



CH. Karnchang Public Company Limited



Annual Report

2013

**Building
a better life**

Cover photo : Xayaburi Hydroelectric Power Project

Photo by : Mr. Prachyarak Weangsong



CONTENT

- 2 Message from the Chairman of the Board of Directors
- 4 Message from the President and the Chief Executive Officer
- 6 Board of Directors
- 7 Management Team
- 8 Advisory Committee for Board of Directors and the Executive Board
- 8 Company Secretary

Part 1 Business Operations

- 10 Business Policy and Overview
- 18 Nature of Business Operations
- 41 Risk Factors
- 48 Assets for Business Operations
- 52 Legal Disputes
- 53 General Information and Other Significant Information

Part 2 Management and Corporate Governance

- 60 Information on Securities and Shareholders
- 65 Management Structure
- 74 Corporate Governance
- 107 Corporate Social Responsibility
- 108 Internal Control and Risk Management
- 112 Connected Transactions

Part 3 Financial Position and Operational Results

- 125 Financial Highlights
- 126 Management Discussion and Analysis
- 135 Report and consolidated financial statements

Attachment

- 224 Attachment 1
Details of the Company's Directors, Executives, Controllers and Company Secretary
- 237 Attachment 2
Details of Head of Internal Audit Unit and Head of Compliance Unit

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



A handwritten signature in blue ink, which appears to read 'Aswin Kongsiri'.

Mr. Aswin Kongsiri

Chairman of the Board of Directors

Thailand's economy in 2013 fluctuated according to a variety of local and international factors, namely, Thailand's politics and the world's economies, e.g., the United States of America, the European Union, including the economic conditions in Asia, thereby resulting in a lower economic growth rate than forecast. According to the Office of the National Economic and Social Development Board's figures, Thailand's GDP growth was 3.0 percent, which was lower than forecast of between 3.8 - 4.3 percent.

The political situation during the last quarter of 2013 was and still up to now in 2014 remain uncertain. Investments in infrastructure system projects, including public sector construction projects, may be delayed. These political and economic uncertainties may result in a consequential slowdown of private investments in construction projects. However, we believe that the political situation will positively improve soon,

and that the public infrastructure system and construction projects which are of great benefit to the public and the country will be pushed forward to stimulate Thailand's economic growth and to enhance its competitiveness with the membership of the ASEAN Economic Community (AEC) in 2015. Nevertheless, despite certain slowdowns and delays in these projects by the foregoing factors, CH. Karnchang, through our planning and preparations for quality work engagement, has a backlog of more than Baht 110,000 Million which will continue to generate a constant revenue stream for at least four years.

CH. Karnchang Public Company Limited's operational results have stayed excellent amid the fluctuating economy and political instability in 2013. Our net profit amounted to as high as Baht 7,674 Million, which marks the highest net profit in our recorded history. This profit was a result of our efficient project

management as well as financial and investment restructuring. We sold certain shares in Thai Tap Water Supply Public Company Limited, which represented a sale of investment at a proper timing to derive a good yield and strengthen our financial standing to accommodate future construction projects and investments. One of our investments is made in the mass rapid transit operator, Bangkok Metro Public Company Limited, and has rendered our financial position considerably stronger to handle the mass rapid transit

extension projects in the near future. In addition, after incorporating CK Power Public Company Limited to be the major player in the energy sector in CH. Karnchang group in 2012, CK Power Public Company Limited was successfully listed on the Stock Exchange of Thailand in July 2013. It is Thailand's first holding company ever listed on the Stock Exchange of Thailand although its core assets are located abroad. This has marked a readiness

“ CH. Karnchang, through our planning and preparations for quality work engagement, has a backlog of more than

Baht **110,000 Million**
which will continue to generate a
constant revenue stream for at least **4 Years** 

for full-scale energy business expansion and becoming one of the leaders investing in the promising energy sector in the regional market. These companies in which CH. Karnchang has invested reflect a long-term business vision to truly secure good and steady returns and to strengthen CH. Karnchang group's position.

We are confident that Thailand will eventually come up with solutions to the current political issues, and given its strong economic fundamentals, Thailand's economy will assuredly regain its pace at full speed. CH. Karnchang Public Company Limited is ready to play our part in the national development as a leading construction company and full-service public infrastructure developer. We are determined to search for profitable business prospects overseas in construction projects, including investments in public infrastructure systems. We have been extensively

studying and developing various projects in the neighboring countries in Southeast Asia, as evidenced by some of the successful large-sized projects, such as, Nam Ngum 2 Hydroelectric Power Project, and Xayaburi Hydroelectric Power Project which is currently under construction. This has proven our capabilities to efficiently develop and operate projects on an international scale. We are committed to enhancing all areas of our expertise to embrace the upcoming AEC in 2015. It is time to expand our business to truly become one of the leading regional construction firms and investors in public infrastructure systems.

In pursuit of becoming an organization with sustainable development,



CH. Karnchang Public Company Limited has been developing our specializations and operational abilities. In 2013, CH. Karnchang was greatly honored to be selected by the Stock Exchange of Thailand to be listed on the SET50 Index for the first time, and was also awarded an "Excellent" corporate governance rating from the Thai Institute of Directors (IOD). It is our commitment to continued improvement in respect of good operational results, good returns and good governance practice, as well as to fairness and corporate social and environmental responsibility in parallel. We will keep developing all areas of our capabilities as well as maintaining our obligations towards good governance and corporate social and environmental responsibility. CH. Karnchang will always be an organization that stays relevant in creating high quality works to ensure our sustainable growth along with Thai society and the world community.

MESSAGE FROM THE PRESIDENT AND THE CHIEF EXECUTIVE OFFICER



A handwritten signature in blue ink, appearing to read 'P. Trivisvavet', with a horizontal line underneath.

Mr. Plew Trivisvavet

President and The Chief Executive Officer

In 2013, CH. Karnchang Public Company Limited has achieved the highest operational results in our history, as a result of the increasing revenue from construction services and good progress in various construction projects. Moreover, such companies invested by CH. Karnchang group showed outstanding and constant operational results, and generated good returns and dividends as well as gains on investments to the Company. Based on CH. Karnchang Public Company Limited's vision to be the leader in construction business and the pre-eminent and comprehensive basic infrastructure developer and investor, with professional management, talented teams and good corporate governance practice as well as corporate social and environmental responsibility, these values have demonstrated the exceptional performance which will pave the way for CH. Karnchang's sustainable growth.

Even though the political situations in 2013 have given rise to delays in construction projects, including various public infrastructure projects in Thailand, we are positive that such

delays are only temporary, and that all concerned will come together for Thailand to get over this political conflict and return to normal. We are certain that these public infrastructure projects, which are essential to the national development, will be further pushed forward urgently.

However, over the past several years, CH. Karnchang Public Company Limited has been working very hard, successfully bidding for numerous construction projects and developing different projects. As a result, in 2013, we have a current backlog as high as Baht 110,000 Million, which will generate substantial revenues over the next four years. This will help secure a constant revenue stream in spite of Thailand's political and economic uncertainty. Moreover, CH. Karnchang is determined to go regional. Our credentials and successful projects in the past and at present, all of which have brought about remarkable performance, have proved our competitive edges, determination and future expansion prospects.

In 2013, CH. Karnchang Public Company

Limited has signed a great deal of construction contracts – Trackwork of the MRT Green Line Project, Bearing – Samutprakan Section; Supply of Rolling Stock and Signaling Systems of the MRT Purple Line Project; Improvement and Expansion of Provincial Waterworks Authority Lampang Branch; and Construction Contract for a Multipurpose Building of General Prem Tinsulanonda Foundation, the Royal Thai Army Band, for Music Development, etc. Other several projects which are currently under construction with substantial progress include MRT Purple Line Project, Bang Yai – Bang Sue Section; MRT Blue Line Extension Project, Hua Lamphong – Bang Khae Section, comprising Underground Civil Works: Sanam Chai – Tha Phra Section, and Trackwork; New Tobacco Production Plant Project; and Si Rat – Outer Ring Road Expressway Project. The total value of these projects exceeds Baht 110,000 Million. Furthermore, the satisfactory progress of the Xayaburi Hydroelectric Power Project in the Lao PDR has confirmed our capabilities to handle large-scale works which require sophisticated engineering and construction technology, as well as

“ In 2013 Our net profit in the financial statements was  Baht 7,712 Million ”

efficient project management and other related skills. In addition, we are expecting to sign contracts very soon for the Bangpa-in Cogeneration Power Project, Phase 2, and the Nam Bak Hydroelectric Power Project, worth approximately Baht 21,750 Million.

The operational results in 2013 of CH. Karnchang Public Company Limited showed satisfactory figures - total revenues of Baht 42,010 Million, total expenses of Baht 30,738 Million, total assets of Baht 72,034 Million and total liabilities of Baht 55,194 Million, with a gross profit margin at 10.54 percent as forecast. Our net profit in the financial statements was Baht 7,712 Million and revenue from construction services in 2013 increased from Baht 20,684 Million in 2012 to Baht 32,570 Million in 2013.

Our business vision essentially contributes to CH. Karnchang's investments in a variety of public infrastructure projects and clearly distinguishes CH. Karnchang and our group companies from others. Those companies in which CH. Karnchang invested are professionally capable of carrying out construction and operating business with continued growth, regularly generating dividend income to the Company, as well as allowing the Company to derive gains on sales of investments at appropriate timing. In 2013, CH. Karnchang has derived a special gain on financial restructuring by selling certain shares in Thai Tap Water Supply Public Company Limited for our financial strength in support of potential construction projects and investments in the future. Furthermore, given our clear vision of energy business prospects and following the restructure

of the energy sector in CH. Karnchang group, we have successfully listed CK Power Public Company Limited or CKP on the Stock Exchange of Thailand in July 2013. CK Power Public Company Limited, with its core business abroad, has become Thailand's first holding company listed on the Stock Exchange of Thailand, and is well-prepared to be CH. Karnchang group's flagship in our local and regional energy business expansion.

CH. Karnchang envisions the synergy of development and investment in basic infrastructure systems, and has a policy to invest in such businesses which would be beneficial to the country as well as take into account the long-term business prospects. To this effect, in 2013, CH. Karnchang supported the capital increase in Bangkok Metro Public Company Limited or BMCL in order to strengthen BMCL's financial position for the operation of the MRT Purple Line Project, Bang Yai – Bang Sue Section, which has been awarded to BMCL and will be opened for service in early 2017. The stronger financial position from such capital increase will enable BMCL to handle various mass rapid transit extension projects, e.g., BMCL plans to bid for the operation of the MRT Blue Line (Extension) Project, Bang Sue – Tha Phra Section, Hua Lamphong – Bang Khae Section, and other projects in the future. CH. Karnchang has clearly expressed our intention to create the synergy in collaboration with such companies under our investments to reinforce our group, and bring out good benefits and returns to all businesses within the group.

With more than 40 years of experiences,

CH. Karnchang Public Company Limited has been professionally and responsibly operating our business. We are committed to carrying out works or investing in projects in the best interests to society and to the country. Our vision towards leadership in construction industry and in development of basic infrastructure systems, along with the state-of-the-art technology, has rendered CH. Karnchang to be internationally recognized for our quality, efficiency and safety under the good corporate governance principles and practices as well as the corporate social and environmental responsibility. On behalf of the management team of CH. Karnchang Public Company Limited.

I would like to thank our shareholders, public and private sector customers, business partners, and financial institutions for your generous support. We promise to continue improving our capabilities, technology, personnel, knowledge, management skills and corporate governance, so as to assure you of our consistent business performance and commitment to the corporate social and environmental responsibility in every step of our operations, from selecting and managing projects which are suitable and beneficial to the country, initiating programs and activities contributory to communities and society, and regularly raising awareness of the social and environmental responsibility to our staff and the communities as a whole. We will certainly be striving to ensure our satisfactory and justifiable business performance as well as sustainable growth on a regional and international scale.

BOARD OF DIRECTORS



1. Mr. Aswin Kongsiri

Chairman of the Board of Directors
Independent Director

2. Mr. Plew Trivisvavet

Director
Chairman of the Executive Board
Nomination and Remuneration Committee Member
Corporate Governance and Risk Management
Committee Member
Chief Executive Officer

3. Mr. Vitoon Tejatussanasoontorn

Director
Chairman of the Audit Committee
Chairman of the Corporate Governance and
Risk Management Committee
Nomination and Remuneration Committee Member
Independent Director

4. Mr. Don Pramudwinai

Director
Audit Committee Member
Chairman of the Nomination and Remuneration
Committee
Chairman of the Corporate Social and Environmental
Responsibility Committee
Independent Director

5. Mr. Thawansak Sukhawun

Director
Audit Committee Member
Corporate Governance and Risk Management
Committee Member
Independent Director

6. Mr. Pavich Tongroach

Director
Corporate Social and Environmental Responsibility
Committee Member
Independent Director

7. Mr. Narong Sangsuriya

Director
Executive Director
Nomination and Remuneration Committee Member
Corporate Governance and Risk Management
Committee Member

8. Mr. Kamthorn Trivisvavet

Director
Executive Director

9. Mr. Ratn Santaannop

Director
Executive Director

10. Mr. Prasert Marittanaporn

Director
Executive Director
Corporate Social and Environmental Responsibility
Committee Member

11. Mr. Sombat Kitjalaksana

Director

12. Mr. Anukool Tuntimas

Director
Executive Director

MANAGEMENT TEAM



1. Mr. Plew Trivisvavet

Chief Executive Officer

2. Mr. Narong Sangsuriya

Senior Executive Vice President : Operation Group

3. Mr. Prasert Marittanaporn

Senior Executive Vice President : Administration Group

4. Mr. Ratn Santaannop

Executive Vice President : Construction 1

5. Mr. Viboon Mongkolpiyathana

Executive Vice President : Construction 2

6. Mr. Watchara Sanghattawattana

Executive Vice President : Engineering

7. Mr. Phongsarit Tantisuvanitchkul

Executive Vice President : Business Development

8. Mr. Sittidej Trivisvavet

Executive Vice President : Purchasing

9. Mr. Vorapote Uchupaiboonvong

Executive Vice President : Accounting and Finance

10. Mr. Anukool Tuntimas

Executive Vice President : Human Resource and General Administration

ADVISORY COMMITTEE FOR BOARD OF DIRECTORS AND THE EXECUTIVE BOARD



1. Pol. General Narong Mahanonda

Chairman of the Advisory Committee

2. Pol. Major General Sawat Vijaranakorn

Senior Executive Advisor

3. Mr. Prasert Trivisvavet

Advisory Committee for Executive Board

4. Mr. Thep Trivisvavet

Advisory Committee for Executive Board

5. Mr. Yim Trivisvavet

Advisory Committee for Executive Board

6. Mr. Charn Chongchit

Legal Advisor

COMPANY SECRETARY



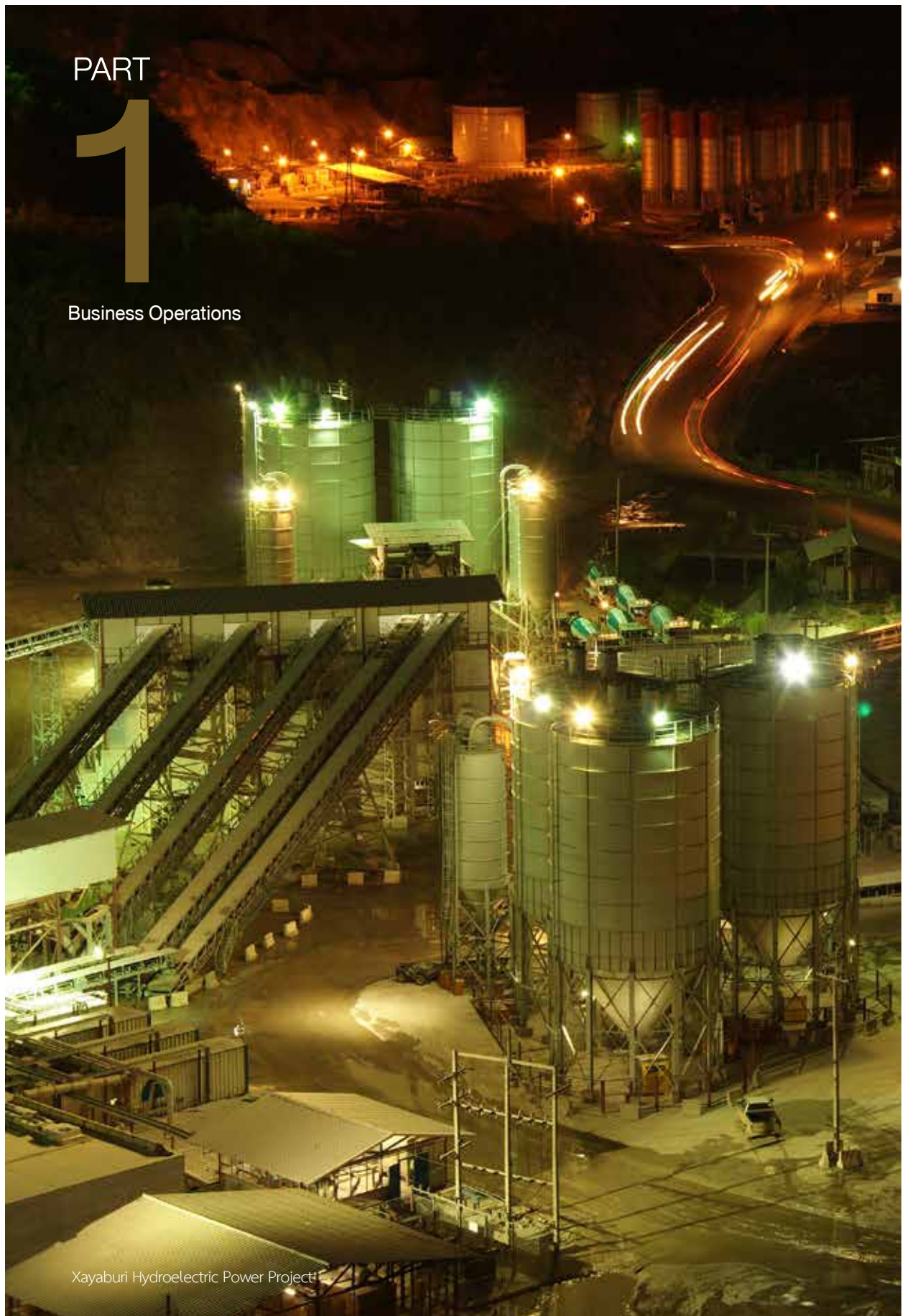
Mr. Nattavut Trivisvavet

Company Secretary

PART

1

Business Operations



Xayaburi Hydroelectric Power Project

BUSINESS POLICY AND OVERVIEW

CH. Karnchang Public Company Limited operates construction business and has more than 40 years of experience and expertise in all types of construction, e.g., buildings, roads, bridges as well as large-scale construction projects, infrastructure projects, such as, expressways, underground mass transit systems, dams, various power plants. Moreover, the Company has developed its personnel and management skills until the Company is capable of developing infrastructure projects of a national and regional scale, respectively, with apparent results, namely, investments in Bangkok Expressway Public Company Limited which operates the Second Stage Expressway and its extensions; Concession Agreement for Water Production by Thai Tap Water Supply Public Company Limited for distribution to the Provincial Waterworks Authority in Nakhon Pathom, Samut Sakhon and Pathum Thani Provinces; Concession Agreement for MRTA Initial System, Chaloem Ratchamongkhon Line by Bangkok Metro Public Company Limited; Concession Agreement for the Nam Ngum 2 Hydroelectric Power Project for production and distribution of electricity to the Electricity Generating Authority of Thailand and the Government of the Lao People's Democratic Republic; including such projects under construction as Concession Agreement for the Xayaburi Hydroelectric Power Project for production and distribution of electricity to the Electricity Generating Authority of Thailand and the Government of the Lao People's Democratic Republic; Concession Agreement for Small Power Producer (SPP) with a capacity of 120 MW, Cogeneration System, for the Electricity Generating Authority of Thailand and industrial operators in Bang Pa-in Industrial Estate, etc.; and CK Power Public Company Limited which engages in energy business.

Based on the strategic business operations described above, the Company has generated revenue from construction services for both public and private sectors, including revenue from construction services by way of such investments, which has enabled the Company to better manage risks from construction business. Furthermore, the Company has also earned returns on investment in such companies in the form of dividend and gains on sales of investments, thereby resulting in a steady and continuing growth in the Company's revenues and earnings.



1 The Company's Overall Operational Policy

► Vision

"To be the leader in construction business and the pre-eminent and comprehensive basic infrastructure developer in the region."

► Missions

- Deliver quality work for our customers while committed to creating work that contributes to the society and country with good returns to our shareholders and providing fair treatment to all our stakeholders
- Manage our business with professionalism and in accordance with the guidelines of good Corporate Governance
- Be responsible to the community, society and the country
- Develop human capital and organization on a continuous and consistent basis

► Corporate (Q-C-I-S-T)

Q
Quality of Services

C
Customer Satisfaction

I
Integrity

S
Social and Environmental Responsibilities

T
Teamwork



► Strategies: Sustainable Growth

- Select projects with good contribution to the society and our country and with fair business returns
- Manage construction projects under the principles of effective cost management, timeliness and quality of work
- Build the business synergy in construction business and investment in basic infrastructure projects that contribute to the country's development for the purpose of risk management and increase in long-term returns to shareholders
- Expand to regional market with an emphasis on Southeast Asia
- Develop organizational capacity – human capital and management structure – to increase the company's competitiveness
- Manage and develop advanced technology, including knowledge to ensure the company's comparative advantage

To ensure the Company's business operations in compliance with the key policy, the Company has complied with the strategies by investing in basic infrastructure system projects. As such, the Company has the potential to become the comprehensive infrastructure project developer, including the concession project manager. Currently, the Company invests in transport systems, mass transit systems, water infrastructure systems, power systems, as a strategy to strengthen and distinguish itself, open up opportunities and diversify itself beyond the construction business alone as the Company can manage risks in the construction business through its capacity as developer and investor, and employ its capability in the concession management to generate good and steady business returns in the group.

2 Significant Changes and Development



1972

CH. Karnchang Public Company Limited was incorporated as a limited company with the initial registered capital of Baht 1.40 Million on November 27, 1972 to engage in general construction business. Initially, the Company's scope of work covered construction of buildings and general civil works and its major clients were government agencies, such as, the Royal Thai Army and the Royal Thai Air Force. The achievements bringing reputation to the Company in the initial period included, for example, the Chulachomklao Royal Military Academy, various buildings, hospitals and public utilities for the Royal Thai Army and the television station building for the Mass Communication Organization of Thailand (MCOT), etc.

1981

Subsequently, the Company realized the need to enlarge the scope of its business operations for long-term prosperity. In this respect, in 1981, the Company entered into a joint venture with Tokyu Construction Co., Ltd., one of Japan's top ten construction contractors, for the purpose of construction business and management, as well as potential business alliance.

1994

The Company expanded its scope of business operations and increased the registered capital to accommodate the continued business expansion. On October 10, 1994, the Company was converted into a public limited company, resulting in an increase in its registered capital to Baht 700 Million, and then became a listed company on the Stock Exchange of Thailand on August 3, 1995.

1996

On April 19, 1996, the Company registered the increase of its registered capital from Baht 700,000,000 to Baht 1,050,000,000, at which time, the Company was rapidly growing and improving its capabilities by both work management and development of human resources, as well as construction technology development through its joint ventures with foreign companies which possess expertise, e.g., Bilfinger AG from Germany, Thames Water International Limited from England. This enabled the Company to expand its scope of engagements to the point at which the Company became one of a few construction contractors which were sufficiently well-prepared to carry out sophisticated construction requiring advanced construction technology, such as, large scale infrastructure projects. In addition, the Company also developed its capabilities in terms of both engineering and management, allowing the Company to operate projects on a design and construction basis or the so-called turnkey, concession projects on a build-transfer-operate (BTO), build-operate-transfer (BOT), build-own-operate (BOO) and acquire-operate-transfer (AOT) basis, as well as other small, medium

and large scale projects. Among these outstanding and successful projects were, for example, the Concession Project for Tap Water Production and Distribution for the Provincial Waterworks Authority in Nakhon Pathom, Samut Sakhon and Pathum Thani Provinces; the MRTA Initial System Project, Chaloe M Ratchamongkhon Line; the Concession Agreement for the Hydroelectric Power Project (Nam Ngum 2) for Electricity Generation and Distribution to the Electricity Generating Authority of Thailand with the Government of the Lao People's Democratic Republic, including such various projects in progress as the Xayaburi Hydroelectric Power Project for Electricity Generation and Distribution to the Electricity Generating Authority of Thailand with the Government of the Lao People's Democratic Republic, and the Concession Agreement for Small Power Producers (SPP), with a production capacity of 120 MW, by the cogeneration system for the Electricity Generating Authority of Thailand and industrial operators in Bang Pa-in Industrial Estate, etc.

▼
2004

In 2004, the Company established SouthEast Asia Energy Limited to serve as the developer of the Nam Ngum 2 Hydroelectric Power Project in the Lao People's Democratic Republic (Lao PDR). In 2006, the Company commenced the construction of the Nam Ngum 2 Hydroelectric Power Project, a 615 MW hydropower plant, with a project value of more than Baht 22,000 Million, for production and distribution of electricity to the Electricity Generating Authority of Thailand. This project is regarded as a source of clean and renewable energy, which is low-priced and stable; and as an international investment which helps create jobs and revenue to the Lao PDR, together with improvement of the quality of life of local people in the long run, strengthen friendship and create partnership and good investment opportunity on a national level.

▼
2009

In addition to the expansion of hydropower investment, the Company further invests in a diverse variety of energy businesses, such as, natural gas power project, thermal power technology (cogeneration), and solar power projects. The Company then established Bangpa-in Cogeneration Limited in 2009, Xayaburi Power Company Limited in 2010, including Nakhon Ratchasima Solar Co., Ltd., Chiangrai Solar Co., Ltd., and Bangkhengchai Co., Ltd. in 2011. In 2012, the Company commenced the Xayaburi Run-of-River Construction Project, a 1,285 MW hydropower plant, with a project value of more than Baht 76,000 Million, for production and distribution of electricity to the Electricity Generating Authority of Thailand and the Government of the Lao People's Democratic Republic, which is expected to complete in 2019.

▼
2011

In 2011, the Company established CK Power Limited as a holding company with its core business in SouthEast Asia Energy Limited, the major shareholder of the Nam Ngum 2 Hydroelectric Power Project. CK Power Limited's business objectives are investment and shareholding in energy business, starting from its shareholding in energy business under development by CH. Karnchang group. It has a vision to invest in good energy business, including alternative and clean energy, either projects initiated by CH. Karnchang group or by other groups of business partners, in order to boost the business prospects in this field. CK Power Limited converted into a public limited company on February 6, 2013 and was listed on the Stock Exchange of Thailand on July 18, 2013.

2013

Significant Changes



1. In February 2013, the Company sold 438.90 million ordinary shares in Thai Tap Water Supply Public Company Limited (TTW) to Bangkok Expressway Public Company Limited, at the price of Baht 7.55 per share, totaling Baht 3,314 Million, thereby reducing the Company's shareholding percentage in TTW from 30.04 percent to 19.04 percent of its registered capital.

2. In April 2013, the Company sold 952.68 million ordinary shares in Bangkok Metro Public Company Limited (BMCL) to Hicrete Products and Technology Co., Ltd., at the price of Baht 1.15 per share, totaling Baht 1,095.59 Million, thereby reducing the Company's shareholding percentage in BMCL from 24.61 percent to 16.64 percent of its registered capital.

3. On April 11, 2013, the Company signed the Agreement of the MRT Green Line Project, Bearing – Samutprakan Section, Contract 2: Trackwork, with the Mass Rapid Transit Authority of Thailand (MRTA), for a construction period of approximately 1,350 days, with a contract value of Baht 2,400 Million.

4. On August 2, 2013, the Company signed the Contract for Improvement and Expansion of Provincial Waterworks Authority Lampang Branch, Muang District, Lampang Province, with the Provincial Waterworks Authority, for a construction period of approximately 600 days, with a contract value of Baht 658 Million.

5. On August 29, 2013, the Company signed the Contract of the Repair of the Si Rat Expressway (Sector C, some parts of Sector B and Sector A) with Bangkok Expressway Public Company Limited, for a period of approximately 12 months, with a contract value of approximately Baht 67 Million.

6. On September 4, 2013, the Company signed the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project, Bang Yai - Rat Burana, Bang Yai - Bang Sue Section, Contract 4: Concession for Supply of M&E Systems and O&M Services (Khleng Bang Phai Station - Tao Poon Station), with the Mass Rapid Transit Authority of Thailand, for a period of approximately 1,200 days, with a contract value of Baht 20,011 Million (inclusive of finance cost but exclusive of value added tax).

7. In December 2013, the Company exercised its right to acquire 1,422,560,217 capital increase ordinary shares in Bangkok Metro Public Company Limited (BMCL) according to its shareholding percentage, at the price of Baht 1 per share, and also oversubscribed for 2,777,439,783 capital increase ordinary shares, thereby increasing the Company's shareholding percentage in BMCL from 16.64 percent to 30.19 percent of its registered capital.

3 Shareholding Structure of Company Group

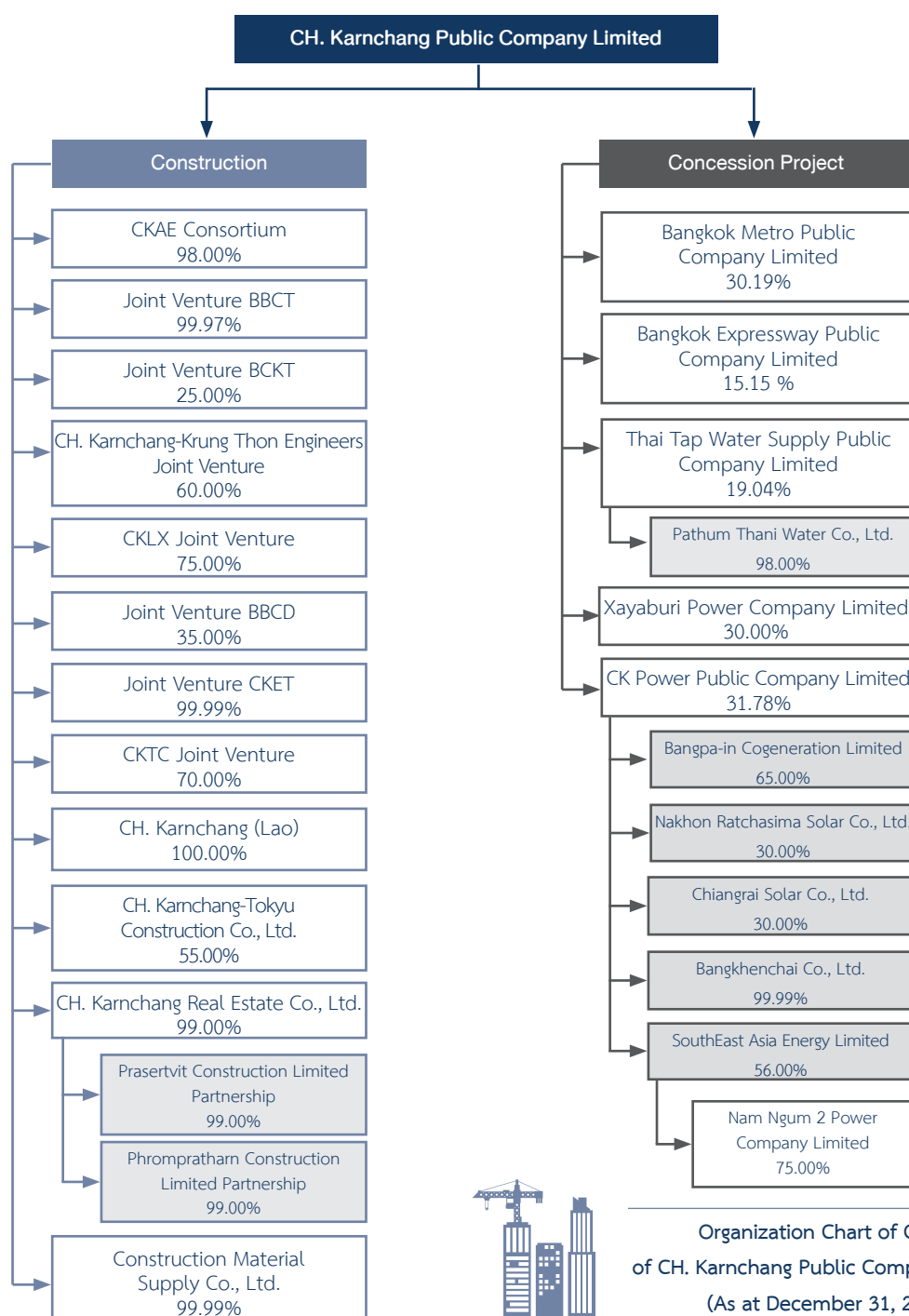
Policy on Business Grouping among Companies in the Group

The business operations of group companies are divided into two groups as follows:

- 1) Construction.
- 2) Concession.

