkorn University  
**Executive Vice President:**  
Italian-Thai Development Plc.

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20 **Mr. Sompop Pinijchai** **Age: 61 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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21 **Mr. Krengsak Kovadhana** **Age: 59 years**  
**Education:**  
Master of Engineering (Civil), LAMAR University, U.S.A  
**Vice President:**  
Italian-Thai Development Plc.

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22 **Mr. Prasart Kosarussawadee** **Age: 68 years**  
**Education:**  
Bachelor of Engineering (Civil), Chulalongkorn University  
**Executive Vice President:**  
Italian-Thai Development Plc.

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23 **Mr. Sakchai Puetpaiboon** **Age: 61 years**  
**Education:**  
Bachelor of Engineering (Civil), Prince of Songkla University  
**Executive Vice President:**  
Italian-Thai Development Plc.

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24 **Mr. Wichien Roongrujirat** **Age: 59 years**  
**Education:**  
Master of Engineering (Civil), Asian Institute of Technology  
**Vice President:**  
Italian-Thai Development Plc.

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25 **Mr. Prasert Sanor** **Age: 54 years**  
**Education:**  
M.B.A., Ramkhamhaeng University  
**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, 2018

Name	Position	Share Amount as of January 31, 2017	Share Amount as of January 31, 2018	Change during the Year	Remuneration (Unit : Baht)
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				15,000 (3)
2. Mr. Premchai Karnasuta	Director	785,494,526	714,479,706	(71,014,820)	580,000 (1)
3. Mrs. Nijaporn Charanachitta	Director	371,698,140	367,913,140	(3,785,000)	580,000 (1)
4. Mr. Pathai Chakornbundit	Director	69,540	69,540	- 0 -	580,000 (1)
	Vice Chairman of the Risk Management Committee				10,000 (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 Pangsriwong	Independent Director	1,064,500	1,064,500	- 0 -	580,000 (1)
9. Mr. Thoranis Karnasuta	Director	28,210,960	28,210,960	- 0 -	580,000 (1)
10. Mr. Krirk Vanikkul	Independent Director	- 0 -	- 0 -	- 0 -	145,000 (1)
	(Resign as Independent Director, effective on June 28, onwards)				
11. Prof. Dr. Mingsarn Kaosa-ard	Independent Director	12,837	12,837	- 0 -	580,000 (1)
	Audit Committee Member				415,000 (2)

### Remarks

(1) Directors' remuneration

(2) Audit Committee Members' remuneration

(3) Risk Management Committees' remuneration

The Company continually recognizes the importance of its internal control systems in both levels of the management and operation to prevent and reduce corporate risks. The Board of Directors has conducted the evaluation of internal control and followed up the operation improvement on regularly basis to assure that the internal control be appropriate and sufficient for operation.

The Annual Meeting of Audit Committee No. 6/3/2018 was held on 15 March 2018 by presence of three members of Audit Committee. The Board of Directors has evaluated the sufficiency of the Company's Internal Control Systems by using the format of assessment of internal control of the Securities and Exchange Commission and enquiring information from the management comprising :

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

The Board of Directors and Audit Committee's opinion states that the Company's Internal Control Systems are appropriate and adequate, also in compliance with the assessment of internal control. In this regards, the Company has provided adequate personnel to efficiently carry out it. In addition, they follow up the operation of the Company and its subsidiaries so that the Company's assets and those of its subsidiaries as well as the business transactions with the persons who may have conflict and connected interest are protected from abuse by the Company Directors and Executives. For other parts of the internal control, the Company deems that it is adequate as well.

The Board of Directors, Audit Committee and the Certified Public Accountant's common opinion states that the Company Internal Control Systems are efficient. Also, no defect has been founded to significantly impact against the auditor's opinion.

## Related Party Transactions

Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (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 holds 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 Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Karnasuta and Mr.Thoranis Karnasuta) and related persons of the Directors hold 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 Karnasuta, Mrs. Nijaporn Charanachitta, and Mr.Thoranis Karnasuta) 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>106.70</p> <p>14.69</p> <p>1,456.01</p> <p>324.51</p>	<ul style="list-style-type: none"> <li>- Siam Steel Syndicate Co., Ltd paid for office rental, common area services. The term of contract is 3 years terminating on October 31, 2018.</li> <li>- The Company sold scrap-iron , provided office rental and common area 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 an arm's length basis.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- Utility charges are actual cost pricing.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on an 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 Karnasuta and Mrs. Nijaporn Charanachitta) and related persons of the Directors hold 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 Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Piyachai Karnasuta and Ms. Prachaya Karnasuta) and related persons of the Directors indirectly hold shares via ItalThai Holding Co., Ltd. in total of 91.09 % of the paid-up capital of ItalThai Industrial Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of Machines</li> <li>- Spare part and maintenance expenses.</li> <li>- Account payable</li> <li>- Revenue from services</li> <li>- Account payable</li> <li>- Cost of the services</li> <li>- Account payable</li> </ul>	<p>176.16</p> <p>28.92</p> <p>18.22</p> <p>11.09</p> <p>8.32</p> <p>9.18</p> <p>26.15</p> <p>2.64</p>	<ul style="list-style-type: none"> <li>- The Company purchased machines, parts and maintenance services from ItalThai Industrial Co., Ltd. with 30-60 days of credit term.</li> <li>- ItalThai Industrial Co., Ltd. paid for office and furniture rental, in the amount of THB 566,280 per month.The term of contract is 3 years, terminating on January 31, 2018. with 30-60 days of credit term.</li> <li>- Dawei Development Co., Ltd and ItalianThai 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 and maintenance services are based on market pricing and on an arm's length basis.</li> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Rental price is based on market pricing and on an arm's length basis.</li> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- Spare parts, machines and other services are based on market pricing and on arm's length basis.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> </ul>
<u>Transaction with the subsidiaries</u>					
<ul style="list-style-type: none"> <li>- Dawei Development Co., Ltd.</li> <li>- Italian-Thai Hongsa Co., Ltd</li> <li>- Nha Pralan Crushing Plant Co., Ltd.</li> </ul>	<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> </ul>	<p>8.32</p> <p>9.18</p> <p>26.15</p> <p>2.64</p>	<ul style="list-style-type: none"> <li>- Dawei Development Co., Ltd and ItalianThai 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 and other services are based on market pricing and on arm's length basis.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (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 Karnasuta, Mr. Peeti Karnasuta, Ms. Prachaya Karnasuta and Mr. Piyaichai Karnasuta) and related persons of the Directors jointly hold outstanding shares in total of 1.4% of the registered capital of Italthai Engineering Co., Ltd.</li> <li>- The Director of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) and related persons of the Directors hold outstanding shares indirectly via Italthai Holding Co., Ltd. and Sak Di Sin Prasit Co., Ltd. in total of 94.23% of the registered capital of Italthai Engineering Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Account payable</li> <li>- Cost of the construction services</li> <li>- Revenue from services</li> <li>- Account receivable</li> </ul>	<p>211.38 391.90</p> <p>37.28 22.52</p>	<ul style="list-style-type: none"> <li>- The Company employed Italthai Engineering Co., Ltd. to install electrical, communicational systems and the construction.</li> <li>- The Company constructs the high voltage station Project, Pattalung Province (Civil works)</li> </ul>	<ul style="list-style-type: none"> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on cost plus margin pricing and on an 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 Karnasuta) indirectly holds 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 Karnasuta) is a Director of Auo -Po Grand Marina Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Account receivable</li> </ul>	99.31	<ul style="list-style-type: none"> <li>- The Company provided jetty and Yacht Club construction services at Auo-Po, Phuket Province.</li> <li>(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 an arm's length basis.</li> <li>- Auo-Po Grand Marina Co., Ltd. has a repayment plan and gradually pays 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. invests in the amount of 50% of NWR-SBCC Joint Venture )</li> <li>- The Directors of the Company ( Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) 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>- Revenue from services</li> <li>- Account payable</li> <li>- Account receivable</li> </ul>	<p>520.24</p> <p>75.32</p> <p>17.49</p> <p>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 Conveyers Rental</li> <li>- ITD hired a Joint Venture Company, NWR SBCC for backfilling and material cost.</li> <li>- The Company sold machines of Mae Moh Project, Lampang Province with 30-60 days of credit term. (Provision for losses in the amount of Baht 24.9 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 an arm's length basis.</li> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> <li>- An asset or service transaction.</li> <li>- The transactions are based on cost plus margin pricing and on an arm's length basis.</li> <li>- The Joint Venture will appraise the machinery cost of the project and will pay debt by the time the project completes in 2018</li> </ul>
Transaction with the subsidiaries Thai Pride Cement Co., Ltd.	<ul style="list-style-type: none"> <li>- Thai Pride Cement Co., Ltd. provides the accounting services.</li> </ul>	<ul style="list-style-type: none"> <li>- Other revenue</li> </ul>	4.47	<ul style="list-style-type: none"> <li>- Thai Pride Cement Co., Ltd. provided the accounting services to NWR-SBCC 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 an arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (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 hold 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 102.9 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 an arm's length basis.</li> </ul>
7. Asia Thai Mining Co., Ltd. (Holding Company & Coal Mine)	<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 hold 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 (Provision for losses in the whole amount)</li> <li>- Sales cost</li> <li>- Account payable</li> </ul>	11.97  199.80 114.61	<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 an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> </ul>
Transaction with the subsidiaries					
8. PAM 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 hold 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 of 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>	59.37  15.42	<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 53.82 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 market pricing and on an 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 hold 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>- Revenue from services</li> <li>- Sales cost</li> <li>- Account payable</li> </ul>	25.91  11.99 4.84	<ul style="list-style-type: none"> <li>- The Company provided the Construction of Flood Protection Wall with 30 - 60 days of credit term.</li> <li>- The Company employed Siam Machinery Equipment Co., Ltd. for Grating and Frame work 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 an arm's length basis.</li> <li>- Normal business transaction.</li> <li>- The transactions are based on market pricing and on an arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
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 Karnasuta) 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>	<p>4.89</p> <p>20.00</p>	<ul style="list-style-type: none"> <li>- The Company purchased the Electricity from Initial Phase Dawei Industrial Estate Project.</li> <li>- The Compensation occurred by broken promise from Initial Phase Dawei Industrial Estate 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>
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 Karnasuta) hold a total of 90 % of the total outstanding shares of Ao Po Grand Marina &amp; Residence Co., Ltd. via 3 B Holding Co., Ltd.</li> <li>- The Director of the Company (Mr. Premchai Karnasuta) is a Director of Ao Po Grand Marina &amp; Residence Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction</li> <li>- Cost of Luxury Condominium</li> </ul>	<p>11.17</p> <p>93.85</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 been transferred the ownership from Ao Po Grand Marina &amp; Residence Co., Ltd. for debt payment according to the Contract. Such cost was appraised by the Independent valuer with 30% discounted</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 an arm's length basis.</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 Karnasuta) hold a total of 99.99 % of the total outstanding shares of Construction Concrete Co., Ltd.</li> <li>- The Director of the Company (Mr. Peeti Karnasuta) is a Director of Construction Concrete Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of Construction services</li> <li>- Account payable</li> </ul>	<p>250.78</p> <p>77.06</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 an 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>62.81</p> <p>43.27</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 and on an arm's length basis.</li> </ul>
13. Charoong Thai Wire and Cable Plc. (CTW) (Wire and Cable Manufacture and Distributor )	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Company hold a total of 12.90 % of the total outstanding shares of CTW</li> <li>- The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) are directors of Charoong Thai Wire and Cable Plc.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of construction services</li> <li>- Account payable</li> </ul>	<p>204.66</p> <p>180.17</p>	<ul style="list-style-type: none"> <li>- The Company purchased raw material from Charoong Thai Wire and Cable Plc. 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 and on an arm's length basis.</li> </ul>
14. Nishi-O Rent All (Thailand) Co., Ltd. (Machine rental for Construction) (Former name : Thai rent All Co., Ltd.)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Company hold a total of 15 % of the total outstanding shares of Nishi-O Rent All (Thailand) Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) are directors of Nishi-O Rent All (Thailand) Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of construction services</li> <li>- Account payable</li> </ul>	<p>128.28</p> <p>119.68</p>	<ul style="list-style-type: none"> <li>- The Company rent the machine from Nishi-O Rent All (Thailand) 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>- The transactions are based on market pricing and on an arm's length basis.</li> </ul>

Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
15. Rama 9 Squares Co., Ltd. (Shopping center development)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Company hold a total of 6.32% of total outstanding shares of Rama 9 Squares Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are directors of Rama 9 Square Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction services</li> <li>- Account receivable</li> </ul>	<p>46.13</p> <p>54.15</p>	<ul style="list-style-type: none"> <li>- The Company has undertaken the G Tower Grand Rama 9 Project for steel structure, strengthening and construction work 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 an arm's length basis.</li> </ul>
16. Siam Fiber Optic Co., Ltd. (Manufacture and distribution of optic fibers )	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Company holds a total of 10% of the total outstanding shares of Siam Fiber Optics Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta) is a director of Siam Fiber Optics Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of construction services</li> <li>- Account payable</li> </ul>	<p>4.17</p> <p>4.26</p>	<ul style="list-style-type: none"> <li>- The Company purchased the materials from Siam Fiber Optics Co., Ltd.</li> <li>- The credit term is 30-60 days.</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>
17. Thai Barge Container Services Co., Ltd. (Domestic Logistics, Loading Parcel to Container)	<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 hold a total of 4.99% of the total outstanding shares of Thai Barge Container Services Co., Ltd.</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta) is a director of Thai Barge Container Services Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Cost of Machines</li> <li>- Cost of Services</li> <li>- Account payable</li> </ul>	<p>7.6</p> <p>2.18</p>	<ul style="list-style-type: none"> <li>- The Company purchased the equipment</li> <li>- Thai Barge Container services Co., Ltd. provided the sea port and crane rental</li> <li>- The credit term is 30-60 days.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> </ul>
18. C.P.K. Plantation Co., Ltd. (Manufacturing and Distributing cold winter fruits and vegetables)	<ul style="list-style-type: none"> <li>- A connected Company</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 hold a total of 48.75% of the total outstanding shares of C.P.K. Plantation Co., Ltd.</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta and Mrs. Nijaporn Charanachitta) are directors of C.P.K. Plantation Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Complementary Cos</li> <li>- Account payable</li> </ul>	<p>5.31</p> <p>3.87</p>	<ul style="list-style-type: none"> <li>- The Company purchased the products from CPK Plantation Co., Ltd. for New Year gifts to the Company's Customers</li> <li>- The credit term is 30-60 days.</li> </ul>	<ul style="list-style-type: none"> <li>- A Supporting ordinary and Normal business transaction.</li> <li>- The transactions are based on market pricing and on arm's length basis.</li> </ul>
19. Amari Pattaya Co., Ltd. (Hotel and Resort)	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mr. Premchai Kamasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Kamasuta, Mr. William Lee Zentgraf, Mr. Piyachai Kamasuta and Ms. Prachaya Kamasuta) and related persons of the Directors indirectly hold a total of 77.41% of the total outstanding shares of Amari Pattaya Co., Ltd. via Amari Co., Ltd. and Baan Rao Holding Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction Services</li> <li>- Account receivable</li> <li>- Customer advances under construction contracts</li> </ul>	<p>23.91</p> <p>23.02</p> <p>16.18</p>	<ul style="list-style-type: none"> <li>- The Company constructs Amari Orchid Pattaya</li> <li>- The credit term is 30-60 days.</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 an arm's length basis.</li> </ul>
Transaction with Subsidiaries	<ul style="list-style-type: none"> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta) is a director of Amari Pattaya Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction Services</li> <li>- Account receivable</li> </ul>	<p>23.91</p> <p>5.1</p>	<ul style="list-style-type: none"> <li>- ItalThai Trevi Co., Ltd. provided piling work</li> <li>- The credit term is 30-60 days.</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 an arm's length basis.</li> </ul>



Company	Description of Relations	Transactions	The Value of Transactions ending Dec 31, 2017 (Million Baht)	Details of Transactions	Necessity and Reasonableness of Connected Transactions
20. Ozo Kata Co., Ltd. (Hotel and Resort) Transaction with Subsidiaries Italhai Trevi Co., Ltd.	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta) and related persons of the Directors Indirectly hold a total of 50.77% of the total outstanding shares of Ozo kata Co., Ltd. via Sakdisin Prasith Co., Ltd.</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta) is a director of Ozo Kata Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction Services</li> <li>- Account receivable</li> </ul>	<p>14.87</p> <p>14.34</p>	<ul style="list-style-type: none"> <li>- Italhai Trevi Co., Ltd. provided piling work</li> <li>- The credit term is 30-60 days.</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 an arm's length basis.</li> </ul>
21. Ozo Pattaya Co., Ltd. (Hotel and Resort) Transaction with Subsidiaries Italhai Trevi Co., Ltd.	<ul style="list-style-type: none"> <li>- A connected Company</li> <li>- The Directors of the Company ( Mrs. Nijaporn Charanachitta) and related persons of the Directors Indirectly hold a total of 46.76% of the total outstanding shares of Ozo Pattaya Co., Ltd. via Sakdisin Prasith Co., Ltd.</li> <li>- The Directors of the Company (Mrs. Nijaporn Charanachitta) is a director of Ozo Pattaya Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue from construction Services</li> <li>- Account receivable</li> </ul>	<p>24.49</p> <p>23.9</p>	<ul style="list-style-type: none"> <li>- Italhai Trevi Co.,Ltd. provided piling work</li> <li>- The credit term is 30-60 days.</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 an arm's length basis.</li> </ul>

## Summary of Financial Information

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

Description	Unit : Year	2017	2016*	2015*
Total Assets	Million Baht	<b>69,186</b>	59,668	57,480
Share Capital	Million Baht	<b>5,280</b>	5,280	5,280
Shareholder's Equity	Million Baht	<b>14,139</b>	14,149	14,182
Revenues from Construction Work, Sales and Services	Million Baht	<b>37,771</b>	26,416	29,117
Net Profit after Tax	Million Baht	<b>101</b>	111	274
EBITDA	Million Baht	<b>2,879</b>	2,869	3,121
EPS	Baht	<b>0.02</b>	0.02	0.05
Book Value	Baht	<b>2.68</b>	2.68	2.69
Par Value	Baht	<b>1</b>	1	1
DPS	Baht	<b>0.00</b>	0.01	0.00
DPS x 100 EPS	%	<b>0.00</b>	48.85	0.00