Information on Shareholding Structure of Company Group

Business Operations of the Company, Subsidiaries and Associated Companies, divided into:



Organization Chart of Group
of CH. Karnchang Public Company Limited
(As at December 31, 2013)

Details of Business Operations of the Company, Subsidiaries, Associated Companies and Joint Ventures

Joint Venture/Company Name	Shareholding Ratio	Nature of Work
Construction Business		
1. CH. Karnchang (Lao) Co., Ltd.	100.00%	Construction of the Nam Ngum 2 Hydroelectric Power Project and the Xayaburi Hydroelectric Power Project
2. CH. Karnchang Real Estate Co., Ltd.	99.00%	Trading of Land, Allocation of Land and Residential Buildings
3. Construction Material Supply Co., Ltd.	99.99%	Trading of Construction Materials
4. Prasertvit Construction Limited Partnership	99.00% of shares held by CH. Karnchang Real Estate Co., Ltd.	Construction
5. Phrompratharn Construction Limited Partnership	99.00% of shares held by CH. Karnchang Real Estate Co., Ltd.	Construction
6. CH. Karnchang-Tokyu Construction Co., Ltd.	55.00%	Construction of All Kinds
7. Joint Venture BBCT comprising CH. Karnchang Public Company Limited, Bilfinger + Berger Bauaktiengesellschaft, Tokyu Construction Co., Ltd. and CH. Karnchang-Tokyu Construction Co., Ltd.	99.97%	(Sectors D and C1A) Construction of the Second Stage Expressway, Sector C+, Chaeng Watthana - Bang Phun - Bang Sai, Sector D, Asoke - Srinagarindra, and Sector C1A, Ngam Wong Wan - Chaeng Watthana
8. CKAE Consortium comprising CH. Karnchang Public Company Limited, 110 Architect Co., Ltd., Arun Chaiseri Consulting Engineers Co., Ltd., Environmental Engineering Consultants Co., Ltd. and Epsilon Co., Ltd.	98.00%	Design and Construction of the Development Project for Enhancement of the Capacities of the Bangkok International Airport
9. Joint Venture CKET comprising CH. Karnchang Public Company Limited and Expert Transport Co., Ltd.	99.99%	Project Operation and Management under the Agreement for Concession for Design, Manufacture, Delivery, Installation, Testing and Commissioning of M&E Equipment and for Operation and Maintenance of the MRTA Initial System, Chaloem Ratchamongkhon Line
10. CKLX Joint Venture comprising CH. Karnchang Public Company Limited and Loxley Public Company Limited	75.00%	Construction of the Toll Collection and Traffic Safety Control Systems for the Bang Pli - Suksawad Expressway and Highway No. 37, Outer Bangkok Ring Road (Bang Pli - Bang Khun Thien, Suksawad - Bang Khun Thien Section)
11. CKTC Joint Venture comprising CH. Karnchang Public Company Limited and Tokyu Construction Co., Ltd.	70.00%	Operations for Construction Project of the Purple Line, Bang Yai - Rat Burana, Bang Yai - Bang Sue Section; Contract 1: Elevated Structures (East)
12. CH. Karnchang-Krung Thon Engineers Joint Venture comprising CH. Karnchang Public Company Limited and Krung Thon Engineers Company Limited	60.00%	Operations for Construction of Phra Ong Chao Chaiyanuchit Canal Conduit System - Bang Phra Reservoir and Appurtenant Structures Contract 1 Project, Project for Diversion of Water from Eastern Chao Phraya River Basin - Bang Phra Reservoir, Chon Buri Province
13. Joint Venture BBGD comprising Bilfinger + Berger AG, CH. Karnchang Public Company Limited and Walter Bau AG	35.00%	Construction of the (Bang Na - Bang Pli - Bang Pakong) Expressway
14. Joint Venture BCKT comprising Bilfinger + Berger Bauaktiengesellschaft, CH. Karnchang Public Company Limited, Kumagai Gumi Limited and Tokyu Construction Co., Ltd.	25.00%	Design and Construction of the Underground Structures - South, MRTA Initial System Project (Hua Lamphong - Huai Khwang)

Joint Venture/Company Name	Shareholding Ratio	Nature of Work
Concession Projects		
1. Bangkok Metro Public Company Limited	30.19%	Construction, Operation and Maintenance of Railway System, Train, Electric Train System or Other Powered Carriage System
2. Bangkok Expressway Public Company Limited	15.15%	Construction and Operation of the Second Stage Expressway Project and Various Extensions, including Related Businesses
3. Thai Tap Water Supply Public Company Limited	19.04%	Tap Water Production and Distribution for the Provincial Waterworks Authority in Nakhon Pathom Province and Samut Sakhon Province
4. Pathum Thani Water Co., Ltd.	98.00% of shares held by Thai Tap Water Supply Public Company Limited	Production and Distribution of All Tap Water to the Provincial Waterworks Authority
5. Xayaburi Power Company Limited	30.00%	Concession for Electricity Generation from the Lao People's Democratic Republic
6. CK Power Public Company Limited	31.78%	Holding Company
7. Bangpa-in Cogeneration Limited	65.00% of shares held by CK Power Public Company Limited	Operation of the Small Power Producers (SPP) Construction and Management, with the production capacity of 120 MW, by the cogeneration system within Bang Pa-in Industrial Estate to generate and distribute electricity to EGAT and industrial operators in Bang Pa-in Industrial Estate
8. Nakhon Ratchasima Solar Co., Ltd.	30.00% of shares held by CK Power Public Company Limited	Construction and Operation of the Project for Electricity Generation by Solar Energy, with a production capacity of 6 MW, to generate and distribute electricity to EGAT
9. Chiangrai Solar Co., Ltd.	30.00% of shares held by CK Power Public Company Limited	Construction and Operation of the Project for Electricity Generation by Solar Energy, with a production capacity of 8 MW, to generate and distribute electricity to EGAT
10. Bangkhenchai Co., Ltd.	99.99% of shares held by CK Power Public Company Limited	Construction and Operation of the Project for Electricity Generation by Solar Energy, with a production capacity of 8 MW, to generate and distribute electricity to EGAT
11. SouthEast Asia Energy Limited	56.00% of shares held by CK Power Public Company Limited	Design, Development, Construction and Operation of the Nam Ngum 2 Hydroelectric Power Project for Electricity Generation and Distribution for EGAT
12. Nam Ngum 2 Power Company Limited	75.00% of shares held by SouthEast Asia Energy Limited	Assumption of Rights and Benefits under the Concession Agreement and the Power Purchase Agreement

4 Relationship with Business Group of Major Shareholders

The Company's core business operations have no material relationship or connection with other business operations of the major shareholders.

NATURE OF BUSINESS OPERATIONS

CH. Karnchang Public Company Limited is operating the primary business of construction and accepts engagements from government agencies, state enterprises and private entities, in the form of main contractor or sub-contractor, through bidding and negotiation processes, and in cooperation with foreign contractor companies in the form of joint ventures for construction projects which could not be separated into work portions or volumes for the respective joint venture members. Each joint venture member shall be responsible for profit or loss in accordance with the ratio as agreed upon in respect of every work portion. The joint investment may also be in the form of consortium, in case such construction project could be separated into work portions and volumes for the respective members who shall be independently responsible for profit or loss. Such works are mostly various projects of the government, that is, large-scale infrastructure projects and building construction projects, including joint venture with the government in concession businesses relating to transportation, water, and energy infrastructure, etc., with the nature of operations as follows:

1. Construction of CH. Karnchang Public Company Limited, Subsidiaries and Joint Ventures can be divided into two categories:

(A) Main Contractor:

The Company accepted engagement for construction directly from project owners, through bidding process and negotiation in the capacity as main contractor, whereby the Company shall submit proposals in its own name. In case of a large-scale project, which requires specialized foreign companies for joint operation, the Company shall submit proposals in cooperation with such specialized foreign companies in accordance with the requirements of the project owner. In the acceptance of projects in this manner, the Company shall not solely carry out the entire construction work, but the Company shall subcontract parts of such work taking into account the creditability and previous achievements of the sub-contractors, without reliance upon or adherence to any particular sub-contractor.

(B) Sub-contractor:

The Company accepted work from other contractors that were awarded the work directly from project owners. The work of this nature would mostly be related to the production process utilizing large sized and sophisticated machinery, usually operated by foreign companies, and requiring construction contractors with various capabilities and fields of experience. A single main contractor would not have adequate experience and skills to proceed with all steps of the work. In this respect, CH. Karnchang Public Company Limited would consider accepting subcontract work from main contractors with reputation and good financial standing and such subcontract work shall be accepted taking into account the Company's sufficient capabilities to carry out such work of this nature, thereby allowing the Company to have the opportunity to accept transfer of technology in respect of engineering, production process and management, as well as creating business alliance with sufficient capability to carry out large-scale projects which require more advanced technology in the future.



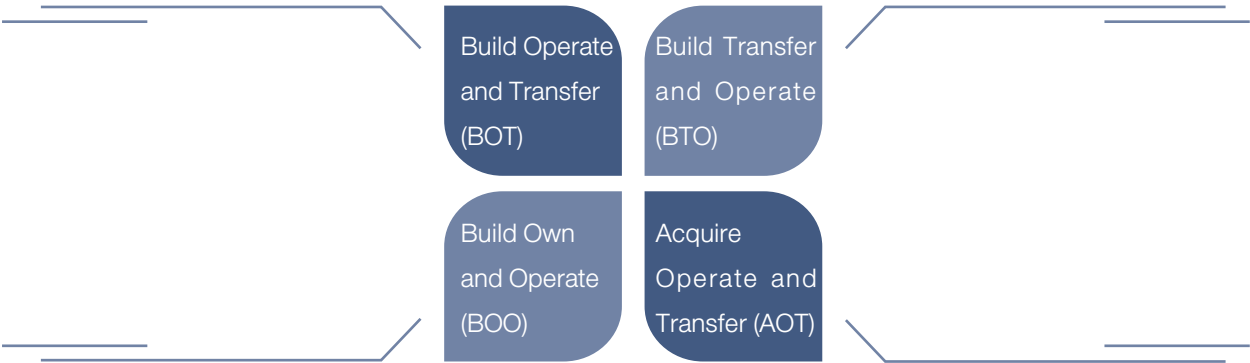
2. Concession Business

The Company participated in bidding for various projects in the form of concession from the public sector, and these projects would be related to the basic infrastructure of the country, e.g., the MRTA Initial System Project, water production projects, power plant projects, expressway projects. These projects were usually carried out in the form of build-operate-transfer (BOT) or build-transfer-operate (BTO) or build-own-operate (BOO) or acquire-operate-transfer (AOT), with a long concession period and high valued investments. In this respect, CH. Karnchang Public Company Limited would establish associated companies and related companies to carry out these projects, e.g., Bangkok Metro Public Company Limited, the concessionaire for the MRTA Initial System Project, Chaloem Ratchamongkhon Line. As for such projects requiring specific technology or work experience, the Company would cooperate with other local and foreign companies which have experience and qualifications in accordance with the terms and requirements of said projects.

Definition of Respective Forms of Implementation

Build-Operate-Transfer (BOT): Private entity shall be granted the right under a concession agreement from the government for investment in construction and implementation to derive returns within a specified period and during the implementation, the ownership of the property shall remain vested in the private entity. After the end of the concession period, the ownership of the invested property shall be transferred to the government in consideration of the grant of the concession. Examples for projects of this nature are Pathum Thani Water Co., Ltd., which has a concession period of 25 years, SouthEast Asia Energy Limited, which has a concession period of 25 years, and Xayaburi Power Company Limited, which has a concession period of 29 years.

Build-Transfer-Operate (BTO): Private entity shall carry out the design, investment and construction of property, the ownership of which shall be transferred to the government immediately after the construction completion. The private entity shall be granted the right to utilize such invested property under the concession agreement to derive returns within a specified period. During the period the Company is still entitled to utilize such property under the concession period, the Company records such property in the form of the right to utilize, which is amortized throughout the concession period. An example for a project of this nature is Bangkok Expressway Public Company Limited, which has a concession period of 30 years.



Build-Own-Operate (BOO): Private entity shall carry out construction and management by its own investment. The ownership of the invested property is vested in the private entity. However, the private entity shall have an agreement with the government to guarantee revenue on a long term basis, whereby the government agency shall purchase goods during the term of the agreement and upon expiration of the concession period, such property shall remain vested in the investing company. An example for a project of this nature is Thai Tap Water Supply Public Company Limited, which has a concession period of 30 years.

Acquire-Operate-Transfer (AOT): In the concession of this nature, private entity shall be granted the concession right from the government and the private entity shall acquire property from the government for management, for example, in the MRTA Initial System Project, Chaloem Ratchamongkhon Line. The private entity shall then be entitled to invest in the assets and operate the project to derive returns within a specified period as agreed upon with the government. After the end of the concession agreement, the ownership of the property invested by the private entity shall be transferred to the government. An example for a project of this nature is Bangkok Metro Public Company Limited, which has a concession period of 25 years.

Engagement Ratio of CH. Karnchang Public Company Limited

Based on Engagement

Unit: Million Baht

Value of Work	2010		2011		2012		2013	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Main Contractor	1,741.23	43.37	4,916.62	45.64	10,383.70	78.28	11,832.89	69.99
Sub-contractor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Income (project management income, dividend, etc.)	2,273.20	56.63	5,855.86	54.36	2,882.20	21.72	5,074.45	30.01
Total	4,014.43	100.00	10,772.48	100.00	13,265.90	100.00	16,907.34	100.00



Revenue Structure

Unit: Million Baht

Products	Operated by	% Share holding of the Company	2010		2011		2012		2013	
			Revenues	%	Revenues	%	Revenues	%	Revenues	%
Revenue from Construction	CH. Kamchang Public Company Limited	-	1,693.69	17.12	3,570.77	25.80	9,591.33	43.42	11,576.92	27.56
	CH. Kamchang (Lao) Co., Ltd.	100.00	3,573.95	36.12	2,783.65	20.11	5,936.01	26.87	15,105.28	35.96
	CH. Kamchang-Tokyu Construction Co., Ltd.	55.00	1,218.92	12.32	1,247.50	9.02	2,445.31	11.07	2,771.55	6.60
	CKLX Joint Venture	75.00	16.16	0.16	-	-	-	-	-	-
	CKTC Joint Venture	70.00	1,982.15	20.04	2,830.10	20.45	2,296.50	10.39	2,749.06	6.54
	CH. Kamchang- Krung Thon Engineers Joint Venture	60.00	1.66	0.02	380.77	2.75	415.74	1.88	367.64	0.88
Total Revenue from Construction			8,486.53	85.78	10,812.79	78.13	20,684.89	93.63	32,570.45	77.54
Revenue from Sales of Construction Materials	Construction Material Supply Co., Ltd.	99.99	27.11	0.27	57.26	0.41	55.22	0.25	20.23	0.05
	CH. Kamchang Public Company Limited	-	5.84	0.06	9.58	0.07	-	-	50.00	0.12
	CH. Kamchang (Lao) Co., Ltd.	100.00	-	-	6.32	0.05	-	-	-	-
	CKTC Joint Venture	70.00	-	-	4.22	0.03	23.97	0.11	36.29	0.08
Total Revenue from Sales of Construction Materials			32.95	0.33	77.38	0.56	79.19	0.36	106.52	0.25
Interest Income										
Dividend Income and Profit Sharing from Jointly Controlled Entities			253.79	2.57	310.89	2.25	406.90	1.84	580.36	1.38
Other Income ⁽¹⁾			160.53	1.62	171.99	1.24	166.77	0.75	619.44	1.47
			960.04	9.70	2,466.67	17.82	756.61	3.42	8,133.20	19.36
TOTAL ⁽²⁾			9,893.84	100	13,839.72	100	22,094.36	100	42,009.97	100

Remarks:

(1) Other income comprises profit sharing from jointly controlled entities and dividend income, gain on sales of investments in subsidiaries and associated companies, reversal of provision for loss on investments in joint ventures, revenue from waiver of accrued interest payable, reversal of provision for doubtful debts, gain on exchange, miscellaneous income, etc.

(2) The figures of revenue from the respective companies as indicated in the foregoing table have been net of connected transactions.

1 Description of Products and Services

► Construction

The Company has experience and expertise in construction and various engineering work, such as, infrastructure construction work, e.g., roads, bridges, elevated roads, expressways, buildings and industrial factories, mechanical and electrical equipment, namely, installation of equipment and machinery for various factories, etc. Considering the previous revenue structure and present projects, the construction may be divided into four primary categories as follows:



1. Building construction

work can be divided into two major categories, namely medium and high level buildings, with a height of 15 or more stories. The building construction work comprises three major systems, i.e., structure, interior and exterior designs, and system work, including electricity, water supply, air-conditioning, elevator, drainage and fire extinguishing systems. Furthermore, the Company also improves the efficiency and expands the capabilities of the Company in turnkey construction projects. In this regard, the Company shall be responsible for the design and construction of the structural system, decoration as well as the entire system work for the project owner or employer in accordance with the design and period as agreed upon in the contract. The policy to enhance the capabilities for such turnkey projects allows the Company's customers to obtain full scale services.

comprise the country's basic infrastructure work owned by the government to accommodate the expansion of the national economy in the future. Such expansion would give rise to the inadequacy of the government infrastructure services which could not grow in line with the private sector requirements, thereby resulting in the increased expansion of the national highway system, as evidenced by various new projects, such as, traffic lane expansion projects, interchange and elevated road construction projects, etc. In addition, the Company also foresees a good trend for construction work of this nature, therefore, the Company has developed its capabilities and competition strategies to the extent that the Company has presently become one of the leading company groups in the construction of such special highways as elevated roads and the expressway systems.

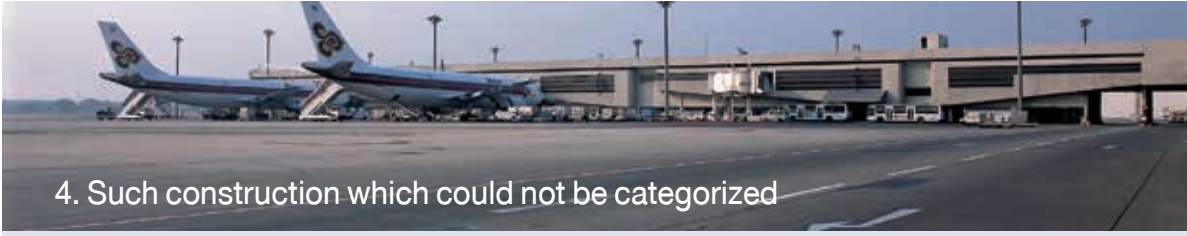


2. Road, national highway and other roadwork construction



3. Infrastructure construction

involves the development of the national infrastructure system. The requirements for infrastructure were included in the National Economic Development Plan No. 7 (1992-1996) and continued in the National Economic Development Plans No. 8 (1997-2001), No. 9 (2002-2006), No. 10 (2007-2011) and No. 11 (2012-2016). The Company participated in cooperation with the public sector for investment in the expansion of infrastructure system, which serves as fundamental requirement to the national administration. The development of various infrastructure systems may be divided into such categories as transportation, energy, communications, water system and public utilities system which CH. Karnchang Public Company Limited has advantages in terms of its high and long experience in various infrastructure construction of this nature.



4. Such construction which could not be categorized

comprises other construction work outside of the foregoing categories, such as, medium to small-sized construction projects, which were awarded to CH. Karnchang Public Company Limited, significantly due to its previous achievements and experience, as well as product quality evidently recognized by the public, e.g., project for land improvement phase 1 in Suvarnabhumi Airport, and the Ground Improvement for the 1st Midfield Satellite Aprons and the 3rd Runway Project of New Bangkok International Airport Company Limited, the Construction of Drainage Canal and Road with Facilities Phase 1 Project, Drainage System Project in Suvarnabhumi Airport, Samut Prakan Province, and the Construction of Phra Ong Chao Chaiyanuchit Canal Conduit System - Bang Phra Reservoir and Appurtenant Structures Contract 1 Project, etc.

Generally, in the participation in the bidding for government construction works, bidders would be required to complete the registration as permitted contractors prior to participating in any bidding for projects of such government agencies as the Department of Highways, the Department of Royal Irrigation, etc. The registration of contractors also involves the rating of the capabilities of the respective contractors to identify the size of projects in which these contractors would be qualified to participate. At present, the Company has already registered as contractor with various agencies and is always rated as type 1 contractor. As for the initial qualifications for such registration, the government agencies shall take into account three primary requirements, namely, experience and achievements; financial position; and the number and qualifications of personnel. The government agencies generally categorize the preliminary qualifications into five levels, and each level shall be eligible to submit bids for construction at different project values. The Company, as a type 1 contractor, is eligible to bid for all types of projects, therefore, the Company has no restrictions to participate in bidding for various construction projects.

► Concession Business

In the participation in bidding for various concession projects of the government, these projects involve the infrastructure systems as follows:

1. Bangkok Expressway Public Company Limited (BECL)

operates a BTO project by way of investment in the design, construction and operation of the Si Rat Expressway (Second Stage Expressway) and various extension projects, provided that the ownership of the permanent construction work shall be vested in the Expressway Authority of Thailand, and BECL is granted the right to operate and receive toll revenue sharing. This project is a result of the cooperation among the public sector, BECL and other private companies.

2. Bangkok Metro Public Company Limited (BMCL)

operates a project which involves the design, manufacture, supply, installation, testing and commissioning of the mechanical and electrical equipment and to operate and maintain the MRTA Initial System, Chaloem Ratchamongkhon Line. This project is being operated on an AOT basis, by way of joint investment in construction of the MRTA Initial System, Chaloem Ratchamongkhon Line, between the public sector, namely, the Mass Rapid Transit Authority of Thailand or the MRTA, and BMCL with a concession period of 25 years. BMCL agrees to share revenue from fares with the Mass Rapid Transit Authority of Thailand on a yearly basis, commencing the eleventh year after the occurrence of the Revenue Service until the end of the contract period, totaling Baht 43,567 Million, and also agrees to share revenue from Commercial Development on a yearly basis throughout the contract period, totaling Baht 930 Million. In this regard, BMCL would be required to make payment in respect of profits in excess of the specified rate as well as portions of benefits derived from loans as a result of lower interest rate than that specified in the agreement. The concession period shall commence when BMCL has officially derived revenue from ridership and shall continue until the end of the concession period after the first day of ridership for a period of 25 years.

3. Thai Tap Water Supply Public Company Limited (TTW)

operates a BOO project to produce and distribute water to the Provincial Waterworks Authority in the vicinities of Nakhon Pathom Province and Samut Sakhon Province, through a joint investment between the company and Thames Water International (Thailand) Limited, with a concession period of 30 years. The minimum volume of water to be purchased by the Provincial Waterworks Authority in the initial stage is 200,000 cubic meters per day, commencing on July 21, 2004, and such minimum volume shall be increased to 250,000 cubic meters per day within two years from the commencement date of water purchase, and to 300,000 cubic meters per day within four years from the commencement date of water purchase. Upon expiration of the concession period, TTW is not required to transfer the water production and distribution system to the Provincial Waterworks Authority. The concession period commences on July 21, 2004 and would expire on July 21, 2034.

Pathum Thani Water Co., Ltd. (PTW)

whereby TTW holds shares representing 98 percent, operates a BOT project to produce and distribute all water to the Provincial Waterworks Authority for further distribution to the public in the vicinity of Pathum Thani Province for a concession period of 25 years. The contract also specifies the minimum volume of water to be purchased by the Provincial Waterworks Authority from the company, namely 140,000 cubic meters per day, and such minimum volume shall be increased to 288,000 cubic meters per day depending on the demand for

water supply in the vicinity of Pathum Thani, which shall be notified by the Provincial Waterworks Authority to PTW. Upon expiration of the concession period, PTW shall transfer the ownership of all assets in respect of the water production to the Provincial Waterworks Authority for continued water production. The concession period commences on October 15, 1998 and would expire on October 15, 2023. At the end of the contract period, PTW is entitled to renew the contract period.

4. Xayaburi Power Company Limited (XPCL)

operates a BOT project to design, develop, construct and operate the Xayaburi Hydroelectric Power Project for generation and distribution of electricity to the Electricity Generating Authority of Thailand for further distribution to the public in Thailand, with a concession period of 29 years commencing from the Commercial Operation Date, subject to the conditions of the Power Purchase Agreement of approximately 7,070 GWh. per year or at a production capacity of 1,220 MW with the Electricity Generating Authority of Thailand, and the Power Purchase Agreement of approximately 300 GWh. per year or at a production capacity of 60 MW with the Electricité du Laos. Upon expiration of the concession period, XPCL shall transfer the ownership of all assets in respect of the electricity generation to the Government of the Lao PDR for further electricity generation.

5. CK Power Limited (CKP)

operates its main business by holding shares in other companies operating the business of production and distribution of electricity from various kinds of energy and/or being owners of power plants for production and distribution of electricity from various kinds of energy. The core revenue of the company then is derived from the dividend income from investment by holding shares in its subsidiaries and associated companies. At present, the company invests by holding shares in other companies operating the business of production and distribution of electricity from various kinds of energy, e.g., hydroelectric power plant, solar photovoltaic power plant and cogeneration power plant, with the total production capacity of 754.5 MW (excluding the production capacity of BIC's second project as the construction has not yet commenced).

CKP holds shares in the following companies:

1. SouthEast Asia Energy Limited (SEAN)

operates the business of investment and development of power production business in the Lao PDR and provides consulting and other services relating to the power production project. Currently, SEAN holds 660,675,000 shares in Nam Ngum 2 Power Company Limited (NN2), representing 75 percent of its registered and paid-up capital. NN2 produces and distributes hydroelectric power from the Nam Ngum 2 Dam, with the production capacity of 615 MW. The Nam Ngum 2 Hydroelectric Power Plant is located in the Lao PDR. Therefore, SEAN's core revenue is derived from the dividend from investment by holding shares in NN2.

NN2 is a generator and distributor of electricity from the Nam Ngum 2 Hydroelectric Power Plant, as the concessionaire under the Nam Ngum 2 Hydroelectric Power Project Concession (the "Concession Agreement") granted by the Government of the Lao PDR. Such Concession Agreement is being operated on a BOOT (Build-Own-Operate-Transfer) basis, that is, NN2 will design, develop, construct and operate the hydroelectric power project from the Nam Ngum 2 Hydroelectric Power Plant, with the production capacity of 615 MW, and with a concession period of 25 years from the Commercial Operation Date ("COD", namely, on January 1, 2013). Upon expiration of the concession period, NN2 shall deliver such Nam Ngum 2 Hydroelectric Power Project to the Government of the Lao PDR. In this regard, NN2 has the right under the agreement to request

an extension of time for the Concession Agreement, subject to the terms and conditions to be agreed upon. Under the Concession Agreement, NN2 is obliged to pay the consideration for the concession and taxes to the Government of the Lao PDR according to the schedule and at the rate as specified in the Concession Agreement.

Therefore, NN2's main business is to produce and distribute electricity from the Nam Ngum 2 Hydroelectric Power Plant to the Electricity Generating Authority of Thailand ("EGAT") under the Power Purchase Agreement, with the supply targets to be purchased by EGAT from NN2 of 2,310 million units (GWh) per year at the fixed tariff, and with a concession period of 25 years from the Commercial Operation Date (COD). Under the Power Purchase Agreement executed by NN2 with EGAT, the electricity will be delivered for distribution in Thailand through EGAT's transmission system. NN2 has initially commenced the electricity production and distribution (Initial Operation Date ("IOD")) to EGAT on March 26, 2011 and the COD was January 1, 2013.

2. Bangpa-in Cogeneration Limited (BIC)

registered its incorporation on March 2, 2009 to operate the business of production and distribution of electricity and steam from the cogeneration power plant by using natural gas as fuel, with a production capacity of 117.5 MW for electricity and 19.6 tons per hour for steam. BIC accepted the transfer of the right to execute the Power Purchase Agreement with EGAT from Bang Pa-in Land Development Co., Ltd. on April 8, 2010. According to such Power Purchase Agreement, EGAT will purchase 90 MW of electricity from BIC for a period of 25 years from the Commercial Operation Date. BIC will sell the remaining electricity and steam to the industrial operators in the Bang Pa-in Industrial Estate. The power plant is located in the Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province. Currently, BIC has commenced the commercial production and distribution of electricity and steam from June 2013.

In addition, BIC executed the Power Purchase Agreement for the second Cogeneration Power Project with EGAT on September 13, 2011. BIC's second cogeneration power plant will use natural gas as fuel for production and distribution of electricity and steam. Such power plant will be located in the vicinity of BIC's first cogeneration power plant in the Bang Pa-in Industrial Estate, Amphoe Bang Pa-in, Phra Nakhon Si Ayutthaya Province, with a production capacity of 120 MW for electricity and approximately 20 tons per hour for steam. Such power plant will produce and distribute 90 MW of electricity to EGAT. The Power Purchase Agreement has a term of 25 years from the Commercial Operation Date. BIC will sell the remaining electricity and 20 tons per hour of steam to the industrial operators in such Industrial Estate. According to such Power Purchase Agreement, the power purchase will commence on June 1, 2017. It is expected that such project will use the investments of approximately Baht 4,750 Million.

Currently, BIC has not yet carried out the construction of the second cogeneration power plant but it is in the process of preparation of the project, i.e., study on the environmental impact, design of the power plant, study and selection of machinery, preparation of investment budget, preparation of construction plan, provision of source of loan, etc. It is expected to commence the construction of the second cogeneration power plant in 2014, which would take approximately 30 months for construction.

3. Nakhon Ratchasima Solar Co., Ltd. (NRS)

produces and distributes electricity from solar power, having its solar power plant located in Amphoe Dan Khun Thot, Nakhon Ratchasima Province, with a production capacity of 6 MW. NRS accepted the transfer of the rights in the Power Purchase Agreement for the Very Small Power Producer with PEA from Pacific Solar (Thailand) Co., Ltd. on March 15, 2011. The execution of the Power Purchase Agreement with PEA was

in accordance with the resolution of the National Energy Policy Council dated March 9, 2009 determining the adder for the renewable energy from the Very Small Power Producer (“VSPP”), i.e., the solar power generator would receive the adder at the rate of Baht 8 per unit (kilowatt-hour) for a period of 10 years from the Commercial Operation Date.

According to the Power Purchase Agreement, NRS agrees to produce and distribute 6 MW of electricity to PEA at 22 kilovolts, for a period of five years which is automatically renewable for another five years each, and which remains enforceable until the Agreement is terminated. NRS commenced the production and distribution of electricity to PEA on March 8, 2012.

4. Chiangrai Solar Co., Ltd. (CRS)

produces and distributes electricity from solar power, having its solar power plant located in Amphoe Mae Chan, Chiang Rai Province, with a production capacity of 8 MW. CRS accepted the transfer of the rights in the Power Purchase Agreement for the Very Small Power Producer with PEA from Pacific Solar (Thailand) Co., Ltd. on March 27, 2011. The execution of the Power Purchase Agreement with PEA was in accordance with the resolution of the National Energy Policy Council dated March 9, 2009 determining the adder for the renewable energy from the Very Small Power Producer (“VSPP”), i.e., the solar power generator would receive the adder at the rate of Baht 8 per unit (kilowatt-hour) for a period of 10 years from the Commercial Operation Date.

According to the Power Purchase Agreement, CRS agrees to produce and distribute 8 MW of electricity to PEA at 22 kilovolts, for a period of five years which is automatically renewable for another five years each, and which remains enforceable until the Agreement is terminated. CRS commenced the production and distribution of electricity to PEA on January 17, 2013.

5. Bangkhenchai Co., Ltd. (BKC)

produces and distributes electricity from solar power, having its solar power plant located in Amphoe Pak Thong Chai, Nakhon Ratchasima Province, with a production capacity of 8 MW. BKC executed the Power Purchase Agreement with the Provincial Electricity Authority (“PEA”) in accordance with the resolution of the National Energy Policy Council dated March 9, 2009 determining the adder for the renewable energy from the Very Small Power Producer (“VSPP”), i.e., the solar power generator would receive the adder at the rate of Baht 8 per unit (kilowatt-hour) for a period of 10 years from the Commercial Operation Date.

According to the Power Purchase Agreement, BKC agrees to produce and distribute 8 MW of electricity to PEA at 22 kilovolts, for a period of five years which is automatically renewable for another five years each, and which remains enforceable until the Agreement is terminated. BKC commenced the production and distribution of electricity to PEA on August 10, 2012.



2 Marketing and Competition



As a result of the political factor and economic slowdown, the large-scale projects, particularly various projects to be financed under the Baht 2 Trillion Loan bill, must be delayed accordingly. The factors in respect of construction costs are likely to reduce or slow down more than the previous year. With the Company's experience, competency and continued support from financial institutions, including its readiness to uninterruptedly carry out the government's high-valued construction projects, the Company thus sets its policies and strategies to enhance its competitiveness as follows:

Significant Policies and Marketing for Products or Services

A. Competition Strategies

Use of Advanced and Highly Efficient Construction Technology

At present, the construction techniques have remarkably developed, introducing choices for use of appropriate technology to save time, minimize production costs and control the work efficiency and quality. In this respect, the Company continues to select and use appropriate, modern and safe technology, as well as the Company's experience, thereby minimizing the production costs and increasing profits. For example, in the expressway and elevated road construction projects, the Company utilized the technology of pre-casting system of concrete segments from such countries as Germany and the United States of America.

Appropriate Revenue Structure Management

The Company has policies to manage its revenue structure and affiliated companies to be in line with the fluctuations of the economy as the construction work of the public and private sectors would usually expand at a fluctuating rate. In other words, during a highly growing economy with high demand for private sector construction, the government would minimize the inflation rate by way of restrictions on the expenditure budgets of the government agencies. During the economic downturn, the government would increase expenditure budgets to stimulate the economic expansion. In this regard, the Company sets policies to focus on various types of construction projects in line with the economic circumstances. In

the construction business, CH. Karnchang Public Company Limited would focus on large-scale projects of the government and private entities, while the affiliated companies would focus on small to medium-scale projects of the government and private entities. The joint ventures would focus on large-scale construction projects from the government, which require use of advanced construction technology. Furthermore, CH. Karnchang Public Company Limited also additionally invested in various infrastructure concession projects, such as, Thai Tap Water Supply Public Company Limited, Pathum Thani Water Co., Ltd., Bangkok Metro Public Company Limited, Bangkok Expressway Public Company Limited, Xayaburi Power Company Limited, CK Power Public Company Limited (CK Power Public Company Limited invests by holding shares in SouthEast Asia Energy Limited, Bangpa-in Cogeneration Limited, Nakhon Ratchasima Solar Co., Ltd, Chiangrai Solar Co., Ltd., and Bangkhengchai Co., Ltd.). The Company derived dividends from these concession companies, which serve to minimize risks from the fluctuation of economic circumstances due to the fact that the nature of construction works of the government and private entities usually grow at a fluctuating rate and the Company's revenue solely relies on construction business, and also serve to render the Company's revenue to become more constant.

Provision of Service to

Maximum Benefits to Customers

The Company promotes policies for development of personnel and teamwork, including study, research and development on advanced technology on a regular basis so as to achieve safe and highly efficient work and management system in response and giving rise to benefits to customers in terms of quality and satisfaction, and timely work completion.

Regular Personnel Quality and

Management System Development

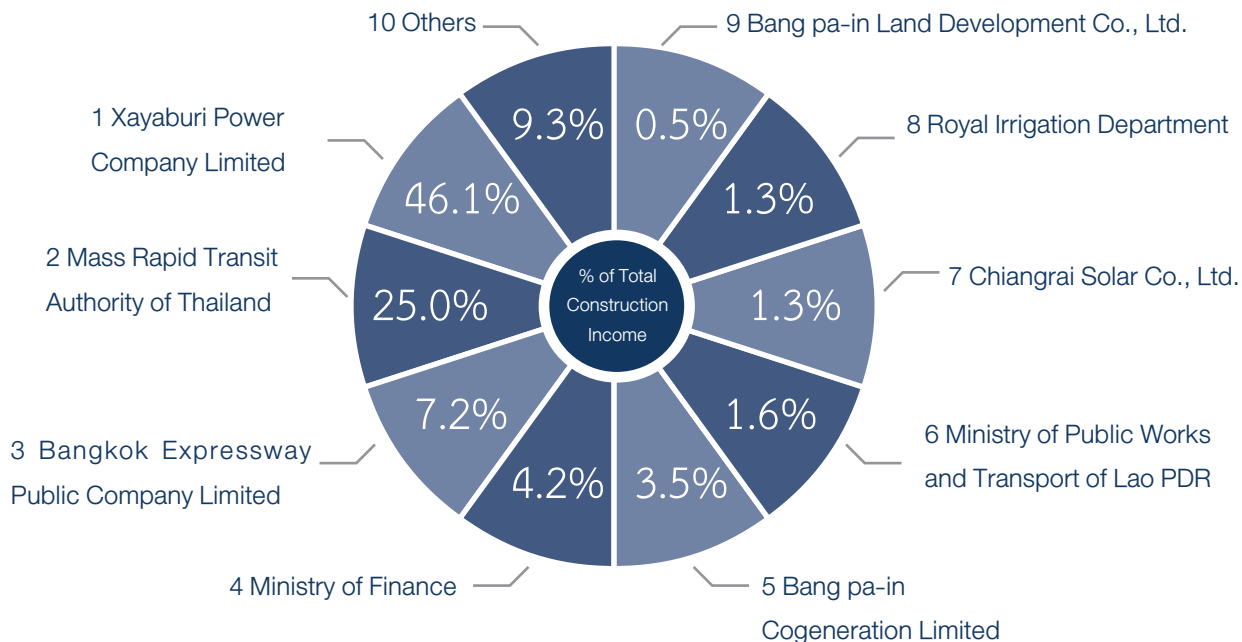
The Company emphasizes the policies for development of personnel and management procedures to ensure versatile and flexible work structures and procedures in response to the fluctuating business circumstances. This also gives rise to the opportunity to exchange advanced technology with foreign investors to render the management flexible and develop personnel to have more knowledge and skills.

B. Characteristics of Customers and Relationships among Customers, the Company and Subsidiaries

The construction clientele of the Company and its subsidiaries can be divided into two groups, namely government agencies or state enterprises, and private sector. The characteristics of the Company's customers could not be divided into definite ratios given the fact that the customers are different in terms of periods and nature of their projects. The Company does not rely on any specific group of customers. However, considering the projects in the past, most of the Company's customers are the government agencies and state enterprises in the country. During the previous year, the Company was engaged for a construction project in a neighboring country in order to expand its investment in the upcoming overseas projects, which mostly are the mega projects and have high amount of investments for which the Company has sufficient potential to operate such projects. In addition, the Company, its subsidiaries and associated companies also continuously maintain good relationships with customers, as can be seen from the previous achievements of the Company in the various projects awarded by either public sector or private entities for large-sized construction projects over the past period. In this respect, the Company's clientele has significantly expanded. The target customer group of the Company and its subsidiaries at present include the government agencies, state enterprises and large-sized private entities. In 2013, more than 19.23 percent of the Company group's revenue structure in the future for projects on hand represent the works for the public sector. Accordingly, the work from the private sector constituted extension projects from the government concession operation.

Summary of Top 10 Major Customers as

at December 31, 2013



Concession Business: This business depends on concession contracts of associated companies and joint ventures. The customer under the concessions granted to Thai Tap Water Supply Public Company Limited and Pathum Thani Water Co., Ltd. is the Provincial Waterworks Authority, as a government agency, and the customers under the concessions granted to Bangkok Metro Public Company Limited and Bangkok Expressway Public Company Limited are the public using the services, as well as the customer under the concessions granted to SouthEast Asia Energy Limited, Xayaburi Power Company Limited, Bangpa-in Cogeneration Limited is the Electricity Generating Authority of Thailand, and the customer under the concessions granted to Nakhon Ratchasima Solar Co., Ltd., Chiangrai Solar Co., Ltd., and Bangkhenchai Co., Ltd., is the Provincial Electricity Authority.

C. Distribution and Channels

Given that the construction business mainly entails direct approach to customers, the Company thus establishes a Business Development Department to be in charge of the monitoring and follow up on information and details in respect of investment plans for new projects of the public and private sectors by planning and setting up strategies to access the information of the target groups and competitors in the same industry, as well as establishing good relationship with government agencies and private entities. The fact that the Company focuses on bidding for construction and concession projects from government agencies, whether in the form of main contractor or sub-contractor, and that the Company's previous achievements, which have been acceptable and satisfactory to customers, serve as a channel to approach and be recognized by all target customers, for which the Company participated in bidding for their projects, and some construction projects were awarded to the Company through the recommendation by the Company's existing customers.

Competition in Construction Industry

A. Trend of Growth and Development of Construction Industry

With respect to the overview of the construction industry in 2013, Mr. Somchai Sajjapongse, the Director-General of the Fiscal Policy Office (FPO) announced Thailand's economic projections as of September 2013 stating that "the Thai economy in 2013 is projected to grow not less than an annualized rate of 3.5 percent and will expand at an annualized rate of 4.0 percent if the budget disbursement in the first quarter of fiscal year 2014 follows the economic plan of measures for the promotion of sustainable economic growth. Headline inflation in 2013 is anticipated to be 2.3 percent (or within a range of 2.0 - 2.5 percent), lower than that of the previous year, due to lower private demand and declining prices of world crude oil and commodity products as a result of lower global demand.

The overall construction industry in 2014 will be obviously affected by Thailand's political uncertainty, namely, there were delays in 53 large-scale projects listed in the "Baht 2 Trillion Loan bill", which, by the Constitutional Court's decision, violated the Constitution. As such, these projects may need financing from the annual budget or various financing sources under the government fiscal management procedures. In this regard, it would be able to proceed such procedures only after a new government is formed, and then, the new government must set up new investment plans according to the readiness and necessity of each project, in which case, not all 53 projects will be simultaneously implemented. In addition, the government policy on personal income tax reduction would help support internal spending while government consumption and investment

play major role in support of the economic recovery. Investments in several large-sized projects of the government are anticipated, such as, the MRT Dark Green Line Project, Mo Chit - Saphan Mai - Ku Kot, etc., including private investment in overseas large-scale projects which create construction works for a number of Thai construction companies, for instance, the Xayaburi Hydroelectric Power Project in the Lao PDR. The upcoming ASEAN Economic Community (AEC), which will come into force on December 31, 2015, will convert ASEAN to become a single market and production base, and as such, the freedom of movement of production factors is required; the production process can be made anywhere, by utilizing local resources from any country, both raw materials and labor, subject to the same standard of goods, common rules and regulations. The government policies must therefore involve construction of the transportation systems to be interconnected with the neighboring countries, such as, railway, hi-speed train, road network, in accordance with the government's strategy to ensure Thailand will gain the utmost benefits from ASEAN Economic Community (AEC). particularly the government's construction projects, such as, several railway projects. The government sector also has projects under the 2014 annual budget. Moreover, many of the government's large-scale infrastructure projects which are under study have also progressed to some extent, such as, two Green Line Projects, the Pink Line Project, the new Parliament Building Project, Phase 2 of the Suvarnabhumi Airport Project, the Mono Rail Project, including five double track railway project, etc.

In addition, we are expanding investment to other countries; whereby with regard to the foreign investment policy, we would focus on bidding for infrastructure development projects in various forms, whether single contractor or joint venture, subject to the conditions of each such project. The Company's main focus shall be those countries in Asia.



B. Industrial Structure Relating to Competition

In general, construction contractors may be divided into three groups as follows:

1) Small and medium-sized contractors:

The contractors in this group shall have the capacity to accept construction work projects with low value, the majority of these works shall be derived from private entities or small-sized projects of the public sector, which requires moderate technology and investment funds. This group includes a number of contractors, thereby resulting in a rather high competition in pricing and being highly vulnerable to impacts from fluctuation in the industry.

2) Large-sized contractors:

The contractors in this group have goals in respect of their acceptance of various large-scale projects, requiring a rather high construction technology, from the public and private sectors, and have capabilities to carry out various types of works in such projects. Certain contractors also have companies in the same group serving as producers of construction materials to be used in such projects, and are well prepared in terms of their personnel's expertise and experience in diversified works and high professional standard, including tools and machinery. This group includes a small number of contractors and the competition in this group is moderate. Certain contractors also accept work overseas, including creation of works by way of investment for concession. At present, the contractors in this group are, for example, as follows:

As at December 31, 2013 (Unit: Million Baht)
(Consolidated Financial Statements for 2013)

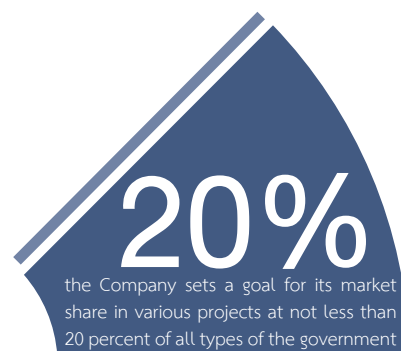
Company	Total Assets	Total Income
1. CH. Karnchang Public Company Limited	72,034.23	42,009.97
2. Italian-Thai Development Public Company Limited	65,150.76	45,055.18
3. Sino-Thai Engineering and Construction Public Company Limited	25,009.59	22,947.92

3) Foreign contractors:

The contractors in this group are large-sized companies with advanced technology, mostly comprising companies from Japan, China and Europe, such as, Kajima Corporation, Obayashi, Kumagai, Siemens, Bilfinger, and China State. The business operations of these companies focus on accepting large-scale projects, requiring a rather high construction technology, in cooperation with large-sized construction companies in Thailand. Such cooperation is neither certain nor specific to establish a long-term business alliance, but the cooperation shall be selective on a case by case basis.

Market Share

With respect to various projects mentioned above, the competition in the construction industry in 2013 would be more likely from foreign companies since various projects require relatively high investments, and might require achievements using advanced construction technology as well as management, which Thai companies at the medium to low levels may not have sufficient potential or may join with foreign companies as counterparts. CH. Karnchang Public Company Limited has both sufficient potential and resources in the competition at all levels. In this regard, the Company sets a goal for its market share in various projects at not less than 20 percent of all types of the government sector's projects.



3 Procurement of Products or Services

► Construction Materials

1. Construction materials from local sources:

Significant construction materials comprise cement, steel rods, structural steel, stones, sands, etc. The materials in architecture are, for example, sanitary ware, ceramic, granite, ceiling and wall, glass steel doors and windows, aluminium doors and windows, wood doors and windows, PVC and equipment, as specified in the details of the construction contract. The Thailand Industrial Standards of the project owner shall be taken into account. The Company does not purchase construction materials exclusively from any particular distributor since the procurement procedure requires checking of price, quality, delivery of goods and reliability at all times to ensure obtaining the best distributor, both in respect of price and service. The Company shall conduct evaluation of the distributor at least twice a year. Each procurement and engagement requires approval of the project owner and supervisor. The Company is also required to execute a procurement contract to ensure the best conditions and the price can be valid until the project completion. As for the service, the Company shall be responsible for the quality of the goods and service for a period of at least two years or under a contract with the project owner.

2. Construction materials from overseas import:

The Company will purchase this type of materials via a local distributor, by taking into account the after sale service and experience of an agent. In case the materials are required to be directly purchased from overseas, the Company shall open letters of credit (L/C). Such materials from overseas shall meet the standard per the requirements of the project owner, such as, ASTM, BS, JIS, API, etc. In this regard, the terms and conditions of the L/C shall be carefully specified to minimize risks.

The political factor needs to be closely monitored since it would affect the government construction projects, including the efficiency of budget disbursement and the confidence of the private sector. Furthermore, there is also a risk factor from the world and domestic economic trends while the construction cost factor tends to increase by prices of oil, commodities, construction materials which remain steady, whereby the manufacturers must adjust themselves by means of restructure and business process to minimize cost and study on utilization of tools. In addition, the utilization of financial tools should be studied for more understanding, for example, the use of Forward or Option to prevent risks from the exchange rate and commodity price, as well as appropriately selecting a currency for commercial transactions at any given time in order to minimize chances for exchange rate loss.

In the procurement of products and services for construction in various projects of the Company based on product categories, both from domestic and overseas resources, as mentioned above, the Company received cooperation from its business allies as a group of potential manufacturers and suppliers of construction materials, both small- and large-sized, and given the Company's improved operational results and the continued business growth, the Company has more channels to procure and select products and equipment in the construction from higher quality standard and qualified manufacturers and suppliers in line with the growth of manufacture industry. As a result, the Company is confident in supplying quality

products and services with sustainability in accordance with the requirements and objectives of project owners.

The Company has procured products and services from both domestic and overseas resources under the quality management system, including the criteria for selection of manufacturers, suppliers and contractors, as well as regular review and inspection of product quality based on the performance of current manufacturers, suppliers and contractors, in order to confirm and assure at all times that the products and services after delivery to project owners are correct and complete in accordance with the agreed terms and conditions.

In supplying goods, products and services for use in various construction projects, the Company has selected suppliers/contractors with potential, experience, performance and qualifications for each work and checked prices, quality and delivery of goods that meet standards as specified by work owners prior to placing purchase orders of goods, products and services.

The Company gives priority to raw materials which cause environmental impact, for example, materials made of asbestos, the Company then avoids using such materials and uses other materials which cause no environmental impact instead. Moreover, the Company arranges for whistle-blowing channels relating to violation of environmental laws in order to mitigate environmental impact. In the past, the Company never receives any report or complaint relating to violation of environmental laws.

In addition, the Company has enhanced its potentials in respect of procurement of products and services, by introducing the ERP (Enterprise Resource Planning) system since 2009, to ensure that the procurement of products and services, which relates to the project budget and accounting system, improves a more systematic control and recording process, for example, process for issuance of purchase requests, purchase orders, and inventory management, as well as summary reports in support of construction, thereby resulting in the internationally standard system control of the recording of costs in the project budget control and the records in the cost accounting system, and minimizing problems on error of data use, and ensuring timely audit.

Below is the description of key materials for calculation of utilization ratio in all projects for 2013

**Summary of Budget for Utilization of Key
Materials in 2013 (Baht)**

1 Oil	265,792,829.64
2 Steel rods	503,100,650.65
3 RMC	1,144,375,058.25
4 Cement	51,121,841.00
5 Structural steel	167,740,127.83
Total	2,132,130,507.37

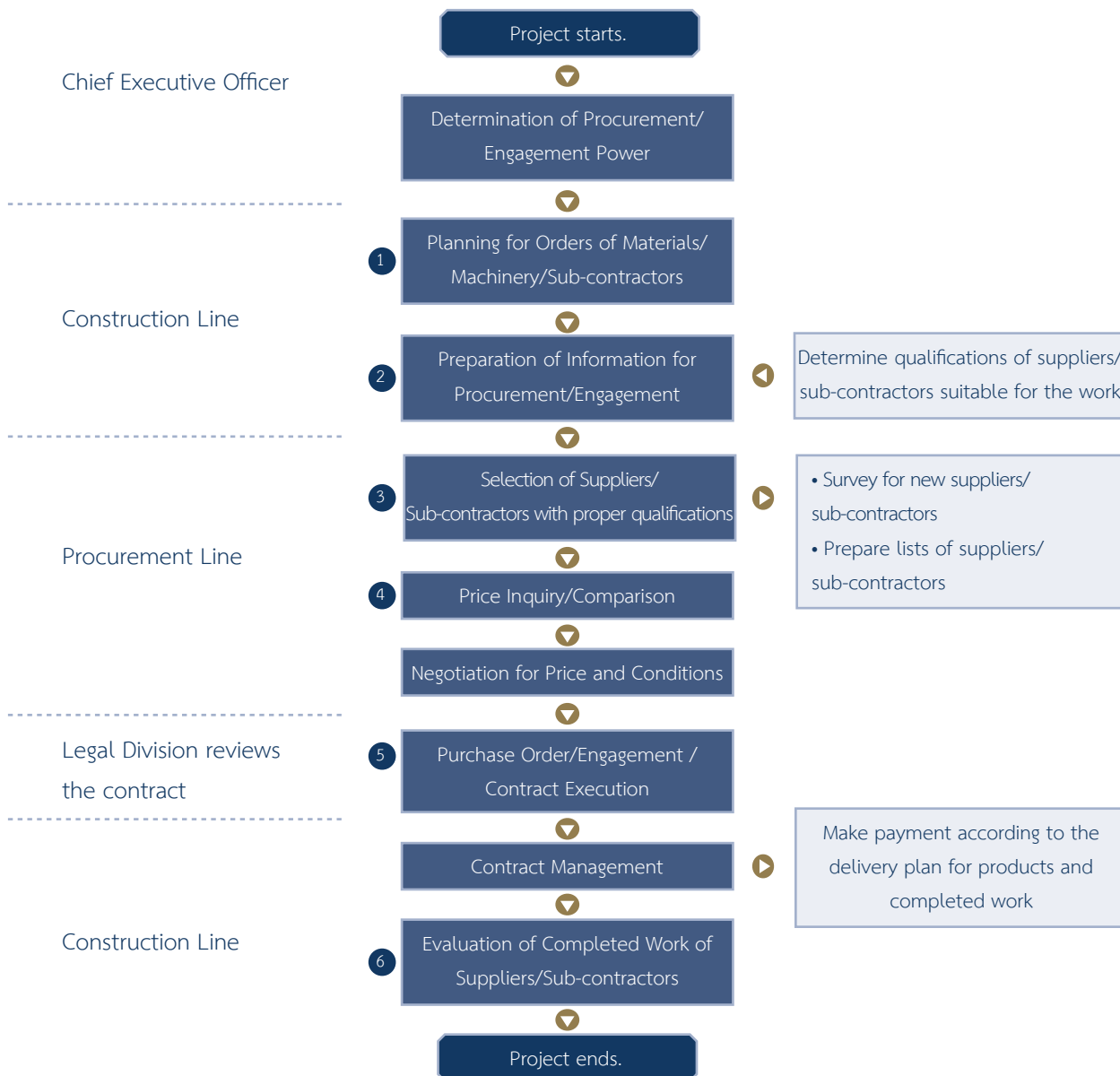
**Summary of Quantity of Key Materials
Utilized in 2013 (%)**

1 Oil	12.47
2 Steel rods	23.60
3 RMC	53.67
4 Cement	2.40
5 Structural steel	7.87
Total	100

Description of Procurement of Raw Materials

The Company procures raw materials from local and overseas sources as described above. The guidelines for procurement are as per the procurement chart attached hereto.

Guidelines for Procurement/Engagement



① Material order and contractor plan refers to the main materials and sub-contractors for main work

② Information of procurement/engagement comprises:
 - Quantity - Pattern
 - Plan, schedule - Standard
 - Specifications, grade/model

③ Selection of suppliers/sub-contractors according to QP-CK-18: Selection and Evaluation of Suppliers/Sub-Contractors

④ Exceptions for price comparison
 - Value below 50,000.-
 - Price list of previously procured goods
 - Sole seller

⑤ Contract execution/purchase order requires

- Specifications - Scope of work
 - Delivery plan/work plan - Responsibility
 - Specify methods of inspection/testing and criteria for acceptance
 - Specify inspection of products at the manufacturing source (if any)

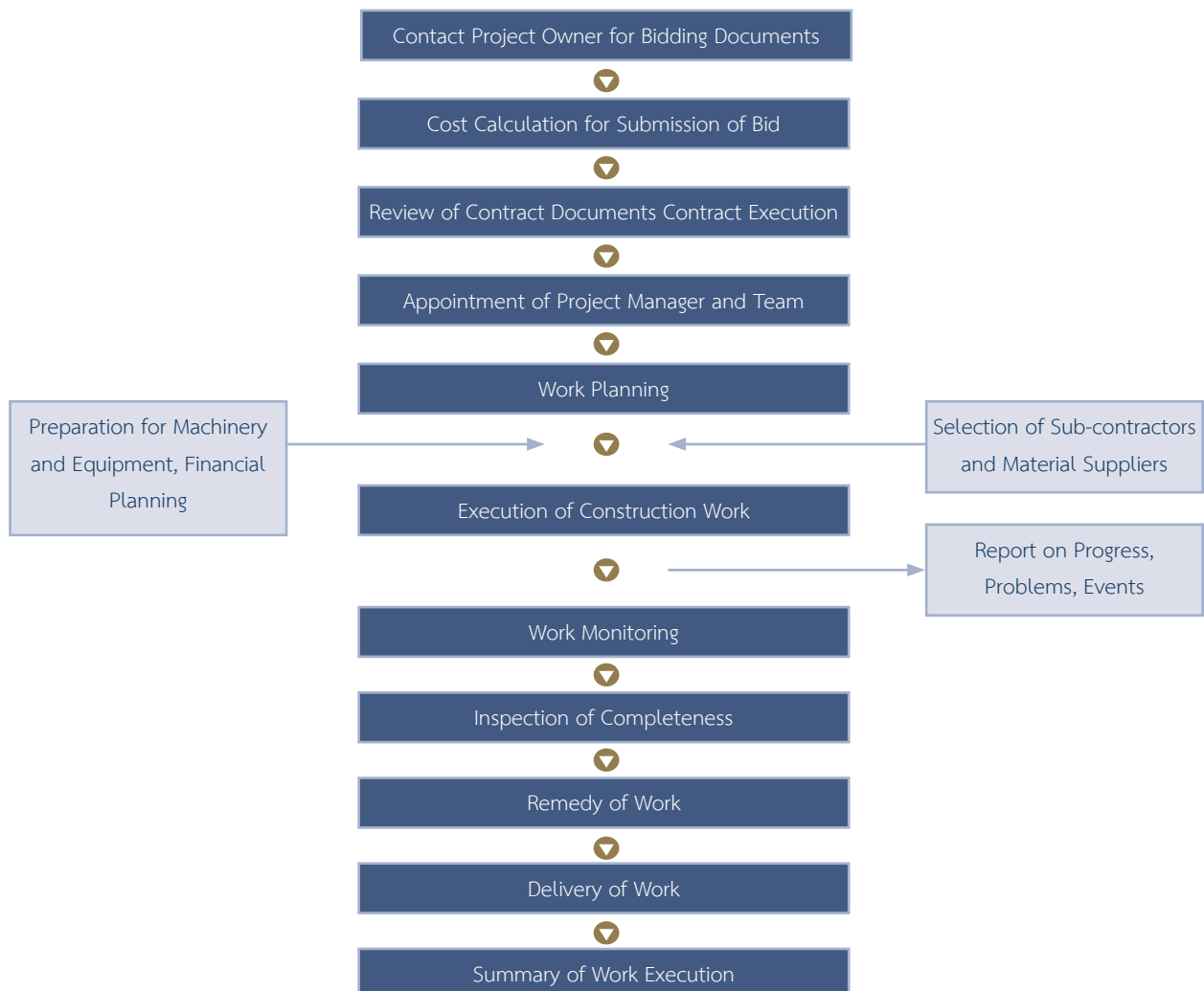
- Specify inspection of work at the construction sites
 - Other methods of quality control
 - Quality assurance for materials and completed work

*** The Construction Line is responsible for the determination of conditions under 5.

⑥ Evaluation of completed work according to QP-CK-18: Selection and Evaluation of Suppliers/Sub-contractors

► Procedures for Production and Disposal of Unused Raw Materials

(1) The production procedures for construction work can be summarized as follows:



A. Procedures for Acceptance of Work:

The Business Development Department shall be responsible to contact and procure construction work, which can be done in two manners, namely, direct contact from customers or submission of proposals to customers. Such information shall be derived from updates and news from various sources. Normally, the Company shall accept construction works by two methods as follows:

- **Negotiation:** The Company shall accept construction work through negotiation process without bid submission. The acceptance of construction work in this manner may be a result of either direct contact from customers or the Company's direct proposal of work to customers. The majority of work accepted by this method is usually such work from the existing customers with good relationships with the Company or those recognizing the Company's previous achievements or new customers with recommendation from the Company's existing customers.

- **Bidding:** The Company shall be informed of news regarding invitation to bid from various sources and participate in the bidding process in accordance with the following procedures:

- Purchase of drawing and specifications and the bidding documents;
- Cost estimation;
- Bidding.

The signing of a construction contract would take place after conclusion of prices and conditions.

B. Procedures during Implementation:

After the Company has signed a construction contract, it shall be the duty and responsibility of the Construction Project Department to proceed as follows:

Appointment of Project Manager: The project manager shall serve as the project management center, and shall be responsible for the project in all respects, e.g., supervision of work to ensure timely completion and control of expenses within the specified budget, etc.

Planning and Preparations for Construction by Project Manager:

- **Construction Schedule Planning:** The work schedule should be planned in line with the conditions and delivery schedule;
- **Resource Planning:** Employment of staff should be prepared in line with the nature and volume of work, including engagement of minor contractors, procurement of material suppliers and planning for utilization of materials and machinery;
- **Preparation of Temporary Office:** During the construction, the production and delivery of work shall take place at the site of the customer or project owner, and it is the duty of the project manager to prepare various public utilities required for the work performance, such as, water, electricity, and staff quarters, etc.
- **Preparation of Detailed Work Plan:** The project manager shall prepare step by step work plans in line with timeframe to facilitate the work supervision so as to progress in accordance with the schedule and meet the standards required by the project owner.

Construction: During the construction, supervisors and foremen in the respective divisions shall jointly monitor and supervise the quality and progress of work to be in accordance with the schedule and timeframe, as well as ensure safety for operating staff and the public.

Monitoring and Inspection: The progress of work, costs, various overheads and budgets used in the construction must be verified, and the project manager shall receive reports from the relevant divisions.

Report on Progress of Work: This is a report on the details of the work performed, utilization of construction materials, costs, quality, quantity and progress of work, including various problems, which would be reported

by the project manager to supervisor at the Head Office. In case there are problems, the supervisor will provide assistance and support to solve such problems.

Inspection of Work Completeness: This is the final inspection of work completeness prior to delivery. Generally, during the execution, the work would be inspected on a monthly basis. If any stage of such work fails to pass the inspection, the re-inspection would be scheduled. When the work passes the inspection, the completeness of the corrected work would be inspected prior to delivery of the work to the employer.

C. Post-Completion Procedures:

At this stage, the Company would provide training to the employer, deliver necessary documents, e.g., As-Built Drawings, material quality and workmanship warranty documents, and other documents as specified in the contract to the employer. The employer would inspect the work completeness before returning the retention money and the performance bond to the Company after the expiration of the warranty period.

(2) Disposal of Unused Raw Materials

The Company greatly emphasizes the significance of the environment and social development, along with the operations with work safety standard and environment in line with the relevant laws and regulations.

The Company and the subsidiaries have arranged for work safety and environmental standards for every project in line with the regulations, rules, laws and international standards, which renders the Company to receive the ISO 9001:2000 and ISO 9001:2008.