### (2) Financial Statements of Consolidated

as of 31 <sup>st</sup> December	Unit : Year	2017	2016*	2015*
Total Assets	Million Baht	<b>87,829</b>	78,120	78,095
Total Liabilities	Million Baht	<b>73,057</b>	63,786	63,519
Total Shareholder's Equity	Million Baht	<b>14,773</b>	14,333	14,577
Revenues from Construction Work, Sales and Services	Million Baht	<b>55,096</b>	47,320	51,297
Total Revenues	Million Baht	<b>56,079</b>	48,389	52,035
Gross Profit	Million Baht	<b>6,573</b>	4,518	4,409
Net Profit (Loss)**	Million Baht	<b>413</b>	(109)	(362)
EBITDA	Million Baht	<b>5,886</b>	4,988	4,291

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

	2017		2016*		2015*	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
<b>Current Ratio</b>						
Current Ratio	<b>1.06</b>	<b>1.09</b>	1.06	1.14	1.06	1.10
Quick Ratio	<b>0.33</b>	<b>0.36</b>	0.32	0.35	0.31	0.36
A/R Turnover	<b>4.86</b>	<b>3.73</b>	4.40	2.90	4.42	3.09
Collection Period	<b>74.12</b>	<b>96.62</b>	81.86	124.08	81.48	116.69
Inventory Turnover	<b>14.96</b>	<b>18.43</b>	13.74	15.75	12.10	14.31
Return on Sales	<b>24.06</b>	<b>19.54</b>	26.19	22.86	29.76	25.16
A/P Turnover	<b>3.52</b>	<b>3.89</b>	2.92	2.85	3.24	3.08
Payment Period	<b>102.14</b>	<b>92.53</b>	123.16	126.14	111.15	117.02
Cash Cycle	<b>(3.96)</b>	<b>23.62</b>	(15.11)	20.80	0.09	24.83
<b>Profitability Ratio</b>						
Gross Profit (%)	<b>11.93</b>	<b>7.27</b>	9.55	7.81	8.59	6.15
Net Profit (%)	<b>0.74</b>	<b>0.26</b>	(0.23)	0.41	(0.70)	0.90
Return on Equity (%)	<b>2.84</b>	<b>0.71</b>	(0.76)	0.78	(2.42)	1.92
<b>Efficiency Ratio</b>						
Return on Assets (%)	<b>0.50</b>	<b>0.16</b>	(0.14)	0.19	(0.48)	0.48
Return on Fixed Assets (%)	<b>14.71</b>	<b>14.66</b>	12.69	17.04	10.60	18.76
Assets Turnover	<b>0.68</b>	<b>0.60</b>	0.62	0.47	0.69	0.53
<b>Financial Ratio Analysis</b>						
Debt to Equity	<b>4.95</b>	<b>3.89</b>	4.45	3.22	4.36	3.05
Interest Coverage	<b>1.72</b>	<b>1.47</b>	3.41	2.62	2.15	1.62
Dividend Payout Ratio (%)	<b>0.00</b>	<b>0.00</b>	N/A	48.85	0.00	0.00
Debt to Equity (Under Terms and Conditions of Bond Issuer and Bond Holders)	<b>2.47</b>	<b>2.07</b>	2.22	1.83	2.11	1.73
<b>Data per Share and Growth Ratio of Business</b>						
<b>Growth Ratio</b>						
Total Assets (%)	<b>12.43</b>	<b>15.95</b>	0.03%	3.07	6.70	3.07
Total Liabilities (%)	<b>14.53</b>	<b>20.93</b>	0.42%	4.40	9.81	4.40
Revenues from Construction Services (%)	<b>16.43</b>	<b>42.98</b>	(7.75)	(15.74)	6.69	(15.74)
Cost of Services (%)	<b>13.37</b>	<b>43.83</b>	(8.72)	(14.51)	7.10	(14.51)
Net Earning (%)	<b>477.64</b>	<b>(8.96)</b>	69.79	(48.21)	(162.28)	(48.21)
<b>Data per Share</b>						
Book Value	<b>2.80</b>	<b>2.68</b>	2.71	2.68	2.76	2.69
EPS	<b>0.08</b>	<b>0.02</b>	(0.02)	0.02	(0.07)	0.05
Dividend per Share	<b>0.00</b>	<b>0.00</b>	0.01	0.01	0.00	0.00

Note: \* Restated

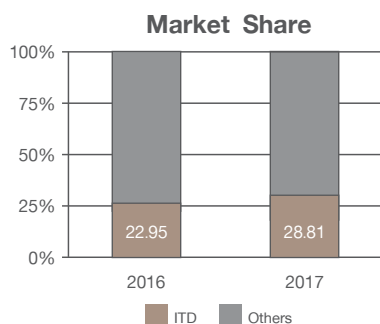
\*\* Net income (loss) in the portion of the Company's shareholders

# Management's Discussion and Analysis of Results of Operations and Financial Condition as at December 31, 2017

## 1. Overview

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

Market share 28.81% in 2017



As of December 31, 2017, backlog for construction and concession Baht 282,930 million, the backlog for construction Baht 134,812 million was in public sector 71.65% and in Thailand 61.32%

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 28.81% and 22.95% in year ended of 2017 and the year ended 2016, respectively. In 2017, the total revenue of the Company was Baht 56,079 million which was mainly the revenue from construction services and the allocation of profit under the portion of the Company's shareholders in the amount of Baht 413 million.

As at December 31, 2017 the Company's backlog for construction and concession was Baht 282,930 million, compared to Baht 236,261 million in December 31, 2016. In addition to the Company's backlog at December 31, 2017, as at February 19, 2018 the Company has signed new contracts valued at Baht 1,749 million and has been awarded, but has yet to sign, contracts for a further Baht 506 million. The Company's current backlog, therefore, has an accumulated value of Baht 285,185 million.

As at December 31, 2017, the backlog for construction (by Italian-Thai Development Public Company Limited, joint ventures, consortium and subsidiaries with the Company's role) was Baht 134,812 million, of which over 71.65% comprised public sector infrastructure development and 61.32% comprised work in Thailand

In 2017, the Company signed new large construction contracts which will increase the future revenues such as:

- The MRT Orange Line (East Section) Project: Contract 3 Underground Civil Work (Hua Mak – Klong Ban Ma Section) Baht 17,355 million
- The Dhaka Mass Rapid Transit Development Project, Contract No. CP-03 and CP-04 Baht 16,749 million
- The Track Doubling Project: Map Kabao - Thanon Chira Junction Contract 1: (Map Kabao – Klong Khana Chit) Baht 7,065 million
- The 400 Beds Chulabhorn Hospital Building Project: Medical Service Expansion (Phase 1) Baht 7,005 million
- The Track Doubling Project: Map Kabao – Thanon Chira Junction Contract 3: Tunnel Works Baht 6,078 million (in the Company's portion of joint ventures)

### 2) Economic and industry conditions to operation

The Thai economy for the year 2018 is poised to grow close to 3.5% supported by the government and private investment. The government was ramping up spending on infrastructure projects at the end of last year and there are several upcoming projects that will open for bidding this year. Rising private investment in the upcoming projects is also giving the economy a boost. Furthermore, These upcoming construction projects will stretch the abilities of the larger contractor companies and the subsequent expansion of workload will accelerate the overall Thai economy and employment opportunities.

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

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

Strategy:

- Build credibility and trust of the Company through quality and On-time delivery 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 studying for commencement which will increase turnover to the Company continuously.

#### 4) Explanation by business segments

The operations of the Company and subsidiaries for the years ended 31 December 2017 and 2016 were mainly engaged in a single industry segment, construction services, and were conducted in the following geographical segments.

	Consolidated F/S											
	For the years ended 31 December											
	Thailand		India		Other countries		Total		Eliminate		Grand Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(Unit: Million Baht)												
Revenue from construction work	<b>36,653</b>	26,641	<b>12,923</b>	16,889	<b>1,422</b>	72	<b>50,998</b>	43,602	<b>(796)</b>	(975)	<b>50,202</b>	42,627
Revenue from sale and service	<b>4,087</b>	4,048	-	-	<b>2,063</b>	1,725	<b>6,150</b>	5,773	<b>(1,256)</b>	(1,080)	<b>4,894</b>	4,693
Total	<b>40,740</b>	30,689	<b>12,923</b>	16,889	<b>3,485</b>	1,797	<b>57,148</b>	49,375	<b>(2,052)</b>	(2,055)	<b>55,096</b>	47,320

In 2017, the Company had the revenues from construction work and revenues from sale and service totally Baht 55,096 million. The major revenues were the revenues from construction work Baht 50,202 million and the revenues from sale and service Baht 4,894 million mainly from the increase of revenues of satellite building and other large-scale buildings in Thailand.

#### 5) Auditor's opinion

The trade accounts receivable of an overseas subsidiary totaling Baht 309 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 179 million and Baht 104 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 allowances for doubtful accounts for such receivables.

In the prior year, Auditor had expressed a modified opinion on the consolidated financial statements in respect of the realizability of trade accounts receivable and unbilled work in progress of an overseas subsidiary which was included in the consolidated financial statements as at 31 December 2016 of Baht 607 million. These transactions represented variation orders claims recognized in prior years base on the terms and conditions implicit in the agreement that the subsidiary had with its customer. These claims are technical in nature and subject to an arbitration tribunal. During the year 2017, the management of the overseas subsidiary has assessed the recoverability of such balances and has recognized an allowance for doubtful accounts of trade accounts receivable and unbilled work in progress in full amounts which affects the consolidated financial statements for the year ended 31 December 2017. Auditor's opinion on the current year's consolidated financial statements is also modified because of the effect of this matter on the comparability of the current year's figures and the corresponding figures.

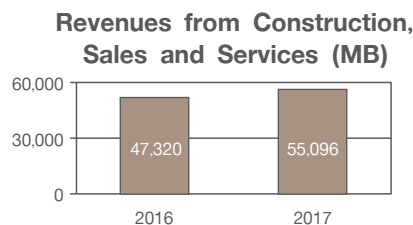
#### 6) Extraordinary items

In 2017, the Company's provision for doubtful accounts were Baht 764 million, an increase of provision Baht 603 million from the same period of the previous year mainly from the provision of an oversea subsidiary's debtors whom in the process of court.

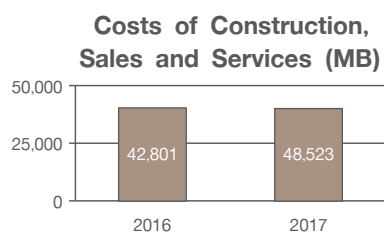
For more information of conducting business, please find them under topic of the policy and business overview and topic of the nature of business.

## 2. Operations Results and Profitability

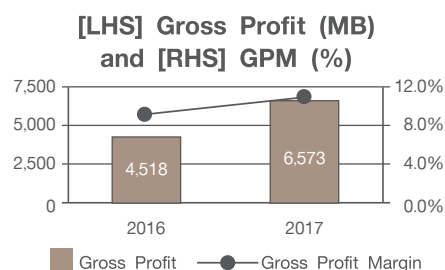
Revenues from construction work, sales and services Baht 55,096 million in 2017 increased 16.43% y-o-y



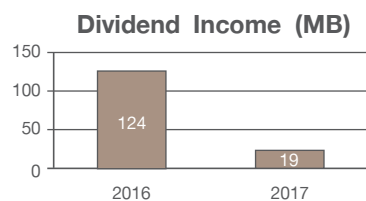
Costs of construction work, sales and services Baht 48,523 million in 2017 increased 13.37% y-o-y



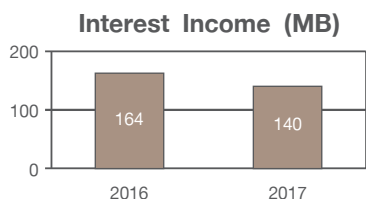
Gross profit Baht 6,573 million and gross profit margin 11.93% in 2017



Dividend income Baht 19 million in 2017 decreased 84.57% y-o-y



Interest income Baht 140 million in 2017 decreased 14.71% y-o-y



### Revenues from construction work, sales and services

In 2017 the Company's revenues from construction work, sales and services were Baht 55,096 million, an increase of Baht 7,777 million from the same period of the previous year partially from the increase of revenues from the progress of large projects such as the Satellite Building for Suvarnabhumi Airport Expansion project, the MRT Orange Line Contract 3 project, the Krungsri Ploenchit Tower project, the Whizdom 101 project and the Interior Work of Chakri Naruebodindra Medical Institute project.

### Costs of construction work, sales and services

In 2017 the Company's costs of construction work, sales and services were Baht 48,523 million, an increase of Baht 5,722 million from the same period of the previous year.

In 2017 the Company's gross profit was Baht 6,573 million, an increase when compared to the same period of the previous year for which the gross profit was Baht 4,518 million. While the Company's gross profit margin in 2017 was 11.93%, an increase when compared to the same period of the previous year for which the gross profit margin was 9.55% partially from the increase of gross profit in oversea subsidiaries and the decrease of loss in oversea joint ventures.

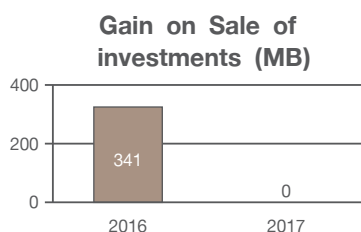
### Dividend Income

In 2017 the Company's dividend income were Baht 19 million, a decrease of Baht 105 million from the same period of the previous year because of no dividend payment from some associated companies.

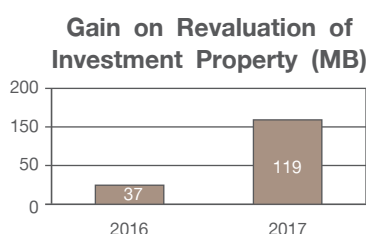
### Interest income

In 2017 the Company's interest income were Baht 140 million, a decrease of Baht 24 million from the same period of the previous year because there is no interest received from winning the lawsuit.

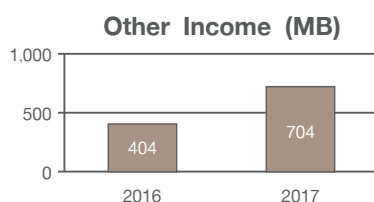
Gain on sale of investment Baht 0 million in 2017 decreased 100.00% y-o-y



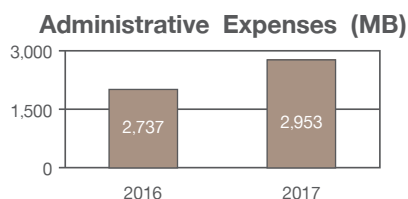
Gain on revaluation of investment properties Baht 119 million in 2017 increased 224.12% y-o-y



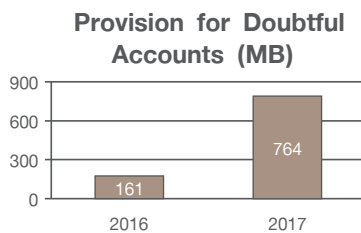
Other income Baht 704 million in 2017 increased 74.46% y-o-y



Administrative expenses Baht 2,953 million in 2017 increased 7.88% y-o-y



Provision for doubtful accounts Baht 764 million in 2017 provision increased 375.40% y-o-y



## Gain on Sale of Investments

In 2017 the Company had no gain on sale of investments, a decrease of Baht 341 million because this year there was no sale of investments.

## Gain on revaluation of investment properties

In 2017, the Company's gain on revaluation of investment properties were Baht 119 million, an increase of Baht 83 million from the same period of the previous year according to the increase of appraisal in subsidiaries' land.

## Other income

In 2017 the Company's other income were Baht 704 million, an increase of Baht 301 million from the same period of the previous year due to the increase of gain on sale of inactive assets in overseas subsidiaries and joint ventures and the increase of income from renovating houses services in a property development subsidiary.

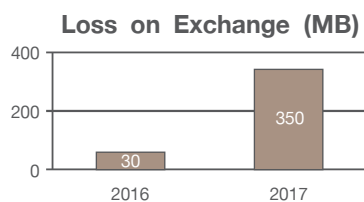
## Administrative expenses

In 2017 the Company's administrative expenses were Baht 2,953 million, an increase of Baht 216 million from the same period of the previous year partially from the increase of administrative expenses in overseas subsidiaries and the compensation of lawsuit from a subsidiary.

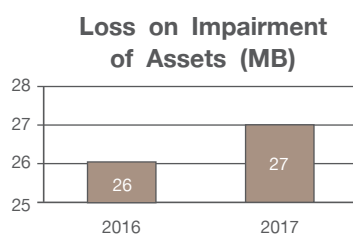
## Provision for doubtful accounts

In 2017 the Company's provision for doubtful accounts were Baht 764 million, an increase of provision Baht 603 million from the same period of the previous year mainly from an overseas subsidiary's debtors, in the process of court, were written off.

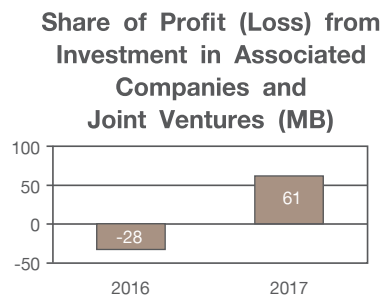
*Loss on exchange rate Baht 350 million in 2017 loss increased 1,080.10% y-o-y*



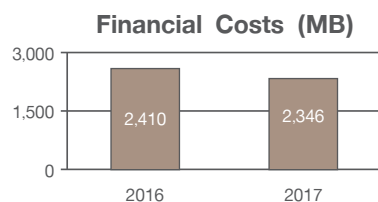
*Loss on impairment of assets Baht 27 million in 2017 increased 2.15% y-o-y*



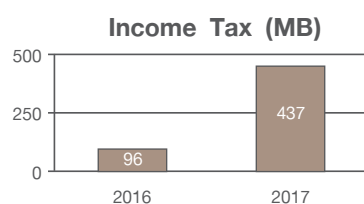
*Share of profit from investment in associated companies Baht 61 million in 2017 increased 317.54% y-o-y*



*Finance costs Baht 2,346 million in 2017 decreased 2.63% y-o-y*



*Income tax Baht 437 million in 2017 increased 357.12% y-o-y*



#### **Loss on exchange rate**

In 2017 the Company's loss on exchange rate were Baht 350 million, an increase of loss Baht 321 million from the same period of the previous year partially from the appreciation of Baht against Rupiah which caused the loss on exchange rate from loans in a subsidiary.

#### **Loss on Impairment of Assets**

In 2017, the Company's loss on impairment of assets were Baht 27 million, an increase of Baht 1 million from the same period of the previous year from the impairment on assets of a joint ventures which completed its project.