Based on the aforesaid activities, the carrying out of various projects does not cause any impact on the society and environment, as well as reducing work-related accident statistics to an acceptable level. For instance, wastewater and effluents have been properly treated to ensure the sanitary condition before emission; unused materials and wastes from construction have been regularly collected and properly disposed of, i.e., hazardous materials shall be disposed of or handled by specialist. Unused materials, such as, steel rods, structural steel, sanitary ware, office equipment, shall be returned at the Company's central store for further use in other projects. Scrap of materials, such as, iron scraps, metal scraps, used tyres, in good condition, used engine oil, shall be put for sale to those wishing to recycle them for further use in proper work. This includes ongoing training for staff on safety and environment. Expenses in carrying out such various activities are considered one of the Company's costs. The Company has obtained various prizes, for example:

- In 2000, outstanding prize for minimizing environmental impact from the Mass Rapid Transit Authority of Thailand for Lumpini Station, Joint Venture BCKT;
- In 2000, honorable prize for minimizing environmental impact from the Mass Rapid Transit Authority of Thailand for Sukhumvit Station, Joint Venture BCKT;
- In 2001, outstanding prize for minimizing environmental impact from the Mass Rapid Transit Authority of Thailand for Sam Yan Station, Joint Venture BCKT;
- In 2003, maximum construction work safety achievement with 5,000,000 working hours without lost time accident in Nakhon Pathom - Samut Sakhon Water Project, Joint Venture TWCK.

4 Undelivered Work

The details of undelivered work of the Company, its subsidiaries and joint ventures with the value exceeding 10 percent of the total revenue in the consolidated financial statements in the accounting period ended December 31, 2013, are as follows:

Project Name	Nature of Work	Project Value (Million Baht)	Expected Year of Project Completion	% of Undelivered Work	Value of Undelivered Work (Million Baht)
CH. Karnchang Public Company Limited					
1. The MRT Blue Line Extension, Hua Lamphong - Bang Khae and Bang Sue - Tha Phra Section, Contract 2: Underground Civil Work, Sanam Chai -Tha Phra Section	Design and Construction of Underground Routes	9,988	2016	48.8	4,874.14
2. The MRT Green Line Project Bearing - Samutprakan Section Contract 1: Civil Work	Design and Construction of Railway System	13,167	2015	66.5	8,756.06
3. The Si Rat - Outer Ring Road Expressway Project	The Si Rat - Outer Ring Road Expressway Project	22,500	2016	89.7	20,182.50
4. The Agreement for the Project Management as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project, Bang Yai - Rat Burana, Bang Yai- Bang Sue Section, Contract 4	Project Manage- ment, Supply and Installation of M&E Systems	20,011	2016	99.7	19,950.97
CH. Karnchang (Lao) Co., Ltd.					
1. Engineering, Procurement and Construction Contract for the Xayaburi Hydroelectric Power Project in The Lao People's Democratic Republic	Xayaburi Hydroelectric Power Plant	74,618	2019	65.60	48,949.40



Undelivered Work

RISK FACTORS

CH. Karnchang Public Company Limited has a vision of becoming the leader in construction business and basic infrastructure developer, and considers it necessary to manage risks in its business under the changes in internal and external factors which might affect its operations. The risk management is considered a key instrument in the business administration to ensure efficient achievement, and is also regarded as a key factor in the good corporate governance. Therefore, the Company arranges for systematic risk management, monitoring and measures to continuously minimize risks. The Corporate Governance and Risk Management Committee is appointed to consider at the policy level, while management manages the overall risk management process of the organization, with a working team to perform daily routine works on behalf of the Corporate Governance and Risk Management Committee, in order to monitor, assess and prepare the risk management report at the unit level for submission to the Board of Directors for acknowledgement.

The Company has prepared a handbook on risk management and risk management plan for use as guidelines in the operations, as well as monitoring, assessment, and review of risks in line with both internal and external circumstances. The risk factors which might give rise to investors' investment risks are as follows:

1 Risk from Management and Risk from Delays in Projects

The Company realized the risk from management and therefore, determined guidelines to prevent any flaws which might occur, by implementing the quality management system of ISO 9001:2000 to maintain the operation standards both in projects and in the Company's head office, taking into account the continued improvement of quality management system. The Company group also set out guidelines for staff improvement to ensure that staff have knowledge, skills, ethics and accountability towards the organization, including all stakeholders, so as to minimize and prevent damage which might be caused by such risk.

The Company obtained the international quality system standard accreditation of ISO 9001:2000 in 2002 from two institutions, namely, UKAS and NAC Thailand, which was upgraded to ISO 9001:2008, with the accreditation of total 13 scopes of works, namely, the business of construction work design and management for buildings, roads, bridges, underground structure and tunneling, piping work and aviation fueling hydrant control system, fuel depot and control system, expressway, landscape, wastewater treatment plant, cogeneration power plant, hydroelectric power development dam, high voltage transmission line and substation, and rock quarry and mill.

Generally, risks from delays in various projects might be caused by delays on the part of employers or contractors or by events without any liable party.

Delays on the part of employers included, for example, site delivery, review and approval on various matters relating to construction work. These delays might affect the construction period and costs. However, the Company minimized risks from such delays through cooperation and coordination with employers to ensure successful completion of the construction works.

Delays on the part of contractors included, for example, shortages of construction materials. The Company prevented such problem by entering into forward agreements for purchase - sale of various materials, as evidenced by the signed agreements for purchase - sale of cements and metals to accommodate the Company's projects, of which contracts have already been executed.

Delays caused by any events without any liable party included, for example, natural perils. In the execution of a contract, there generally is a requirement for the contractor to take out insurance for various construction projects.

Based on the Company's past experience, the Company has never encountered any events caused by delays on the part of the Company group, but risks from delays caused by the Company's contractual party, such as, in the Bang Na - Bang Pli - Bang Pakong Expressway Construction Project, and the Company group rectified such circumstance by requiring the employer to promptly resolve such problems and the Company also accelerated the construction to meet the specified schedule.

2 Risk from Exchange Rate

Given the fact that the Company group earned income and incurred costs in certain projects in foreign currencies, the fluctuation of the foreign currencies against Baht would affect the Company's costs or performance. The Company has managed the risk from exchange rate by matching revenue with expenses in foreign currencies, i.e., depositing income in foreign currencies in the "FCD" (Foreign Currency Deposit) account. When the project incurs any expenses in foreign currencies, the Company shall use funds in the FCD account to pay such expenses. However, at present, there is one project deriving certain income and incurring certain costs in foreign currencies, namely, the construction of the Xayaburi run-of-river dam in Lao; and there are four projects incurring certain costs in foreign currencies, namely, the construction project of the small power plant in Bang Pa-in Industrial Estate, the construction project of the solar power plant in Chiang Rai Province, the design and construction of tunnels and underground stations (Contract 2) and the trackwork of the MRT Blue Line (Contract 5) which require procurement of certain equipment from overseas. The proportion of revenues denominated in foreign currencies as compared to the total revenues represented 7.62 percent and the proportion of costs denominated in foreign currencies as compared to the total expenses represented 16.88 percent as at December 31, 2013.

Details of assets and liabilities denominated in foreign currencies as at December 31, 2013 in the consolidated financial statements can be summarized as follows:

Description	US DOLLARS	YEN	SGD	EURO
Assets				
Bank deposits	27,694,487	-	-	403,401
Trade accounts receivable and retention receivable	8,688,181	-	-	-
Accounts receivable and loans to related parties	5,539,179	-	-	-
Advance payment to subcontractors and other current assets	28,079,415	1,176,475,017	5,788,642	1,687,809
Total	70,001,262	1,176,475,017	5,788,642	2,091,210
Liabilities				
Short-term loans from financial institutions	9,870,208	-	-	2,044,745
Trade accounts payable	34,312,604	102,133,397	-	1,513,244
Total	44,182,812	102,133,397	-	3,557,989
Assets (Liabilities), net	25,818,450	1,074,341,620	5,788,642	(1,466,779)
Assets (Liabilities), net (Baht)*	850,702,436	339,351,213	151,180,227	(66,477,798)

Remark : * Average exchange rate calculated by The Bank of Thailand at the close of December 31, 2013.

3 Risk from Construction Material Price, Labor Cost and Fluctuation of Oil Price

The management of construction work contract in each project to gain the gross profit depends on the precise projection of the project cost and the control of the cost actually incurred within the specified projection. The factors of cost projection depend on not only construction material price and labor cost which fluctuate by the demand and supply circumstances, but also oil price, which is indirect cost towards the operating costs. However, in 2013, the fluctuation of material price, especially metals, labor cost and oil, may give rise to impact on the construction cost.

However, the Company group managed such risk through construction contracts in two manners as follows:

- In case of a construction contract with construction price adjustment in accordance with an escalation (K) factor, such K factor would vary depending on the changing production costs, whereby such adjustment may not cover all increased costs of construction materials and labor, but would cover an increase of the construction material and labor prices beyond the projection, thereby giving rise to only a slight impact on the construction cost. As for the projects of the Company group, most customers were government sector, as at December 31, 2013, representing 19.23 percent of the remaining project value to be recognized as revenue in the future;

- In case of a construction contract with fixed costs or lump sum, whereby it does not specify or it is not possible to identify a K factor, which would mostly apply to turnkey projects, provisional sums would also be included to accommodate the case where the construction material costs would be included in the total project value. Most customers in this category were private sector, as at December 31, 2013, representing 80.77 percent of the remaining project value to be recognized in the future.

Furthermore, the Company also established a subsidiary for the purpose of manufacturing necessary construction materials so as to minimize risk from shortage of materials and unrealistic price increase, as well as to strengthen its bargaining power with major traders of construction materials under high competition. However, the Company has a policy to prevent such risk by considering and reviewing the construction plan every month, as well as completing the construction of all projects before or within the period of time specified by employers.

4 Risk from Changes of Government's Policies

Given the fact that the Company group's revenue structure in the future from the total value of projects in hand which would be recognized as revenue in the future, as at December 31, 2013, representing 19.23 percent, involves works for the government sector, the Company group's revenue therefore relates to the national budget spending, which depends on the economic growth rate and investment climate, including the political stability. As for the government projects for which the contracts have already been signed, the Company group did not have any risk from economic and political circumstances since such projects would be supported by the allocated budgets in the form of tied budgets, which represent guarantee of budgets to be spent by the government in such projects. Nevertheless, in respect of the government projects which were awarded to the Company group, but the contracts have not yet been signed, the government may hold a new bidding for such project based on the justifications of each respective project.

The Company group reengineered to expand its channel of revenue sources by way of project investment and management. The Company group thus expanded its investments to business activities which would derive more definite revenue, such as, the Company's investments in Bangkok Expressway Public Company Limited, which manages the expressway projects; Bangkok Metro Public Company Limited, which manages the M.R.T. Chaloem Ratchamongkhon Line; Pathum Thani Water Co., Ltd., which produces tap water for sale to the Provincial Waterworks Authority for distribution to the public in Pathum Thani Province; Thai Tap Water Supply Public Company Limited, which produces tap water for sale to the Provincial Waterworks Authority for distribution to the public in Samut Sakhon Province and Nakhon Pathom Province; Xayaburi Power Company Limited, which would generate electricity for distribution to the Electricity Generating Authority of Thailand; CK Power Limited, which operates a business by holding shares in concession companies, e.g., SouthEast Asia Energy Limited, which generates electricity for distribution to the Electricity Generating Authority of Thailand; Nakhon Ratchasima Solar Co., Ltd., which operates a business of power production plant of all types; Chiangrai Solar Co., Ltd., which operates a business of power production plant of all types; Bangkhenchai Co., Ltd., which operates a business of power production plant of all types; and Bangpa-in Cogeneration Limited, which operates a business relating to public utilities on energy, etc. These projects are long-term concession projects which would not be affected by changes of government's policies.

5

Risk from Investments in Subsidiaries, Associated Companies, Jointly Controlled Entities, Related Companies and Other Companies

The Company group's structure comprises several subsidiaries, associated companies, including jointly controlled entities, related companies and other companies which accorded with the Company group's nature of business, namely, investment and construction of several projects, which are being implemented by different groups of investors. However, most jointly controlled entities are established with the objectives to carry out a few projects, and would be dissolved upon completion of the projects. In this respect, the number of companies or legal entities in the group would decrease accordingly. Risks that might be caused by investments in subsidiaries, associated companies, jointly controlled entities, related companies and other companies would be limited to the investments in each respective organization. In each investment, the Company would carefully conduct feasibility study of each project or company in addition to the consideration of the rate of return to be derived in the future. The Company might appoint third party advisors or specialists to serve in certain projects prior to submission of such matter to the Executive Board and the Board of Directors. Most of the companies invested by the group have satisfactory performance and derive profits from their business operations. As at December 31, 2013, the Company's investments at cost in subsidiaries, associated companies, jointly controlled entities, related companies and other companies amounted to a net total of Baht 23,309.45 Million (net of provision for loss on investments and unrealized gain on changes in value of investment), representing 38.57 percent of the total asset value of the Company. In 2007, the Company changed its accounting policy on investments in subsidiaries, jointly controlled entities and associated companies in the separate financial statements from the equity method to the cost method in accordance with the Notification of the Federation of Accounting Professions No. 26/2549 Re: Thai Accounting Standard No. 44. Moreover, the Company also arranged for a provision for loss on investments in subsidiaries, jointly controlled entities and associated companies in the total amount of Baht 480.11 Million, and unrealized gain on changes in value of investment from related companies in the total amount of Baht 7,989.22 Million, which was a balance of the provision for loss in excess of investments in jointly controlled entities comprising Joint Venture BBCT and Joint Venture BBCTD, associated company comprising Bangkok Metro Public Company Limited, related companies comprising Bangkok Expressway Public Company Limited and Thai Tap Water Supply Public Company Limited, and other companies comprising Nava Finance and Securities Public Company Limited and Kruasakul Company Limited.



6 Risk from Loans to Subsidiaries, Associated Companies, Jointly Controlled Entities, Related Companies and Other Companies

The Company had risks from loans to subsidiaries, associated companies, related companies and jointly controlled entities, namely, loans were provided for use as working capital. As at December 31, 2013, the Company had a balance of loans and accrued interest receivable in respect of subsidiaries, associated companies, related companies and jointly controlled entities in the amount, net of allowance for doubtful accounts, of Baht 10,608.52 Million, representing 17.56 percent of the total assets of the Company. Such loans were short-term loans for use as working capital subject to interest at the Minimum Loan Rate plus margin (MLR + margin) per annum and certain fixed rates per annum, which shall become due for repayment upon demand. Moreover, Joint Venture CKET entered into agreements granting loans to two other companies, in the total amount of Baht 1,600 Million. As at December 31, 2013, such two companies made full repayment of the loans and accrued interest, together with interest, which was originally no longer recognized as revenue in its book since July 1, 2008, in the amount of Baht 251 Million.

In addition, as at December 31, 2013, the Company provided guarantee for two subsidiaries for the purpose of applying for credit facilities from banks and financial institutions in the total amount of Baht 48,038 Million for use in their construction projects.

Nevertheless, the Company has policies on management of risks that might occur from loans to subsidiaries, associated companies and jointly controlled entities, by accelerating and closely monitoring the debt repayment and significantly taking into account the necessity and justification of transactions as well as the Company's benefits. Such policies need to be approved by the Company's Audit Committee to scrutinize any possible consequences.

7 Financial Liquidity Risk

The financial liquidity is important for the construction business which needs the adequate working capital for procurement of raw materials, including labor costs. Should the Company's liquidity management is inefficient, it may affect its ability to carry out construction of new projects or to complete construction of the existing projects. As at December 31, 2013, the Company's liquidity was in the form of cash, bank deposit, short-term investment, trade and other receivables in the amount of approximately Baht 9,681 Million; while the Company's backlogs were approximately Baht 112,472 Million (at the USD/THB exchange rate as at December 31, 2013, the Xayaburi Hydroelectric Power Project's outstanding construction value was approximately Baht 48,949 Million, for the construction period of approximately 8 years). However, the Company realized such risk by maintaining the policy to manage cash on hand to stay at an appropriate level for the construction business by means of bank deposit and short-term investment with reliable financial institutions. Short-term investment represented investment in assets with high liquidity, such as, government bonds, etc. In addition, all construction projects of both public and private sectors would generate advance payments, and the Company's projects are the essential basic infrastructure projects, with the government as its customer, and then, the projects were always eligible for project finance by financial institutions. As for the Company's investment business in 2014 which it plans to further invest approximately Baht 909 Million, the Company has managed such investment risk by restructuring its business operations in energy sector through the establishment of CK Power Limited to operate all energy business, whereby CK Power Limited would invest in the energy business on behalf of the Company. In 2012, the Company sold all of its ordinary shares in Bangkhenchai Co., Ltd., Nakhon Ratchasima Solar Co., Ltd.,

Chiangrai Solar Co., Ltd. and Bangpa-in Cogeneration Limited to CK Power Limited. As a result, the Company minimized its burden of investments in energy business. In 2013, the Company sold certain ordinary shares in Thai Tap Water Supply Public Company Limited and Bangkok Metro Public Company Limited, but did not acquire ordinary shares for capital increase in CK Power Public Company Limited, thereby allowing the Company to recognize gains on such transaction which changed the bookkeeping method of the value of investments to reflect market value from the former equity method, and gains derived from construction in 2013, the equity to net liabilities ratio decreased and stayed below 2 times. The Company would derive cash from sales of such shares, which would be used as working capital for its operations and investments, as well as partially reducing its debt burden.

8 Credit Rating Risk

TRIS Rating Co., Ltd. has affirmed the corporate and existing senior debenture ratings of CH. Karnchang Public Company Limited at “BBB+” as at January 24, 2014. The Company’s rating outlook has been revised to “positive” from “stable”, to reflect the Company’s improved leverage position and financial flexibility after its group business restructuring, which allowed the Company to realize market value of its shares in Thai Tap Water Supply Public Company Limited (TTW), enhance marketability of its shares in CK Power Public Company Limited (CKP), and mitigate concerns over ongoing financial supports to Bangkok Metro Public Company Limited (BMCL). The credit ratings may be upgraded should the Company be able to maintain its operating margin to stay above 5 percent and the debt to capitalization ratio (excluding loan for the MRT Purple Line Project, Contract 4) to stay below 67 percent or the leverage level to stay below 2 times. The Company’s credit ratings also reflect its leading position in Thailand’s construction industry, proven records in infrastructure and specialized projects, and financial flexibility from strategic investments. However, these strengths are partially offset by the cyclical nature of the construction industry, the inherent risks of fixed-price contracts and the Company’s high financial leverage.

With respect to the Xayaburi Hydroelectric Power Project, the Company may propose the revision of the project delivery schedule to the employer every six months, thereby enabling the Company to collect more payments. In addition, the Company has restructured its business operations in energy sector by establishing CK Power Limited to operate all energy business, thereby decreasing the Company’s burden on investments in energy business. Given the Company’s sales of certain ordinary shares in Thai Tap Water Supply Public Company Limited in the first quarter of 2013 and in the second quarter of 2013, the Company sold its investments in Bangkok Metro Public Company Limited, and in the third quarter of 2013, the Company did not acquire ordinary shares for capital increase in CK Power Public Company Limited, which registered its capital increase in July 2013, thereby bringing the shareholding in such company to decrease from 38 percent to 31.8 percent, and as a result, it is able to derive cash and recognize gain on such sales, as well as changing the bookkeeping method of the value of investments in Thai Tap Water Supply Public Company Limited to reflect the market value from the former equity method. Furthermore, CK Power Limited converted into a public limited company and was listed on the Stock Exchange of Thailand, which would enhance the Company’s liquidity, whereby CK Power Public Company Limited is able to finance for investments in the power projects on its own, and as a result, the equity to net liabilities ratio will improve accordingly, provided that, the Company shall maintain its equity to net liabilities ratio under the consolidated financial statements of the debenture issuer at not to exceed 3 (three) to 1 (one) as at the close of the second quarter and as at the end of each accounting year. As at December 31, 2013, the Company’s equity to net liabilities ratio equaled 1.73 : 1.

ASSETS FOR BUSINESS OPERATIONS

1 Significant Characteristics of Fixed Assets

The details of significant fixed assets of CH. Karnchang Public Company Limited and its subsidiaries and jointly controlled entities based on the book value as at December 31, 2013 are as follows:

Type of Assets	Ownership	Cost (Thousand Baht)	Net Value* (Thousand Baht)	Security Value with Guar- anteed Obligation (Net of Accumulated Depreciation Costs and Provision for Loss from Impairments of Assets)	Obligations
(1) Land and Improvements	Owner	1,095,309	982,071	-	N/A
(2) Buildings and Structures	Owner	1,792,672	1,601,571	-	N/A
(3) Building Improvement	Owner	334,644	5,729	-	N/A
(4) Machinery and Equipment	Owner	5,867,420	3,393,488	-	N/A
(5) Office Equipment, Furniture and Vehicles	Owner	836,942	305,006	-	N/A
(6) Assets under Construction	Owner	1,229,995	1,229,995	-	N/A
Total Property, Plant and Equipment		11,156,982	7,517,860		

Remark * Net value refers to the book value at cost less the accumulated depreciation costs and provision for loss from impairments.

Type of Assets	Ownership	Cost (Thousand Baht)	Net Value* (Thousand Baht)	Security Value Net of Accumulated Depreciation Costs and Impairments of Subsidiaries with Guaranteed Obligation	Obligations
1. Investment Properties, such as, land and office building for rent	Owner	459,592	383,536	N/A	N/A

Remark * Net value refers to the book value at cost less the accumulated depreciation costs and provision for loss from impairments.

Details of Land	Number of Title Deeds	Area (Rai-Ngan-Square wah)	Original Cost (Thousand Baht)
1. Bangkok	20	25-3-25	571,769
2. Nonthaburi	4	2-1-48	6,356
3. Pathum Thani	1	30-0-0	7,844
4. Samut Prakan	3	37-1-87	84,856
5. Chon Buri	1	0-0-18	2,880
6. Saraburi	3	38-3-39	64,087
7. Phra Nakhon Si Ayutthaya	7	105-3-97	46,914
8. Chachoengsao	4	67-0-15	83,089
9. Chiang Mai	5	5-0-80	141,191
10. Krabi	5	434-1-95	46,234
11. Prachin Buri	2	36-3-53	4,810
12. Prachuap Khiri Khan	3	13-0-76	35,000
13. Loei	1	0-0-22	279
Total			1,095,309

Details of Buildings	Location	Original Cost (Thousand Baht)
1. Office building, materials store, canteen, laboratory	Bangkok	451,528
2. Office building, staff residence, materials store	Phra Nakhon Si Ayutthaya	90,424
3. Office building, materials store, tool center	Pathum Thani	10,397
4. Temporary building	Chon Buri	400
5. Temporary office	Loei	2,391
6. Office building, materials store, canteen	Lao PDR	1,207,070
7. Office building, asphalt plant	Samut Prakan	30,462
Total		1,792,672

Real Estate Development Business

The Company and its subsidiaries do not operate any real estate development business.

Major Intangibles Assets

Type of Assets	Ownership	Cost (Thousand Baht)	Net Value* (Thousand Baht)	Obligations
1. Computer Software	Owner	135,916	96,025	N/A

2 Investment Policy in Subsidiaries and Associated Companies

The Company has a policy to invest in such businesses which are relevant to the Company's primary business as follows:

Business of Production of Construction Materials:

This business supports the production process which is the Company's primary business in terms of costs and quantity control in line with the Company's objectives.

Infrastructure Concession Projects:

The Company considers that the results of operation of such business shall result in return on a long-term basis, and enhance the stability of the Company's long-term cash flow, namely, the water production and distribution concession project in Pathum Thani Province for the Provincial Waterworks Authority, the MRTA Initial System Project, Chaloem Ratchamongkhon Line, and the water production and distribution project in Nakhon Pathom and Samut Sakhon Provinces for the Provincial Waterworks Authority, projects of design, development, construction and operation of the Nam Ngum 2 Hydroelectric Power Project and the Xayaburi Hydroelectric Power Project for production and distribution of electricity to the Electricity Generating Authority of Thailand, project of design, development, construction and operation of the Small Power Producers (SPP) for production and distribution of electricity and steam to the Electricity Generating Authority of Thailand and industrial operators in Bang Pa-in Industrial Estate, and project of business for production of electricity from solar power, etc.

Construction Business, including Joint Ventures:

The Company also jointly invested with other investors with expertise in specific areas in major infrastructure construction projects, namely, expressway construction projects and the MRTA projects, which require specific techniques or know-how. In addition to the financial return to be received by the joint ventures and the Company, the Company will also benefit from new technology transfer from such joint ventures. Furthermore, it is clear that the joint ventures in the Company group earn satisfactory rates of return on investment.

With regard to the management principles, the Company shall appoint its representatives to jointly participate in the management, in cooperation with representatives of major shareholders according to the shareholding ratio. The decisions on various policies shall be mutually agreed upon among the major shareholders. In this regard, the investment ratio shall take into account the suitability and the rate of return of such project, along with other related factors, namely, technology, size of the project, etc. As for investment in subsidiaries,

the Company shall appoint its representatives to act as executives. As for investment in joint ventures, the Company shall appoint its representatives to participate in the management and operations, whereby the roles and responsibilities shall be clearly allocated among other joint venture partners. However, the Company does not have any specific criteria as to its representation in the management of the joint ventures. The Company's investments in the business of production of construction materials, infrastructure concession projects, and construction business including joint ventures based on the cost method, as at December 31, 2013, amounted to Baht 29.99 Million, Baht 15,381.94 Million, Baht 279.29 Million and Baht 91.04 Million (at the same time, the Company arranged for the provision for loss from such investments amounting to Baht 1.56 Million, Baht 363.18 Million, Baht 44.32 Million and Baht 71.04 Million), and unrealized gain on changes in value of such investments amounting to Baht 7,989.22 Million, representing 0.05 percent, 25.46 percent, 0.46 percent and 0.15 percent of the Company's total assets, respectively.

In addition, as at December 31, 2013, the Company arranged for a provision for loss from investments in joint ventures in respect of construction business in the category of liabilities in the financial statements amounting to Baht 18.07 Million.

Since 2007, the Company changed its accounting policy on investments in subsidiaries, joint ventures and associated companies in the separate financial statements from the equity method to the cost method in accordance with the Notification of the Federation of Accounting Professions No. 26/2549 Re:Thai Accounting Standard No. 44 on financial statements and accounting for investments in subsidiaries, common business and associated companies in the separate financial statements from the equity method to the cost method.

Investments based on the cost method which showed a deficit in the separate financial statements would be presented under the "Provision for loss on investments in joint ventures".



LEGAL DISPUTES

The Company or the subsidiaries have no legal disputes, to which the Company or the subsidiaries are a party or respondent, and which would give rise to negative impact on the assets of the Company or of the subsidiaries by more than 5 percent of the shareholders' equity as at the most recent accounting year end, and there is no lawsuit which would significantly affect the Company's business operations. In addition, the Company has no material lawsuit which is not resulted from the Company's ordinary course of business.

In 2000, Joint Venture BBCD claimed the increased costs from the Expressway Authority of Thailand (the employer), whereby the employer's consulting engineer considered the Joint Venture's claim and issued a letter confirming and accepting the certification of such increased costs. The Arbitral Tribunal then issued its arbitral award requiring the employer to pay the increased costs, together with interest, to the Joint Venture. Subsequently, the employer issued a letter notifying the Joint Venture that the employer had considered the matter and deemed it appropriate to comply with such arbitral award. On this ground, the Joint Venture recorded such amount as its assets and revenue in the financial statements for 2001 in proportion to the Company group's participation in the Joint Venture, representing approximately Baht 2,500 Million.

Due to the delay in payment of such costs, the Joint Venture filed a lawsuit against the employer with the Civil Court to enforce compliance with the said arbitral award. On December 30, 2003, the Civil Court adjudged enforcing compliance with the arbitral award, by requiring the Expressway Authority of Thailand (the employer) to make such payment to the Joint Venture in accordance with the arbitral award. Later in January 2004, the employer filed an appeal with the Supreme Court.

On February 15, 2007, the Supreme Court adjudicated reversing the Civil Court's judgment which enforced the arbitral award requiring the employer to make such payment to Joint Venture BBCD. The Joint Venture therefore recorded an allowance for doubtful accounts in full for accounts receivable for - claims for additional costs as expenses in profit or loss for 2006 in proportion to the Company group's participation in the Joint Venture, representing approximately Baht 2,500 Million.

Subsequently, after the thorough study of the details of the judgment of the Supreme Court, the Company's management filed a lawsuit against the employer with the Civil Court on February 11, 2008 to claim the costs paid by Joint Venture BBCD from the employer on charge of undue enrichment, bringing the costs included interest calculated until the date of the plaint to approximately Baht 3,400 Million (in proportion to the Company group's participation in the Joint Venture).

On September 15, 2011, the Civil Court adjudged requiring the employer to make payment to Joint Venture BBCD in the amount of Baht 1,750 Million (in proportion to the Company group's participation in the Joint Venture), together with interest at the rate of 7.5 percent per annum from such principal from February 15, 2007 until the employer would make such payment to Joint Venture BBCD in full. The employer and Joint Venture BBCD filed their appeals with the Appeal Court.

On December 27, 2013, the Appeal Court adjudicated reversing the Civil Court's judgment, thereby Joint Venture BBCD's plaint was dismissed. At present, such case is now pending Joint Venture BBCD's filing of an appeal with the Supreme Court to demand the employer to pay all increased costs, together with interest, until the payment would be made in full.

GENERAL INFORMATION AND OTHER SIGNIFICANT INFORMATION

1 General Information

► Company Profile

CH. Karnchang Public Company Limited

Head Office	:	587 Viriyathavorn Building, Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok 10400
Telephone	:	66(0)2277-0460, 66(0)2275-0026
Fax	:	66(0)2275-7029
Website	:	www.ch-karnchang.co.th
Business Category	:	To operate the business of general contract construction for government agencies, state enterprises and private entities, in the form of main contractor, subcontractor or joint venture or consortium.
Registration No.	:	0107537002575
Registered Capital	:	Baht 1,652,585,336
Divided into Ordinary Shares	:	1,652,585,336 shares
Par Value	:	Baht 1 per share
Paid-up Capital	:	Baht 1,652,585,336

The Company invests in each of its subsidiaries as follows:

Company Name	Business Category	Total Number of Shares	Par Value	Shares Held by the Company	Share holding Ratio	Type of Shares
1. Construction Material Supply Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026 Fax 66(0) 2275-7029	Trading of Construction Materials	300,000	Baht 100	299,992	99.99%	Ordinary Shares
2. CH. Karnchang Real Estate Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026 Fax 66(0) 2275-7029	Trading of Land, Allocation of Land and Residential Buildings	1,600,000	Baht 100	1,584,000	99.00%	Ordinary Shares
3. CH. Karnchang-Tokyu Construction Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-3651-5 Fax 66(0) 2275-3657	Contract for All Kinds of Construction	1,000,000	Baht 100	549,994	55.00%	Ordinary Shares
4. CH. Karnchang (Lao) Co., Ltd.* The head office is located at Ban Xiang Yuen, Chantaburi District, Vientiane	Operation of Business of Construction of the Nam Ngum 2 Hydroelectric Power Dam					

Remark: * CH. Karnchang (Lao) Co., Ltd. has paid-up share capital of USD 1,000,000, 100% of which is invested by CH. Karnchang Public Company Limited.