#### **Share of profit (loss) from investment in associated companies and joint ventures**

In 2017 the Company's share of profit from investment in associated companies were Baht 61 million, an increase of Baht 88 million from the same period of the previous year partially from the increase of profit from the oversea joint ventures and the railway-related entities.

#### **Financial costs**

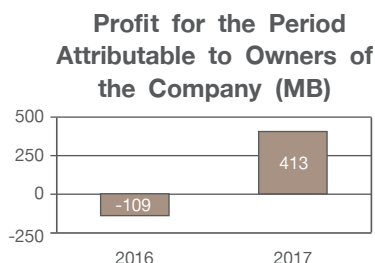
In 2017 the Company's finance costs were Baht 2,346 million, a decrease of Baht 63 million from the same period of the previous year.

#### **Income tax**

In 2017 the Company's income tax expense was Baht 437 million, an increase of Baht 341 million from the same period of the previous year mainly from the increase of profit in oversea subsidiaries.



Profit for the period attributable to equity holders of the Company Baht 413 million in 2017 increased 477.64% y-o-y

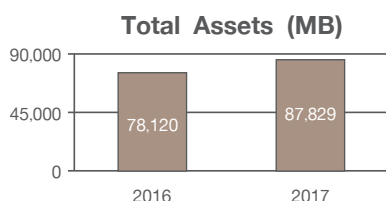


#### Profit for the period attributable to shareholders of the Company

As a result of the foregoing, in 2017 the Company's profit for the period attributable to equity holders of the company were Baht 413 million, an increase of Baht 522 million from the same period of the previous year.

### 3. Assets Management Abilities

Total assets Baht 87,829 million at the year ended 2017 increased 12.43% y-o-y



#### Total assets

The Company's total assets were Baht 87,829 million in 2017, an increase of Baht 9,710 million from 2016, or by approximately 12.43% because, in 2017, the Company's current assets was Baht 47,281 million, an increase of Baht 7,644 million from 2016, or by approximately 19.28%. It was mainly from the increase of the earned revenues not yet billed and the trade accounts receivable. At the year ended 2017, the Company's non-current assets were Baht 40,548 million, an increase of Baht 2,066 million from 2016, or by approximately 5.37% according to the increase of the deferred concession costs in Bangladesh subsidiary and new equipment for operation.

#### 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, 2017 was Baht 9,773 million. The Company already set up the allowance for doubtful account Baht 1,076 million and the net trade accounts receivable-unrelated parties was Baht 8,697 million, an increase of Baht 2,069 million from 2016, or approximately 31.22%. It was partially from the increase of the accounts receivable on the interior work for Chakri Naruebodiendra medical institute project, the mass transit system project in Bangkok (Red Line) project, the MRT orange line project and the satellite building for Suvarnabhumi Airport project.

For the receivable ages more than 12 months as at December 31, 2017 was Baht 1,338 million, a decrease of Baht 382 million, or approximately 22.23% mainly because the receivables in the more than 12 months receivable of an overseas subsidiary were written off.

(Unit: Thousand Baht)

Receivable Ages (Unit: Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Less than 3 months	7,632,380	5,217,266	6,658,682	4,521,537
3 – 6 months	449,812	117,340	158,943	20,697
6 – 12 months	353,200	513,656	7,635	295,639
More than 12 months	1,337,630	1,720,004	402,137	341,256
Total	9,773,022	7,568,266	7,227,397	5,179,129
Less : Allowance for doubtful accounts	(1,075,786)	(940,163)	(396,706)	(297,501)
Net	8,697,236	6,628,103	6,830,691	4,881,628

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:

As at 31 December 2017, trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 310 million (2016: Baht 340 million) which is presently under negotiation for debt settlement plan. The subsidiary company's management considers that it would be received in full amount.

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The consolidated financial statements as at 31 December 2016 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 607 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. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2017.

The consolidated financial statements as at 31 December 2016 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 165 million and Baht 26 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.

The retentions receivable as at 31 December 2017 were Baht 2,909 million, an increase of Baht 782 million from the same period of previous year or approximately 36.73% because of the set up retentions receivable in some the large projects such as the Satellite Building for Suvarnabhumi Airport Expansion project, the MRT Orange Line Contract 3 project and the Krungsri Ploenchit Tower project.

## **2) Inventories and depletion or obsolete**

As of December 31, 2017 the inventories and work in progress were Baht 3,531 million, an increase of Baht 576 million from the same period of previous year or approximately 19.50% partially from the increase of raw material for the EPC contract for 1st Transmission Pipeline Life Extension project-18" Reroute Station (RC-670) and the Thai Oil Jetty No.7 & No.8 project – Civil and Marine Works, Phase I and Phase II, Sriracha District.

Costs of property development projects as of December 31, 2017 were Baht 432 million, a decrease of Baht 40 million from the same period of previous year or approximately 8.53% from the decrease of real estate business and increase construction business in property development subsidiaries. No need to set up depletion or obsolete.

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

The investments in subsidiaries, associated companies and joint ventures as of December 31, 2017 were Baht 760 million, an increase of Baht 10 million from the same period of previous year or approximately 1.39% and the other long-term investments as of December 31, 2017 were Baht 861 million, an increase of Baht 15 million from the same period of previous year or approximately 1.83%. No impairment of investment in this year. The details of the investments were in the note to financial statements no. 13, no. 14 and no. 46.

The goodwill as of December 31, 2017 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 considered 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**

The restricted deposits with banks as of December 31, 2017 were Baht 446 million, a decrease of Baht 307 million from the same period of previous year, or approximately 40.80% according to the withdrawal of the restricted deposits by an overseas subsidiary.

As of December 31, 2017, the refundable value added tax were Baht 1,733 million, an increase of Baht 363 million from the same period of previous year or approximately 26.47% from the increase of refundable value added tax in an overseas subsidiary.

The other current assets as of December 31, 2017 were Baht 1,106 million, an increase of Baht 764 million from the same period of previous year or approximately 223.26% mainly from the increase of receivable on sale of assets from the overseas subsidiaries and joint ventures and the pre-paid land rent for steel fabrication yard in overseas branch.

The investment properties as of December 31, 2017 were Baht 2,113 million, an increase of Baht 188 million from the same period of previous year or approximately 9.76% due to partially from receiving the transfer of a condominium unit from a related company for debt settlement of construction service. The details were in the note to financial statements no. 20 and no. 46.

The deferred concession costs and costs of project under development as of December 31, 2017 were Baht 3,770 million, an increase of Baht 861 million from the same period of previous year or approximately 29.60% mainly for conducting the Dhaka Elevated Expressway project at Bangladesh. The details were in the note to financial statements no. 23.

The other non-current assets as of December 31, 2017 were Baht 414 million, an increase of Baht 138 million from the same period of previous year or approximately 49.87% partially from the increase of other non-current assets of overseas project and established the work camp for the MRT orange line project.

#### 4. Liquidity and sufficiency of funds

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

###### Summary of cash flow statement

(Expressed in thousand Baht)	2017	2016*	2015
Net cash provided from (used in) operating activities	1,259,520	5,702,682	2,991,043
Net cash provided from (used in) investing activities	(2,787,135)	(4,181,871)	(2,271,981)
Net cash provided from (used in) financing activities	2,438,128	(1,369,242)	(192,844)
Translation adjustment on foreign currency financial statement	(64,890)	(64,881)	42,226
Cash and cash equivalents at beginning of year	2,588,430	2,501,742	1,933,298
Cash and cash equivalents at end of year	3,434,053	2,588,430	2,501,742

Remark: \* Restated financial statements

As shown in the table above, in 2017 the cash flow provided from operating activities was at Baht 1,260 million because the increase of operating liabilities such as the customer advances under construction contracts and the receipts in excess of contracted work in process.

In 2017, cash flow used in investing activities amounted to Baht 2,787 million mainly from the purchase of assets for construction and the costs of project under development.

The Company's net cash provided from financing activities mainly from the loans for project financing and the bonds issuance for redemption of the maturity bonds.

The Company's current ratios were about 1.06 times and 1.11 times at year ended 2017 and 2016, respectively, according to the increase of current portion of long term loan and quick ratios remained 0.33 times at year ended 2017 and 2016.

##### 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, 2017 and 2016 the Company, on a consolidated basis, had Baht 8,492 million and Baht 8,291 million, respectively, outstanding in bank overdrafts and loans from financial institutions. On a stand-alone basis, the Company's corresponding amounts were Baht 5,349 million and Baht 5,111 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, 2017 and 2016 the Company had outstanding long-term loans and debentures of Baht 29,790 million and Baht 24,657 million respectively.

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- **Share capital :**

As of December 31, 2017, the Company's common shares were Baht 6,338 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 1,055,934,093 units. One Warrant is entitled to purchase 1.002 newly issued ordinary share with the exercise price Baht 13.971 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 and maintain not excess than 2.5 times under banks' conditions. As at December 31, 2017 and 2016, the debt to equity ratio from the Company's consolidated financial statement were 2.47 times and 2.22 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, 2017 and 2016, there were outstanding guarantees of approximately Baht 57,417 million and Baht 48,392million, 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, 2017 and 2016, there were guarantees of approximately Baht 6,536 million and Baht 6,952 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 fluctuation of construction materials and possibility to increase the interest rate and labor cost are influence to construction industry. The government's investment plan to develop the infrastructure of transportation becomes more clarify and continuity on many large projects, road, rail, water and air transportation. These projects will build up the construction works and will push the construction business in the future.

Independent Auditors' Report and Consolidated Financial Statements of  
**Italian-thai Development Public Company Limited and Its Subsidiaries**  
For the Year Ended 31 December 2017

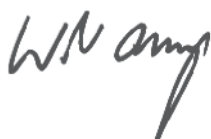
## The Board of Director's Report on their Responsibilities for Financial Reports for the year 2017

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 2017 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 2017, consolidated statement 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 2017, 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 2017, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2017, and its 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 2017, the consolidated financial statements include trade accounts receivable of an overseas subsidiary totaling Baht 308.70 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 178.96 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 allowances 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, I had expressed a modified opinion on the consolidated financial statements in respect of the realizability of trade accounts receivable and unbilled work in progress of an overseas subsidiary which was included in the consolidated financial statements as at 31 December 2016 of Baht 606.94 million. These transactions represented variation orders claims recognized in prior years base on the terms and conditions implicit in the agreement that the subsidiary had with its customer. These claims are technical in nature and subject to an arbitration tribunal. During the year 2017, the management of the overseas subsidiary has assessed the recoverability of such balances and has recognized an allowance for doubtful accounts of trade accounts receivable and unbilled work in progress in full amounts which affects the consolidated financial statements for the year ended 31 December 2017. My opinion on the current year’s consolidated financial statements is also modified because of the effect of this matter on the comparability of the current year’s figures and the corresponding 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 Consolidated and Separate 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 15 to the financial statements, the Company has land lease concessions in the Dawei Special Economic Zone that it has incurred projects development costs totaling Baht 7,651.76 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 16 to the financial statements, a subsidiary company has acquired potash mining rights for a value of 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 as the process for concessionaire application has been completed.

#### *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 year. 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 procedures
<p><b>Revenue recognition for construction contract</b></p> <p>The Group and the Company have revenues from construction services for the year ended 31 December 2017 of Baht 50,202.49 million and Baht 36,610.42 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 earned revenues not yet billed, receipts in excess of contracted work in progress, and costs of construction. The percentage of completion requires management's judgement and continuous review of estimated revenues and cost budget throughout the construction periods 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 2017</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 earned revenues not yet billed 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>

Key audit matters	Audit procedures
<p><b>Impairment of trade accounts receivable</b></p> <p>As at 31 December 2017, the Group and the Company have trade accounts receivable of Baht 10,758.46 million and Baht 10,369.16 million, respectively. During the year, the Group and the Company recognized allowance for doubtful accounts of Baht 764.06 million and Baht 464.47 million, respectively. The estimation of allowance for doubtful accounts is to reflect impairment of receivables that may result from non-collection. Management is required to 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. 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>
<p><b>Impairment of investment in subsidiaries and goodwill</b></p> <p>The Company has investments in subsidiaries of Baht 6,878.19 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 13 to financial statements.</p> <p>The Company has goodwill of Baht 942.11 million as at 31 December 2017 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>

Key audit matters	Audit procedures
<p><b>Impairment of project costs on investments in projects development</b></p> <p>As at 31 December 2017, 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 are Baht 14,663.74 million and Baht 6,870.40 million, respectively.</p> <p>The assessment of the realizable value of the investments 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 15, 16, 17 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 project costs on investments in projects development</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 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 2018

## 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	
		2017	2016	2017	2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		3,434,053	2,588,430	1,817,040	1,011,412
Fixed deposits less than one year		17,652	37,057	3,287	14,960
Restricted deposits with banks	5	445,634	752,739	138,431	54,205
Trade accounts receivable - unrelated parties - net	6	8,697,236	6,628,103	6,830,691	4,881,628
Trade accounts receivable - related parties - net	7	2,061,225	2,051,627	3,538,470	2,965,033
Current portion of finance lease receivable - subsidiary	8	-	-	4,178	-
Short - term loans and advances to subsidiaries and related parties - net	9	260,694	255,653	1,372,425	1,210,395
Earned revenues not yet billed	37	20,854,766	18,181,173	17,490,272	14,611,428
Retentions receivable		2,909,441	2,127,924	1,929,346	1,215,262
Inventories and work in process - net	10	3,531,490	2,955,159	2,095,369	1,706,354
Costs of property development projects - net	11	431,874	472,137	-	-
Income tax withheld at sources		1,021,471	1,131,239	675,143	540,339
Refundable value added tax		1,732,534	1,369,903	125,469	142,644
Advances for purchases of construction materials and sub-contractors		611,511	575,643	482,892	437,780
Other current assets		1,106,077	342,164	320,905	72,428
Non - current assets classified as held for sale - net	12, 46	165,716	168,677	165,716	168,677
Total current assets		47,281,374	39,637,628	36,989,634	29,032,545
NON - CURRENT ASSETS					
Finance lease receivable - subsidiary - net	8	-	-	34,468	-
Investments in subsidiaries, associated companies, and joint ventures - net	13	760,161	749,759	7,576,150	7,333,318
Other long - term investments - net	14, 46	861,138	845,703	691,793	677,315
Land lease concession and project under development	15	7,651,755	7,558,992	5,130,170	5,025,204
Potash mining right	16	2,293,489	2,293,489	-	-
Deferred exploration and development costs	17	948,527	950,688	-	-
Long - term loans and advances to subsidiaries - net	18	-	-	5,671,067	5,611,878
Land awaiting development - net	19	770,615	765,124	474,846	474,846
Investment properties	20, 46	2,113,270	1,925,363	1,151,219	1,040,043
Advances for purchases of machinery		90,406	30,955	45,795	-
Property, plant and equipment - net	21	19,646,861	18,895,094	9,488,112	8,815,217
Goodwill	22	942,112	942,112	-	-
Deferred concession costs and costs of project under development	23	3,769,973	2,909,039	1,740,234	1,556,998
Deferred tax assets	30	285,566	339,441	-	-
Other non - current assets		414,128	276,331	192,484	100,881
Total non - current assets		40,548,001	38,482,090	32,196,338	30,635,700
TOTAL ASSETS		87,829,375	78,119,718	69,185,972	59,668,245

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	
		2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short - term loans					
from financial institutions	24	8,491,581	8,290,541	5,348,803	5,110,778
Liabilities under trust receipt agreements		698,700	620,138	698,700	601,605
Trade accounts and other payable - unrelated parties		11,574,330	13,156,926	7,376,573	6,736,936
Trade accounts payable - related parties	25	1,572,656	1,230,588	1,879,528	2,013,534
Receipts in excess of contracted work in progress		1,466,291	529,269	1,466,291	529,269
Customer advances under construction contracts					
due for revenue recognition within 1 year		6,807,963	6,113,917	5,965,538	4,786,638
Current portion of finance lease payables	26	629,534	649,422	524,987	575,577
Current portion of long - term loans	27	8,823,130	3,623,801	7,398,073	2,903,816
Current portion of debentures	28	830,000	499,598	830,000	499,598
Current portion of liabilities under employee benefits obligation	29	445,791	378,414	396,207	351,925
Income tax payable		70,628	54,180	9,997	747
Value added tax payable		370,350	143,866	346,312	122,698
Accrued expenses		1,325,512	1,002,882	517,979	399,363
Accounts payable for purchase of investments					
- related parties		62,484	62,484	56,809	56,809
Retentions payable		774,905	608,561	689,935	519,402
Other current liabilities		575,392	504,196	336,945	232,505
Total current liabilities		44,519,247	37,468,783	33,842,677	25,441,200
NON - CURRENT LIABILITIES					
Customer advances under construction contracts - net		5,828,417	3,042,579	4,166,782	2,028,214
Finance lease payables - net	26	780,413	934,388	620,950	798,950
Long - term loans - net	27	6,413,416	7,370,297	1,811,654	3,234,288
Debentures - net	28	13,723,330	13,163,205	13,723,330	13,163,205
Allowance for losses on construction projects	35	169,712	291,587	167,179	221,100
Employee benefits obligation - net	29	708,257	636,877	506,857	448,931
Deferred tax liabilities	30	806,209	772,610	207,616	183,195
Other non - current liabilities		107,677	105,998	-	-
Total non - current liabilities		28,537,431	26,317,541	21,204,368	20,077,883
TOTAL LIABILITIES		73,056,678	63,786,324	55,047,045	45,519,083

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	
		2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
SHAREHOLDERS' EQUITY					
Share capital - ordinary share at Baht 1 par value					
Registered - 6,337,920,861 shares					
(31 December 2016 : 6,335,808,993 shares)	31	6,337,921	6,335,809	6,337,921	6,335,809
Issued and fully paid - up - 5,279,840,848 shares		5,279,841	5,279,841	5,279,841	5,279,841
Share premium		8,547,392	8,547,392	8,547,392	8,547,392
Retained earnings (deficit)					
Appropriated - legal reserve	38	519,124	514,074	492,524	487,474
Unappropriated		(485,844)	(741,940)	16,598	54,220
Other components of shareholders' equity		(634,706)	(627,195)	(197,428)	(219,765)
Equity attributable to the Company's shareholders		13,225,807	12,972,172	14,138,927	14,149,162
Non - controlling interests		1,546,890	1,361,222	-	-
Total shareholders' equity		14,772,697	14,333,394	14,138,927	14,149,162
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		87,829,375	78,119,718	69,185,972	59,668,245