- The Company also invests in other companies through a shareholding ratio of at least 10 percent of the number of shares sold in each company as follows:

Company Name	Business Category	Total Number of Shares	Par Value	Shares Held by the Company	Shareholding Ratio	Type of Shares
1. Thai Tap Water Supply Public Company Limited The head office is located at No. 30/130 Moo 12, Buddhamonthon 5 Road, Tambon Rai Khing, Amphoe Sam Phran, Nakhon Pathom Province Telephone 66(0) 2811-7526 Fax 66(0) 2811-7687	Supply and Development of Projects for Production and Distribution of Tap Water	3,990,000,000	Baht 1	759,877,400	19.04%	Ordinary Shares
2. Pathum Thani Water Co., Ltd. ¹ The head office is located at No. 43 Moo 3, Chiang Rak Noi - Bang Sai Road, Tambon Ban Pathum, Amphoe Sam Khok, Pathumthani Province 12160 Telephone 66(0) 2979-8530-2 Fax 66(0) 2979-8533	Supply and Development of Projects for Production and Distribution of Tap Water under Arrangement with the Provincial Waterworks Authority	12,000,000	Baht 100	-	-	Ordinary Shares
3. CK Power Public Company Limited The head office is located at No. 587, 19th Floor, Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2691-9720-2 Fax 66(0) 2691-9723	Operation of Business by Holding Shares in Other Companies (Holding Company)	1,100,000,000	Baht 5	349,600,000	31.78%	Ordinary Shares
4. SouthEast Asia Energy Limited ² The head office is located at No. 587, 20th Floor, Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-4873 Fax 66(0) 2691-8307	Operation of Business of All Types of Power Plants and Distribution of Electricity inside and outside Thailand	660,675,000	Baht 10	-	-	Ordinary Shares
5. Bangpa-in Cogeneration Limited ³ The head office is located at No. 587 Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-4364 Fax 66(0) 2691-9951	Operation of Business of Power Plants, including Businesses Relating to Electricity and All Types of Energies	137,000,000	Baht 10	-	-	Ordinary Shares
6. Bangkhenchai Co., Ltd. ⁴ The head office is located at No. 587 Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2691-9720-2 Fax 66(0) 2691-9723	Operation of Business of All Types of Power Plants	2,342,500	Baht 100	-	-	Ordinary Shares
7. Nakhon Ratchasima Solar Co., Ltd. ⁵ The head office is located at No. 23/56, 17th Floor, Sorachai Building, Soi Sukhumvit 63, Sukhumvit Road, North Klongton Subdistrict, Wattana District, Bangkok Telephone 66(0) 2714-2400 Fax 66(0) 2714-2401	Operation of Business of All Types of Power Plants	2,215,000	Baht 100	-	-	Ordinary Shares

Company Name	Business Category	Total Number of Shares	Par Value	Shares Held by the Company	Share-holding Ratio	Type of Shares
8. Chiangrai Solar Co., Ltd. ⁶ The head office is located at No. 23/56, 17th Floor, Sorachai Building, Soi Sukhumvit 63, Sukhumvit Road, North Klongton Subdistrict, Wattana District, Bangkok Telephone 66(0) 2714-2400 Fax 66(0) 2714-2401	Operation of Business of All Types of Power Plants	2,917,500	Baht 100	-	-	Ordinary Shares
9. Bangkok Metro Public Company Limited The head office is located at No. 189 Rama IX Road, Huai Khwang Subdistrict, Huai Khwang District, Bangkok Telephone 66(0) 2354-2000 Fax 66(0) 2354-2000	Construction, Operation and Maintenance of Railway System, Train, Electric Train System or Other Powered Carriage System	20,500,000,000	Baht 1	6,188,312,416	30.19%	Ordinary Shares
10. Bangkok Expressway Public Company Limited The head office is located at No. 238/7 Asoke-Dindaeng Road, Bangkapi Subdistrict, Huaykwang District, Bangkok Telephone 66(0) 2641-4611 Fax 66(0) 2641-4610	Construction and Operation of the Second Stage Expressway Project and Various Extensions, including Related Businesses	770,000,000	Baht 10	116,669,550	15.15%	Ordinary Shares
11. Xayaburi Power Company Limited The head office is located at Ban Xiang Yuen, Chantaburi District, Vientiane	Study, Survey and Design of the Hydroelectric Power Dam Construction Project in the Mekong River around Xayaburi under the Project Development Agreement ("PDA") with the Government of the Lao People's Democratic Republic	2,686,100,000	Baht 10	805,830,000	30.00%	Ordinary Shares

Remarks:

- 1 CH. Karnchang Public Company Limited indirectly holds shares in Pathum Thani Water Co., Ltd. via Thai Tap Water Supply Public Company Limited, namely, CH. Karnchang Public Company Limited currently holds shares representing 19.04 percent in Thai Tap Water Supply Public Company Limited, and Thai Tap Water Supply Public Company Limited holds shares representing 98.00 percent in Pathum Thani Water Co., Ltd.
- 2 CH. Karnchang Public Company Limited indirectly holds shares in SouthEast Asia Energy Limited via CK Power Public Company Limited, namely, CH. Karnchang Public Company Limited currently holds shares representing 31.78 percent in CK Power Public Company Limited and CK Power Public Company Limited holds shares representing 56.00 percent in SouthEast Asia Energy Limited.
- 3 CH. Karnchang Public Company Limited indirectly holds shares in Bangpa-in Cogeneration Limited via CK Power Public Company Limited, namely, CK Power Public Company Limited currently holds shares representing 65.00 percent in Bangpa-in Cogeneration Limited.
- 4 CH. Karnchang Public Company Limited indirectly holds shares in Bangkhenchai Co., Ltd. via CK Power Public Company Limited, namely, CK Power Public Company Limited currently holds shares representing 99.99 percent in Bangkhenchai Co., Ltd.
- 5 CH. Karnchang Public Company Limited indirectly holds shares in Nakhon Ratchasima Solar Co., Ltd. via CK Power Public Company Limited, namely, CK Power Public Company Limited currently holds shares representing 30.00 percent in Nakhon Ratchasima Solar Co., Ltd.
- 6 CH. Karnchang Public Company Limited indirectly holds shares in Chiangrai Solar Co., Ltd. via CK Power Public Company Limited, namely, CK Power Public Company Limited currently holds shares representing 30.00 percent in Chiangrai Solar Co., Ltd.

► The Company also invests in the form of joint venture as follows:

Joint Venture Name	Nature of Work	Investment Ratio
1. CKAE Consortium comprising CH. Karnchang Public Company Limited, 110 Architect Co., Ltd., Arun Chaiseri Consulting Engineers Co., Ltd., Environmental Engineering Consultants Co., Ltd. and Epsilon Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Design and Construction of the Development Project for Enhancement of the Capacities of the Bangkok International Airport	98.00%
2. Joint Venture CKET comprising CH. Karnchang Public Company Limited and Expert Transport Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2354-1919	Project Operation and Management under the Agreement for Concession for Design, Manufacture, Delivery, Installation, Testing and Commissioning of M&E Equipment and for Operation and Maintenance of the MRTA Initial System, Chaloem Ratchamongkhon Line	99.99%
3. Joint Venture BBCT comprising CH. Karnchang Public Company Limited, Bilfinger + Berger Bauaktiengesellschaft, Tokyu Construction Co., Ltd. and CH. Karnchang-Tokyu Construction Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Construction of the (Bang Pa-in - Pak Kret) Expressway (Sectors D and C1 A)	99.97%
4. Joint Venture BBCD comprising Bilfinger Berger AG, CH. Karnchang Public Company Limited and Walter Bau AG The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Construction of the (Bang Na - Bang Pli - Bang Pakong) Expressway	35.00%
5. Joint Venture BCKT comprising Bilfinger + Berger Bauaktiengesellschaft, CH. Karnchang Public Company Limited, Kumagai Gumi Limited and Tokyu Construction Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Design and Construction of the Underground Structure, Subway Project, South Section (Hua Lamphong - Huai Khwang)	25.00%
6. Joint Venture CKLX comprising CH. Karnchang Public Company Limited and Loxley Public Company Limited The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Construction of the Toll Collection and Traffic Safety Control Systems for the Bang Pli - Suk- sawad Expressway and Highway No. 37, Outer Bangkok Ring Road (the Bang Pli - Bang Khun Thien Expressway in respect of Suksawad - Bang Khun Thien Section)	75.00%
7. Joint Venture CKTC comprising CH. Karnchang Public Company Limited and Tokyu Construc- tion Co., Ltd. The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Operations for Construction Project of the Purple Line, Bang Yai - Rat Burana, Bang Yai - Bang Sue Section; Contract 1: Elevated Structures (East)	70.00%
8. Joint Venture CH. Karnchang-Krung Thon Engineers comprising CH. Karnchang Public Company Limited and Krung Thon Engineers Company Limited The head office is located at No. 587 Sutthisarn Road, Dindaeng Subdistrict, Dindaeng District, Bangkok Telephone 66(0) 2275-0026, Fax 66(0) 2275-7029	Operations for Construction of Phra Ong Chao Chaiyanuchit Canal Conduit System - Bang Phra Reservoir and Appurtenant Structures Contract 1 Project, Project for Diversion of Water from Eastern Chao Phraya River Basin - Bang Phra Reservoir, Chon Buri Province	60.00%

Reference

Securities Registrar : Thailand Securities Depository Co., Ltd.
2/7 Moo 4, Capital Market Academy Building
The Stock Exchange of Thailand, 2nd Floor North Park Project, Vibhavadi Rangsit Road,
Km. 27 Thung Song Hong Subdistrict, Lak Si District Bangkok 10210
Telephone 0-2596-9000, 0-2596-9302-11, Fax 0-2832-4994-6

or
62 The Stock Exchange of Thailand Building 4th, 7th Floors, Rachadapisek Road Klongtoey
Subdistrict, Klongtoey District Bangkok 10110
Telephone 0-2229-2800, Fax 0-2359-1262-3

Auditors : Miss Waraporn Prapasirikul CPA License No. 4579
Mr. Narong Puntawong CPA License No. 3315
Miss Supanee Triyanantakul CPA License No. 4498
Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137
New Rajadapisek Road, Klongtoey District, Bangkok 10110
Telephone 0-2264-0777, Fax 0-2264-0789-90

Regularly Contacted Financial Institutions : 1. Bangkok Bank Public Company Limited
333 Silom Road, Silom Subdistrict, Bangrak District, Bangkok 10500
2. KASIKORNBANK Public Company Limited
400/22 Phaholyothin Road, Samsen Nai Subdistrict, Phaya Thai District, Bangkok 10400
3. Krung Thai Bank Public Company Limited
35 Sukhumvit Road, Klongtoey Nuea Subdistrict, Watthana District, Bangkok 10110
4. Siam Commercial Bank Public Company Limited
9 Ratchadaphisek Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900
5. Bank of Ayudhya Public Company Limited
1222 Rama III Road, Bang Phongphang Subdistrict, Yan Nawa District, Bangkok 10120
6. CIMB Thai Public Company Limited
44 Langsuan Road, Lumpini Subdistrict, Pathum Wan District, Bangkok 10330

Legal Advisor : The Legists Ltd.
990 Abdulrahim Place, 9th Floor Rama IV Road, Silom Subdistrict Bangrak District,
Bangkok 10500
Telephone: 0-2636-1111 Fax: 0-2636-0000

Debenture Registrar and Debenture Holder Representative :

No.	Name	Debenture Registrar	Debenture Holder Representative
1	Debentures of CH. Karnchang Public Company Limited No. 1/2009, Series 2, Maturity in 2014	CIMB Thai Public Company Limited	CIMB Thai Public Company Limited
2	Debentures of CH. Karnchang Public Company Limited No. 1/2010, Maturity in 2014	CIMB Thai Public Company Limited	CIMB Thai Public Company Limited
3	Debentures of CH. Karnchang Public Company Limited No. 2/2010, Series 2, Maturity in 2015	Siam Commercial Bank Public Company Limited	-
4	Debentures of CH. Karnchang Public Company Limited No. 1/2011, Maturity in 2015	Bank of Ayudhya Public Company Limited	CIMB Thai Public Company Limited
5	Debentures of CH. Karnchang Public Company Limited No. 2/2011, Series 1, Maturity in 2016	Bank of Ayudhya Public Company Limited	CIMB Thai Public Company Limited
6	Debentures of CH. Karnchang Public Company Limited No. 2/2011, Series 2, Maturity in 2018	Bank of Ayudhya Public Company Limited	CIMB Thai Public Company Limited
7	Debentures of CH. Karnchang Public Company Limited No. 1/2012, Maturity in 2017	KASIKORNBANK Public Company Limited	CIMB Thai Public Company Limited
8	Debentures of CH. Karnchang Public Company Limited No. 1/2013, Maturity in 2019	KASIKORNBANK Public Company Limited	CIMB Thai Public Company Limited

2 Other Significant Information

- None. -



PART

2

Management and
Corporate Governance

The MRT Green Line Project

INFORMATION ON SECURITIES AND SHAREHOLDERS

1 Registered and paid-up capital

1. As at December 31, 2013, the Company's registered capital amounts to Baht 1,652,585,336, Baht 1,652,585,336 of which has been paid up, divided into 1,652,585,336 ordinary shares at the par value of Baht 1 per share.
2. The Company does not have any other type of shares providing rights or conditions differing from those of the ordinary shares.

The Company neither has any plan to offer shares or convertible securities to the Thai Trust Fund, nor issues non-voting depository receipts (NVDR).

2 Shareholders

1. Major shareholders

(a) Top ten major shareholders

Major Shareholders as at September 19, 2013

(As of the most recent date of closing the shareholder register)

Shareholders	Total Shares	Shareholding (%)
1. Trivisvavet Family		
1.1 Mrs. Sopida Trivisvavet	13,678,200	0.828
1.2 Mr. Plew Trivisvavet	16,325,851	0.988
1.3 Mr. Prasert Trivisvavet	10,902,400	0.659
1.4 Mrs. Saikasem Trivisvavet	3,844,285	0.233
1.5 Mr. Kamthorn Trivisvavet	71,000	0.004
1.6 Mahasiri Siam Co., Ltd. ¹	332,109,625	20.096
1.7 CH. Karnchang Holding Co., Ltd. ²	171,216,127	10.361
1.8 CK. Office Tower Co., Ltd. ³	91,071,427	5.511
1.9 Bang Pa-in Land Development Co., Ltd. ⁴	17,692,500	1.071
2. Bangkok Bank Public Company Limited	38,000,000	2.299
3. STATE STREET BANK EUROPE LIMITED ⁵	34,871,248	2.110
4. Thai NVDR Co., Ltd. ⁶	33,692,656	2.039
5. Mr. Kamphol Wiratepsuporn	21,000,000	1.271
6. Hicrete Products Co., Ltd.	17,417,400	1.054
7. Thai Value Focus Equity - Dividend Fund	16,320,700	0.988
8. Miss Sophin Chaiwikrai	14,900,000	0.902
9. Mr. Suchon Sirivorakanvanit	13,000,000	0.787
10. Mr. Chalermchai Mahagitsiri	11,463,600	0.694

¹Mahasiri Siam Co., Ltd.'s shareholders comprise:

Major Shareholders	Total Shares	Shareholding (%)
Mr. Thavorn Trivisvavet	2,411,473	26.80
Mr. Prasert Trivisvavet	2,281,895	25.35
Mr. Thep Trivisvavet	937,837	10.42
Miss Ruangkhao Promphat	621,213	6.90
Mr. Plew Trivisvavet	1,993,633	22.15
Mr. Kamthorn Trivisvavet	753,948	8.38
Mrs. Saikasem Trivisvavet	1	0.00
Total	9,000,000	100.00

²CH. Karnchang Holding Co., Ltd.'s shareholders comprise:

Major Shareholders	Total Shares	Shareholding (%)
Cholavet Civil Co., Ltd.	1,050,000	12.50
Tawornwong Co., Ltd.	1,050,000	12.50
Vetprasert Co., Ltd.	1,050,000	12.50
Namphol Construction Co., Ltd.	1,050,000	12.50
Mr. Nattapong Khummee	1,050,000	12.50
Ekkamthorn Co., Ltd.	1,050,000	12.50
Mahasiri Siam Co., Ltd.	2,100,000	25.00
Total	8,400,000	100.00

³CK. Office Tower Co., Ltd.'s shareholders comprise:

Major Shareholders	Total Shares	Shareholding (%)
Mr. Thavorn Trivisvavet	375,000	12.50
Mr. Plew Trivisvavet	375,000	12.50
Mr. Prasert Trivisvavet	375,000	12.50
Mr. Thep Trivisvavet	375,000	12.50
Mr. Yim Trivisvavet	375,000	12.50
Mr. Kamthorn Trivisvavet	375,000	12.50
Mahasiri Siam Co., Ltd.	750,000	25.00
Total	3,000,000	100.00

⁴Bang Pa-in Land Development Co., Ltd.'s shareholders comprise:

Major Shareholders	Total Shares	Shareholding (%)
Mr. Thavorn Trivisvavet	200,000	8.33
Mr. Prasert Trivisvavet	200,000	8.33
Miss Jiraporn Yodsaeng	200,000	8.33
Mr. Plew Trivisvavet	200,000	8.33
Mr. Thep Trivisvavet	200,000	8.33
Mr. Kamthorn Trivisvavet	200,000	8.33
Mahasiri Siam Co., Ltd.	600,000	25.00
CK. Office Tower Co., Ltd.	600,000	25.00
Total	2,400,000	100.00

⁵ This is a company registered abroad and trades securities on the Stock Exchange of Thailand without disclosing if its shareholding is for its own interest or for others, and the Company is not in a position to request the shareholder to disclose such information.

⁶ This is a subsidiary established by the Stock Exchange. NVDR represents automatically listed securities. NVDR investors enjoy the same financial privileges as investment in ordinary shares of companies, except that they have no right to vote in shareholders' meetings.

(b) None of the Company's major shareholders has, by circumstances, any material influence over the determination of policies on management or operations of the Company.

2. Shareholders' agreement

None of the Company's major shareholders has entered into a shareholders' agreement, to which the Company is a party, concerning any matters which have affect the Company's issuance and offering of securities or its administration.



3 Issuance of other securities

1. The Company has no convertible securities.
2. The Company's securities in the form of debt instrument are debentures, with the details as follows:

The Company's Outstanding Debentures as at December 31, 2013

Debenture Symbol	Issuance Date	Value as at Issuance Date (Million Baht)	Value as at Dec 31, 2013 (Million Baht)	Term (Years)	Maturity Date	Interest Rate (per annum)	Type of Offering *	Credit Rating as at Jan 24, 2014
CK142A	February 6, 2009	883.80	883.80	5.0	February 6, 2014	1 st -2 nd years : 5.50% 3 rd -5 th years : 6.30%	PO	BBB+
CK143A	March 25, 2010	1,100.00	1,100.00	4.0	March 25, 2014	4.90%	PP / II / HNW	BBB+
CK157A	July 9, 2010	1,000.00	1,000.00	5.0	July 9, 2015	4.75%	PP 10 persons	BBB+
CK154A	April 28, 2011	2,000.00	2,000.00	4.0	April 28, 2015	1 st -2 nd years : 4.90% 3 rd -4 th years : 5.50%	PO	BBB+
CK167A	October 28, 2011	2,000.00	2,000.00	4.9	July 28, 2016	1 st -2 nd years : 5.25% 3 rd -4 th years : 5.75% Last 9 months : 6.25%	PO	BBB+
CK187A	October 28, 2011	1,000.00	1,000.00	6.9	July 28, 2018	1 st -2 nd years : 5.40% 3 rd -4 th years : 5.75% 5 th -6 th years : 6.25% Last 9 months : 6.75%	PO	BBB+
CK174A	July 18, 2012	2,000.00	2,000.00	4.9	April 18, 2017	5.50%	PO	BBB+
CK193A	June 7, 2013	4,000.00	4,000.00	5.9	March 7, 2019	5.00%	PO	BBB+
Total		13,983.80	13,983.80					

Remarks:

- PO public offering to all types of investors
- II/HNW offering to institutional investors and high net worth investors
- PP private placement

Latest Credit Rating of Debentures

TRIS Rating Co., Ltd. has affirmed the corporate and existing senior debenture ratings of CH. Karnchang Public Company Limited at “BBB+” as at January 24, 2014. The Company’s rating outlook has been revised to “positive” from “stable” to reflect the Company’s improved leverage position and financial flexibility after its group business restructuring, which allowed the Company to realize market value of its shares in Thai Tap Water Supply Public Company Limited (TTW), enhance marketability of its shares in CK Power Public Company Limited (CK), and mitigate concerns over ongoing financial supports to Bangkok Metro Public Company Limited (BMCL).

The credit ratings may be upgraded should the Company be able to maintain its operating margin to stay above 5 percent and the debt to capitalization ratio (excluding loan for the MRT Purple Line Project, Contract 4) to stay below 67 percent or the leverage level to stay below 2 times. The Company’s credit ratings also reflect its leading position in Thailand’s construction industry, proven records in infrastructure and specialized projects, and financial flexibility from strategic investments. However, these strengths are partially offset by the cyclical nature of the construction industry, the inherent risks of fixed-price contracts and the Company’s high financial leverage.

4 Policy on dividend payment

The Company has a policy to pay dividend to shareholders at an expected rate of approximately not less than 40 percent of the net profit after tax in each year, which will be payable in the following year provided that there is no any other necessary requirements and such dividend payment will not affect the ordinary course of the Company’s business operations in any material aspects.

As for the subsidiaries, joint ventures and related companies, the Company has not yet set out any policy on dividend payment.



MANAGEMENT STRUCTURE

1 Board of Directors

As at December 31, 2013, the Board of Directors consists of 12 directors as listed below (details are shown in Attachment 1)

Directors	Positions	Category	Total Number of Board of Directors' Meetings	Attendances of Board of Directors' Meetings
1. Mr. Aswin Kongsiri	Chairman of the Board of Directors	Independent Director	7	7
2. Mr. Plew Trivisvavet	Director Chairman of the Executive Board Nomination and Remuneration Committee Member Corporate Governance and Risk Management Committee Member Chief Executive Officer	Executive Director	7	7
3. Mr. Vitoon Tejatussanasoontorn	Director Chairman of the Audit Committee Chairman of the Corporate Governance and Risk Management Committee Nomination and Remuneration Committee Member	Independent Director	7	7
4. Mr. Don Pramudwinai	Director Audit Committee Member Chairman of the Nomination and Remuneration Committee Chairman of the Corporate Social and Environmental Responsibility Committee	Independent Director	7	6
5. Mr. Thawansak Sukhawun	Director Audit Committee Member Corporate Governance and Risk Management Committee Member	Independent Director	7	7
6. Mr. Pavich Tongroach	Director Corporate Social and Environmental Responsibility Committee Member	Independent Director	7	6
7. Mr. Narong Sangsuriya	Director Executive Director Nomination and Remuneration Committee Member Corporate Governance and Risk Management Committee Member	Executive Director	7	7
8. Mr. Kamthorn Trivisvavet	Director Executive Director	Non-Executive Director	7	6
9. Mr. Prasert Marittanaporn	Director Executive Director Corporate Social and Environmental Responsibility Committee Member	Executive Director	7	7
10. Mr. Ratn Santaannop	Director Executive Director	Executive Director	7	6
11. Mr. Sombat Kitjalaksana	Director	Non-Executive Director	7	7
12. Mr. Anukool Tuntimas	Director Executive Director	Executive Director	7	7

The Company's authorized signatory directors are two of the following four directors, namely, Mr. Plew Trivisvavet, the Chief Executive Officer, Mr. Kamthorn Trivisvavet, Mr. Narong Sangsuriya, Mr. Prasert Marittanaporn, jointly sign and affix the Company's seal, or any one of the said four directors and either Mr. Ratn Santaannop or Mr. Sombat Kitjalaksana or Mr. Anukool Tuntimas, totaling two directors, jointly sign and affix the Company's seal.

Board of Directors' Authority

- 1) Determining policies and directions of the Company's operation and supervising the management to comply with the specified policies as well as taking steps to ensure that the Company has efficient and effective internal control system and the intention to continue its business operations;
- 2) Performing the duties in compliance with laws, objectives and Articles of Association of the Company, as well as resolutions passed by shareholders' meetings, taking into account the integrity and protection of the Company's interest;
- 3) Being responsible for preparation of balance sheet and income statement at the close of the Company's accounting period to ensure that they contain accurate information and truly and fairly reflect the Company's status, in compliance with generally accepted accounting standards, and having said financial statements audited by the Company's auditor so as to submit the same to the Annual Ordinary General Meeting of Shareholders for consideration and approval;
- 4) Focusing on the duty to disclose the Company's information in accordance with the Stock Exchange of Thailand's requirements, Re: Rules and Procedures for Disclosure of Information and Acts of Listed Companies, so as to disclose to the public such information which is material and necessary to the decision to invest in securities;
- 5) Having the authority to appoint other person to operate the Company's business subject to the supervision of the Board of Directors or the Managing Director or delegating to such person the authorities as the Board deems appropriate and during a certain period as the Board deems appropriate, provided that the Board of Directors may cancel, revoke or amend such authorities and that said authorization in no way allows such authorized person to approve any transactions in which such authorized person or another person may have conflict, interest or conflicts of interest in other manners with the Company or its subsidiaries;
- 6) Considering and granting approval for capital increase, issuance of debentures, for submission to the shareholders' meeting for further approval;
- 7) Considering and granting approval for operating expenses in excess of the amount authorized to be approved by the Managing Director, for submission to the Board of Directors' meeting for further approval.

The authority to take the foregoing actions shall not extend to connected transactions and such transactions relating to acquisition or disposition of significant assets of listed companies in accordance with the rules and regulations of the Office of the Securities and Exchange Commission/the Stock Exchange of Thailand and the Company shall comply with the Stock Exchange's rules, regulations and requirements governing those related matters. In addition, the foregoing authority shall not include any other matters subject to approval by the shareholders' meeting in accordance with the Company's Articles of Association.

Chairman of the Board of Directors' Authority

- 1) Monitoring the management in setting the direction of the business operations, providing suggestions, including supervision, control and following up the management via the Executive Board and Managing Director;
- 2) Determining the Company's policies in association with the Board of Directors, by jointly considering and establishing the business goals with management;
- 3) Presiding over both Board of Directors' meetings and shareholders' meetings, to control and conduct meetings efficiently and effectively, and encouraging all directors to participate in meetings and offers opinions independently.

Structure of Subsidiaries' Directors

As at December 31, 2013, the Boards of Directors of subsidiaries consist of qualified persons as listed below:

■ Construction Material Supply Co., Ltd.

- | | |
|------------------------------|------------------------------------|
| 1. Mr. Plew Trivisvavet | Chairman of the Board of Directors |
| 2. Mr. Kamthorn Trivisvavet | Director |
| 3. Mr. Sittidej Trivisvavet | Director |
| 4. Mr. Narong Sangsuriya | Director |
| 5. Mr. Prasert Marittanaporn | Director |
| 6. Mr. Prasarn Gerjarusak | Director |

■ CH. Karnchang Real Estate Co., Ltd.

- | | |
|-----------------------------|----------|
| 1. Mr. Plew Trivisvavet | Director |
| 2. Mr. Prasert Trivisvavet | Director |
| 3. Mr. Thep Trivisvavet | Director |
| 4. Mr. Yim Trivisvavet | Director |
| 5. Mr. Kamthorn Trivisvavet | Director |

■ CH. Karnchang-Tokyu Construction Co., Ltd.

- | | |
|------------------------------|------------------------------------|
| 1. Mr. Plew Trivisvavet | Chairman of the Board of Directors |
| 2. Mr. Kamthorn Trivisvavet | Director |
| 3. Mr. Thep Trivisvavet | Director |
| 4. Mr. Yim Trivisvavet | Director |
| 5. Mr. Narong Sangsuriya | Director |
| 6. Mr. Prasert Marittanaporn | Director |
| 7. Mr. Hideo Miyagawa | Director |
| 8. Mr. Tsuneo Izuka | Director |
| 9. Mr. Kunito Sakai | Director |
| 10. Mr. Mitsuhiro Terada | Director |
| 11. Mr. Toshiaki Nakamura | Director |

■ CH. Karnchang (Lao) Co., Ltd.

- | | |
|------------------------|----------|
| 1. Mr. Ratn Santaannop | Director |
|------------------------|----------|

2 Management Team

As at December 31, 2013, the management team ⁽¹⁾ of the Company consists of 10 persons (as per details in Attachment 1) as listed below:

Names	Positions
1. Mr. Plew Trivisvavet	Chief Executive Officer
2. Mr. Narong Sangsuriya	Senior Executive Vice President: Operation Group
3. Mr. Prasert Marittanaporn	Senior Executive Vice President: Administration Group
4. Mr. Ratn Santaannop	Executive Vice President: Construction 1
5. Mr. Viboon Mongkolpiyathana	Executive Vice President: Construction 2
6. Mr. Watchara Sanghattawattana	Executive Vice President: Engineering
7. Mr. Phongsarit Tantisuvanitchkul	Executive Vice President: Business Development
8. Mr. Sittidej Trivisvavet	Executive Vice President: Purchasing
9. Mr. Vorapote Uchupaiboonvong	Executive Vice President: Accounting and Finance
10. Mr. Anukool Tuntimas	Executive Vice President: Human Resource and General Administration

Remark: (1) The management team refers to the definition of “executive” of the Office of the Securities and Exchange Commission.

Chief Executive Officer’s Authority

The Chief Executive Officer shall have the authority to control and manage the Company’s core business and monitor all businesses of the Company to ensure compliance with resolutions and policies of the Board of Directors, including their suggestions. In this regard, the Board of Directors shall evaluate the Chief Executive Officer’s performance in

comparison with the annual goals, whereby the Nomination and Remuneration Committee shall consider remuneration for the Chief Executive Officer by evaluating from the performance in the past year for proposal to the Board of Directors for consideration and approval in accordance with the criteria.

The Company's Management Structure as at December 31, 2013



3 Company Secretary

The Board of Directors' Meeting No. 2/2013 on May 28, 2013 appointed Mr. Nattavut Trivisvavet to hold office as the Company Secretary (information of the Company Secretary per details in Attachment 1) with duties and responsibilities as follows:

1. Providing advice to directors as to relevant legal provisions, rules, criteria, and regulations;
2. Ensuring compliance with laws, the Articles of Association, relevant regulations and the good corporate governance principles by the Company;
3. Arranging for meetings as specified by law and the Articles of Association, preparing and keeping directors registration, notices and minutes of the Board of Directors' meetings and annual reports of the Company, notices and minutes of the shareholders' meetings as well as coordinating to ensure compliance with resolutions of the Board of Directors or resolutions of the shareholders with efficiency;
4. Ensuring disclosure of information and report on information to the regulatory units;
5. Contacting and communicating with shareholders and the related regulatory units;
6. Promoting training in various courses and providing information useful for new directors; and
7. Proceeding with other matters as assigned by the Board of Directors.

4 Remuneration for Directors and Executives

The Company has considered providing appropriate remuneration to directors and executives as per the criteria of determination of remuneration for directors as follows:

1. Remuneration shall be appropriate for and in line with the scope of duties and responsibilities of each director, e.g., Chairman of the Board of Directors, Chairman of each subcommittee and members of the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee and the Corporate Social and Environmental Responsibility Committee, who shall receive additional remuneration for such position;
2. Remuneration shall be sufficient to attract and retain knowledgeable and qualified directors to perform duties for the Company;
3. Elements of remuneration are clear, transparent and easy to understand.

The remuneration for executives shall be subject to the criteria as specified by the Board of Directors, namely, such remuneration is appropriate and at a sufficient level to attract and retain qualified high level executives to work for the Company, as well as at a rate comparable to companies at the same level or in the same business. In 2013, the remuneration of directors and executives is as follows:



(1) Monetary Remuneration for the year ended December 31, 2013

(a) Remuneration for directors consists of remuneration and meeting allowance, bonus, bringing the total remuneration for directors in 2013 to Baht 16,499,700, as per the following details:

Directors	Positions	Office Remuneration and Meeting Allowance in 2013							Total
		Board of Directors	Executive Board	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee	Corporate Social and Environmental Responsibility Committee	Bonus 2012	
Mr. Aswin Kongsiri	Chairman of the Board of Directors	870,000	-	-	-	-	-	895,500	1,765,500
Mr. Plew Trivisavet	Chairman of the Executive Board	320,000	520,000	-	10,000	40,000	-	895,500	1,785,500
Mr. Vitoon Tejatussanasoontorn	Chairman of the Audit Committee	320,000	-	440,000	10,000	140,000	-	895,500	1,805,500
Mr. Don Pramudwinai	Audit Committee Member	300,000	-	240,000	100,000	-	120,000	745,600	1,505,600
Mr. Thawansak Sukhawun	Audit Committee Member	320,000	-	240,000	-	40,000	-	745,600	1,345,600
Mr. Pavich Tongroach	Director	300,000	-	-	-	-	10,000	597,000	907,000
Mr. Narong Sangsuriya	Executive Director	320,000	220,000	-	10,000	40,000	-	745,600	1,335,600
Mr. Kamthorn Trivisavet	Executive Director	300,000	220,000	-	-	-	-	745,600	1,265,600
Mr. Prasert Marittanaporn	Executive Director	320,000	220,000	-	-	-	20,000	745,600	1,305,600
Mr. Ratn Santaannop	Executive Director	300,000	220,000	-	-	-	-	745,600	1,265,600
Mr. Sombat Kitjalaksana	Director	320,000	-	-	-	-	-	597,000	917,000
Mr. Anukool Tuntimas	Executive Director	320,000	220,000	-	10,000	-	-	745,600	1,295,600
Total		4,310,000	1,620,000	920,000	140,000	260,000	150,000	9,099,700	16,499,700

(b) Remuneration for executive directors consists of remuneration, meeting allowance as well as allowance. Remuneration for executives consists of salary and bonus. The total remuneration for six executive directors and six executives in 2013 amounted to Baht 112,010,900.