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



## STATEMENTS 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	
		2017	2016	2017	2016
<b>REVENUES</b>					
Revenues from construction work		50,202,488	42,627,103	36,610,429	25,174,577
Revenues from sales and services		4,893,820	4,692,464	1,160,722	1,241,631
<b>Total revenues</b>	34, 44	55,096,308	47,319,567	37,771,151	26,416,208
<b>COSTS</b>					
Costs of construction work		45,207,053	39,442,888	34,574,163	23,619,666
Costs of sales and services		3,316,327	3,358,478	452,842	733,436
<b>Total costs</b>	34, 40	48,523,380	42,801,366	35,027,005	24,353,102
<b>Gross profit</b>		6,572,928	4,518,201	2,744,146	2,063,106
Dividend income		19,170	124,237	121,822	134,904
Interest income	44	140,019	164,176	83,264	107,018
Gain on sale of investments		-	340,782	-	340,782
Gain on revaluation of investment properties	20	119,443	36,851	42,712	-
Other income	39	704,067	403,564	397,184	246,189
<b>Profit before expenses</b>		7,555,627	5,587,811	3,389,128	2,891,999
Selling expenses		(58,194)	(47,359)	-	-
Administrative expenses	40	(2,952,618)	(2,737,072)	(1,157,049)	(1,131,163)
Provision for doubtful accounts		(764,058)	(160,720)	(464,474)	(97,271)
Gain (loss) on exchange rate	44	(350,431)	(29,695)	(103,150)	5,679
Loss on impairment of assets	44	(26,558)	(26,000)	(26,558)	(26,000)
Loss on impairment of investments		-	-	-	(101,481)
<b>Total expenses</b>		(4,151,859)	(3,000,846)	(1,751,231)	(1,350,236)
<b>Profit from operations</b>		3,403,768	2,586,965	1,637,897	1,541,763
Share of profit (loss) from investment in associated companies and joint ventures	44	60,622	(27,867)	-	-
<b>Profit before finance costs and income tax</b>		3,464,390	2,559,098	1,637,897	1,541,763
Financial costs	44	(2,346,331)	(2,409,792)	(1,502,943)	(1,419,356)
<b>Profit before income tax</b>		1,118,059	149,306	134,954	122,407
Income tax	30, 44	(436,809)	(95,556)	(33,988)	(11,509)
<b>Profit for the year</b>		681,250	53,750	100,966	110,898

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

## STATEMENTS 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)	Note	Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
<b>Item not to be reclassified subsequently to profit or loss</b>					
Actuarial loss - net of tax		(103,843)	(27,069)	(79,374)	(23,391)
<b>Items that will be reclassified subsequently to profit or loss</b>					
Unrealised gain (loss) on changes in value of investments					
- net of tax		12,348	(119,585)	11,582	(124,815)
Translation adjustments for foreign currency financial statements		(60,378)	(126,013)	10,755	4,645
<b>Total other comprehensive income (loss) for the year</b>		<b>(151,873)</b>	<b>(272,667)</b>	<b>(57,037)</b>	<b>(143,561)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>					
<b>FOR THE YEAR</b>		<b>529,377</b>	<b>(218,917)</b>	<b>43,929</b>	<b>(32,663)</b>
<b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO :</b>					
Shareholders of the Company		412,649	(109,271)	100,966	110,898
Non-controlling interests		268,601	163,021	-	-
		681,250	53,750	100,966	110,898
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>					
<b>FOR THE YEAR ATTRIBUTABLE TO :</b>					
Shareholders of the Company		307,799	(344,641)	43,929	(32,663)
Non-controlling interests		221,578	125,724	-	-
		529,377	(218,917)	43,929	(32,663)
<b>BASIC EARNINGS PER SHARE</b>					
Profit (loss) (Baht per share)	33	0.0782	(0.0207)	0.0191	0.0210
<b>Weighted average number of ordinary shares</b>					
<b>(Unit : Thousand shares)</b>		<b>5,279,841</b>	<b>5,279,841</b>	<b>5,279,841</b>	<b>5,279,841</b>

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

## STATEMENTS 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)												
<b>Consolidated F/S</b>												
Balance as at 1 January 2016	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
Increase in non-controlling interests during the year	-	-	-	-	-	-	-	-	-	-	167	167
Dividend paid from subsidiary	-	-	-	-	-	-	-	-	-	-	(24,367)	(24,367)
<b>Transactions with shareholders</b>	-	-	-	-	-	-	-	-	-	-	(24,200)	(24,200)
Profit (loss) for the year	-	-	-	(109,271)	-	-	-	-	-	(109,271)	163,021	53,750
Other comprehensive income (loss) for the year	-	-	-	(20,496)	(119,585)	(95,289)	-	-	(214,874)	(235,370)	(37,297)	(272,667)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	(129,767)	(119,585)	(95,289)	-	-	(214,874)	(344,641)	125,724	(218,917)
Appropriated for legal reserve	-	-	6,749	(6,749)	-	-	-	-	-	-	-	-
<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
<b>Balance as at 1 January 2017</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
Dividend paid	-	-	-	(54,164)	-	-	-	-	-	(54,164)	-	(54,164)
Dividend paid from subsidiary	-	-	-	-	-	-	-	-	-	-	(35,910)	(35,910)
<b>Transactions with shareholders</b>	-	-	-	(54,164)	-	-	-	-	-	(54,164)	(35,910)	(90,074)
Profit for the year	-	-	-	412,649	-	-	-	-	-	412,649	268,601	681,250
Other comprehensive income (loss) for the year	-	-	-	(97,339)	12,348	(19,859)	-	-	(7,511)	(104,850)	(47,023)	(151,873)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	315,310	12,348	(19,859)	-	-	(7,511)	307,799	221,578	529,377
Appropriated for legal reserve	-	-	5,050	(5,050)	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	5,279,841	8,547,392	519,124	(485,844)	209,527	(643,789)	(200,444)		(634,706)	13,225,807	1,546,890	14,772,697

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

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

	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	
(Unit : Thousand Baht)								
<b>Separate F/S</b>								
Balance as at 1 January 2016	5,279,841	8,547,392	483,374	(29,187)	310,805	(410,400)	(99,595)	14,181,825
Profit for the year	-	-	-	110,898	-	-	-	110,898
Other comprehensive income (loss) for the year	-	-	-	(23,391)	(124,815)	4,645	(120,170)	(143,561)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	87,507	(124,815)	4,645	(120,170)	(32,663)
Appropriated for legal reserve	-	-	4,100	(4,100)	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>5,279,841</b>	<b>8,547,392</b>	<b>487,474</b>	<b>54,220</b>	<b>185,990</b>	<b>(405,755)</b>	<b>(219,765)</b>	<b>14,149,162</b>
<b>Balance as at 1 January 2017</b>	<b>5,279,841</b>	<b>8,547,392</b>	<b>487,474</b>	<b>54,220</b>	<b>185,990</b>	<b>(405,755)</b>	<b>(219,765)</b>	<b>14,149,162</b>
Dividend paid	-	-	-	(54,164)	-	-	-	(54,164)
<b>Transactions with shareholders</b>	-	-	-	(54,164)	-	-	-	(54,164)
Profit for the year	-	-	-	100,966	-	-	-	100,966
Other comprehensive income (loss) for the year	-	-	-	(79,374)	11,582	10,755	22,337	(57,037)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	21,592	11,582	10,755	22,337	43,929
Appropriated for legal reserve	-	-	5,050	(5,050)	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>5,279,841</b>	<b>8,547,392</b>	<b>492,524</b>	<b>16,598</b>	<b>197,572</b>	<b>(395,000)</b>	<b>(197,428)</b>	<b>14,138,927</b>

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	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before taxation	<b>1,118,059</b>	149,306	<b>134,954</b>	122,407
<b>Adjustments :-</b>				
Depreciation and amortisation	<b>2,422,066</b>	2,429,190	<b>1,240,767</b>	1,327,630
Unrealised loss (gain) on exchange rate	<b>(15,294)</b>	32,070	<b>107,362</b>	4,170
Dividend income	<b>(19,170)</b>	(124,237)	<b>(121,822)</b>	(134,904)
Share of loss (profit) from investments in associated companies and joint ventures	<b>(60,622)</b>	27,867	-	-
Provision for doubtful accounts	<b>764,058</b>	160,720	<b>464,474</b>	97,271
Loss on impairment of investments	-	-	-	101,481
Gain on revaluation of investment property	<b>(119,443)</b>	(36,851)	<b>(42,712)</b>	-
Gain on sale of investments	-	(340,782)	-	(340,782)
Loss on impairment of assets	<b>23,597</b>		<b>23,597</b>	-
Loss on revaluation of non - current assets classified as held for sale	<b>2,961</b>	26,000	<b>2,961</b>	26,000
Loss (gain) on disposal of assets	<b>(121,790)</b>	(45,331)	<b>15,925</b>	(47,598)
Gain on sale of investment properties	-	(19,093)	-	(19,093)
Provision (reversal of allowance) for loss on construction projects	<b>(129,241)</b>	25,772	<b>(53,921)</b>	(44,286)
Provision for devaluation of inventories	<b>21,500</b>	20,179	<b>18,150</b>	14,854
Other income from reversal of liability	-	(35,449)	-	(35,449)
Provision for litigation	<b>76,448</b>	-	-	-
Provision for liability	<b>13,310</b>	-	-	-
Loss on litigation of joint venture	<b>5,151</b>	-	-	-
Provision for employee benefits obligation	<b>51,012</b>	72,373	<b>48,698</b>	49,798
Interest expense	<b>2,346,331</b>	2,409,792	<b>1,502,943</b>	1,419,356
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>6,378,933</b>	4,751,526	<b>3,341,376</b>	2,540,855
<b>Decrease (increase) in operating assets:-</b>				
Trade accounts receivable - unrelated parties	<b>(2,831,691)</b>	840,850	<b>(2,102,215)</b>	686,462
Trade accounts receivable - related parties	<b>(156,910)</b>	(51,066)	<b>(304,411)</b>	(420,775)
Loans and advances to subsidiaries and related parties	<b>(65,373)</b>	(69,520)	<b>(594,439)</b>	(198,684)
Earned revenues not yet billed	<b>(3,086,166)</b>	1,114,323	<b>(3,291,417)</b>	(1,275,698)
Retentions receivable	<b>(783,583)</b>	342,052	<b>(716,150)</b>	140,649
Inventories and work in process	<b>(597,831)</b>	(79,816)	<b>(407,165)</b>	(334,326)
Costs of property development projects	<b>40,263</b>	92,998	-	-
Refundable value added tax	<b>(362,631)</b>	(1,492)	<b>17,175</b>	9,386
Advances for purchases of construction materials and sub - contractors	<b>(35,868)</b>	492,739	<b>(45,112)</b>	40,273
Other current assets	<b>(800,801)</b>	27,092	<b>(257,136)</b>	30,177
Other non - current assets	<b>(164,987)</b>	(54,746)	<b>(118,507)</b>	(31,917)
<b>Increase (decrease) in operating liabilities:</b>				
Trade accounts and other payable - unrelated parties	<b>(1,578,262)</b>	(266,598)	<b>643,976</b>	582,858
Trade accounts payable - related parties	<b>342,068</b>	(201,921)	<b>(134,006)</b>	(147,913)
Receipts in excess of contracted work in progress	<b>937,022</b>	314,725	<b>937,022</b>	319,237
Customer advances under construction contracts	<b>3,479,884</b>	(970,362)	<b>3,317,468</b>	378,737
Value added tax payable	<b>226,484</b>	3,835	<b>223,614</b>	21,587
Accrued expenses	<b>232,872</b>	(115,206)	<b>118,616</b>	(26,532)
Retentions payable	<b>166,344</b>	(36,205)	<b>170,533</b>	(46,637)
Other current liabilities	<b>203,781</b>	(63,185)	<b>64,696</b>	35,141
Employee benefits obligation	<b>(49,558)</b>	(60,125)	<b>(48,732)</b>	(56,963)
Other non - current liabilities	<b>1,650</b>	(95,288)	-	(5,000)
<b>Cash received from operations</b>	<b>1,495,640</b>	5,914,610	<b>815,186</b>	2,240,917
Income tax refund	<b>474,684</b>	510,214	<b>467,046</b>	508,066
Income tax payment and withholding tax	<b>(710,804)</b>	(722,142)	<b>(607,204)</b>	(464,988)
<b>Net cash provided from operating activities</b>	<b>1,259,520</b>	5,702,682	<b>675,028</b>	2,283,995

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

## STATEMENTS 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	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Decrease (increase) in fixed deposits and restricted deposits with banks	326,510	(645,288)	(72,553)	44,222
Decrease (increase) in investments in subsidiaries, associated companies and joint ventures	2,059	33,498	(242,832)	(505)
Cash received from dividend and shares of profit from associated companies and joint ventures	19,170	124,237	121,822	134,904
Disposal of other long - term investment	-	384,452	-	384,452
Payment for land lease concession and project under development	(92,763)	(307,545)	(104,966)	(237,567)
Payment for deferred exploration and development costs	(4,562)	(1,813)	-	-
Cash refund from deferred exploration and development costs	6,723	-	-	-
Purchases of land awaiting development	(5,491)	-	-	-
Purchases of investment properties	-	(92,091)	-	(92,091)
Disposal of investment properties	27,392	25,123	27,392	25,123
Disposal of fixed assets	451,855	121,972	61,435	92,070
Purchases of fixed assets	(3,069,667)	(2,791,826)	(1,546,289)	(1,678,429)
Payment for deferred concession costs	(448,361)	(1,032,590)	(183,236)	(358,668)
<b>Net cash used in investing activities</b>	<b>(2,787,135)</b>	<b>(4,181,871)</b>	<b>(1,939,227)</b>	<b>(1,686,489)</b>
<b>Cash flows from financing activities</b>				
Interest payment	(2,289,727)	(2,379,196)	(1,407,851)	(1,416,424)
Increase (decrease) in bank overdrafts and short - term loans from financial institutions	201,040	(1,407,617)	238,025	(370,808)
Increase (decrease) in liabilities under trust receipts	37,481	(2,377)	56,014	104,942
Increase (decrease) in finance lease payables	(691,766)	(580,033)	(712,598)	(628,656)
Increase in long - term loans	7,218,177	5,352,567	5,307,269	2,980,288
Payment of long - term loans	(2,811,410)	(2,519,902)	(2,235,646)	(1,624,004)
Proceed from issuance of debentures	7,364,407	3,691,683	7,364,407	3,691,683
Payment for debentures redemption	(6,500,000)	(3,500,000)	(6,500,000)	(3,500,000)
Dividend paid	(54,164)	-	(54,164)	-
Dividend paid from subsidiary companies	(35,910)	(24,367)	-	-
<b>Net cash provided from (used in) financing activities</b>	<b>2,438,128</b>	<b>(1,369,242)</b>	<b>2,055,456</b>	<b>(762,979)</b>
Translation adjustment on foreign currency financial statements	(64,890)	(64,881)	14,371	840
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>845,623</b>	<b>86,688</b>	<b>805,628</b>	<b>(164,633)</b>
<b>Cash and cash equivalents at beginning 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>Cash and cash equivalents at end of the year</b>	<b>3,434,053</b>	<b>2,588,430</b>	<b>1,817,040</b>	<b>1,011,412</b>
<b>Supplemental cash flows information</b>				
Non cash transactions:-				
Unrealised gain (loss) on changes in value of investments	15,435	(149,482)	14,478	(156,019)
Purchase assets under finance lease agreements	558,984	658,644	525,089	563,118
Accounts payable from purchases of assets	41,081	4,228	-	-
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	(95,856)	(210,982)	(95,856)	(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 2017

## 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 5 overseas branches and 2 project offices. Its registered office address is 2034/132-161, New Petchburi Road, Kwaeng Bangkok, Khet Huaykwang, Bangkok.

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

### 2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, 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 other languages must be in compliance with the official report in Thai.

The Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance which adoption is effective for annual accounting periods beginning on or after 1 January 2017. The changes are to align with the corresponding International Financial Reporting Standards, with most of the changes relating to the revision of wording and terminology, the provision of interpretations and accounting guidance to the users of the standards. The initial application of these new and revised TFRS has no material effect on the financial statements.

In addition, the Federation of Accounting Professions has issued new and revised TFRS, interpretations and guidance, which will be effective on or after 1 January 2018. The changes are to align with the corresponding International Financial Reporting Standards with most of the changes relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards. The Company does not plan to early adopt these TFRS. The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

### 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	
		2017	2016
<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
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



Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2017	2016
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
Thai Road Link Development Company Limited	Hong Kong	-	99.99
Thai Power Development Company Limited	Hong Kong	-	99.99
Thai Water Development Company Limited	Hong Kong	-	99.99
Thai Telecom Development Company Limited	Hong Kong	-	99.99
Thai International Industrial Estate Development Company Limited	Hong Kong	-	99.99
Dawei Port Holding Company Limited	Hong Kong	-	99.99
Dawei Road Link Holding Company Limited	Hong Kong	-	99.99
Dawei Power Holding Company Limited	Hong Kong	-	99.99
Dawei LNG Terminal Holding Company Limited	Hong Kong	-	99.99
Dawei Water Holding Company Limited	Hong Kong	-	99.99
Dawei Telecom Holding Company Limited	Hong Kong	-	99.99
Dawei International Industrial Estate Holding Company Limited	Hong Kong	-	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	50.00	35.00
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	50.00	35.00
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
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
Bhantu Wong Company Limited	Thailand	99.40	99.40

Name of Entity	Country of incorporation	Percentage of share held by the Company	
		2017	2016
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 2017 are as follows:

- The Company registered to establish a branch in Bangladesh.
- The Company made additional payment of BDT 585.63 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
- An indirect subsidiary registered the liquidation of 13 group companies in overseas.
- The Company registered the liquidation of 2 domestic and overseas joint ventures.
- The Company and Sinohydro Corporation Limited invested in ITD-SINOHYDRO joint venture which was incorporated under the laws of Bangladesh and is principally engaged in providing construction service. The Company has 51% investment in the Joint Venture.
- The Company and Right Tunnelling Co., Ltd. entered into a Joint Venture Agreement under the name of “ITD-RT Joint Venture” to engage in the construction of Track Doubling Project : Map Kabao – Thanon Chira Junction, Contract No.3 Tunnel Works. The Company’s portion in the joint venture is 70%.
- An indirect subsidiary increased its proportion of investment from 35% to 50% of registered share capital in 2 group companies established in Singapore and Republic of the Union of Myanmar.