(2) Other Remuneration

Other Remuneration for Directors

- None -

Other Remuneration for Executives

- Provident Fund Contributions

The Company established a provident fund, whereby the Company shall remit contributions at the rate of seven percent of salary. In 2013, the Company paid the provident fund contributions for 10 executives in the amount of Baht 3,603,227.

5 Personnel

(1) Number of all staff and number of staff in each main work line of CH. Karnchang Public Company Limited as at December 31, 2013 consist of:

Total number of directors	12 persons
High ranking executives (excluding the Board of Directors)	8 persons
Engineering	44 persons
Construction 1	202 persons
Construction 2	1,064 persons
Business Development	11 persons
Purchasing	121 persons
Accounting and Finance	94 persons
Human Resource and General Administration	66 persons
Office of President	40 persons
Internal Audit Department	7 persons
Total	1,669 persons

Remark: The number of staff as reported above is the number of all full-time staff. There also are 2,057 daily staff members, and 121 staff members of the Company group, including 931 staff members of CKTC Joint Venture.

(2) The Company neither has any significant change in number of staff nor labor dispute during the past three years.

(3) Total remuneration, namely salary, bonus and provident fund contributions of all staff in 2013, amounted to Baht 1,467,924,717 (One Thousand Four Hundred Sixty-Seven Million Nine Hundred Twenty-Four Thousand Seven Hundred and Seventeen Baht Only).

(4) Personnel Development Policy: The Company has been developing human resources. The management realizes the significance of improvement of performance and potential of staff in respect of management skills, team building and learning about specific professional knowledge, including encouraging staff to learn about information technology, foreign languages and continuously improve themselves. Furthermore, the Company organized the project for human resources management system development by allowing our qualified advisors to study and develop the structure and supporting systems in various aspects, such as, the organization structure, nature of work, training plan, evaluation of performance of staff, career path and succession plan, etc., in order to ensure their efficient performance, including fair and competitive return. Moreover, directors and executives are also encouraged to learn modern techniques of work management, namely by way of ensuring a learning organization, change management, etc. These reflect that the Company is determined to improve its personnel, both staff and executives, to keep pace with the world of technology and nature of business under a more intense competition, including the structure and supporting systems so as to accommodate the management of the organization.

Summary of Number of Days, Classification and Category of Courses under the 2013 Annual Training Plan

Chart of Total Training Hours of Each Program in 2013

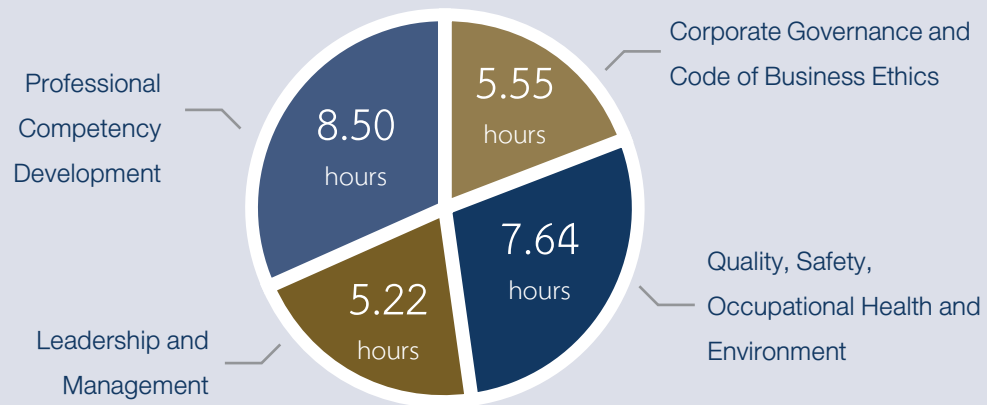
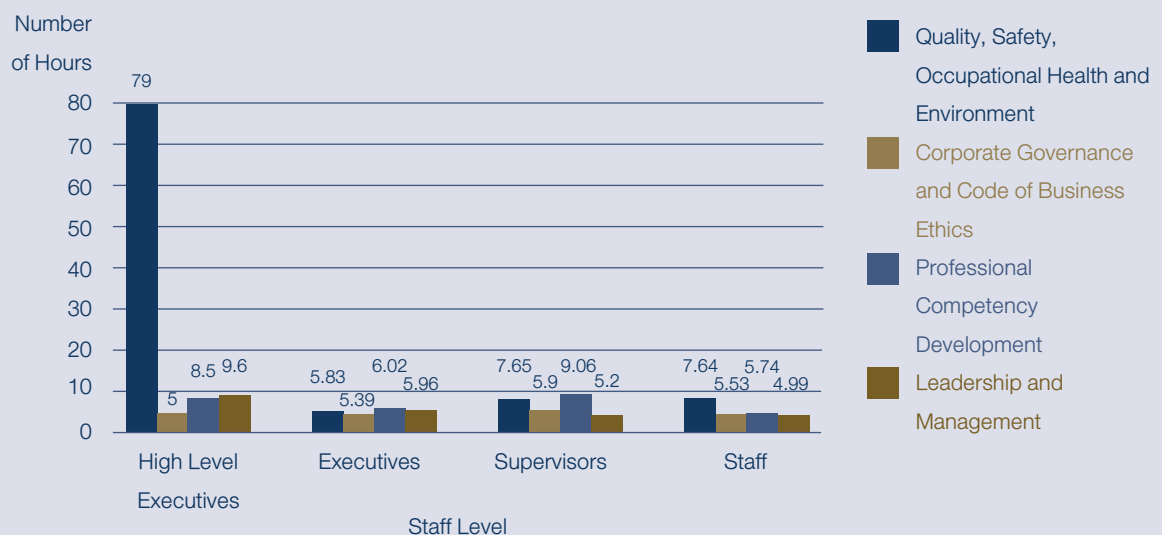


Chart of Average Training Hours Classified by Staff Level and Training Courses in 2013



CORPORATE GOVERNANCE

The Company's administration has been complying with the good corporate governance principles, focusing on the significance of and responsibilities towards shareholders and stakeholders of the Company, and as such, the Company continued to receive a very good rating in the assessment of the corporate governance, and in 2013, the Company also received standard certifications from various organizations and agencies, including assessments by the regulatory units, as follows:

- ▶ The Company received an "Excellent" rating in the assessment of the quality of the 2013 Annual Ordinary General Meeting of Shareholders by the Thai Investors Association.
- ▶ The Company received an "Excellent" rating in the assessment of the corporate governance of Thai listed companies for 2013 from the Thai Institute of Directors Association.

From July 1, 2013, onwards, the Company was selected as part of the "SET 50 Index" to reflect the stock prices of the top 50 listed securities in terms of large market capitalization, high liquidity, and compliance with requirements regarding the distribution of shares to minor shareholders. The component stock in the SET 50 Index are reviewed every six months by the Stock Exchange of Thailand.

The Board of Directors, in recognition of the good corporate governance principles to reinforce the confidence of shareholders, investors and all related parties, has scheduled to review the corporate governance policy and its compliance at least once a year. The Company has disclosed and disseminated the Company's corporate governance policy on its website for external communication and for communication with internal staff to acknowledge the Company's corporate governance policy and encourage them to participate in complying with such policy.

1 Corporate Governance Policy

The Board of Directors realizes the significance of ensuring that shareholders exercise their rights, and has the duty to equally safeguard the benefits of all shareholders, including institutional investors or major or minor shareholders in their capacity as investors in the Stock Exchange and as shareholders who own the Company, in accordance with the accepted good corporate governance principles of the Stock Exchange of Thailand, namely:

1) Shareholders' Rights

Promoting shareholders to exercise their basic rights and taking care of shareholders better than their rights as specified by law without any actions in violation of or depriving shareholders of their rights.

2) Equitable Treatment of Shareholders

Monitoring to ensure that all shareholders are equally treated and protected in respect of their basic rights, implementing measures to prevent inside information usage for personal gain or others, which would cause damage to shareholders as a whole.

3) Role of Stakeholders

Taking care of stakeholders based on their rights under applicable laws without any actions in violation of stakeholders' rights as well as establishing measures to compensate any stakeholders suffering from damage arising from violation of rights, promoting cooperation between the Company and stakeholders for the Company's prosperity, financial stability and sustainability.

4) Disclosure and Transparency

Undertaking all activities with transparency, open for inspection, and sufficient information disclosure to all relevant parties as well as monitoring disclosure of material information relating to the Company, both financial and non-financial records, to ensure accuracy, completeness, timeliness and transparency through easy access with equality and reliability.

5) The Board of Directors' Responsibilities

Ensuring that the Board of Directors performs duties with honesty and due care to the best interest of the Company and in fairness to all shareholders under the good internal control system and appropriate risk management, including compliance with the Company's code of ethics.

In 2013, the Company has adhered to the good corporate governance principles for listed companies as stipulated by the Stock Exchange of Thailand as follows:

1. Shareholders' Rights

The Company gives priority to shareholders' rights and also realizes the significance of shareholders and their rights of ownership to control the Company through appointment of the Board of Directors and their rights to make decisions on significant changes of the Company. The Company thus promotes shareholders to exercise their protected basic rights. In this respect, shareholders shall be informed of the Company's

correct, complete, sufficient and up-to-date information and news, including the right to attend the shareholders' meeting, the right to appoint proxy to attend and vote at the meeting, the right to share opinions and make inquiries in the shareholders' meeting in order to jointly make decisions on the Company's important matters, e.g., profit allocation, election of directors, determination of remuneration for directors, appointment of the auditor, determination of the audit fees, and approval of important transactions which may affect the Company's business direction, etc. The Board of Directors clearly sets out the corporate governance policy that the Company shall promote shareholders to exercise their basic rights without taking any actions in violation of or depriving shareholders of their rights. The guidelines for best practices towards shareholders are as follows:

Annual Ordinary General Meeting of Shareholders

1. The Company assigns Thailand Securities Depository Company Limited, as its share registrar, to deliver the notice of the shareholders' meeting and supporting documents to all shareholders in advance at least 28 days prior to the meeting date, whereby the notice of the meeting shall contain complete and clear details on day, time, place and agenda items, as well as clearly specifying objectives, reasons, and opinions of the Board of Directors on each item of the proposed agenda to ensure that shareholders acknowledge matters to be considered in the meeting in order to serve as a factor for consideration of making a decision to attend the meeting, and that shareholders obtain information in support of their decision making in advance prior to the meeting. In this regard, the Company shall avoid adding other agenda items required the meeting's resolution without prior determination in the shareholders' meeting, which is deemed to be unfair treatment towards shareholders absent from the meeting.
2. In the annual ordinary general meeting of shareholders, the Company shall regularly propose the remuneration for directors to shareholders for

- consideration and approval on a yearly basis as well as proposing the policy to determine remuneration, including criteria for provision of the remuneration for directors in support of shareholders' consideration.
3. The Company allows shareholders to vote to elect directors on an individual basis, by nominating directors to shareholders for voting on an individual basis in order for shareholders to have the right to truly elect directors of their choice.
 4. The Company allows shareholders to propose in advance items of the agenda of the shareholders' meeting and nominate directors, by way of announcement via the channels of the Stock Exchange of Thailand and the Company's website, together with detailed and clear criteria for consideration and acceptance of the proposed matters in the agenda, directly via the Company's website.
 5. The Company allows shareholders to make inquiries and provide their opinions in advance to the Board of Directors on any matters relating to the Company, which would be answered in the shareholders' meeting, by way of announcement via the channels of the Stock Exchange of Thailand and the Company's website, directly to the Company Secretary via the Company's website.
 6. The Company has a policy to encourage shareholders, particularly institutional investors, to attend the shareholders' meeting, whereby prior registration shall be available.
 7. The Company uses the barcode system and the meeting program provided by Thailand Securities Depository Company Limited in the shareholders' meeting, including registration, vote, counting of votes and display of the voting results to ensure the rapid, correct and precise conduct of the meeting.
 8. The Company arranges for its legal advisor to examine the counting of votes or examine votes in the shareholders' meeting and notify the meeting of the voting results as well as recording the results in the minutes of the meeting.
 9. The Company shall specify complete details on agenda items in the notice of the shareholders' meeting, consisting of:
 - 9.1 To consider the election of directors, by specifying names, surnames, education, work experience, number of companies in which they hold office as director, including nomination procedures and criteria, category of nominated directors, such as, directors or independent directors, together with information on attendance at the previous meetings, and period/years of holding office as director in the Company;
 - 9.2 To consider the appointment of auditor, by clearly specifying the auditor's name, company, auditing license, experience and capabilities, years of audit service for the Company, including issues relating to independence and remuneration for the auditor;
 - 9.3 To consider and approve dividend payment, by notifying the Company's policy on dividend payment, proposed dividend rate, and reasons and supporting information, including suspension of dividend payment;
 - 9.4 The notice of the meeting shall clearly contain facts and reasons of each agenda item, including opinion of the Board on each agenda item.
 10. The Company efficiently prepares the minutes of the shareholders' meeting covering significant details on various matters as follows:
 - 10.1 Record of clarification on the voting procedures, by notifying shareholders of voting method and counting by using voting cards, including method of display of the results of votes, prior to the meeting;

10.2 Record of questions posed by the shareholders and answers or opinions on various items at the meeting to allow the shareholders absent from the meeting to acknowledge the same;

10.3 Clear record of resolutions of the meeting, together with such votes on each agenda item to agree, disagree and abstain on all items requiring voting;

10.4 Record of the list of attending directors and absent directors, together with their position, for review of the directors' participation in each shareholders' meeting.

In this regard, the Company has publicized the resolutions of the shareholders' meeting via the news system of the Stock Exchange of Thailand and on the Company's website within the following business day and also publicized the complete minutes of the shareholders' meeting on the Company's website at www.ch-karnchang.co.th within 14 days from the meeting date to enable the shareholders to review such information instead of waiting until the next meeting.

11. The Chairman of the Board of Directors, chairpersons of various committees, namely, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, the Chairman of the Corporate Governance and Risk Management Committee, the Chairman of the Corporate Social and Environmental Responsibility Committee, the Chairman of the Executive Board, and the Chief Executive Officer (top management) and auditor of the Company participate in every annual ordinary general meeting of shareholders to answer questions in relevant matters.

12. The Company greatly realizes the significance of the shareholders' meeting, i.e., the meeting place must be convenient for the shareholders' commute, including suitable and sufficient time. The Company thus uses its office as the meeting place, which is

located at No. 587 Viriyathavorn Building, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok, and which is convenient for commuting, close to a subway station and an expressway on- and off-ramp, with sufficient parking areas for shareholders.

13. The shareholding structure of the Company and its subsidiaries is disclosed with clarity, transparency and open for review, and without any cross shareholding in the Company Group.

14. The Company has a free float greater than 25 percent, whereby the Board of Directors shall hold shares in aggregate not exceeding 25 percent of the Company's issued shares.

15. The Company's shareholding proportion of institutional investors in aggregate is more than five percent.

16. The Company has treated shareholders equally regarding share repurchase and opportunity for shareholders to contact or communicate each other.

17. The Company has no shareholders' agreement which has a material effect on the Company or other shareholders.

2. Equitable Treatment of Shareholders

The Company has a policy to promote and ensure equal and fair treatment towards all shareholders, including minority and foreign shareholders, with the following measures for protection of the shareholders' basic rights:

1. The Company allows all shareholders to cast votes, namely, one share for one vote, to ensure equitable treatment towards the shareholders, based on the criteria that shares of the same type should represent the right to vote on an equitable basis, namely, one share for one vote.

2. The Company has the process and channels for minority shareholders to involve in the Company's management, by allowing the minority shareholders to propose any item of agenda of the ordinary general meeting of shareholders and propose any qualified person to be considered and appointed as the Company's director prior to the meeting date. In this connection, the Company clearly notifies the shareholders of the details, together with the criteria for the consideration via channels of the Stock Exchange of Thailand and the Company's website, for four months, in order to build up the confidence of the minority shareholders to exercise the right to propose any matters relating to any significant change of the Company and the right to elect any independent directors to take care of the benefits on their behalf.

3. The Company sets out the written guidelines to prevent the use of insider information of the Company under the resolution of the Board of Directors, whereby the Company treats this as important policy which will prevent directors, management and staff from abusing their position for personal interests, as specified in the Annual Report. In addition, the Code of Conduct and Business Ethics are distributed and disseminated to all directors, management and staff of the Company for acknowledgment and compliance, which are available on the Company's website as a channel for all staff to access such information.

The Company's directors and management are required to disclose the reports to the Securities and Exchange Commission on their holding of securities, his/her spouse's holding of securities and minor children's holding of securities which are securities in the Company, as well as reporting on every change in such holdings of securities in respect of purchase, sale, transfer or acceptance of transfer, under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within three business days after the date of purchase, sale, transfer or acceptance of transfer of securities. Moreover, the directors and management realize their duties and

responsibilities as specified, including the penalty provisions as specified in the Securities and Exchange Act B.E. 2535 (1992).

The Company pays significant attention to the efficient internal control system by setting out the internal control guidelines to prevent and minimize risks which may arise, namely, the Company specifies that management with access to insider information shall be prohibited from taking any actions in violation of Section 241 of the Securities and Exchange Act B.E. 2535 (1992), including applicable regulations. Due to the guidelines to prevent the use of insider information, in each past year, there has never been any case that the Company's directors and management abuse insider information for personal interests or others.

4. The Company clearly discloses to shareholders the details and reasons of execution of related party transactions requiring the disclosure or approval of shareholders under the Stock Exchange of Thailand's regulations, by disclosing names and relationship of connected persons, pricing policy and transaction value, including opinion of the Board relating to such transactions.

5. The Company discloses that the connected transactions have been executed according to market price and in accordance with the ordinary course of business. In the previous year, the Company did not execute any connected transactions in violation of or not in compliance with the rules of the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission. In this regard, other than the notifications of such connected transactions via the channels of the Stock Exchange of Thailand, the Company also discloses the connected transactions in its Annual Report.

6. The Company has no the structure of business group with connected transactions in such a manner which may have a conflict of interests, taking into account the shareholding structure and level of execution of the connected transactions within the business

group, based on the Company's income and expenditure as a result of the business operation in the group, compared with the total income and expenditure. In this regard, the level of execution of connected transactions shall be considered, both income or expenditure, which shall be less than 25 percent, except for transactions in the ordinary course of business and transactions with subsidiaries or associated companies without related persons holding shares exceeding 10 percent.

7. Any shareholder unable to attend the meeting in person may exercise his/her right to vote by appointing proxy to attend and vote on his/her behalf. In addition, the Company nominates Chairman of the Audit Committee and members of the Audit Committee who are two independent directors as an option for appointment of shareholders' proxy. The Company sends Proxy Form B, together with the notice of the shareholders' meeting, in order for the shareholder unable to attend the meeting on the scheduled date to enjoy his/her equal rights as shareholder.
8. Proxy Form sent by the Company with the notice of the shareholders' meeting specifies clear details, documents and evidence in support of the appointment of proxy, together with suggestions and procedures for appointment of proxy to enable shareholders to produce complete documentations without any difficulty in attending the meeting by proxy.
9. As for the requirement for appointment of proxy by any shareholder unable to attend the meeting in person, the Company has not set out any rules or conditions causing any difficulties to the appointment of proxy to attend the meeting on his/her behalf. Instead, such documents shall be certified by the proxy grantor and the proxy holder to confirm the exercise and granting of the right to attend the shareholders' meeting in accordance with the criteria.
10. The Company delivers the notice of the shareholders' meeting to shareholders in advance at least 28 days prior to the meeting.
11. The Company posts the notice of the meeting, together with details of the complete notice of the shareholders' meeting, on the Company's website in advance 30 days prior to the meeting date for the shareholders to have time to consider details of each agenda item, especially for those shareholders unable to attend the meeting in person.
12. The Company delivers the notice of the shareholders' meeting and supporting documents in Thai version to Thai shareholders. For foreign shareholders' convenience, the Company prepares the notice of the shareholders' meeting and supporting documents in English version to the foreign shareholders. In this regard, both Thai and foreign shareholders shall receive complete documents within the period of time specified by law.
13. The Company has no policy to provide any financial support, whether loan or guarantee, to any companies which are not the Company's subsidiaries, except such loan or guarantee due to the Company's shareholding in accordance with a joint venture agreement.
14. Last year, the Company did not execute any transactions on acquisition or disposition of assets in violation of or not in compliance with the rules of the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission.

3. Role of Stakeholders

The Company realizes the significance of rights of all groups of stakeholders, whether inside, such as staff and executives of the Company and the subsidiaries, or outside, such as customers, traders, competitors, creditors, communities, society, public sector and other relevant authorities, to ensure that the basic rights of these stakeholders are well protected and taken care

of under the provisions of the laws and other relevant rules and regulations. The Company recognizes support from these stakeholders which could help building up the Company's competitiveness and profitability to result in long-term success for the Company. The Company's Board of Directors has set out the corporate governance policy that the Company shall take care of the stakeholders based on their rights under the relevant laws, shall not take any acts in violation of the rights of stakeholders, and shall establish measures to compensate any stakeholders suffering from damage arising from violation of rights. The practices towards the Company's stakeholders are as follows:

1. Shareholders

- The Company has performed duties with integrity, honesty and fairness, taking into account both major and minor shareholders, and for the benefit of the group of related persons as a whole;
- The Company has managed its business to ensure prosperity, stability and good return for shareholders;
- The Company has protected its assets from depreciation or unnecessary loss;
- The Company has, regularly and in a timely manner, disclosed the accurate and sufficient information, both financial and non-financial, relating to the Company's business and the operational results, and representing the Company's actual operational and financial status;
- The Company's treatment of shareholders complies with the good corporate governance principles in the Chapter: Shareholders' Rights and Equitable Treatment of Shareholders. In addition, the Company pays significant attention to the annual ordinary general meeting of shareholders by complying with the assessment of the shareholders' meeting by the Office of the Securities and Exchange Commission and the Thai Investors Association before the meeting, during the meeting and after the meeting for facilitating all shareholders' exercise

of their right to vote in the meeting equally.

2. Traders and/or Creditors/Debtors

- Every trader and/or creditor/debtor has been equally and fairly treated by the Company, taking into account the Company's optimum benefit and based on the fair returns for both parties;
- Based on the conditions of selection of traders, the Company's competition is on the basis of equal information access, without preventing any trader from participating in business competition;
- The Company has utilized copyrighted goods and services and does not support any goods or any actions in violation of the intellectual property;
- The Company has prepared appropriate and standard contracts;
- The Company has arranged for management and monitoring systems to ensure the full compliance with contracts, and internal control system to prevent any fraud and misconduct in every step of the procurement procedures;
- The Company has made payments to traders on time in accordance with terms of payment as mutually agreed, and has strictly complied with various conditions as mutually agreed upon with traders and/or creditors;
- The Company has refrained from seeking any trader's secret by any dishonest or improper means, such as, bribing any director and staff of competitors;
- The Company has refrained from making any negative accusation against traders without actual information;
- The Company has avoided the situation which causes a conflict of interest, as well as complying with the contractual obligations;
- The Company has provided actual information and

accurate report. The negotiation for problem resolution is based on the business relationship.

3. Customers

- The Company has clear and concrete policies and practices with fairness and responsibility towards customers. The Company maintains the optimism and gives priority to customers, treats customers willingly, actively, politely, keeps customers' confidential information from misuse for personal gain or others, as well as treating all customers equally without discrimination;
- The Company delivers quality goods at fair price in accordance with agreements with its customers;
- The Company provides correct, adequate and up-to-date information, news, and suggestions relating to goods and services to customers;
- The Company strictly complies with various conditions with customers. If the Company is unable to comply with any of such conditions, the Company must promptly give notice to customers to jointly consider finding a solution to such problem.
- The Company has a procedure for customers to submit any complaint about quality, quantity, safety of goods and services, including turnaround time for delivery, and the Company makes its best efforts to ensure rapid turnaround time to customers.

4. Competitors

- The Company has clear and concrete policies and practices with fairness and responsibility towards competitors, based on ethics, transparency and fair competition within the scope of laws;
- The Company has free trading policy and believes that competition is a positive factor to encourage the development of service standard and innovations to be offered to customers;

- The Company has complied with the fair competition framework;

- The Company in no way discredits any trading competitor's reputation by negative accusation without actual information;
- The Company in no way accesses any competitor's confidential information through any dishonest or other inappropriate methods.

5. Business Interested Parties

- The Company has clearly determined policies and procedures for approval of connected transactions to prevent any potential conflicts of interest.

6. Staff

- The Company has policies and practices relating to occupational health and safety for staff at work place as well as creating a good working environment and promoting good physical and mental health of staff, by arranging for fitness room, annual sports competition, to ensure the unity and good relationship;
- The Company truly realizes the significance of its staff, and to meet its objectives, the Company recruits and employs knowledgeable, capable and experienced personnel to perform works, and in response to the Company's requirements and growth, by continually organizing programs for development of staff knowledge and capacities to advance their skills;
- The Company has concrete and open policies and practices as to management of staff remuneration and welfares on an equal and fair basis, whereby the Company has equally and fairly treated its staff through proper and fair remuneration and welfare, such as, establishment of a provident fund, medical treatment packages in hospitals designated by the Company, and loans for staff;

- The Company truly realizes the significance of personnel development by establishing clear internal personnel development plans, encouraging all levels of its staff up to high ranking executives to receive training for improvement of their knowledge and capacities, both in theory and practice, so as to ensure the efficient performance skills, including fair employment conditions suitable for the market and in compliance with the labor laws;
- The Company provides the fair and suitable remuneration for staff based on their performance by applying the staff performance evaluation system to measure their capabilities to ensure development of competency and clear performance measurement, in support of the consideration of merits of staff and as incentives for staff development and remuneration in connection with value added to the business in the long run;
- The Company builds the participatory working atmosphere and teamwork by allowing staff to express their opinions relating to their works;
- The Company establishes a policy on human rights by determining clear operational guidelines and practices towards non-discrimination, equal employment opportunity for women, persons with disabilities, underprivileged groups, youth, elderly, and recognition of staff's right to collective bargaining;
- The Company ensures that staff strictly comply with laws and regulations relating to staff, including provision of suggestions in order to prevent any illegal action, whereby the Company supervises to ensure that staff use lawful products and refrain from infringement of copyrights or intellectual property, along with support of compliance with the operational guidelines and performance of duties with integrity, without any involvement with corruption for the benefits and success of the Company.

7. Society and Public

- The Company has clear and concrete policies and practices with fairness and responsibility towards society, and with transparent operations, by taking into account the public interest and refraining from taking any acts which may cause damage to the country's reputation, natural resources, environment and public interest;
- The Company has promoted and instilled into its staff at all levels the corporate social responsibility;
- The Company in no way facilitates, supports or allows to be instrumental in any avoidance of compliance with the law.

8. Communities

- The Company has considered communities as part to be concerned and facilitated, and thus focuses on various activities for improvement of communities, the quality of life and environment as its contribution to society. The Company then has a policy to support and participate in activities related to development of communities by complying with laws and regulations;
- The Company regularly participates in meetings, sharing of opinions, and provides cooperation with local agencies for development of livelihood of communities;
- The Company establishes preventive and remedial measures against environmental and community impact as a result of the Company's operations.

9. Environment

- The Board of Directors has set out a policy to operate the business by taking into account the environment, with a commitment to compliance with applicable laws, regulations, standards and requirements, including strict adherence to the government's environmental policies, together with its readiness

to continuously and seriously carry out the development of the environmental management procedures within the organization to ensure the cost-efficient resources utilization and minimize waste with the environmental impact from the organization's activities, including provision of knowledge and training regarding environment to staff and participation in support of activities related to community development to ensure the continuity of environmental activities and reflect the business sustainability;

- The Company has developed and improved the environmental management system in all activities of the Company to continuously minimize pollution and impact on the environment, with clear objectives, goals, action plans and evaluation;
- The Company has promoted the environment preservation, as well as publicizing the information and news, and cooperated with the staff, customers, government agencies and private entities, including the public, as a gesture of the Company's image and awareness of the environmental management;
- The Company has rapidly and efficiently responded to any events giving rise to impact on the environment and communities caused by the Company's operation;
- The Company has raised the consciousness and responsibility of staff in relation to environment under the environment management system as well as campaigning conservation and consumption of energy and resources with efficiency through training and public relations media, such as, internal newsletters, notice board, internal circular letters, in order to regularly keep them well informed on knowledge and skills on environment;
- The Company has presented the results of performance in compliance with the policy and action plans in respect of the social responsibility by reporting directly to the Board of Directors and disseminating the social and environmental

activities to the Company's staff, shareholders, and persons related to the Company, as well as publicizing such information via website and Annual Report of the Company.

10. The Company has set out a non-infringement of human rights policy to confirm its respect for human rights which is the foundation of personnel care and development, and which will play an important role in building the Company's quality and achievements as a whole. The Company is committed to its staff care as follows:

1. In terms of remuneration and welfare, other than the fundamental welfare as required by laws, the Company also commits itself to paying remuneration and providing welfare as appropriate and reasonable, always taking into account the overall market condition;
2. In terms of personnel development, the Company has set out a personnel development policy by ensuring satisfaction of remuneration and work environment through development of competency in response to requirements of each work unit for the purpose of the organization's competitiveness.

11. The Company determines a non-infringement of intellectual property or copyright policy and practices to prevent any problems which may damage or discredit the Company, by prohibiting its management and staff from using any illegal software and copying any copyrighted software for any reason whatsoever without prior permission of the software owners.

12. The Company determines an anti-corruption and bribery policy to prohibit any bribe payment for the Company's business interest or granting of any items or any other benefits to any persons having a duty or business related to the organization for the Company's business interest. It is clearly set out as a guideline to prevent any problems due to corruption and unfairness in the business operation,

such as, compliance with prohibitions, action plans or internal control measures, morality, and work supervision, as a duty of staff at all levels in the Company, as well as monitoring code of ethics, morality and action plans or measures in work supervision relating to anti-corruption and bribery, including authority and duty to report on various matters directly to the Company's independent unit for inspection and monitoring. Moreover, the Company has adopted the corruption risk assessment process and the practices relating to supervision and control for prevention and monitoring of corruption risks, including guidelines for following up and evaluation of performance in compliance with the anti-corruption policy, by providing staff training to ensure their knowledge relating to the anti-corruption policy and practices.

13. The Company has the corruption risk assessment process via the corporate governance and risk management working group which shall meet quarterly to report on the results, to management and the Corporate Governance and Risk Management Committee for further report to the Board of Directors, respectively, and also determines the practices relating to supervision and monitoring to prevent and follow up corruption risks.

14. The Company realizes the significance of communication with all groups of stakeholders to exchange information, as well as listening to opinions and suggestions of all groups of stakeholders for common interest. In case where any stakeholders are not fairly treated by the Company, they may contact or file complaints directly with the Company through the Audit Committee or via e-mail: audit_committee@ch-karnchang.co.th, and/or through the Company Secretary or via e-mail: company_secretary@ch-karnchang.co.th.