2.4 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%.

2.5 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 2017 and 2016 include the audited financial statements of 2 overseas project offices, 5 overseas branches, 9 overseas subsidiaries, and 3 joint ventures with aggregate assets and revenues in Baht equivalent as follows:-

(Unit : Million Baht)	2017		2016	
	Total assets	Total Revenues	Total assets	Total revenues
KOLDAM Project Office	1,132	7	1,208	59
West Bengal Project Office	12	10	22	10
Italian – Thai Development Public Co., Ltd. – Philippines Branch	56	1	62	1
Italian – Thai Development Public Co., Ltd. – Taiwan Branch	7	14	19	3
Italian – Thai Development Public Co., Ltd – India Branch	505	193	397	79
Italian – Thai Development Public Co., Ltd – Cambodia Branch	64	111	38	70
Italian – Thai Development Public Co., Ltd – Bangladesh Branch	2,276	727	-	-

(Unit : Million Baht)	2017		2016	
	Total assets	Total Revenues	Total assets	Total revenues
ITD Cementation India Limited	11,804	11,775	10,229	16,263
PT. Thailindo Bara Pratama	512	23	523	31
ITD Madagascar S.A.	115	10	121	105
First Dhaka Elevated Expressway Co., Ltd.	2,338	11	2,185	1
ITD Bangladesh Company Limited	2	-	2	-
Italian – Thai Development Vietnam Co., Ltd.	3	-	4	-
Italian – Thai Development (Myanmar) Co., Ltd.	3	4	27	1
ITD Mozambique Limitada	126	12	112	-
Thai Mozambique Logistica SA	212	-	226	-
ITD – Cemindia JV	29	27	28	20
ITD – ITD CEM JV	2,164	758	2,308	800
ITD – ITD CEM JV (Consortium)	54	8	72	1
Total	21,414	13,691	17,583	17,444

- 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
	2017	2016	
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
ITD – RT Joint Venture	70.00	-	Construction the double track train from Map Kabao – Thanon Chira junction, Contract No.3 tunnel works under the state railway of Thailand

The consolidated and separate financial statements as at 31 December 2017 and 2016 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations as follows:

(Unit : Million Baht)	2017				2016			
	Current assets	Non – current assets	Current liabilities	Non – current liabilities	Current assets	Non – current assets	Current liabilities	Non – current liabilities
ITD – SQ Joint Venture	704	884	1,781	277	524	1,075	1,786	382
ITD – Unique Joint Venture	18	-	226	-	30	-	235	-
SQ – ITD Joint Venture	248	142	44	-	264	165	60	-
ITD – SMCC Joint Venture	24	-	3	-	26	-	4	-
Samsung – ITD Joint Venture	255	4	460	-	252	7	450	-
ITD – RT Joint Venture	6	-	6	-	-	-	-	-

(Unit : Million Baht)	2017		2016	
	Revenues	Expenses	Revenues	Expenses
ITD – SQ Joint Venture	837	953	794	913
ITD – Unique Joint Venture	4	7	2	136
SQ – ITD Joint Venture	5	29	195	345
ITD – SMCC Joint Venture	-	2	3	33
Samsung – ITD Joint Venture	1	12	11	86
ITD – RT Joint Venture	5	5	-	-

### 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 3 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 1 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 will record 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 recorded 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 recognised the difference between the net disposal proceeds and the carrying amount of the asset 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 depreciate buildings and equipment by the straight – line method over their estimated useful lives 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 contribution 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 3 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 2017, savings and fixed deposits of the Company and subsidiaries totaling approximately Baht 361.40 million (2016 : Baht 751.96 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 84.23 million (2016 : Baht 0.78 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 2017 and 2016 are as follows:

(Unit : Thousand Baht)	Receivable Ages	Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
	Less than 3 months	7,632,380	5,217,266	6,658,682	4,521,537
	3 – 6 months	449,812	117,340	158,943	20,697
	6 – 12 months	353,200	513,656	7,635	295,639
	More than 12 months	1,337,630	1,720,004	402,137	341,256
	Total	9,773,022	7,568,266	7,227,397	5,179,129
	Less : Allowance for doubtful accounts	(1,075,786)	(940,163)	(396,706)	(297,501)
	Net	8,697,236	6,628,103	6,830,691	4,881,628

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:

As at 31 December 2017, trade accounts receivables of overseas subsidiary included in the consolidated financial statements of Baht 309.98 million (2016: Baht 339.97 million) which is presently under negotiation for debt settlement plan. The subsidiary company's management considers that it would be received in full amount.

The consolidated financial statements as at 31 December 2016 also include trade receivables and unbilled work in progress of overseas subsidiary of Baht 606.94 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. However, the overseas subsidiary recognized allowance for doubtful accounts in full amounts in the consolidated financial statements for the year ended 31 December 2017.

The consolidated financial statements as at 31 December 2016 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.

## 7. TRADE ACCOUNTS RECEIVABLE – RELATED PARTIES - NET

The outstanding balances as at 31 December 2017 and 2016 are as follows :

(Unit: Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	1,761,470	1,152,443
Associated companies and joint ventures	1,182,412	1,156,844	1,129,910	1,104,973
Related parties	1,470,758	1,477,357	1,308,318	1,351,155
Joint operations	25,958	33,053	25,958	33,053
Total	2,679,128	2,667,254	4,225,656	3,641,624
Less : Allowance for doubtful accounts	(617,903)	(615,627)	(687,186)	(676,591)
Trade accounts receivable – related parties – net	2,061,225	2,051,627	3,538,470	2,965,033

The ages of outstanding balances of accounts receivable – related parties as at 31 December 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Outstanding Ages	Consolidated F/S		Separate F/S	
		2017	2016	2017	2016
	Less than 3 months	447,786	284,214	790,904	636,063
	3 – 6 months	108,456	182,580	877,501	306,837
	6 – 12 months	116,637	68,305	303,972	179,609
	More than 12 months	2,006,249	2,132,155	2,253,279	2,519,115
	Total	2,679,128	2,667,254	4,225,656	3,641,624
	Less : Allowance for doubtful accounts	(617,903)	(615,627)	(687,186)	(676,591)
	Net	2,061,225	2,051,627	3,538,470	2,965,033

During the year 2017, the Company received the transfer of condominium from a related company for debt settlement from construction services according to the Board of Directors meeting in 2016 of Baht 95.86 million. (2016 : 210.98 million)

As at 31 December 2017, the consolidated and separate financial statement include trade accounts receivable and short – term loans to related companies of totaling Baht 178.96 million and Baht 103.57 million, respectively (2016 : 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 depends on the materialization of the project feasibility. The management, therefore, believes to make full collection from such receivables and has not considered setting up allowance for non - collection in the accounts.

**8. FINANCE LEASE RECEIVABLE SUBSIDIARY - NET**

(Unit : Thousand Baht)	Separate F/S	
	2017	2016
Not over 1 year	6,400	-
Over 1 year but not over 5 years	19,200	-
Over 5 years	31,680	-
Total	57,280	-
Less : Unearned finance income	(18,634)	-
Total	38,646	-
Less : Current portion	(4,178)	-
Net	34,468	-

The above finance lease payable is for machinery and equipment with a subsidiary with scheduled repayment terms of 15 years.

**9. SHORT - TERM LOANS AND ADVANCES TO SUBSIDIARIES AND RELATED PARTIES - NET**

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	3,233,016	2,797,404
Associated companies and joint ventures	255,908	249,876	198,730	199,190
Related companies	16,018	16,151	-	-
Joint Operations	23	-	23	-
Total	271,949	266,027	3,431,769	2,996,594
Less : Allowance for doubtful accounts	(11,255)	(10,374)	(2,059,344)	(1,786,199)
Short – term loans and advances to subsidiaries and related parties – net	260,694	255,653	1,372,425	1,210,395

Significant movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2017 are as follows :

(Unit: Thousand Baht)	Consolidated F/S			
	1 January	During the year		31 December
	2017	Increase	Decrease	2017
Associated company and joint venture	249,876	6,032	-	255,908
Related companies	16,151	-	133	16,018
Joint Operations	-	23	-	23
Total	266,027	6,055	133	271,949

(Unit: Thousand Baht)	Separate F/S			
	1 January	During the year		31 December
	2017	Increase	Decrease	2017
Subsidiaries	2,797,404	505,136	69,524	3,233,016
Associated company and joint venture	199,190	-	460	198,730
Joint Operations	-	23	-	23
Total	2,996,594	505,159	69,984	3,431,769

**10. INVENTORIES AND WORK IN PROCESS - NET**

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Work in process	108,535	76,180	-	-
Materials and inventories	3,510,750	2,933,846	2,164,053	1,740,507
Total	3,619,285	3,010,026	2,164,053	1,740,507
Less : Allowance for obsolete inventories	(87,795)	(54,867)	(68,684)	(34,153)
Net	3,531,490	2,955,159	2,095,369	1,706,354

During the years 2017 and 2016, movements in the allowance for obsolete inventories are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	54,867	27,186	34,153	9,002
Add : Additional allowance	38,469	31,109	35,341	25,669
Less : Reversal of allowance	(4,731)	(2,910)	-	-
Less : Translation adjustment	(810)	(518)	(810)	(518)
Balance as at 31 December	87,795	54,867	68,684	34,153

## 11. COSTS OF PROPERTY DEVELOPMENT PROJECTS – NET

(Unit : Thousand Baht)	Consolidated F/S	
	2017	2016
Land	1,069,053	964,656
Cost of property development projects	2,153,282	1,897,331
Utilities installation	114,860	74,892
Capitalized borrowing costs	43,479	40,152
Total	3,380,674	2,977,031
Less : Accumulated amounts transferred to cost of sales	(2,948,800)	(2,504,894)
Net	431,874	472,137

As at 31 December 2017 and 2016, 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 2017 and 2016 the Company capitalized interest amounting to Baht 3.32 million and Baht 0.63 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 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S	
	2017	2016
Balance as at 1 January	472,137	565,135
Add : Cost of property development	403,643	306,059
Less : Cost of sales	(443,906)	(399,057)
Balance as at 31 December	431,874	472,137

## 12. 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 for the sales of assets.

As at 31 December 2017 and 2016, the non-current assets held-for-sale represented machineries and equipment Baht 194.68 million (net of impairment of assets of Baht 165.72 million and Baht 168.68 million, respectively).

The sale of these assets are in the process of agreed price between joint operation partner which the management expects to be completed within quarter 2 in 2018.

## 13. INVESTMENTS

### 13.1 Investments in subsidiaries – net

Movements in investments in subsidiaries for the years ended 31 December 2017 and 2016 are as follows:

(Unit : Thousand Baht)	Separate F/S	
	2017	2016
Balance as at 1 January	6,635,355	6,606,801
Add : Additional investments during the year	242,832	127,727
Less : Reversal of allowance (allowance) for impairment	-	(99,173)
Balance as at 31 December	6,878,187	6,635,355

Investments in subsidiaries as at 31 December 2017 and 2016 comprise investments as follows:-

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of shareholding (%)		Separate F/S Cost	
			2017	2016	2017	2016
<b>Investments in subsidiaries</b>						
Italian-Thai International Co., Ltd.	Holding company	400,000	99.99	99.99	400,000	400,000
Less : Allowance for impairment					(400,000)	(400,000)
Net					-	-
Bhaka Bhumi Development Co., Ltd.	Real estate development	5,075	99.99	99.99	5,075	5,075
Thai Pride Cement Co., Ltd.	Manufacture and distribution of cement	1,300,000	99.99	99.99	1,585,000	1,585,000
Nha Pralan Crushing Plant Co., Ltd.	Rock quarrying, processing and distribution	31,000	99.99	99.99	30,999	30,999
Less : Allowance for impairment					(10,999)	(10,999)
Net					20,000	20,000
Siam Concrete and Brick Products Co., Ltd.	Manufacture and distribution of concrete products	126,000	99.80	99.80	124,296	124,296
ItalThai Marine Co., Ltd.	Production and sale of vessels and equipment	810,000	92.59	92.59	430,000	430,000
Less : Allowance for impairment					(430,000)	(430,000)
Net					-	-

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of shareholding (%)		Separate F/S Cost	
			2017	2016	2017	2016
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 Net					<b>(50)</b>	(50)
Palang Thai Kaowna Co., Ltd.	Not yet operational	1,000	<b>99.94</b>	99.94	<b>650</b>	650
Less : Allowance for impairment Net					<b>(650)</b>	(650)
Palit Palang Ngan Co., Ltd.	Not yet operational	1,000	<b>74.93</b>	74.93	<b>50</b>	50
Less : Allowance for impairment Net					<b>(50)</b>	(50)
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 Net					<b>(100,000)</b>	(100,000)
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
<b>Overseas subsidiary companies</b>						
Myanmar ITD Co., Ltd.	Service agent for Myanmar companies	1,483	<b>99.99</b>	99.99	<b>1,483</b>	1,483
Less : Allowance for impairment Net					<b>(1,483)</b>	(1,483)
PT. Thailindo Bara Pratama	Coal mining contractor	25,250 Million IDR	<b>99.99</b>	99.99	<b>108,071</b>	108,071
ITD Cementation India Limited	Construction services in India	155 Million INR	<b>51.63</b>	51.63	<b>2,143,951</b>	2,143,951
ITD-Madagascar S.A.	Mining business	20 Million MGA	<b>99.98</b>	99.98	<b>99,527</b>	99,527
Less : Allowance for impairment Net					<b>(99,173)</b>	(99,173)
ITD Construction SDN.BHD.	Construction services in Malaysia	0.75 Million MYR	<b>99.99</b>	99.99	<b>7,312</b>	7,312
Less : Allowance for impairment Net					<b>(7,312)</b>	(7,312)
First Dhaka Elevated Expressway Co., Ltd.	Concession for constructing elevated expressway in Bangladesh	1,120 Million BDT	<b>99.99</b>	99.99	<b>463,949</b>	221,117
ITD Bangladesh Company Limited	Construction services in Bangladesh	4 Million BDT	<b>99.99</b>	99.99	<b>1,546</b>	1,546
Italian-Thai Development Vietnam Co., Ltd.	Not yet operational	6,000 Million VND	<b>80.00</b>	80.00	<b>9,160</b>	9,160
Less : Allowance for impairment Net					<b>(9,160)</b>	(9,160)
ITD Mozambique Limitada	Construction services in the Republic of Mozambique	1,141,815 USD	<b>99.00</b>	99.00	<b>38,447</b>	38,447
Thai Mozambique Logistica SA.	Concession for constructing Port and Railway in the Republic of Mozambique	250,000 USD	<b>60.00</b>	60.00	<b>4,955</b>	4,955
Italian - Thai Development (Myanmar) Co., Ltd	Construction services in the Republic of the Union of Myanmar	25,000 USD	<b>99.90</b>	99.90	<b>814</b>	814
Total Investments in subsidiaries - net					<b>6,878,187</b>	6,635,355

## NON – CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests are as follows :

Name (Unit: Million Baht)	Proportion of ownership interests held by the NCI (Percentage)		Total comprehensive Income (Loss) allocated to NCI		Accumulated NCI	
	2017	2016	2017	2016	2017	2016
Italhai Trevi Co., Ltd.	9.06	9.06	18	9	56	45
Asian Steel Product Co., Ltd.	30.10	30.10	2	8	45	44
Thai Maruken Co., Ltd.	49.04	49.04	34	22	228	214
ITD Cementation India Limited	48.37	48.37	226	130	1,341	1,172
Italhai Marine Co., Ltd.	7.41	7.41	(7)	(2)	(32)	(25)
APPC Holding Co., Ltd.	10.00	10.00	(7)	(8)	352	370

Subsidiaries was paid dividend to the NCI during the year 2017 of Baht 35.91 million (2016 : Baht 24.37 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											
	Italhai Trevi Co., Ltd.		Asian Steel Product Co., Ltd.		Thai Maruken Co., Ltd.		ITD Cementation India Limited		Italhai Marine Co., Ltd.		APPC Holding Co., Ltd.	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Current assets	815	635	132	117	197	154	9,069	8,372	37	136	9	9
Non – current assets	406	364	51	49	562	531	2,735	1,857	60	44	4,004	4,006
Current liabilities	512	449	22	10	260	213	7,249	6,784	519	509	68	51
Non - current liabilities	85	65	11	10	33	35	1,781	1,022	12	10	422	373
Equity attributable to the Company's shareholder	567	440	105	102	237	223	1,432	1,251	(402)	(314)	3,170	3,699
Non – controlling interests	56	45	45	44	228	214	1,341	1,172	(32)	(25)	352	370
Revenue	1,331	1,098	89	199	596	424	11,775	16,263	233	430	41	39
Profit (loss) for attributable to the Company's shareholders	178	93	3	18	36	23	242	138	(87)	(20)	(59)	(69)
Profit (loss) for attributable to non – controlling interests	18	9	2	8	34	22	226	130	(7)	(2)	(7)	(8)
Profit (loss) for the year	196	102	5	26	70	45	468	268	(94)	(22)	(66)	(77)
Other comprehensive income (loss)	(1)	(1)	(1)	(1)	(3)	-	(51)	(86)	(1)	(2)	(2)	-
Total comprehensive income (loss) to the Company's shareholder	(1)	(1)	(1)	(1)	(3)	-	(26)	(44)	(1)	(2)	(2)	-
Total comprehensive income (loss) attributable to non – controlling interests	-	-	-	-	-	-	(25)	(42)	-	-	-	-
Total comprehensive income (loss) for the year	(1)	(1)	(1)	(1)	(3)	-	(51)	(86)	(1)	(2)	(2)	-

(Unit : Million Baht)	For the year ended 31 December 2017					
	Italhai Trevi Co., Ltd.	Asian Steel Product Co., Ltd.	Thai Maruken Co., Ltd.	ITD Cementation India Limited	Italhai Marine Co., Ltd.	APPC Holding Co., Ltd.
Net cash from (used in) operating activities	285	31	27	363	15	(48)
Net cash from (used in) investing activities	(129)	(8)	(1)	(817)	-	2
Net cash from (used in) financing activities	(35)	-	26	202	(16)	46
Net cash inflows (outflows)	121	23	52	(252)	(1)	-

### 13.2 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 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	658,947	662,140	697,963	697,963
Add : Share of profit (loss) from associated companies	15,588	(1,786)	-	-
Less: Dividend from associated companies	(2,064)	(1,251)	-	-
Add: Transferred investment from subsidiary company to associated company	-	11	-	-
Less: Translation adjustment for foreign currency financial statements	(38,834)	(167)	-	-
Balance as at 31 December	633,637	658,947	697,963	697,963