15. The Company determines policies or guidelines for protection of staff or any whistleblower by establishing measures to protect them under the criteria as follows:

1. Any complainant may choose not to disclose his/her identity if he/she considers it unsafe to do so. However, if the identity is disclosed, it will enable the organization to report on any development and explain the facts to the complainant;

2. The complaint recipient will keep relevant information confidential/be concerned about safety by establishing measures to protect staff who make complaints and/or who provide information and/or cooperation in investigation, whereby they will be protected from unfair treatment, such as, change of work position, job description, work place, work suspension, threat, nuisance in performance of work, employment termination, as a result of the complaints.

16. The Company arranges for channels for staff to make complaints on unfair treatment or to provide any clues relating to matters which may be considered illegal and correctable, including measures to protect staff who make the complaints and notice of the results to the complainants on a systematic and fair basis, by allowing staff to have channels to make their complaints and independently provide their opinions, as follows:

1. The complaint recipient shall gather facts concerning violation or non-compliance with ethics;

2. The complaint recipient shall report to the independent directors on facts, conduct an investigation of facts in order to consider the complaints, by dividing related matters into issues in terms of management, knowledge development, investigation of facts, etc.

3. As for the operational measures, the complaint recipient shall propose the independent directors to conduct an investigation of facts and establish measures to resolve such violation or non-compliance with laws.

4. As for the report on the results, the complaint recipient shall notify the complainants of the results should such complainants disclose their identity. In case of a significant matter, the results shall be reported to the Chairman of the Board of Directors and/or the Board of Directors.

17. The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission

The Company, in its capacity as a public limited company listed on the Stock Exchange of Thailand, has strictly complied with the Securities and Exchange Act, including rules and regulations issued by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

Over the past period, the Company has disclosed its significant information via the news system of the Stock Exchange and prepared the financial reports and other reports, namely, connected transactions, minor shareholding distribution, in accordance with requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

4. Disclosure and Transparency

The Company realizes the significance of the good corporate governance by disclosing material information which affect or may affect change in the Company's securities value or investment decision-making or benefits of shareholders in order for shareholders and general investors to rapidly and equally acknowledge news and information.

The Company has the guidelines on disclosure of significant information relating to the Company to the public with accuracy, completeness, punctuality and transparency in accordance with requirements stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand through an easy access to information, namely, dissemination of information, both in Thai and English,

on websites of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website, with the practices as follows:

1. To ensure shareholders/investors' acknowledgement of the structure of ownership of business in which they have invested and their rights, compared with other shareholders, the Company discloses the most recent structure of major shareholders for those who utilize information to truly and clearly acknowledge shareholders; discloses shareholding of directors and executives, both direct and indirect, including information on structure of the business group and shareholding proportion, major risks in the Company's business operations.
2. The Board of Directors establishes a policy that the Company shall undertake activities with transparency and open for inspection with sufficient information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely and reliable information, and everyone can equally access such information.

In disclosing the Company's significant information, other than by way of dissemination under the specified criteria via the Stock Exchange of Thailand's channels, the Company also disseminates such information on the Company's website: www.ch-karnchang.co.th, both Thai and English, such as, Annual Report, Annual Registration Statement (Form 56-1),

Corporate Governance Policy, the Company's information, nature of business operations of the Company, financial statements, public relations news, shareholding structure, organization structure, business group structure, information relating to directors and executives, investor relations information, the Articles of Association, the meeting notice, the operational results, financial ratio, dividend payment record, together with other information, such as, corporate social responsibility activities. In this regard, the Company regularly

updates the website for up-to-date information and news for convenient access and to the best interest of users.

3. In respect of investor relations, the Board of Directors is well aware of the significance of accurate, complete, transparent, thorough and timely disclosure of information relating to the Company. Therefore, the Company has set up an Investor Relations unit to be responsible for disclosure of information to shareholders and investors, both financial and non-financial, such as, financial report, operational results, financial ratio, dividend history and other information which may impact the Company's securities value. Such information and news in support of their decision making are published for investors and relevant parties through various channels and media of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including the Company's website at www.ch-karnchang.co.th in both Thai and English languages.

Those interested to receive information in support of investment may contact Khun Sawanya Trivisvavet at Investor Relations, Telephone 0-2275-0026 ext. 2317-2319.

In addition, the Company has set out a policy to rotate high level executives from the Chief Executive Officer, Executive Vice President, Vice President: Finance, and the Company Secretary to provide information and answer questions to investors, so that they would be personally aware of opinions and requirements of Thai and foreign investors. As for internal communication, the Investor Relations unit prepares IR Report, by collecting and summarizing questions and opinions of investors towards the Company's business operations for submission to the management on a monthly basis in order to present useful suggestions or feedbacks of investors to the management for further improvement of the operations.

4. The Company discloses its financial information and reports the responsibilities of the Board of Directors towards the financial report, together with the auditor's report, the management discussion and analysis, general information and significant information in the Annual Report correctly, timely and in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.
5. The Company discloses the roles and duties of the Board and various subcommittees, number of meetings and attendances of each director in 2013.
6. The Board of Directors and the management have prepared the report on securities holding and change in securities holding in accordance with the rules of the Office of the Securities and Exchange Commission. The Board of Directors has also set out a policy requiring directors and executives to make a report on each change in their share acquisition-disposition/securities holding to the Board of Directors' meeting.
7. The Board of Directors has set out a policy regarding report on interest of directors and executives by requiring directors and executives to report the Company of their personal interest or their related persons', which is related to the business operation and management of the Company or its subsidiaries, in accordance with the criteria, conditions and methods as required and announced by the Capital Market Supervisory Board. Such report also includes a disclosure of information on directorship or executive position in other legal entities and information on their shareholding in other legal entities in excess of 10 percent of the total number of voting shares by both reporters and their related persons (spouse, child/adopted minor child and related legal entity) for submission to the Company Secretary for reference, and copies of such reports shall be submitted to the Chairman of the Board of Directors and the Chairman of Audit Committee within seven business days from the date of receipt thereof.

8. In regard to the policy on payment of remuneration for directors and executives, the Company establishes a clear and transparent policy on remuneration for directors and executives, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficient to retain the qualified directors and the Managing Director, and remuneration for executives, excluding the Managing Director, shall be in accordance with the principles and policies determined by the Executive Board corresponding to the Company's operational results and performance of the executives, as per the details of Remuneration for Directors and Executives on pages 70 to 72.
9. The Company establishes a whistle-blowing policy for the purpose of development of the Company's sustainable growth and prosperity. All misconduct should be subject to punishment.
10. The Company establishes the policy on significant connected transactions which shall be subject to consideration and approval of the Board of Directors in compliance with the requirements of the Office of the Securities and Exchange Commission. In the case of execution of connected transactions, the Company shall disclose details of persons with whom the Company executes such connected transactions, relationship, transaction description, price conditions/policies and transaction value.

5. The Board of Directors' Responsibilities

The Company realizes the significance of the role and duties of the Board of Directors towards the Company and shareholders. The Board of Directors shall consist of qualified persons who have leadership, vision, knowledge, abilities and experience in various fields, honesty and integrity as well as independence on decision-making for the optimum benefits to the Company and shareholders as a whole.

1. Structure of the Board of Directors

The Board of Directors consists of 12 qualified members, comprising: five executive directors, and seven non-executive directors (five independent directors representing more than one-third of the total number of directors). The Chairman of the Board of Directors is an independent director by the definition of the Stock Exchange of Thailand and has no relationship with management and is not the Managing Director, so as to separate the policy-making and supervisory duty from the regular managerial duty.

The Company determines qualifications of "independent directors" stricter than the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Board of Directors establishes the policy on limitation to the number of listed companies in which each director will hold office as director which shall not exceed five companies, without any exemption, since, after considering the matter, it is deemed that such number enables all directors to devote their time to regularly attend meetings. In this regard, the Board of Directors has not established the policy on limitation to the number of term of office as director since directors have a good understanding of the Company's business and provide suggestions which are useful for both the Company and shareholders. Furthermore, the Board of Directors also appoints the Company Secretary in accordance with the guidelines for the good corporate governance principles to provide suggestions relating to various laws and regulations as required by the Board of Directors and to supervise activities of the Board of Directors as well as coordinating to ensure compliance with the Board of Directors' resolutions.

The Board of Directors establishes the policy on holding of office as director in other companies by the Managing Director, whereby the Board of

Directors' meetings shall be notified of reasons and details of companies in which he/she holds such office, which shall not exceed five listed companies.

2. Subcommittees

The Company establishes five subcommittees to closely monitor and supervise the operation and regularly report to the Board of Directors, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, and the Corporate Social and Environmental Responsibility Committee. In this regard, the Board of Directors determines duties and responsibilities of each subcommittee as detailed on pages 96 to 101.

3. Roles, Duties and Responsibilities of the Board of Directors

- 1) The Board of Directors comprises personnel having knowledge, ability, skills and experiences in various fields to exercise their judgment independently with leadership, who determine vision, missions, strategies, goals, business plans and budget of the Company, and supervise the management to take actions in compliance with the business plans and forecast budget with efficiency and effectiveness so as to optimize the economic value to the business, including monitoring the operational results to meet the objectives and comply with the policies, rules, laws and other relevant regulations.
- 2) The Board of Directors establishes a corporate governance policy and has such policy reviewed at least once a year.
- 3) The Board of Directors has a duty to consider granting approval of important matters relating to the Company's operations, such as, vision and missions of the Company, strategies, financial target, action plan and budget, as well as supervising, controlling, monitoring to ensure

management's compliance with the specified policies and plans with efficiency and effectiveness; and has the vision and missions of the Company reviewed and approved at least every five years.

- 4) The Company prepares its code of ethics since the year 2003, with the approval by the Board of Directors. The code of ethics contains proper conduct and practices for directors, executives and staff, and guidelines for conduct and treatment towards the Company, colleagues, third parties and society, in accordance with the best practices. In the past, all directors, executives and staff have been informed and well understood of the proper and ethical conduct and complied with such practices in the performance of their duties in line with the Company's missions, with honesty, integrity and equality, to build up confidence of shareholders and all groups of stakeholders, including the public and society.

The Company has the guidelines in support of compliance with the code of ethics, as well as following up performance, whereby the ethical compliance survey forms shall be sent yearly to all directors, executives and staff, and the results of the survey shall be then concluded as standard for strict adherence to the code of ethics.

- 5) The Board of Directors establishes the Internal Audit Office which shall report directly to the Audit Committee, with the duty to follow up and review the Company's operations, together with the operating system in various departments of the Company to ensure efficiency in compliance with the annual audit plan as approved by the Audit Committee. Last year, the Company has no records of violation of any rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

6) The Company establishes the Compliance Unit to perform the duty to provide suggestions and monitor to ensure the Company's compliance with laws, the Articles of Association, relevant rules and regulations, including disclosure and information memoranda.

7) The Board of Directors and the Audit Committee shall provide an opinion relating to adequacy of the internal control system in the Annual Report.

8) The Board of Directors properly considers the transactions which may have a conflict of interests or connected transactions or related party transactions under the best practices subject to review by the Audit Committee to ensure compliance with the rules of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, as well as the disclosure of information on the execution of such transactions which may have a conflict of interests to the public. In this regard, the Company establishes the policy, rules and regulations, and procedures for approval of the transactions which may have a conflict of interests for executives, staff and the relevant persons for compliance with the significant principles, as follows:

(1) Compliance with the rules set out by the Stock Exchange of Thailand in the execution of connected transactions to propose the connected transactions to the Audit Committee for consideration and approval prior to seeking approval of the Board of Directors under the good corporate governance principles.

(2) Disclosure of information on the transactions which may have conflict of interest or connected transactions or related party transactions pursuant to the rules set out by the Office of the Securities and Exchange Commission/Stock Exchange of Thailand, in

the Annual Registration Statement (Form 56-1) and the Annual Report, as well as disclosing the information of such transactions in the financial statements in accordance with the accounting standards.

(3) In the consideration of the execution of the transactions which may have a conflict of interests, the Board of Directors shall carefully consider such transactions to ensure the benefits of the Company and shareholders as a whole, whereby the interested directors shall not attend the meeting nor vote on such agenda.

9) In respect of risk management, the Board of Directors follows up and acknowledges the Company's risk management plan from management's report on operational results in every the Board of Directors' meeting and from the Report of the Corporate Governance and Risk Management Committee. In this regard, the Company determines and assesses its business risks by establishing the efficient risk preventive measures and risk management systems for the entire organization.

Risk Management Policy

1. The Board of Directors, all executives, staff and units own the risks and have the duties to be responsible for, assess, follow up, and support the risk management process with efficiency.
2. All units of the Company shall have a risk management process, as well as having a systematic and continuous assessment and follow-up, subject to regular review at least once a year in line with business changes.
3. The risk assessment shall form an integral part of the annual work plan of all units, by considering all risks of the entire organization, taking into account such risk factors, both inside and outside the organization, including proper risk management.

4. The Corporate Governance and Risk Management Committee has the duties to assess the risk management and propose its opinion to the Board of Directors.

5. The organization culture will focus on common understanding and awareness of risks. The body of knowledge shall be established for staff at all levels to have access for study and research and sharing of experiences, which would pave the way for development and improvement of the risk management process to become an efficient mechanism in the strategic administration.

10) Segregation of Roles and Duties between the Board of Directors and Management

The Company has the roles and duties between the Board of Directors and management clearly segregated, namely, the Board of Directors shall have the duty to set out the Company's policies and supervise management's operations while the Company's management shall have the duty to handle various administration affairs to ensure compliance with the policies set out by the Board of Directors. Therefore, the Chairman of the Board of Directors and the Chief Executive Officer shall be two different persons, and the Chairman of the Board of Directors shall be an independent director.

The Board of Directors consists of the Chairman of the Board of Directors and directors. The Company's management consists of the Chief Executive Officer, Senior Executive Vice President: Operation Group, Senior Executive Vice President: Administration Group, Executive Vice President: Construction 1, Executive Vice President: Construction 2, Executive Vice President: Engineering, Executive Vice President: Business Development, Executive Vice President: Purchasing, Executive Vice President: Accounting and Finance, Executive Vice President: Human Resource and General Administration, and Executive Vice President: Office of President.

4. Board of Directors' Meetings

The Company schedules the Board of Directors' meetings in advance for directors to manage their time to attend the meetings, except for special agenda, the Chairman of the Board of Directors or the directors in the number specified by law may convene additional meetings as necessary. The Board of Directors regularly meets every two months. The President Office shall deliver the notice of the meeting, together with agenda and supporting documents, at least seven days prior to the meeting date for the Board's review prior to attending each meeting.

The agenda shall be determined by mutual discussion between the Chairman of the Board of Directors and the Chief Executive Officer. In 2013, the Board of Directors convened a total of seven meetings, one of which was convened among non-executive directors without the management's presence in order to allow directors to independently discuss and share opinions as well as efficiently following up performance of the management. Moreover, the Executive Board meets on a monthly basis. Most of the directors were able to attend the meetings, except where they were engaged by urgent business. In every meeting, the Chairman of the Board of Directors shall serve as the chairman of the meeting to ensure each item shall be carefully considered and all directors shall be allowed to express their opinions and take part in discussions. In addition, the high level executives will attend the meeting to clarify the information in the capacity as persons directly relevant to the matters to the satisfaction prior to voting on each item. In this regard, the minutes of the meetings are recorded in writing and systematically kept for inspection.

Moreover, the Board of Directors sets out a policy to prohibit directors and executives who are connected persons or interested persons in relation to any items to be considered from attending the meeting or voting on such item. In considering a

connected person and interested person, the Board of Directors shall take into account such report on interests which all directors and executives shall have a duty to submit in accordance with the Board of Directors' policy requiring directors and executives to report their personal interests in order to disclose such

information to the Chairman of the Board of Directors and the Chairman of the Audit Committee. In addition, the Board of Directors establishes a policy relating to minimum quorum of a Board of Directors' meeting to pass resolutions, whereby the directors present at the meeting shall not be less than two-thirds of all directors.

Meeting attendance of each director

(attendances/total number of meetings) may be summarized as follows:

Directors	Board of Directors	Executive Board	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee	Corporate Social and Environmental Responsibility Committee
1. Mr. Aswin Kongsiri	7/7					
2. Mr. Plew Trivisvavet	7/7	17/17		2/2	4/4	
3. Mr. Vitoon Tejtassanasoontorn	7/7		4/4	2/2	4/4	
4. Mr. Don Pramudwinai	6/7		3/4	2/2		3/3
5. Mr. Thawansak Sukhawun	7/7		4/4		4/4	
6. Mr. Pavich Tongroach	6/7					2/3
7. Mr. Narong Sangsuriya	7/7	17/17		2/2	4/4	
8. Mr. Kamthorn Trivisvavet	6/7	17/17				
9. Mr. Prasert Marittanaporn	7/7	17/17				3/3
10. Mr. Ratn Santaannop	6/7	17/17				
11. Mr. Sombat Kitjalaksana	7/7					
12. Mr. Anukool Tuntimas	7/7	17/17				

5. Self-Evaluation of the Board of Directors

The Company has a policy for the Board of Directors to evaluate its overall performance at least once a year. In 2013, the Company Secretary delivered the performance evaluation form to each director for evaluating the overall performance of the Board of Directors so as to use the evaluation results for improvement of the Board of Directors' performance.

In this regard, the evaluation results, divided into six subjects, namely, structure and qualifications of the Board of Directors; roles, duties and responsibilities of the Board of Directors; the Board of Directors' meetings; directors' performance of duties; relationship with the management; and self-development of directors and development of executives, are summarized as follows:

1) Structure and Qualifications of the Board of Directors

Most directors are of the view that the structure and qualifications of the Board of Directors are proper, namely, there are 12 directors, comprising seven non-executive directors (five independent directors or more than one-third of the total number of directors) and five executive directors which are suitable to the nature of business operations of the Company. The Board of Directors comprises personnel with sufficient knowledge, ability and experiences in a variety of fields to perform their overall duties efficiently. In this regard, the Board of Directors appoints another five subcommittees, namely, 1. the Audit Committee with the duty to help supervise and monitor the business as well as considering the appropriateness and justifications of various transactions for the optimum benefit of the Company; 2. the Nomination and Remuneration Committee with the duty to consider criteria and procedures for nomination of qualified persons to be appointed as the Company's directors based on transparency, fairness, without influence of any persons; 3. the Corporate Governance and Risk Management Committee with the duty to establish policies and directions of operations in respect of the good corporate governance of the Company; 4. the Corporate Social and Environmental Responsibility Committee with the duty to establish guidelines and policies on corporate social and environmental activities; and 5. the Executive Board with the duty to supervise and provide suggestions to the management, and proceed with other matters as assigned by the Board of Directors.

2) Roles, Duties and Responsibilities of the Board of Directors

Most directors are of the view that the roles, duties and responsibilities of the Board of Directors are proper, namely, the Board of

Directors gives priority and contributes sufficient time to consider significant matters relating to directions of the Company's business operations, review the good corporate governance policy of the Company, as well as ensuring compliance with various policies, review of the code of business ethics and compliance. The Board of Directors, at the same time, sets a policy to prevent a conflict of interests. The Board of Directors also follows the procedures by taking into account the optimum benefit of the Company. Furthermore, the Board of Directors regularly reviews the internal control system to ensure good and sufficient internal control system and appropriate risk management, as well as following up and monitoring the performance of duties of the management in accordance with the policies as assigned by the Board of Directors.

3) Board of Directors' Meetings

Most directors are of the view that the Board of Directors' meetings are proper, namely, the Company gives prior notice of annual schedule of the meetings to directors so that they would be able to manage their time to attend every meeting. The number of meetings and agenda are suitable, thereby supporting the Board of Directors to perform duties efficiently and enabling it to supervise and monitor the Company's business operations with success. Moreover, directors also receive supporting documents prior to each meeting and have sufficient time to study additional information in preparation for each meeting. The supporting documents contain sufficient information for decision making and they may ask for additional information in support of decisions to the benefit of the Company. Furthermore, the atmosphere at each Board of Directors' meeting allows all directors to express constructive opinions without any influence of any persons. In addition, directors could fully discuss significant issues at each meeting.

4) Directors' Performance of Duties

Most directors are of the view that directors' performance of duties is satisfactory, namely, they are well prepared and sufficiently study information prior to each meeting and regularly attend the meetings. In addition, directors independently provide their opinions and impartially consider various matters and are independent on voting, including useful suggestions for the Company's operations; and understand the significance of each matter and properly contribute their time to consider such matter; and open for different opinions among them without any conflict.

5) Relationship with the Management

Most directors are of the view that the relationship with the management is proper. Directors could straightforwardly discuss with the Managing Director and maintain good relationship with the management, whereby the Managing Director could request directors' advice as and when necessary and the Board of Directors does not interfere with the performance of duties of the management. Moreover, the Board of Directors also participates in solving problems as appropriate in case the management's performance of duties does not meet the operational plans and forecast budget.

6) Self-Development of Directors and Development of Executives

Most directors are of the view that the self-development of directors and development of executives are satisfactory, namely, directors understand their roles, duties and responsibilities, have sufficient knowledge and understanding of the Company's business, pay attention to significant information or news relating to economic and industrial conditions, changes in rules and regulations and the state of competition, which would allow directors to efficiently

perform their duties. In this regard, all directors are trained to ensure their understanding of performance of duties in the capacity of directors. Furthermore, in case of new directors, the Board of Directors would have the management provide documents or briefing for the new directors to understand the business and performance of duties as directors. In addition, the Board of Directors also sets out the succession plan to ensure continuity of performance of duties of the Company's high level executives.

The Corporate Governance and Risk Management Committee adopts the self-evaluation results of the Board of Directors for proposing the practice and guidelines of the Board of Directors in compliance with the good corporate governance principles to the Board of Directors for consideration as appropriate.

6. Individual Performance Evaluation of Directors

The Chairman of the Board of Directors has conducted the performance evaluation of all directors since 2013 onwards in accordance with the criteria as specified by the Nomination and Remuneration Committee, to consider guiding the improvement and development of work performance of the Company's directors. In this regard, the evaluation results shall be divided into six subjects, namely, qualifications of directors; roles, duties and responsibilities of directors; the Board of Directors' meetings; directors' performance of duties; relationship with management; and self-development of directors.

7. Evaluation of Performance of the Chief Executive Officer

All directors, except the Chief Executive Officer, have evaluated performance of the Chief Executive Officer every year from 2012 onwards in accordance with the criteria as specified by the Nomination and Remuneration Committee. The Board of Directors has authorized the Nomination and Remuneration Committee to consider proposing remuneration and other benefits as appropriate for the Chief Executive Officer to the Board of Directors for consideration and approval. In this regard, the performance measurement is specified to support the annual performance evaluation, comprising:

- 1) Leadership
- 2) Determination of Strategies
- 3) Compliance with Strategies
- 4) Financial Planning and Performance
- 5) Relationship with the Board of Directors
- 6) Relationship with Third Parties
- 7) Management and Relationship with Personnel
- 8) Succession
- 9) Knowledge in terms of Products and Services
- 10) Personal Characteristics

8. Remuneration for Directors and Executives

Remuneration for directors :

The Company establishes a clear and transparent policy on remuneration for directors and the Managing Director in line with duties and responsibilities of each director as chairman or member of subcommittee, subject to review by the Nomination and Remuneration Committee. The remuneration shall be at the same level as that in the same industry and sufficient to retain the qualified directors.

Remuneration for Managing Director :

The Nomination and Remuneration Committee shall consider remuneration of the Managing Director in line with the Company's operational results and performance of the Managing Director for submission to the Board of Directors for consideration each year.

Remuneration for executives :

Remuneration for executives shall be in accordance with the principles and policies determined by the Board of Directors corresponding to the Company's operational results and performance of the executives.

9. Development of Directors and Executives

- Training for Directors and Executives

The Board of Directors and the high level executives realize the significance of participation in training or seminars in various courses or development of their knowledge and skills. The Board of Directors attends training courses organized by the Thai Institute of Directors Association (IOD), namely, Director Certification Program (DCP) and Directors Accreditation Program (DAP), The Role of Chairman (RCP), Audit Committee Program.

In this regard, the Company has regularly sent directors to attend training courses organized by IOD. In 2013, Dr. Anukool Tuntimas, director and executive director, participated in the Role of the Chairman Program (RCC), How to Measure the Success of Corporate Strategy (HMS), How to Develop a Risk Management Plan (HRP), Future Cooperation Among 200 Members of Thailand's Private Sector in Collective Action Coalition Against Corruption, Anti-Corruption for Executive Program (ACEP), and Risk Management Committee (RMP), as organized by IOD.

- Orientation for New Directors

The Company also arranges for orientation for newly-appointed directors, whereby the Board of Directors assigns the Company Secretary to meet newly-appointed directors by convening a meeting with the relevant directors and/or executives and/or officers for clarification and answer to questions, as well as preparing documents and briefing for new directors, such as, information relating to the Company, business overview, shareholding structure, organization structure, listed company director's handbook, the good corporate governance principles, code of ethics, power and duties of the Board of Directors, the annual schedule of the Board of Directors' meetings. Meanwhile, the Company allows directors to attend any training course as suggested by the Office of the SEC and organized by the Thai Institute of Directors (IOD).

10. Succession Plan

The Board of Directors sets out a succession plan for executive level and in the primary line of work, by significantly taking into account the performance and potentials of each person. In this regard, the Company makes preparations for those potential successors in the development of their knowledge, competency and skills as required for their work positions.

An executive who has been assigned to succeed an office shall not only be qualified and experienced in an appropriate field, but also accept transfer of knowledge and experience as well as attending additional necessary training courses to be well prepared in the performance of duties in a higher position in the future, and to ensure smooth succession and continued management.

The Company sets up a human resource management system with sufficient allocation, control and following up of the assessment in respect of nomination process for qualified and knowledgeable persons as required; appropriate

and fair remuneration; determination of duties and responsibilities, performance of personnel; performance standard; personnel development; and efficient communication, to ensure staff knowledge and skills, by applying a performance evaluation system in support of consideration of remuneration as appropriate for staff ability and performance.



2 Subcommittees

1. The Company establishes five subcommittees to closely monitor and supervise the operation and regularly report to the Board of Directors, namely, the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Risk Management Committee, and the Corporate Social and Environmental Responsibility Committee. The names of members of subcommittees, including authority and duties of the respective committees are as follows:

A. Executive Board

As at December 31, 2013, the Executive Board consists of six executive directors, namely:

Names - Positions

1. Mr. Plew Trivisvavet
Chairman of the Executive Board
2. Mr. Narong Sangsuriya
Executive Director
3. Mr. Kamthorn Trivisvavet
Executive Director
4. Mr. Prasert Marittanaporn
Executive Director
5. Mr. Ratn Santaannop
Executive Director
6. Mr. Anukool Tuntimas
Executive Director

The Executive Board meets monthly for consideration of various matters within the scope of the authority assigned by the Board of Directors and for screening matters to be proposed to the Board of Directors for consideration and approval.

Executive Board's Authority:

The Board of Directors authorizes the Executive Board to have the following authority:

- 1) Providing policy guidelines, appointing, prescribing powers and duties, supervising, monitoring, coordinating and prescribing powers and duties of special working groups or work management groups, as well as considering and approving various proposals submitted by the management groups or the special working groups;
- 2) Approving proposals submitted by various working groups for the purposes of managing work and conducting business in accordance with the Company's objectives;
- 3) Conducting feasibility studies on new projects and having power to consider approving participation in various biddings, including operation of various projects as it deems appropriate, as well as entering into any juristic acts related thereto until completion;
- 4) Conducting feasibility studies on investment in new projects and having power to consider granting approval for the Company to invest or jointly invest with other persons, legal entities, groups of persons in various forms for conducting business in compliance with the objectives within the amount of not exceeding Baht 3,000 Million per project, including investment in other manners, such as, purchase of shares, exchange of shares with other legal entities as it deems appropriate, as well as entering into any juristic acts related thereto until completion;
- 5) Prescribing, considering, approving regulations, rules, work management and business operation policy guidelines or any actions binding the Company;
- 6) Providing advice, consultation and determining policy guidelines and authorities of the Chief Executive Officer and special working groups;

7) Having power to approve, appoint, employ, remove, impose disciplinary action, determine salary, wages, benefits, bonus, allowances, and other remunerations, including expenses and facilities of the Company's officers or staff in the position of department directors or higher, including Assistant Managing Director, Deputy Managing Director or equivalent or various special working groups for specific operation;

8) Proceeding with other matters in accordance with the policy as assigned by the Board of Directors;

9) Having power to appoint any person or group of persons to operate the Company's business under control of the Executive Board or authorize such person or group of persons to take any action as the Executive Board deems appropriate, and change, amend, repeal and revoke such authority;

10) Having power to appoint the Chairman of the Advisory Committee or advisors or Advisory Committee for Executive Board as appropriate, and determine remuneration, allowances, benefits, facilities and other expenses of the Chairman of the Advisory Committee or advisors or the Advisory Committee as appropriate;

11) The Executive Board or the Chairman of the Executive Board has power to convene the Executive Board's meetings and/or determine rules and regulations of the meetings as it deems appropriate;

12) In the case that the Chairman of the Executive Board cannot perform duties, the Chairman of the Executive Board shall appoint a substitute to perform duties on his or her behalf on each occasion, whereby the substitute shall have authorities equal to the Chairman of the Executive Board;

13) Considering and approving for authorization of executives to operate and manage business in accordance with the relevant rules, regulations and requirements;

14) Having power to approve and withdraw money from all accounts of the Company, and use credits

provided by all banks or financial institutions for the Company, including apply for opening accounts and/or apply for credits in various forms with all banks or financial institutions, as well as placing securities of the Company as collateral against such debts, regardless of whether or not it requires registration.

B. Audit Committee

As at December 31, 2013, the Audit Committee consists of three members, namely:

1. Mr. Vitoon Tejatussanasoontorn*
Chairman of the Audit Committee
2. Mr. Don Pramudwinai
Audit Committee Member
3. Mr. Thawansak Sukhawun
Audit Committee Member

With a three-year term of office.

Remark: *Serving as Audit Committee member with the knowledge and experience in review of the Company's financial statements.

The Audit Committee regularly meets at least every three months with the external auditor, internal auditor, management team and executives who are accountable for accounting and finance for review of financial statements on a quarterly basis and reports to the Board of Directors, or in case the management team would execute any connected transactions or transactions relating to acquisition or disposition of assets, which shall take into account appropriateness, justification of such transactions and the utmost benefits of the Company, the Chairman of the Audit Committee may convene additional meeting. In 2013, the Audit Committee convened a total of four meetings.

Audit Committee's Authority

1) Reviewing to ensure that the Company's financial reports are accurate and adequate;

2) Reviewing to ensure that the Company's internal control and internal audit systems are suitable and effective, considering the independence of the internal audit unit as well as providing opinions on consideration for appointment, transfer, termination of employment of head of the internal audit unit or any other unit responsible for the internal audit;

3) Reviewing to ensure the Company's performance in compliance with the securities and exchange law, requirements of the Stock Exchange and the laws relating to the Company's business;

4) Considering, selecting, submitting for appointment of person who is independent to serve as the Company's auditor, proposing remuneration of such person as well as meeting with the auditor without the management team at least once a year;

5) Considering connected transactions or transactions which may have conflict of interest in compliance with the laws and requirements of the Stock Exchange in order to ensure that such transactions are justified and of the utmost benefit to the Company;

6) Preparing reports of the Audit Committee to be disclosed in the Company's Annual Report, whereby such reports must be signed by the Chairman of the Audit Committee and be comprised of at least the following information:

(a) opinions on correctness, completeness, and reliability of the Company's financial reports;

(b) opinions on adequacy of the Company's internal control system;

(c) opinions on compliance with the securities and exchange law, requirements of the Stock Exchange or laws relating to the Company's business;

(d) opinions on appropriateness of the auditor;

(e) opinions on transactions which may have conflict of interest;

(f) number of meetings of the Audit Committee and attendance of each Audit Committee member;

(g) overall opinions or observations by the Audit Committee from the performance of duties in accordance with the charter;

(h) other matters that should be informed to shareholders and general investors within the scope of the authority and responsibilities assigned by the Board of Directors.