A reconciliation of the summarised financial information to the carrying amount of the investment in associated companies are as follows:

(Unit : Thousand Baht)	31 December 2017							
	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	71,853	57,002	502,620	(197,902)	-	886,587	-	1,320,160
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	35,199	26,615	101,292	(29,685)	-	443,294	-	576,715
Other adjustment	-	2,525	-	29,685	-	24,712	-	56,922
Carrying amount of the investment in associated companies	35,199	29,140	101,292	-	-	468,006	-	633,637
Dividend received from associated company	-	-	2,064	-	-	-	-	2,064

(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	-	-	1,251	-	-	-	-	1,251

\* 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)	2017	2016
Unrecognized loss from associated companies	539	6,005
Cumulative share loss from associated companies	29,685	29,146



Investments in associated companies as at 31 December 2017 and 2016, comprise investments in the following:

(Unit : Thousand Baht)	Nature of business	Paid-up Capital	Percentage of		Consolidated F/S		Separate F/S	
			Shareholding ( %)		Equity		Cost	
			2017	2016	2017	2016	2017	2016
<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>35,199</b>	23,540	<b>2,450</b>	2,450
Siam Pacific Holding Co., Ltd.	Holding company	58,625	<b>46.69</b>	46.69	<b>26,615</b>	26,701	<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>101,292</b>	96,774	<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>468,006</b>	509,407	<b>521,537</b>	521,537
Total Investments in associated companies – net					<b>631,112</b>	656,422	<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>633,637</b>	658,947	<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	
	2017	2016	2017	2016	2017	2016	2017	2016
ATO-Asia Turnouts Co., Ltd.	<b>133</b>	144	<b>49</b>	40	<b>110</b>	136	-	-
Bangkok Steel Wire Co., Ltd.	<b>774</b>	518	<b>309</b>	336	<b>522</b>	327	<b>59</b>	47
Oriental Residence Bangkok Co., Ltd.	<b>2,036</b>	1,941	<b>1,330</b>	1,436	<b>2,495</b>	2,448	<b>1,069</b>	1,123
Sino Lao Aluminum Corporation Limited	<b>3</b>	107	<b>1,385</b>	1,411	<b>290</b>	208	<b>211</b>	302
Siam Pacific Holding Co., Ltd.	-	1	<b>63</b>	62	-	-	<b>6</b>	6
Total	<b>2,946</b>	2,711	<b>3,136</b>	3,285	<b>3,417</b>	3,119	<b>1,345</b>	1,478

(Unit : Million Baht)	For the years ended 31 December					
	Revenues		Profit (loss)		Other comprehensive income	
	2017	2016	2017	2016	2017	2016
ATO-Asia Turnouts Co., Ltd.	<b>302</b>	96	<b>24</b>	3	-	-
Bangkok Steel Wire Co., Ltd.	<b>1,094</b>	835	<b>41</b>	19	-	-
Oriental Residence Bangkok Co., Ltd.	<b>361</b>	328	<b>(18)</b>	(49)	-	-
Sino Lao Aluminum Corporation Limited	<b>18</b>	-	<b>(8)</b>	(21)	<b>13</b>	52
Total	<b>1,775</b>	1,259	<b>39</b>	(48)	<b>13</b>	52

### 13.3 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 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	90,812	148,588	-	34,555
Add (less) : Share of loss from joint ventures	45,063	(26,047)	-	-
Less : Received of capital from joint ventures	(5,146)	(32,247)	-	(32,247)
Less : Allowance for impairment of investment	-	-	-	(2,308)
Add (less) : Translation adjustment on financial statements	(4,205)	518	-	-
Balance as at 31 December	126,524	90,812	-	-

Investments in joint ventures as at 31 December 2017 and 2016, comprise investments in the following :

(Unit : Thousand Baht)	Nature of business	Percentage of Shareholding (%)		Consolidated F/S		Separate F/S	
		2017	2016	Equity		Cost	
				2017	2016	2017	2016
<u>Investments in joint ventures</u>							
Evergreen –Italian Thai – PEWC Joint Venture	Construction services in Republic of China	25.00	25.00	-	194	-	-
ITD-EGC Joint Venture	Construction services in Republic of China	55.00	55.00	295,766 (292,896)	306,737 (296,569)	295,206 (295,206)	296,569 (296,569)
Less : Allowance for impairment Net				2,870	10,168	-	-
ITD – ETF Joint Venture	Machinery rental services	65.00	65.00	52,525	46,723	-	-
IN Joint Venture	Construction services	-	51.00	-	108,337	-	103,192
Less : Allowance for impairment Net				-	(103,192)	-	(103,192)
IOT Joint Venture	Construction services	40.00	40.00	-	-	-	-
ITD – ETF – MVM Joint Venture	Construction services	55.25	55.25	19,831	23,420	-	-
CMC/ITD/SONG DA Joint Venture	Construction services	30.00	30.00	48,223	5,162	-	-
ITD SINOHYDRO Joint Venture	Construction services	51.00	-	3,075	-	-	-
Total investments in joint venture - net				126,524	90,812	-	-
<u>Investments in joint ventures held by subsidiaries</u>							
CEC-ITD Cem-TPL Joint Venture	Construction services	20.70	20.70	-	-	-	-
Total investments in joint venture held by subsidiaries - net				-	-	-	-
Total investments in subsidiaries, associated companies and joint venture - net				760,161	749,759	7,576,150	7,333,318

A reconciliation of the summarised financial information to the carrying amount of the investment in joint ventures are as follows:

		For the years ended 31 December														ITD- SINOHYDRO Joint Venture			
		Evergreen - Italian Thai - PEWC		ITD - EGC Joint Venture		ITD - ETF Joint Venture		IN Joint Venture		IOT Joint Venture		ITD - ETF - MVM Joint Venture		CMC/ITD/ SONGDA		CEC-ITD CEM-TPL Joint Venture		ITD- SINOHYDRO Joint Venture	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(Unit : Million Baht)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total net assets of joint venture		-	1	5	18	81	72	-	-	-	3	36	42	161	17	-	-	6	-
Proportion of ownership Interest (%)		-	25%	55%	55%	65%	65%	-	51%	40%	40%	55.25%	55.25%	30%	30%	20.70%	20.70%	51%	-
Net assets by proportion		-	-	3	10	53	47	-	-	-	1	20	23	48	5	-	-	3	-
Other adjustment		-	-	-	-	-	-	-	-	-	(19)	-	-	-	-	-	-	-	-
Carrying amount of the investment (obligation)		-	-	3	10	53	47	-	-	-	(18)	20	23	48	5	-	-	3	-

Significant financial information of the joint ventures in the aggregate amounts are summarized as follows :

		For the years ended 31 December														ITD- SINOHYDRO Joint Venture			
		Evergreen - Italian Thai - PEWC		ITD - EGC Joint Venture		ITD - ETF Joint Venture		IN Joint Venture		IOT Joint Venture		ITD - ETF - MVM Joint Venture		CMC/ITD/ SONGDA		CEC-ITD CEM-TPL Joint Venture		ITD- SINOHYDRO Joint Venture	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(Unit : Million Baht)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents		-	-	3	21	9	2	-	-	-	3	14	10	657	579	537	197	464	812
Other current assets		-	44	65	66	190	213	-	-	-	-	44	49	1,011	956	817	120	77	1,448
Total current assets		-	44	68	87	199	215	-	-	-	3	58	59	1,668	1,535	1,354	317	541	2,260
Non-current assets		-	-	-	-	102	126	-	-	-	-	1	1	1,456	223	747	108	28	458
Financial liabilities		-	43	-	-	-	1	-	-	-	-	-	-	-	1,440	-	-	-	1,484
Other current liabilities (including trade payables and provision)		-	-	57	62	220	268	-	-	-	-	23	18	2,963	301	2,100	418	24	1,067
Total current liabilities		-	43	57	62	220	269	-	-	-	-	23	18	2,963	1,741	2,100	418	24	2,551
Non-current liabilities		-	-	6	7	-	-	-	-	-	-	-	-	-	-	1	7	539	14
Net assets		-	1	5	18	81	72	-	-	-	3	36	42	161	17	-	-	6	153

	For the years ended 31 December									
	Revenues		Profit (loss)		Other comprehensive income (loss)		Depreciation and amortization		Tax	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
(Unit : Million Baht)										
ITD - EGC Joint Venture	4	(8)	(13)	(21)	-	-	-	-	-	-
ITD - ETF Joint Venture	218	105	9	(24)	-	-	21	24	-	-
IOT Joint Venture	-	125	-	122	-	-	-	-	-	-
ITD - ETF - MVM Joint Venture	77	1	(6)	(4)	-	-	2	1	-	-
CMC/ITD/SONGDA Joint Venture	2,168	353	158	16	-	-	71	3	37	6
CEC – ITD CEM - TPL Joint Venture	1,274	7	-	-	-	-	32	-	-	-
ITD-SINOHYDRO Joint Venture	78	-	6	-	-	-	1	-	3	-
Total	3,819	583	154	89	-	-	127	28	40	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.

#### 14. OTHER LONG – TERM INVESTMENTS - NET

Movements in other long - term investments during the years ended 31 December 2017 and 2016 are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	845,703	1,038,856	677,315	877,004
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
Add : Unrealized gain from changes in value of investments	15,435	113,316	14,478	106,780
Balance as at 31 December	861,138	845,703	691,793	677,315

Other long - term investments as at 31 December 2017 and 2016 comprise investments as follows :

(Unit : Thousand Baht)	Nature of business	Percentage of Shareholding (%)		Consolidated F/S		Separate F/S	
		2017	2016	2017	2016	2017	2016
<b>Investments in other companies</b>							
a) <u>Non-listed companies</u>							
M-Home SPV 3 Co., Ltd.	Real estate development	<b>11.54</b>	11.54	<b>12</b>	12	<b>12</b>	12
Less : Allowance for impairment				<b>(12)</b>	(12)	<b>(12)</b>	(12)
Net				-	-	-	-
Siam Steel Syndicate Plc.	Manufacture and distribution for construction	<b>1.15</b>	1.15	<b>55,885</b>	55,885	<b>55,885</b>	55,885
Siam Fiber Optics Co., Ltd.	Manufacture and distribution of optic fibers	<b>10.00</b>	10.00	<b>24,000</b>	24,000	<b>24,000</b>	24,000
Bell Development Co., Ltd.	Real estate development	<b>2.29</b>	2.29	<b>47,313</b>	47,313	<b>47,313</b>	47,313
The Bangkok Club Co., Ltd.	Entertainment services	<b>0.44</b>	0.44	<b>3,000</b>	3,000	<b>3,000</b>	3,000
Less : Allowance for impairment				<b>(1,985)</b>	(1,985)	<b>(1,985)</b>	(1,985)
Net				<b>1,015</b>	1,015	<b>1,015</b>	1,015
Nishio Rent All (Thailand) Co., Ltd.	Construction machinery Rental	<b>15.00</b>	15.00	<b>7,500</b>	7,500	<b>7,500</b>	7,500
Praram 9 Square Co., Ltd.	Shopping center development	<b>6.32</b>	6.32	<b>200,000</b>	200,000	<b>200,000</b>	200,000
Less : Allowance for impairment				<b>(200,000)</b>	(200,000)	<b>(200,000)</b>	(200,000)
Net				-	-	-	-
Total Investment in other non – listed companies – net				<b>135,713</b>	135,713	<b>135,713</b>	135,713

	Nature of business	Percentage of Shareholding (%)		Consolidated F/S		Separate F/S	
(Unit : Thousand Baht)		2017	2016	2017	2016	2017	2016
b) <u>Listed companies</u>							
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				240,485	225,087	240,485	225,087
Net market value				549,200	533,802	549,200	533,802
TTCL Plc.	Construction services	0.07	0.07	400	400	400	400
Add : Unrealized gain from changes in value of investments				6,480	7,400	6,480	7,400
Net market value				6,880	7,800	6,880	7,800
Total Investment in other listed companies – net				556,080	541,602	556,080	541,602
Total Investments in other companies - net				691,793	677,315	691,793	677,315
<u>Investments held by subsidiaries</u>							
a) <u>Non-listed companies</u>							
Bell Development Co., Ltd.	Real estate development	6.55	6.55	135,226	135,226	-	-
b) <u>Listed company</u>							
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				14,941	13,984	-	-
Net market value				34,119	33,162	-	-
Total investment held by subsidiaries - net				169,345	168,388	-	-
Total other long-term investments – net				861,138	845,703	691,793	677,315

#### 15. LAND LEASE CONCESSION AND PROJECT UNDER DEVELOPMENT

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Land lease concession	30,198	30,198	-	-
Project under development	7,621,557	7,528,794	5,130,170	5,025,204
Total	7,651,755	7,558,992	5,130,170	5,025,204

On 2 November 2010, the Company entered into a Framework Agreement with the Myanma 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 (“DSEZ”) 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 DSEZ.

On the same date, the agreement of Termination between the Company and MPA was signed. The Tripartite Memorandum between the Company, DSEZ MC and 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 DSEZ. 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 DSEZ 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 (DSEZ Initial Phase) 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 2017 and 2016, the Company has costs for acquisition of land lease concessions and projects under development in the Dawei Special Economic Zone (“DSEZ”) amounting to Baht 7,651.76 million and Baht 7,558.99 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 costs 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.

On 30 June 2017, the Myanmar - Thailand Joint Coordination Committee for the comprehensive development in the DSEZ and its related project areas (JCC) established the Joint Technical Task Forces for the Road Project and Joint Technical Task Force for the DSEZ Initial Phase which purpose is to establish a plan, timeframe and guidelines for further project development.

On 20 - 21 September 2017, the two Joint Technical Task Force held their first meeting to discuss the project status and the action plan going forward. Discussions were made on the terms and conditions of the public financing offer from the Thai Government to the Myanmar Government for the Road Project connecting border from Kanchanaburi Province to the DSEZ Initial Phase. Recommendations for the way forward at the policy level will be made in the next JCC meeting.

#### 16. 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 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, the Office of the Attorney General issued a letter to the Department of Primary Industries and Mines clarifying legal issues associated with the right to explore potash mining. The letter confirmed that government authorities have executed the process in accordance with the concession contract regarding to compensation to the state made since 1984.

As a result, the Company has met the requirements and takes to proceed to a step for obtaining a mining license. The Department of Primary Industries and Mines is now scrutinizing the documents to The Ministry of Industry for mining license approval.

The Company's management believes that this project will generate benefits both for neighboring area and for the country. The project is expected to be approved by the government and become operational as planned. The management of the Company believes that there will be no impairment in the value of investment.

#### 17. 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	
	2017	2016
<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	384,118	382,305
Increase during the year	4,562	1,813
Adjustment during the year	(6,723)	-
Ending balance	381,957	384,118
Total deferred exploration and development costs	948,527	950,688

#### 18. LONG - TERM LOANS AND ADVANCES TO SUBSIDIARIES - NET

The outstanding balances as at 31 December 2017 and 2016 are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	7,026,668	6,939,870
Less : Allowance for doubtful accounts	-	-	(1,355,601)	(1,327,992)
Net	-	-	5,671,067	5,611,878

Significant movements in the long - term loans and advances to subsidiaries and related parties for the year ended 31 December 2017 are as follows :

(Unit : Thousand Baht)	Separate F/S		
	1 January 2017	During the year	
		Increase	Decrease
Subsidiaries	6,939,870	103,199	16,401
			7,026,668

## 19. LAND AWAITING DEVELOPMENT – NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Land awaiting development	765,124	771,705	474,846	474,846
Add : Purchase during the year	5,491	1,244	-	-
Less : Disposal during the year	-	(7,977)	-	-
Add : Reversal of allowance for impairment	-	152	-	-
Land awaiting development – net	770,615	765,124	474,846	474,846

As at 31 December 2017 and 2016, land awaiting of development of the Company and its subsidiaries of Baht 758.88 million and Baht 758.41 million, respectively, are the land for using in Map Ta Phut Jetty Project and Potash Mining Project in Udonthani province.

## 20. INVESTMENT PROPERTIES

As at 31 December 2017, investment properties presented at fair value consist of :

(Unit : Thousand Baht)	Consolidated F/S	Separate F/S
Land	1,727,270	765,219
Building	386,000	386,000
Total	2,113,270	1,151,219

During the year 2017, 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 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
<b>Net book value as at 1 January</b>	<b>1,925,363</b>	1,591,469	<b>1,040,043</b>	743,000
Increased during the year	95,856	303,073	95,856	303,073
Disposal during the year	(27,392)	(6,030)	(27,392)	(6,030)
Gain on revaluation of assets	119,443	36,851	42,712	-
<b>Net book value as at 31 December</b>	<b>2,113,270</b>	1,925,363	<b>1,151,219</b>	1,040,043

During the year 2017, the Company received the transfer of a condominium unit from a related company for debt settlement of construction service of Baht 95.86 million (2016 : 210.98 million) according to the Board of Directors meeting in 2016.

At the Board of Director Meeting in 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.

## 21. PROPERTY, PLANT AND EQUIPMENT – NET

	Consolidated F/S					
	Land	Building and factories	Machinery, Office equipment, Furniture and vehicle	Site office and temporary camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>Cost</b>						
<b>1 January 2016</b>	1,297,796	5,977,806	30,751,752	1,214,599	698,019	39,939,972
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)
<b>31 December 2016</b>	1,297,901	6,209,516	32,610,847	1,225,283	725,811	42,069,358
<b>1 January 2017</b>	1,297,901	6,209,516	32,610,847	1,225,283	725,811	42,069,358
Acquisitions / Transfer in	34,873	278,960	3,281,657	13,518	1,103,163	4,712,171
Disposals / Transfer out	-	-	(1,831,494)	(12,310)	(727,407)	(2,571,211)
Translation adjustment	(852)	(3,498)	(268,811)	(1,870)	(868)	(275,899)
<b>31 December 2017</b>	1,331,922	6,484,978	33,792,199	1,224,621	1,100,699	43,934,419
<b>Accumulated depreciation</b>						
<b>1 January 2016</b>	-	4,074,594	17,039,993	681,560	-	21,796,147
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	18,044,464	789,246	-	23,088,816



	Consolidated F/S					
	Land	Building and factories	Machinery, Office equipment, Furniture and vehicle	Site office and temporary camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>1 January 2017</b>	-	4,255,106	18,044,464	789,246	-	23,088,816
Depreciation for the year	-	264,011	1,994,413	105,948	-	2,364,372
Depreciation for disposals	-	-	(1,090,464)	(7,711)	-	(1,098,175)
Translation adjustment	-	(923)	(168,884)	(411)	-	(170,218)
<b>31 December 2017</b>	-	4,518,194	18,779,529	887,072	-	24,184,795
<u>Less</u> Allowance for impairment						
31 December 2016	15,219	1,818	68,411	-	-	85,448
31 December 2017	15,219	1,818	85,726	-	-	102,763
<b>Net book value</b>						
<b>31 December 2016</b>	1,282,682	1,952,592	14,497,972	436,037	725,811	18,895,094
<b>31 December 2017</b>	1,316,703	1,964,966	14,926,944	337,549	1,100,699	19,646,861
<b>Depreciation for the year 2016</b>						2,331,546
<b>Depreciation for the year 2017</b>						2,364,372

	Separate F/S					
	Land	Building and factories	Machinery, Office equipment, Furniture and vehicle	Site office And Temporary Camps	Machinery and equipment under installation	Total
(Unit : Thousand Baht)						
<b>Cost</b>						
<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)
<b>31 December 2016</b>	1,077,815	4,476,405	16,361,510	1,061,325	566,547	23,543,602
<b>1 January 2017</b>	1,077,815	4,476,405	16,361,510	1,061,325	566,547	23,543,602
Acquisitions / Transfer in	34,873	243,619	1,569,032	13,119	750,689	2,611,332
Disposals / Transfer out	-	-	(668,651)	(9,939)	(585,749)	(1,264,339)
Translation adjustment	-	-	(22,643)	(152)	-	(22,795)
<b>31 December 2017</b>	1,112,688	4,720,024	17,239,248	1,064,353	731,487	24,867,800
<b>Accumulated depreciation</b>						
<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>1 January 2017</b>	-	3,361,554	10,603,652	763,179	-	14,728,385
Depreciation for the year	-	188,424	927,719	92,593	-	1,208,736
Depreciation for disposals	-	-	(531,797)	(7,190)	-	(538,987)
Translation adjustment	-	-	(18,388)	(58)	-	(18,446)
<b>31 December 2017</b>	-	3,549,978	10,981,186	848,524	-	15,379,688
<b>Net book value</b>						
<b>31 December 2016</b>	1,077,815	1,114,851	5,757,858	298,146	566,547	8,815,217
<b>31 December 2017</b>	1,112,688	1,170,046	6,258,062	215,829	731,487	9,488,112
<b>Depreciation for the year 2016</b>						1,256,801
<b>Depreciation for the year 2017</b>						1,208,736

As at 31 December 2017 and 2016, 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 10,217.95 million and Baht 9,207.70 million, respectively (Separate F/S : Baht 7,829.77 million and Baht 7,338.01 million, respectively).

As at 31 December 2017 and 2016, the Company and subsidiaries' machinery, equipment and vehicles with a total net book value of Baht 2,764.40 million and Baht 2,706.56 million, respectively, were acquired under finance lease/ hire purchase agreements (Separate F/S: Baht 2,530.60 million and Baht 2,429.57 million, respectively).

As at 31 December 2017 and 2016, 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	
	2017	2016
Goodwill	958,785	958,785
Less : Allowance for impairment	(16,673)	(16,673)
Net	942,112	942,112

A segment-level summary of the goodwill allocation is presented as follows :

(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	20
Growth rate (%)	2	7
Discount rate (%)	10	18

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 over the carrying amount.

### 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 2017.

## 23. DEFERRED CONCESSION COST AND COSTS OF PROJECT UNDER DEVELOPMENT

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, An oversea subsidiary 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.

On 24 November 2017, an overseas subsidiary has been amendment of the Concession agreement as proposed by the financial advisor to confident a supporting bank to be bankable the contract. The project value of USD 4,500 million equivalents to Baht 148,500 million and project details 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 613 kilometers.
2. Construction of a Deep-Sea Port at Macuse with the starting port capacity, for exporting coal, of 40 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, an overseas subsidiary is selected Engineering Procurement and Construction (EPC Contractor) and already completed Environmental and Social Impact Assessment (ESIA) processes.

## 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 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Bank overdrafts	791,468	753,657	-	-
Short – term loans from financial institutions	7,700,113	7,536,884	5,348,803	5,110,778
Total	8,491,581	8,290,541	5,348,803	5,110,778

These represent loans obtained from local and overseas financial institutions in the following currencies:

(Unit : Million)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
THB	5,738	5,577	5,349	5,111
INR	3,845	3,727	-	-

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 subsidiary companies have loan agreements with commercial banks for credit facilities of Baht 239.03 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. 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 2017 and 2016, part of loans amounting to Baht 3,869.50 million and Baht 1,606.97 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 2017 and 2016, bank overdrafts and short – term credit facilities that have not been drawn down amounted to Baht 7,100.72 million and Baht 4,332.72 million, respectively.

## 25. TRADE ACCOUNTS PAYABLE – RELATED PARTIES

The outstanding balances as at 31 December 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Subsidiaries	-	-	460,569	823,453
Associated companies and joint ventures	389,174	445,255	372,829	431,419
Related companies	1,183,482	785,333	1,046,130	758,662
Total trade accounts payable – related parties	1,572,656	1,230,588	1,879,528	2,013,534

## 26. FINANCE LEASE PAYABLES – NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Not over one year	684,920	685,537	561,648	624,438
Over one year but not over five years	816,403	1,010,932	641,672	833,815
Total	1,501,323	1,696,469	1,203,320	1,458,253
Less : Deferred interest	(91,376)	(112,659)	(57,383)	(83,726)
	1,409,947	1,583,810	1,145,937	1,374,527
Less : Current portion	(629,534)	(649,422)	(524,987)	(575,577)
Net	780,413	934,388	620,950	798,950

The above finance leases payable are for machinery, equipment and vehicles leases with scheduled repayment terms of 2 - 5 years.

## 27. LONG - TERM LOANS - NET

As at 31 December 2017 and 2016, the outstanding balance of long - term loans are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Outstanding balances	<b>15,236,546</b>	10,994,098	<b>9,209,727</b>	6,138,104
Less : Current portion	<b>(8,823,130)</b>	(3,623,801)	<b>(7,398,073)</b>	(2,903,816)
Net	<b>6,413,416</b>	7,370,297	<b>1,811,654</b>	3,234,288

Movements in the long – term loans for the years ended 31 December 2017 and 2016 are summarized as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	<b>10,994,098</b>	8,165,816	<b>6,138,104</b>	4,781,820
Add : Additional borrowings	<b>7,218,177</b>	5,352,567	<b>5,307,269</b>	2,980,288
Less : Repayments	<b>(2,811,410)</b>	(2,519,902)	<b>(2,235,646)</b>	(1,624,004)
Less : Translation adjustment for foreign currency financial statements	<b>(164,319)</b>	(4,383)	-	-
Balance as at 31 December	<b>15,236,546</b>	10,994,098	<b>9,209,727</b>	6,138,104

A Subsidiary company has not been able to maintain some financial ratios as stipulated in the loan agreements with a bank. As a result, a subsidiary company has presented the balance of such loan as current liabilities in the statement of financial position as at 31 December 2017. 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 14 February 2018 granting to relieve to all covenant conditions under the loan agreements for the period ended 31 December 2017.

The outstanding balance of long - term loans as at 31 December 2017 and 2016 are as follows :

Loan	Credit amount (Million Baht)	Interest rate (Percentage)	Condition	Guarantee	Million Baht			
					Consolidated F/S		Separate F/S	
					2017	2016	2017	2016
Parent Company								
	11,889	MLR-0.50 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract	9,210	6,010	9,210	6,010
		MLR-1 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		MLR-1.25 per annum	Repayment within 2018 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		MLR-1.50 per annum	Repayment within 2019 or upon completion of the project, whichever is earlier	Assignment on revenue from construction contract				
		Libor + 4% per annum	Repayment per contract	Machinery				
Subsidiaries								
1	120	MLR-1.90 per annum	Repayment within 36 months from initial drawdown	Machinery	65	21	-	-
2	951	MLR per annum	Repayment per agreement	Land and Machinery	329	469	-	-
3	265 Million INR	10.15 per annum	Repayment within 3 quarterly	Construction and Equipment	135	210	-	-
4	10,242	MLR-0.50 to MLR -1.50 per annum	Repayment within 2018 – 2020	Assignment on revenue from construction contract	4,235	2,433	-	-
5	4,000 Million BDT	Floating rate of Bank of Bangladesh plus 6 percent per annum	Repayment per contract	Guarantee by parent company	1,263	1,723	-	-
Joint operation								
1	1,050	MLR-0.75 and MOR -1 per annum	Repayment per contract	Machinery and Assignment on revenue from construction contract	-	128	-	128
				Total	15,237	10,994	9,210	6,138
				Less : Current portion	(8,823)	(3,624)	(7,398)	(2,904)
				Net	6,414	7,370	1,812	3,234

## 28. DEBENTURES – NET

Debtenture (Unit : Thousand Baht)	Duration	Date of issue	Maturity date	Interest rate (% p.a.)	Consolidated and Separate F/S	
					2017	2016
1	5 years	26 June 2014	26 June 2019	6.15	-	5,980,348
2	2 years	27 February 2015	27 February 2017	4.50	-	199,962
3	5 years 1 day	21 September 2015	22 September 2020	4.95	<b>3,492,858</b>	3,490,237
4	2 years 2 days	27 November 2015	29 November 2017	4.10	-	299,637
5	5 years	8 June 2016	8 June 2021	4.40	<b>3,494,590</b>	3,493,015
6	3 years 2 days	15 September 2016	17 September 2019	4.00	<b>199,750</b>	199,604
7	2 years 1 month 29 days	27 February 2017	25 April 2019	4.20	<b>249,672</b>	-
8	5 years 3 days	26 June 2017	26 June 2022	4.70	<b>5,987,044</b>	-
9	269 days	29 August 2017	25 May 2018	3.00	<b>630,000</b>	-
10	270 days	20 October 2017	17 July 2018	3.00	<b>200,000</b>	-
11	2 years 5 month 27 days	30 November 2017	27 May 2020	4.10	<b>299,416</b>	-
Total					<b>14,553,330</b>	13,662,803
Less: Current Portion					<b>(830,000)</b>	(499,598)
Debentures – net					<b>13,723,330</b>	13,163,205

Movements of debentures for the years ended 31 December 2017 and 2016 are as follows :

(Unit : Thousand Baht)	Consolidated and Separate F/S	
	2017	2016
Balance as at 1 January	<b>13,662,803</b>	13,456,880
Newly issued debentures	<b>7,380,000</b>	3,700,000
Old redeemed debentures	<b>(6,500,000)</b>	(3,500,000)
Cost of issuing debentures	<b>(15,593)</b>	(8,317)
Amortization of costs of issuing debentures	<b>26,120</b>	14,240
Balance as at 31 December	<b>14,553,330</b>	13,662,803
Less : Current Portion	<b>(830,000)</b>	(499,598)
Net	<b>13,723,330</b>	13,163,205

On 27 February 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 250 million with two-years, one-month and twenty-nine days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.20 percent per annum which is payable quarterly. The debentures will be due for redemption on 25 April 2019. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 26 June 2017, the Company exercised its right for early redemption of the debentures under the terms and conditions of ITD196A of Baht 6,000 million, with 0.25 percent per annum redemption fee. On the same day, the Company issued new debenture to specific persons, unsecured, unsubordinated with representative holder for the same amount of principal with five-years and three-days tenure with a face value of Baht 1,000. This bears interest at a rate of 4.70 percent per annum which is payable quarterly. The new debenture will be due for redemption on 29 June 2022.

On 29 August 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 630 million with two hundred and sixty-nine days tenure with a face value of Baht 1,000. This bears interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 25 May 2018. The Company used the proceeds from this issuance to repay debts.

On 20 October 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 200 million with two hundred and seventy days tenure with a face value of Baht 1,000. These bear interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 17 July 2018. The Company used the proceeds from this issuance to repay debts.

On 30 November 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 300 million with two-years, five-month and twenty-seven days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.10 percent per annum which is payable quarterly. The debentures will be due for redemption on 27 May 2020. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

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.

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 - NET

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Present value of employee benefits obligation as at 31 December	<b>1,245,173</b>	1,100,406	<b>903,064</b>	800,856
Fair value of plan assets as at 31 December	<b>(91,125)</b>	(85,115)	-	-
Obligation – net	<b>1,154,048</b>	1,015,291	<b>903,064</b>	800,856
<u>Employee benefits obligation</u>				
Balance as at 1 January	<b>1,100,406</b>	1,021,629	<b>800,856</b>	764,259
Current service costs	<b>66,624</b>	85,441	<b>48,698</b>	49,798
Interest on obligation	<b>39,473</b>	28,936	<b>22,844</b>	20,880
Actuarial loss	<b>107,671</b>	31,790	<b>79,374</b>	23,391
Benefit paid	<b>(63,354)</b>	(69,154)	<b>(48,732)</b>	(56,963)
Translation adjustments for foreign currency financial statements	<b>(5,647)</b>	1,764	<b>24</b>	(509)
Balance as at 31 December	<b>1,245,173</b>	1,100,406	<b>903,064</b>	800,856
Less : Current Portion	<b>(445,791)</b>	(378,414)	<b>(396,207)</b>	(351,925)
Net	<b>799,382</b>	721,992	<b>506,857</b>	448,931
<u>Plan assets</u>				
Balance as at 1 January	<b>85,115</b>	74,187	-	-
Expected returns on plan assets	<b>6,148</b>	6,619	-	-
Contribution	<b>15,612</b>	13,068	-	-
Benefit paid	<b>(13,796)</b>	(9,029)	-	-
Actuarial gain (loss)	<b>721</b>	2,513	-	-
Translation adjustments for foreign currency financial statements	<b>(2,675)</b>	(2,243)	-	-
Balance as at 31 December	<b>91,125</b>	85,115	-	-

Plan assets invested with two insurance companies as at 31 December 2017 and 2016 are Baht 91.13 million and Baht 85.12 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 3 years are as follows :

(Unit : Thousand Baht)	2017	2016	2015	2014
Employee benefits obligation	<b>195,808</b>	172,205	145,870	111,637
Plan assets	<b>91,125</b>	85,115	74,187	70,534
Deficit	<b>(104,683)</b>	(87,090)	(71,683)	(41,103)
Experience adjustments on plan assets	<b>(721)</b>	(2,513)	2,282	(2,556)
Experience adjustment on plan liabilities	<b>(17,226)</b>	(14,707)	(20,695)	(7,746)

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	
	2017	2016	2017	2016
<u>Financial assumptions</u>				
Discount rates	<b>1.87 – 7.85% per annum</b>	2.62 – 7% per annum	<b>2.29% per annum</b>	2.69% per annum
Future average salary increment rates	<b>0.06 – 6.33% per annum</b>	0 – 6.61% per annum	<b>1.81 – 5.43% per annum</b>	1.30 – 6.16% per annum
<u>Demographic assumptions</u>				
Mortality rate	<b>Thai Mortality Table 2017</b>	Thai Mortality Table 2008	<b>Thai Mortality Table 2017</b>	Thai Mortality Table 2008
Normal retirement ages	<b>60 years</b>	50 – 60 years	<b>60 years</b>	60 years
Weighted average duration of the defined benefit obligation (years)	<b>5 - 28 years</b>	3 – 28 years	<b>8 years</b>	8 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	
	2017	2016	2017	2016
Current service cost	51,012	72,373	48,698	49,798
Net interest expense	33,325	22,317	22,844	20,880
Total expenses recognized in profit or loss	84,337	94,690	71,542	70,678

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	
	2017	2016	2017	2016
Actuarial loss from changes in experience assumptions	(75,364)	(25,908)	(58,952)	(25,082)
Actuarial loss from changes in demographic assumptions	(27,457)	(40,772)	(24,400)	(37,321)
Actuarial gain (loss) from changes in financial assumptions	(7,594)	37,400	3,978	39,012
Translation adjustments for foreign currency financial statement	860	1,858	-	-
Total income (loss) recognised in other profit or loss	(109,555)	(27,422)	(79,374)	(23,391)

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			
	2017		2016		2017		2016	
	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	50,149	136,180	46,029	96,671	(22,602)	22,213	(20,441)	19,856
<b>Future salary growth</b>								
Increment (decrement) of employee benefit obligation	135,887	50,048	95,213	47,146	21,555	(22,210)	19,245	(20,071)

- As at 31 December 2017 and 2016, expected maturity of employee benefits obligation before discount are as follow:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Within 1 year	445,791	378,414	396,207	351,925
Between 2 – 5 years	348,799	274,773	271,005	238,671
Between 6 – 10 years	442,726	367,945	338,060	302,358
Between 11 – 15 years	371,232	334,848	286,704	254,598

### 30. INCOME TAX

The analysis of deferred tax assets and liabilities are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Deferred tax assets	476,077	557,397	-	-
Deferred tax liabilities	(996,720)	(990,566)	(207,616)	(183,195)
Deferred tax – net	(520,643)	(433,169)	(207,616)	(183,195)



The movements in deferred tax assets and liabilities are as follows:

(Unit : Thousand Baht)	Consolidated F/S			
	1 January 2017	Recognised as income (expense)		31 December 2017
		Statement of profit and loss	Shareholders' Equity	
<b>Deferred tax assets</b>				
From allowance for doubtful accounts	109,904	(18,034)	(3,288)	88,582
From allowance for obsolete inventories	951	(395)	-	556
From depreciation of assets	326,681	(52,612)	(9,561)	264,508
From loss carry forward	7,512	(7,512)	-	-
From employee benefits obligations	92,161	22,795	(1,361)	113,595
From finance lease payables	13,358	(4,522)	-	8,836
From provision for loss on construction project	8,838	(8,513)	(325)	-
From other timing differences	(2,008)	-	2,008	-
Total	557,397	(68,793)	(12,527)	476,077
<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	49,295	-	3,087	52,382
From finance lease payables	97,348	69	(267)	97,150
From depreciation of machinery	291,992	(14,867)	(6,568)	270,557
From debentures	7,439	(2,105)	-	5,334
From potash mining right	458,699	-	-	458,699
From investment properties	70,232	27,016	-	97,248
From other timing differences	15,561	-	(211)	15,350
Total	990,566	10,113	(3,959)	996,720

(Unit: Thousand Baht)	Consolidated F/S			
	1 January 2016	Recognised as income (expense)		31 December 2016
		Statement of profit and loss	Shareholders' Equity	
<b><u>Deferred tax assets</u></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
<b><u>Deferred tax liabilities</u></b>				
From unrealized gain on changes in the value of investments	79,192	-	(29,897)	49,295
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	-	-	70,232
From other timing differences	-	15,561	-	15,561
Total	980,380	40,083	(29,897)	990,566

	Separate F/S			
	1 January 2017	Recognised as income (expense)		31 December 2017
		Statement of profit or loss	Shareholders' Equity	
(Unit : Thousand Baht)				
<b>Deferred tax liabilities</b>				
From unrealized gain on changes in the value of investments	46,498	-	2,896	49,394
From finance lease payables	82,173	3,127	-	85,300
From depreciation of machinery	32,093	10,915	(712)	42,296
From debentures	7,439	(2,105)	-	5,334
From Investment properties	14,992	10,300	-	25,292
<b>Total</b>	<b>183,195</b>	<b>22,237</b>	<b>2,184</b>	<b>207,616</b>

	Separate F/S			
	1 January 2016	Recognised as income (expense)		31 December 2016
		Statement of profit or loss	Shareholders' Equity	
(Unit : Thousand Baht)				
<b>Deferred tax asset</b>				
From depreciation of assets	2,024	(2,034)	10	-
<b>Total</b>	<b>2,024</b>	<b>(2,034)</b>	<b>10</b>	<b>-</b>
<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
<b>Total</b>	<b>204,989</b>	<b>9,409</b>	<b>(31,203)</b>	<b>183,195</b>

Income tax consist of:

	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
(Unit : Thousand Baht)				
<b>Domestic income tax</b>				
Current tax	59,483	39,198	-	66
<b>Overseas income tax</b>				
Current tax	298,420	38,930	11,751	-
	357,903	78,128	11,751	66
<b>Deferred tax</b>				
Change in temporary differences	78,906	17,428	22,237	11,443
<b>Total</b>	<b>436,809</b>	<b>95,556</b>	<b>33,988</b>	<b>11,509</b>
<b>Income tax recognised in other comprehensive income</b>				
Unrealised gain on changes in value of investments	(3,087)	29,897	(2,896)	31,203
Actuarial losses	(1,361)	583	-	-
Others	4,120	(8,873)	712	10
<b>Total</b>	<b>(328)</b>	<b>21,607</b>	<b>(2,184)</b>	<b>31,213</b>

# Reconciliation of effective tax rate

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Accounting profit before income tax	1,118,059	149,306	222,954	122,407
Tax rate for parent company (%)	20	20	20	20
Tax expense	223,612	29,861	44,591	24,481
Adjustment for tax – rate difference in foreign jurisdictions	(12,486)	(37,126)	9,834	-
Adjustment for eliminate transaction	65,149	26,241	(13,910)	(61,323)
Tax on deductible for revenue code	(457,163)	(323,016)	(162,618)	(202,661)
Tax on expenses not subject to tax for revenue code	356,876	385,435	173,403	187,221
Recognition of previously unrecognized loss carry forward	(48,852)	(302,230)	(48,550)	(45,808)
Current year losses for which no deferred tax asset was recognized	309,673	316,391	31,238	109,599
Tax expense	436,809	95,556	33,988	11,509

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	
	2017	2016	2017	2016
Temporary differences	1,498,755	1,452,904	1,469,115	1,427,422
Unused loss carried forward	393,498	498,267	220,593	243,202
Total	1,892,253	1,951,171	1,689,708	1,670,624

The tax losses will expire in 2017 to 2021. 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 27 April 2017, shareholders passed a resolution to increase the registered share capital from Baht 6,335,808,993 (6,335,808,993 shares at Baht 1 par value) to Baht 6,337,920,861 (6,337,920,861 shares at Baht 1 par value) to reserve for the adjustment of the warrants no.1 (ITD-W1) exercising. The Company registered such changes with the Department of Business Development on 19 May 2017.

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 which 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 27 April 2017, shareholders passed a resolution to adjust the exercising price and exercising ratio of the warrant no.1 (ITD-W1), from the existing rights offering 1 unit of warrant for 1 common share at Baht 14 each, to 1 unit of warrant for 1.002 common share at Baht 13.971 each.

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. DIVIDEND PAYMENT

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to approve the dividend payment from the operations for the year 2016 at Baht 0.01026 per share for 5,279.84 million shares, totaling of Baht 54.17 million. The Company paid for such dividend on 26 May 2017.

## 33. 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.

## 34. 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 Pcl.	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

Name	Location	Relationship
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 Pcl.	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
C.P.K. Plantation Co., Ltd	Thailand	Co-Director
Praram 9 Square Limited	Thailand	Co-Director
Amari Pattaya Co., Ltd	Thailand	Co-Director
Thai Barge Container Services 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			
	2017	2016	2017	2016
<u>Transactions with subsidiaries</u>				
Construction services, sales and other income	-	-	773	679
Sales of equipment	-	-	37	4
Purchases of construction materials and services	-	-	1,434	1,398
<u>Transactions with associated companies and joint ventures</u>				
Construction services, sales and other income	251	195	244	194
Sales of equipment	25	8	25	8
Purchases of construction materials and services	274	250	229	223
<u>Transactions with related companies</u>				
Construction services, sales and other income	471	852	336	676
Sales of equipment	1	-	1	-
Purchases of construction materials and services	2,825	2,062	2,486	1,450
Purchases of equipment	474	909	278	907
<u>Key management personnel compensation</u>				
Short - term employee benefits	145	133	114	106
Post - employment benefits	12	11	2	2

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 2017, a subsidiary has accrued rental expenses of Baht 77.38 million (2016: Baht 70.31 million).

**35. ALLOWANCE FOR LOSSES ON PROJECT**

Movements of allowance for losses on project for the years ended 31 December 2017 and 2016 are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Balance as at 1 January	291,587	265,468	221,100	265,468
Allowance (reversal) for loss on projects	(121,875)	26,119	(53,921)	(44,368)
Balance as at 31 December	169,712	291,587	167,179	221,100

**36. 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 2017 and 2016, the Company and its subsidiaries contributed Baht 124.68 million and Baht 113.03 million, respectively, to the fund (Separate F/S : Baht 53.32 million and Baht 52.21 million, respectively).

**37. COST OF CONSTRUCTION WORK**

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Aggregate costs incurred and recognized profit	132,508,260	108,989,985	111,353,727	84,996,275
Less : Aggregate loss recognized and progress billing	(111,822,186)	(90,930,025)	(94,032,147)	(70,505,162)
Earned revenues not yet billed	20,686,074	18,059,960	17,321,580	14,491,113

**38. 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.

**39. OTHER INCOME**

Significant other income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Rental income	67,508	47,687	116,714	37,456
Insurance claim	27,468	1,823	-	-
Subcontractor and labour charge	18,870	-	16,721	-
Gain on disposal of assets	181,470	4,558	54	573
Claim income	68,393	-	68,393	-
Income from reduction debt	35,940	-	-	-
Service income	72,989	49,541	94,859	49,541
Bad debt written back	38,160	47,637	54	7,432
Income from sale scrap	18,193	94,811	16,520	92,974
Others	175,076	157,507	83,869	58,213
Total	704,067	403,564	397,184	246,189

**40. EXPENSES BY NATURE**

Significant expenses by nature are as follows :

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	10,429,343	9,439,224	7,690,649	6,923,597
Depreciation	2,364,372	2,331,546	1,208,736	1,256,801
Amortisation	57,694	32,904	32,031	6,089
Rental expenses	1,724,073	1,349,770	1,185,220	876,549
Materials and supplies used	19,364,915	14,865,602	13,727,431	8,704,552
Subcontract costs	13,072,753	12,997,905	9,354,698	5,405,589
Utilities expenses	892,303	786,626	354,833	293,270
Transportation expenses	602,172	506,052	327,071	255,145
Repair and maintenance expenses	669,424	842,011	364,526	356,097
Prebid expenses	25,657	68,543	21,405	58,485
Professional fee	672,717	431,080	275,545	113,501
Fuel expenses	1,495,091	1,401,990	1,007,086	879,874

#### 41. GUARANTEES

As at 31 December 2017, the Company and subsidiaries have outstanding guarantees totaling approximately Baht 57,417 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 2017, the Company has outstanding guarantees approximately Baht 6,536.26 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).

#### 42. COMMITMENTS

42.1 As at 31 December 2017, 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
<u>Currency</u>		
THB	5,187.38	5,008.64
INR	1,641.27	91.25
BDT	606.78	298.62

42.2 As at 31 December 2017, 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	124.69	112.21
USD	440.22	247.34
INR	34.89	-
EUR	191.81	185.90
TWD	0.63	0.63
VND	296.05	296.05
CNY	21.21	21.21
SGD	6.50	-

42.3 As at 31 December 2017, the Company has outstanding commitments in respect of the uncancellable portion of investments in nine subsidiary companies of Baht 2.25 million, USD 1.65 million, BDT 26,295.19 million and MMK 344.17 million.

42.4 As at 31 December 2017, the Company has outstanding commitments of USD 8.35 million for purchase shares transfer agreement of an associated company from existing shareholder.

42.5 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.

42.6 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 rais for a total cost of Baht 279 million. The subsidiary company has paid a deposit of Baht 1.58 million for the land purchase, and the balance will be paid according to the terms of the agreements.

42.7 Several indirect subsidiary companies entered service agreements for project consultant which have commitment to pay at the rate as specified in agreements.

#### 43. CONTINGENT LIABILITIES

a) 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	1,203.29
Joint venture	16.57
Total	1,219.86

b) A creditor has taken legal actions against an indirect subsidiary company for breaches of service agreements amounting to Baht 4.03 million since October 2016. During the period, an indirect subsidiary negotiated and settled some of debt to creditor. Creditors have withdrawn the such legal case.

c) A State Enterprise has claim for damage with a bank of Baht 84.23 million from issues bank guarantee for indirect subsidiary since the Company has obligation from bank guarantee for credit facilities and compliance with agreement for an indirect subsidiary. Currently, an indirect subsidiary is under process negotiation with a State Enterprise. The Company therefore has pledged deposit of Baht 84.23 million as collateral with such bank.

- d) A branch office in overseas has been tax assessed for the years 2008 by tax authority of branch office totalling Baht 116.15 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.
- e) 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.

#### 44. SEGMENT REPORTING

Consolidated financial statements as at 31 December 2017 and 2016 and for the years ended 31 December 2017 and 2016 combined geographic segment reporting as follows :

(Unit : Million Baht)	Consolidated F/S			
	Revenues from construction work		Non - current assets*	
	2017	2016	2017	2016
<u>Geographic information</u>				
Thailand	35,887	25,709	24,362	24,383
India	12,893	16,846	2,923	2,056
Others	1,422	72	12,035	10,762
Total	50,202	42,627	39,320	37,201

\* 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 2017 and 2016 are mainly engaged in a single industry segment, construction services, and are conducted in the following geographical segments as follows :

(Unit : Million Baht)	Consolidated F/S											
	For the years ended 31 December											
	Thailand		India		Other countries		Total		Eliminate		Grand Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<u>Revenue from construction work</u>												
Gross segment revenues	35,887	25,709	12,893	16,846	1,422	72	50,202	42,627	-	-	50,202	42,627
Inter - segment revenues	766	932	30	43	-	-	796	975	(796)	(975)	-	-
Net revenues from third parties	36,653	26,641	12,923	16,889	1,422	72	50,998	43,602	(796)	(975)	50,202	42,627
<u>Revenue from sale and service</u>												
Gross segment revenues	3,317	3,474	-	-	1,577	1,219	4,894	4,693	-	-	4,894	4,693
Inter - segment revenues	770	574	-	-	486	506	1,256	1,080	(1,256)	(1,080)	-	-
Net revenues from third parties	4,087	4,048	-	-	2,063	1,725	6,150	5,773	(1,256)	(1,080)	4,894	4,693
Gross profit (loss)	2,992	2,610	2,643	1,515	880	423	6,515	4,548	58	(30)	6,573	4,518
Other income	438	267	370	149	136	7	944	423	(240)	(19)	704	404
Interest income	82	88	94	105	4	11	180	204	(40)	(40)	140	164
Interest expense	(1,603)	(1,523)	(584)	(716)	(198)	(211)	(2,385)	(2,450)	39	40	(2,346)	(2,410)
Depreciation and amortization	(1,781)	(1,701)	(185)	(337)	(468)	(404)	(2,434)	(2,442)	12	13	(2,422)	(2,429)
Reversal of allowance (allowance) for doubtful accounts	(469)	(99)	(609)	(107)	1	1	(1,077)	(205)	313	44	(764)	(161)
Gain (loss) on exchange rate	(128)	2	3	4	(225)	(36)	-	(30)	-	-	(350)	(30)
Share of profit (loss) from investment in associated companies and joint ventures											61	(28)
Income tax expense											(437)	(96)
Profit (loss) for the year											681	54



(Unit : Million Baht)	Thailand		India		Other countries		Total		Elimination		Grand total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Property, plant and equipment - net	11,188	11,325	2,624	2,182	5,857	5,440	19,669	18,947	(22)	(52)	19,647	18,895
Other assets	63,832	56,727	13,418	12,082	9,865	7,652	87,115	76,461	(18,933)	(17,236)	68,182	59,225
Total assets	75,020	68,052	16,042	14,264	15,722	13,092	106,784	95,408	(18,955)	(17,288)	87,829	78,120
Total liabilities	52,836	45,821	16,639	15,145	17,632	15,059	87,107	76,025	(14,050)	(12,239)	73,057	63,786

#### Major Customer

For the year ended 31 December 2017, the Company and subsidiaries revenue come from Government agencies amounting of Baht 32,838.37 million (2016: Baht 24,767.75 million).

## 45. 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 2017 are summarized as follows :

Foreign currency	Consolidated F/S		Separate F/S		Average exchange rate as at 31 December 2017 (Baht per foreign currency unit)
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	
USD	25	5	53	5	32.6809
EUR	-	1	-	-	39.3938
LAK	-	717	-	-	0.0039

Forward exchange contracts which remaining outstanding as at 31 December 2017 are summarized as follows :

Currency	Balance (Million)	Forward contract exchange rate
USD (buy)	4	32.3531
JPY (buy)	576	0.2947 – 0.3076
CNY (buy)	1	4.9230 – 4.9900

As at 31 December 2017, 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
Trade accounts receivable and retention	9	-	-
Trade accounts receivable and loan to – related companies	16	-	-
Trade accounts payable	2	1	717
Loans from financial institutions	3	-	-

	Separate F/S (Net)		
	USD Million	EUR Million	LAK Million
Trade accounts receivable and loan to – related companies	53	-	-
Trade accounts payable	2	-	-
Loans from financial institutions	3	-	-

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.

As at 25 September 2017, a subsidiary has restructured the detail of derivatives totaling Baht 2,702.39 million signed with a financial institution in Year 2015 to be Baht 2,706 million, starting from 25 September 2017 to 30 December 2022. The objective is to reduce financial cost by adjusting the hedging management in terms of foreign currency exchange risk and interest risk in present situation.

#### 46. 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 2017:

(Unit : Thousand Baht)	Consolidated F/S			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Forward contract assets	-	3,792	-	3,792
Current investments	-	46	-	46
Other long – term investments	590,199	-	-	590,199
Investment properties	-	2,113,270	-	2,113,270
<b>Total</b>	<b>590,199</b>	<b>2,117,108</b>	<b>-</b>	<b>2,707,307</b>

(Unit : Thousand Baht)	Separate F/S			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Forward contract assets	-	3,865	-	3,865
Other long – term investment	556,080	-	-	556,080
Investment properties	-	1,151,219	-	1,151,219
<b>Total</b>	<b>556,080</b>	<b>1,155,084</b>	<b>-</b>	<b>1,711,164</b>

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
<b>Assets</b>				
Current investments	-	46	-	46
Other long – term investments	574,764	-	-	574,764
Investment properties	-	1,925,363	-	1,925,363
<b>Total</b>	<b>574,764</b>	<b>1,925,409</b>	<b>-</b>	<b>2,500,173</b>
<b>Liabilities</b>				
Forward contract liabilities	-	125,315	-	125,315
<b>Total</b>	<b>-</b>	<b>125,315</b>	<b>-</b>	<b>125,315</b>

(Unit : Thousand Baht)	Separate F/S			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Other long – term investment	541,602	-	-	541,602
Investment properties	-	1,040,043	-	1,040,043
<b>Total</b>	<b>541,602</b>	<b>1,040,043</b>	<b>-</b>	<b>1,581,645</b>
<b>Liabilities</b>				
Forward contract liabilities	-	1,882	-	1,882
<b>Total</b>	<b>-</b>	<b>1,882</b>	<b>-</b>	<b>1,882</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.

**47. CAPITAL RISK MANAGEMENT**

The Company and subsidiaries' 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 minimize 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.

**48. RECLASSIFICATION**

The subsidiary companies have reclassified certain accounts in the statement of financial position as at 31 December 2016 to conform to the current period's classification but with no effect to previously report profit or shareholders' equity. The reclassifications are as follows:

(Unit : Thousand Baht)	Consolidated F/S		Separate F/S	
	As reclassified	As previously report	As reclassified	As previously report
<b><u>STATEMENTS OF FINANCIAL POSITION</u></b>				
Earned revenues not yet billed	18,181,173	19,738,171	14,611,428	16,168,426
Inventories and work in process – net	2,955,159	3,339,485	-	-
Property, plant and equipment – net	18,895,094	18,510,768	-	-
Deferred concession cost and costs of project under development	2,909,039	1,352,041	1,556,998	-
<b><u>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</u></b>				
Revenues from construction work	42,627,103	45,190,164	25,174,577	26,465,749
Revenues from sales and services	4,692,464	2,178,944	1,241,631	-
Other revenues	403,564	354,023	246,189	196,648
Costs of construction work	39,442,888	40,906,132	23,619,666	24,353,102
Costs of sales and services	3,358,478	1,794,777	733,436	-

**49. EVENT AFTER REPORTING PERIOD**

On 2 February 2018, an overseas subsidiary has issued 16,629,684 shares at price of 202.55 INR per share (par value at 1 INR per share) aggregating INR 3,368.34 million to Qualified Institutional Buyers by legal. Consequently, the proportion the Company's of investment has reduced from 51.63% to 46.64%.

**50. AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's Board of Directors on 28 February 2018.





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