7) Performing any other activities as assigned by the Board of Directors of the Company and approved by the Audit Committee.

C. Nomination and Remuneration Committee

The Board of Directors appoints the Nomination and Remuneration Committee to nominate and consider remuneration for directors and the Managing Director to ensure transparency and fairness. Mr. Don Pramudwinai, an independent director, was appointed as Chairman of the Nomination and Remuneration Committee in line with the good corporate governance principles stipulating that chairmen of subcommittees should be an independent director. As at December 31, 2013, the Nomination and Remuneration Committee consists of four members, namely:

1. Mr. Don Pramudwinai
Chairman of the Nomination and Remuneration Committee
2. Mr. Vitoon Tejatussanasoontorn
Nomination and Remuneration Committee Member
3. Mr. Plew Trivisvavet
Nomination and Remuneration Committee Member
4. Mr. Narong Sangsuriya
Nomination and Remuneration Committee Member

With a three-year term of office.

In 2013, the Nomination and Remuneration Committee convened two meetings for nomination of qualified persons to be proposed and appointed as directors to replace those who were due to retire by rotation and for consideration of remuneration for directors for 2013 and bonus for 2012 for submission to the 2013 Annual Ordinary General Meeting of Shareholders for consideration and approval, and consideration of remuneration for the Managing Director for submission to the Board of Directors for consideration and approval.

Nomination and Remuneration Committee's Authority

- 1) Considering the nomination criteria and procedures, as well as selecting and proposing qualified persons to hold the position of the Company's directors to the Board of Directors so as to nominate them to the shareholders' meeting, or proposing the nomination to the Board of Directors for appointment;
- 2) Considering, selecting and proposing qualified persons to hold the position of the Managing Director to the Board of Directors for appointment;
- 3) Considering and determining criteria on consideration for remuneration for directors and the Managing Director;
- 4) Considering, determining and proposing remuneration for directors to the shareholders' meeting for approval;
- 5) Considering and reviewing rates of salary and other remuneration for the Managing Director and proposing the same to the Board of Directors for approval;
- 6) Proceeding with other matters as assigned by the Board of Directors.

D. Corporate Governance and Risk Management Committee

The Board of Directors appoints the Corporate Governance and Risk Management Committee to supervise and monitor performance of the directors and the management to ensure compliance with the good corporate governance principles and to oversee and support the risk management to achieve success in the organizational level. As at December 31, 2013, the Corporate Governance and Risk Management Committee consists of four members, namely:

1. Mr. Vitoon Tejatussanasoontorn
Chairman of the Corporate Governance and Risk Management Committee
2. Mr. Plew Trivisvavet
Corporate Governance and Risk Management Committee Member
3. Mr. Thawansak Sukhawun
Corporate Governance and Risk Management Committee Member
4. Mr. Narong Sangsuriya
Corporate Governance and Risk Management Committee Member

With a three-year term of office.

The Corporate Governance and Risk Management Committee met to follow up and evaluate the results of compliance with the good corporate governance principles and the risk management plan of the Company. In 2013, the Corporate Governance and Risk Management Committee convened four meetings.

Corporate Governance and Risk Management Committee's Authority

Corporate Governance

- 1) Determining and proposing policies and directions of operations in respect of the good corporate governance of the Company, including the code of business ethics, to the Board of Directors for consideration and approval for further compliance at all levels;
- 2) Supervising and monitoring the business operation of the Company and performance of the Board of Directors, the management and personnel of the Company to ensure compliance with Clause 1);
- 3) Evaluating and reviewing policies, directions, code of ethics, and best practices or practical guidelines in respect of the good corporate governance of the Company to ensure compliance with the international practices and recommendations of various institutions, as well as proposing the same to the Board of Directors for further consideration and approval;
- 4) Following up on movement, tendencies, as well as comparing performance in respect of the good corporate governance of the Company with the practices of other leading companies;
- 5) Overseeing and supporting performance in compliance with the good corporate governance policies to ensure continual effectiveness and appropriateness to the Company's business;
- 6) Giving advice to the Company, the Board of Directors, the management and working groups on the matters relating to the good corporate governance;
- 7) Reporting on the corporate governance of the Company to the Board of Directors on a regular basis, and immediately reporting to the Board of Directors for consideration in case there is any matter materially affecting the Company, as well as providing opinions on the practices and suggestions for improvement and resolution as appropriate;

- 8) Disclosing information relating to the good corporate governance of the Company to related parties and in the Annual Report, provided that it shall always be proposed to the Board of Directors for prior approval;

- 9) Establishing any working group as it deems appropriate.

Risk Management

- 1) Determining policies and scope of risk management operations of the Company, as well as giving advice to the Board of Directors and the management on risk management;
- 2) Overseeing and supporting the risk management to ensure successful implementation by emphasizing the significance of and taking into account risk factors in support of the decision making as appropriate;
- 3) Considering the Company's material risks in line with the Company's business, e.g., in terms of investment, finance, security, law, rules and regulations, by suggesting measures to prevent and minimize risks to stay at an acceptable level, as well as following up, evaluating and improving the working plans for minimizing risks on a continual basis as appropriate to the condition of the business operation;
- 4) Reporting risk assessment results and operations for minimizing risks to the Board of Directors on a regular basis, and promptly reporting to the Board of Directors for consideration in case there is any matter materially affecting the Company;
- 5) Establishing any working group as it deems appropriate.

E. Corporate Social and Environmental Responsibility Committee

The Board of Directors appoints the Corporate Social and Environmental Responsibility Committee to supervise the Company's operations in respect of the corporate social and environmental responsibility by focusing on the impact on its shareholders and stakeholders. As at December 31, 2013, the Corporate Social and Environmental Responsibility Committee consists of three members, namely:

1. Mr. Don Pramudwinai
Chairman of the Corporate Social and Environmental Responsibility Committee

2. Mr. Pavich Tongroach
Corporate Social and Environmental Responsibility Committee Member

3. Mr. Prasert Marittanaporn
Corporate Social and Environmental Responsibility Committee Member

With a three-year term of office.

The Corporate Social and Environmental Responsibility Committee met to follow up progress of the social and environmental activities of the Company. In 2013, the Corporate Social and Environmental Responsibility Committee convened three meetings.

Corporate Social and Environmental Responsibility Committee's Authority

- 1) Considering establishing the corporate social and environmental guidelines and policies for submission to the Board of Directors;
- 2) Considering and approving the Company's strategies to meet the CSR target and policies;
- 3) Considering the action plans and the annual budget for arrangement of the CSR activities for submission to the Executive Board and the Board of Directors;
- 4) Considering and following up the progress of the arrangement of the CSR activities as well as assessing the result and the quality of the CSR projects;
- 5) Proceeding with other matters as assigned by the Board of Directors.



3 Nomination and Appointment of Directors and Top Management

1. Independent Directors

The Board of Directors currently consists of five independent directors, which is more than one-third of all directors of the Company. The Company has adjusted the definition of the Company's independent directors to become stricter than the definition set out by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as per the details of independent directors' qualifications as follows:

Qualifications of Independent Directors

- 1) Holding shares of not exceeding 0.5 percent of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, including shares held by any related persons;
- 2) Not being or having been a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or a controller of the Company, its parent company, subsidiary, associated company, subsidiary at the same level, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of appointment, provided that such prohibited characteristics shall not apply to the independent director who has been a public servant or an advisor to a government authority which is the Company's major shareholder or controller;
- 3) Not being a person having relationship by blood or by legal registration in the capacity as parent, spouse, sibling and offspring, including spouse of the offspring, executive,

major shareholder, controller or person to be nominated as executive or controller of the Company or its subsidiary;

- 4) Not having or having had any business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company in a manner which may prevent the exercise of his or her independent judgment; and not being or having been a substantial shareholder or controller of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of appointment;

The aforesaid business relationship shall include any transaction which is an ordinary course of business for the business operation of lease taking or lease out of immovable property, any transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending any loan, guarantee, providing assets as collateral, including any other similar action, which causes the Company or contractual party to be subject to indebtedness payable to the other party in the amount of three percent or more of the Company's net tangible assets or in the amount of Baht Twenty Million or more, whichever is lower;

Such indebtedness shall be calculated in accordance with the calculation method for value of the connected transaction under the Notification of the Capital Market Supervisory Board governing Rules on Connected Transactions, *mutatis mutandis*. However, the consideration of such indebtedness shall include the indebtedness incurred during the course of one year prior to the date on which the business relationship with the same person occurs;

- 5) Not being or having been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of an audit firm which employs the auditor of the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company, unless such independent director has no longer been in such capacity for not less than two years prior to the date of appointment;
- 6) Not being or having been a professional service provider, including legal advisor or financial advisor which receives an annual service fee exceeding Baht Two Million from the Company, its parent company, subsidiary, associated company, major shareholder, or controller of the Company; and not being a substantial shareholder, controller, or partner of such professional service provider, unless such independent director has no longer been in such capacity for not less than two years prior to the date of appointment;
- 7) Not being a director appointed as representative of the Company's director, major shareholder or shareholder who is a related person of the major shareholder;
- 8) Not engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary; or not being a substantial partner in a partnership or a director having involvement in the management, an employee, a staff member, an advisor receiving a regular salary or holding more than one percent of the total number of voting shares of another company engaging in any business of the same nature as and in material competition with the business of the Company or its subsidiary;
- 9) Not having any other characteristics preventing provision of independent opinions on the Company's operations.

2. Nomination of Directors and Top Management

Board of Directors

The Nomination and Remuneration Committee shall select qualified and appropriate persons to hold the position of directors or persons nominated for appointment as directors in advance as it deems appropriate and propose the same to the Board of Directors so as to consider nominating them to the shareholders' meeting or to the Board of Directors' meeting for appointment. In the case of appointment of directors by shareholders, the criteria and procedures are as follows:

- 1) Each shareholder has one vote for one share held.
- 2) The group election of all directors to be appointed on such occasion shall be by a single vote or if deemed appropriate by the shareholders' meeting, the election may be on an individual basis, the vote for any candidate by each individual shareholder, whether as individual or group election, shall reflect the number of all shares held by such shareholder at the time of the vote in accordance with Clause 1) and no shareholder shall apportion a partial vote to any specific candidate.
- 3) In case of an election on an individual basis, the candidates with the highest number of votes in descending order shall be elected as directors up to the number of directors to be elected or vacancies at that time. If more than one candidate has equal votes for the final vacancies, the appointment shall be made by drawing of lots.

Executive Board

The Board of Directors shall appoint the Executive Board in accordance with the Company's Articles of Association which provide that the Company's directors may assign one or several directors to perform any activity on behalf of the Board of Directors.

Audit Committee

The Board of Directors shall appoint the Audit Committee as nominated by the Nomination and Remuneration Committee from independent directors of the Company and at least one person thereof shall have accounting and financial knowledge, which shall have a term of office of three years. Audit Committee members who retire by rotation may be re-appointed.

Nomination and Remuneration Committee

The Board of Directors shall appoint the Nomination and Remuneration Committee, which shall have a term of office of three years.

Corporate Governance and Risk Management Committee

The Board of Directors shall appoint the Corporate Governance and Risk Management Committee, which shall have a term of office of three years.

Corporate Social and Environmental Responsibility Committee

The Board of Directors shall appoint the Corporate Social and Environmental Responsibility Committee, which shall have a term of office of three years.

Chief Executive Officer and Executives

With respect to the position of the Chief Executive Officer, the Nomination and Remuneration Committee would consider selecting a qualified person, namely, who has knowledge, skills and experiences useful for the administration to meet the objectives or goals specified by the Board of Directors, as well as insight into the Company's business, whereby the Nomination and Remuneration Committee would nominate such person to the Board of Directors for consideration and appointment.

As for an executive at the managerial level or higher, the Management would nominate such person to the Executive Board for consideration and appointment.

4 Supervision of Operations of Subsidiaries and Associated Companies

(1) The Board of Directors has its governance mechanism to monitor and supervise the management and responsibility for operations of subsidiaries and associated companies in order to protect interests in the Company's investments. The Company's representatives shall be assigned to hold office as directors, executives, or controllers in such companies according to the shareholding proportion. The Company specifies that the assignment of such representatives shall be subject to approval by resolution of the Board of Directors' meeting, and such persons who are appointed as directors in subsidiaries or associated companies shall have the duty to ensure the best interests of such subsidiaries or associated companies; provided that such appointed persons shall obtain approval from the Board of

Directors of the Company prior to passing a resolution or exercising the voting right on significant matters at the same level as that shall be approved by the Board of Directors in the Company's operations. The Company sets out the scope of power, duties and responsibilities of directors and executives as the Company's representatives in such companies to control or participate in the determination of significant policies on their business operations, with the governance mechanism for accurate and full disclosure of financial position and operational results; execution of connected transactions between such companies and related persons; acquisition or disposition of assets; or execution of any other significant transactions of such companies. Rules and regulations relating to disclosure and execution of transactions above shall be similar to those of the Company.

Moreover, in case of a subsidiary, persons who are appointed by the Company shall monitor to ensure that such subsidiary has its articles of association regarding connected transactions in compliance with the Company, and keeps and makes information and accounting records available for the Company's review and use in support of the preparation of the consolidated financial statements in due course.

(2) The Company has no any shareholders' agreement between the Company and other shareholders in respect of management of subsidiaries and associated companies which are material to the operations of the Group or administration or sharing of returns other than such normal returns from its shareholding.

5 Control of Inside Information Usage

The Company introduces measures requiring executives to report their securities holding on every purchase/sale/transfer of securities, to the Office of the Securities and Exchange Commission. Executives are reminded at every meeting of the Board of Directors of such measures and are also required to sign their names in the acknowledgment of such obligations and responsibilities for report on securities holding. The Company also has an information disclosure policy in line with the guidelines set forth by the Stock Exchange of Thailand. In this respect, the Company shall disclose such information necessary to the decision of the public. Such information must be accurate, sufficient and made available in a timely manner. In addition, the Company shall endeavor to ensure that all investors in the Company's securities shall have equal access to such

information. The Company also maintains a good inside information control system. As for information having impact or effect on prices, such sensitive or confidential information shall be subject to measures to prevent misuse of inside information. For example, only high ranking executives would be granted access to such information and disclosure of such information to staff of the Company shall be made on a need to know basis. Staff who have such access shall be reminded that such information is confidential and subject to restrictions on usage as well as prohibition from purchase or sale of the Company's securities in reliance upon such information. Should any staff violate or fail to comply with such requirements, the Company shall impose disciplinary actions starting from written warning, wage cut, work suspension without pay or dismissal, depending upon the severity of such violation.



6 Remuneration for Auditor

(1) Audit Fee

The Company and subsidiaries paid the audit fee to:

- the Company's auditor, in the previous accounting period, amounting to Baht - .

- the audit firm of which the auditor is a member, persons or businesses related to the auditor and the audit firm of which the auditor is a member, in the previous accounting period, amounting to Baht 8,577,000.

(2) Non-audit fee

- None -

7 Compliance with the Good Corporate Governance Principles in Other Matters

(1) Last year, there was no any fraudulent offence or ethical misconduct; there was no any resignation of non-executive director due to the Company's corporate governance; and there was no any negative effect on the Company's reputation as a result of failure of the Board of Directors' fiduciary duties.

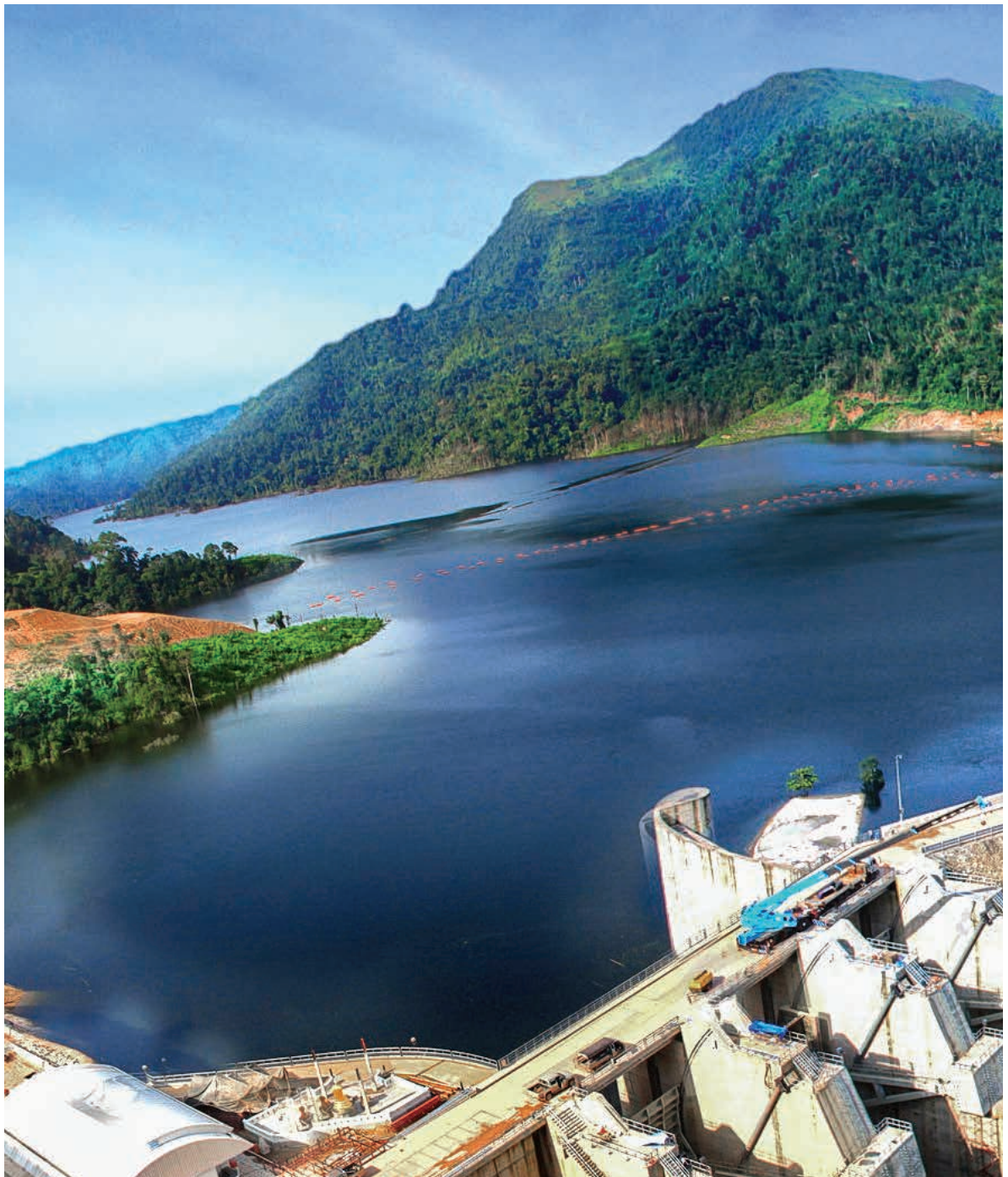
(2) The Board of Directors acknowledges the signing for anti-corruption campaign participate in the private concerted efforts against corruption. However, it is deemed appropriate for the Executive Board and/or management to consult on such matter with Thai Contractors Association and companies in the construction industry in order to consider their participation in the campaign.



CORPORATE SOCIAL RESPONSIBILITY

The Company operates its business under the corporate social and environmental responsibility and takes into account the utmost benefits of all stakeholders. In 2013, the Company prepares the Sustainable Development Report for the first time to disclose its economic, social and environmental information. This Sustainable Development Report is prepared in Thai and English versions in printed materials, CD and is available for download at

http://www.ch-karnchang.co.th/investor_relation_sd_report_en.php



INTERNAL CONTROL AND RISK MANAGEMENT

1 Summary of Opinions of the Board of Directors regarding the Company's Internal Control System

The Board of Directors continuously realizes the significance of the internal control system to prevent and minimize potential risks, by assigning the Audit Committee comprising independent directors to review the evaluation of the internal control system. The Internal Audit Department shall report directly to the Audit Committee and review the operation systems in various departments of the Company in accordance with the annual audit plan as approved by the Audit Committee, for the purpose of ensuring that the work performance is efficient and effective, that the Company's resources are used cost-efficiently, that the financial reporting is properly controlled to ensure correctness, reliability and timeliness, that it complies with the policy in accordance with the provisions of the laws and regulations of the relevant authorities and agencies, and that the efficiency of the internal control system is regularly reviewed, to ensure the best interest of the shareholders on the basis of fair returns to all stakeholders. In addition, the Audit Committee also has the duty to consider selecting and nominating the auditor, including the audit fee; and consider disclosing the Company's correct and complete information in case of connected transactions and transactions which may have conflict of interest.

In 2013, the Audit Committee convened four meetings, in which the Company's management attended each and every meeting, and a meeting with the auditor without the management's presence for consideration of the financial statements for 2013 so as to independently make

inquiries on audit plan and other matters found during the audit.

The Company recognizes the significance of the use of the risk management in its administration, by assigning the Corporate Governance and Risk Management Committee to monitor and review the Company's overall risk management to stay at an acceptable level. The Company's management considers the risk factors currently being encountered or expected to be encountered by the Company, analyzes the impact and the possibility of such risks, establishes measures to prevent and manage such risks to stay at an acceptable level in compliance with the Company's policy, and then submits the same to the Corporate Governance and Risk Management Committee for consideration of appropriateness and sufficiency. The risk management system shall also be reviewed and evaluated for its effectiveness every year and every interval in which the risk level has changed, subject to regular monitoring on a quarterly basis by the Internal Audit Department, and the results of such monitoring shall be reported to management and the Corporate Governance and Risk Management Committee for acknowledgement and further reported to the Board of Directors for acknowledgement as a whole.

In the Board of Directors' Meeting No. 1/2014 on February 26, 2014, the Board of Directors has evaluated the adequacy and suitability of the Company's internal control system as per the evaluation report by the Audit Committee in various aspects as per the internal control adequacy evaluation form, comprising five elements, namely, organization and environment; risk management; operational control of the management;

information technology and communications system; and monitoring system, together with the report on risk management results by the Corporate Governance and Risk Management Committee. They are of the opinion that the Company's internal control system is adequate and suitable to the business operation without any material fault, which would prevent the Company's and the subsidiaries' assets from misuse or unauthorized use by the executives. The Company's financial reports have been prepared in accordance with the generally accepted accounting principles. The information

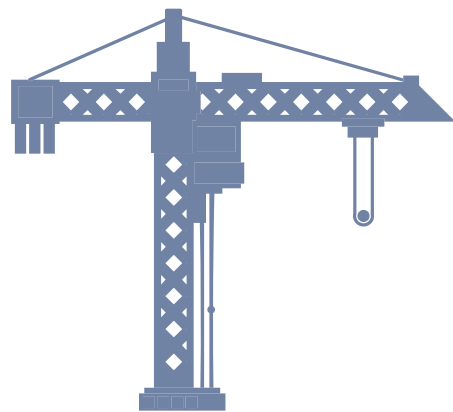
disclosed in the financial reports is correct and reliable. The Company operates its business in full compliance with the securities and exchange law and other relevant laws.

The Board of Directors, the Audit Committee and the auditor are of the common opinion that the Company's business operation is in accordance with the corporate governance principles with transparency, and the internal control system is suitable, effective, and can prevent the Company's assets from misuse or unauthorized use by the executives or staff.

2 The Head of Internal Audit Unit and The Head of Compliance Unit

The Head of Internal Audit Unit is Mr. Wiboon Ungapipathanachai Vice President: Internal Audit Department. The Audit Committee is of the view that Mr. Wiboon Ungapipathanachai is qualified to efficiently perform duties as the Head of Internal Audit Unit. The appointment, removal and transfer of a person holding office as Head of Internal Audit Unit shall be subject to the Audit Committee's approval.

The Head of Compliance Unit is Mrs. Thipwaree Athagrisna, Compliance Manager, who shall be responsible for compliance matters in cooperation with the Office of President, and in coordination with the Company Secretary.



Audit Committee's Report

The Audit Committee of CH. Karnchang Public Company Limited, by the appointment of the Company's Board of Directors, comprises three qualified independent directors, namely, Mr. Vitoon Tejatussanasoontorn, Chairman of the Audit Committee, Mr. Don Pramudwinai and Mr. Thawansak Sukhawun, Audit Committee Members, and Vice President: Internal Audit Department as secretary to the Audit Committee.

The Audit Committee has performed under the scope, duties and responsibilities as assigned by the Company's Board of Directors, in accordance with the regulations of the Stock Exchange of Thailand, as well as relevant suggestions on various matters, which were fully cooperated by the Company's Management, internal auditors and auditor. In 2013, the Audit Committee held four meetings with the executives, internal auditors and auditor as appropriate, including a meeting with the auditor without the Management once a year for independent discussion on material information in preparation of financial statements and sharing of opinions, which may be summarized as follows:

1. The Audit Committee has reviewed the quarterly financial statements and the financial statements for 2013, by making inquiries and taking into consideration the clarifications of the executives and the auditor in respect of accuracy and completeness of the financial statements and sufficiency of information disclosure. The Audit Committee is of the opinion in line with the auditor that the said financial statements are fairly accurate in all material aspects and comply with generally accepted accounting standards.

2. The Audit Committee has reviewed the compliance with the provisions of laws and the Company's internal control system, and is of the opinion according to the assessment that the internal control system is sufficient, proper and effective without any material fault in order to support the operations to achieve the specified goal. The Company properly maintains its property and work operations in compliance with the law on securities and exchange and the relevant rules and regulations on business. The authorization and approval are systematically conducted in accordance with the good internal control system, and the corporate governance is transparent, as well as being amended to efficiently conform to the changed situation.

3. The Audit Committee has reviewed the internal audit, by taking into consideration the mission, scope of work, duties, responsibilities and independence of the Internal Audit Department in order to conform to the guidelines on internal audit of the Stock Exchange of Thailand. The Audit Committee is of the opinion that the Company's internal audit system is sufficient and proper, including the consideration for approval of the appointment of Vice President: Internal Audit Department and secretary to the Audit Committee. The Audit Committee is of the opinion that the Company's internal audit system is sufficient, proper and efficient in accordance with the international standards.

4. The Audit Committee has reviewed the risk management in order to connect with the internal control system to manage general risks. The Company has specified objectives and criteria for assessment of the overall risks and risk levels, risk assessment and rating, determination of management plan on existing risks, and preparation of report on risk assessment and management plan on existing risks. The Audit Committee is of the opinion that the Company's risk management system is efficient and effective, by determining objectives for indicating, assessing, managing and monitoring risks on a quarterly basis, risk appetite and risk tolerance, as well as regularly reviewing the risks to be in line with the current situation.

5. The Audit Committee has reviewed and provided an opinion on the connected transactions or transactions which may have conflict of interest, including disclosure of such transactions in accordance with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The auditor is of the opinion that the transactions with material aspects executed with the related companies have already been disclosed and shown in the financial statements and notes to the financial statements. The Audit Committee is of the opinion in line with the auditor, as well as providing an opinion that such transactions are reasonable and for the optimum benefit to the Company's business operations, and the information disclosure is accurate and complete.

6. The Audit Committee has considered selecting, nominating the auditor and proposing the audit fee, by taking into account the performance of the auditor in the previous year, reliability, capability to provide service and consultation on accounting standards, auditing and certification of the financial statements in a timely manner, and has then provided an opinion to the Company's Board of Directors to seek approval of the Shareholders' Meeting for appointment of either Miss Waraporn Prapasirikul or Mr. Narong Puntawong or Miss Supanee Triyanantakul of Ernst & Young Office Limited as the Company's auditor for 2014, with the audit fee in the amount of not exceeding Baht 3,040,000.

Given the performance of duties under the scope of responsibilities as assigned by the Board of Directors to independently provide opinions and suggestions in the equal interests of all stakeholders, the Audit Committee is of the view that the Company's financial reports are correct and reliable in line with the generally accepted accounting standards and financial reporting standards. The Company's operation is in accordance with the good corporate governance principles, with proper and effective internal control system and in full compliance with the laws and requirements relating to the Company's business in all respects.

Signed:



(Mr. Vitoon Tejatussanasoontorn)
Chairman of the Audit Committee

CONNECTED TRANSACTIONS

1 Connected Transactions between the Company, Subsidiaries, Associated and Related Companies (Only connected transactions with a value of Baht 500,000 or higher are shown)

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
1. Bangkok Metro Public Company Limited Operation of concession business for mass transit in Bangkok by the metro	- This is an associated company. - The Company holds shares representing 30.19 percent. - A director of the Company, namely, Mr. Sombat Kitjalaksana, serves as director in Bangkok Metro Public Company Limited. - An executive director of the Company, namely, Mr. Plew Trivisavet, serves as director in Bangkok Metro Public Company Limited.	1.1 The Company - The Company was engaged to manage the Project for supply and installation of the M&E Systems for the MRT Purple Line, Bang Yai - Rat Burana (Bang Yai - Bang Sue Section), Contract 4, Concession for Supply of M&E Systems and O&M Services (Khlong Bang Phai Station - Tao Poon Station), with a value of Baht 20,011 Million.	67,744,647	- This transaction is an ordinary course of business. - This project is of a nature in which the Company has experience and could be completed within the scheduled period. - The Company has earned a return at market price at a rate not lower than the rate of return generally received in other projects. - The contractor will arrange for a loan throughout the construction period of the Project, provided that all construction costs and finance costs shall be borne by the employer, and the repayment shall be made upon delivery of all works.
		1.2 The Company - The Company extended a loan in its capacity as a shareholder under the Sponsor Loan Agreement, which requires that shareholders shall arrange for a loan to Bangkok Metro Public Company Limited in the total loan amount of not exceeding Baht 3,000 Million. - Principal at the end of the period - Interest income at the end of the period	222,945,205	- Such loan is extended by the Company at the interest rate of MLR+0.5. - The loan is scheduled to be repaid after Bangkok Metro Public Company Limited has repaid loans to local financial institutions (pursuant to the conditions of the Sponsor Loan Agreement), provided that all loans are scheduled to be repaid to local financial institutions by 2024. The Company has a policy to require Bangkok Metro Public Company Limited to repay the loan in full within one year after Bangkok Metro Public Company Limited has repaid loans to financial institutions or when the Company has excess cash. - This is in accordance with the agreement of shareholders in Bangkok Metro Public Company Limited with financial institutions for financial sponsor support. - In December 2013, Bangkok Metro Public Company Limited already repaid the loans and accrued interest.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
2. Thai Tap Water Supply Public Company Limited Operation of concession business for water production and distribution in Samut Sakhon Province and certain areas of Nakhon Pathom Province for the Provincial Waterworks Authority	- In 2012, this is an associated company. The Company holds shares representing 30.04 percent. - In February 2013, the Company sold certain investments to Bangkok Expressway Public Company Limited. The Company then holds shares representing 19.04 percent. - A director of the Company, namely, Mr. Sombat Kitjalaksana, serves as director in Thai Tap Water Supply Public Company Limited. - Two executive directors of the Company, namely, Mr. Plew Trivisvavet and Mr. Narong Sangsuriya, serve as directors in Thai Tap Water Supply Public Company Limited.	2.1 The Company - The Company received dividend from its shareholding in Thai Tap Water Supply Public Company Limited.	417,932,570	- This transaction is an ordinary course of business. - The Company has earned a return at market price at a rate not lower than the rate of return generally received in other
3. Bangkok Expressway Public Company Limited Operation of concession business for expressway construction and management	- This is a related company. - The Company holds shares representing 15.15 percent. - An executive director of the Company, namely, Mr. Plew Trivisvavet, serves as director in Bangkok Expressway Public Company Limited. - Director and Managing Director of Bangkok Expressway Public Company Limited, namely, Mrs. Payao Marittanaporn, is the spouse of Mr. Prasert Marittanaporn, who serves as director in the Company.	3.1 The Company - The Company received dividend from its shareholding in Bangkok Expressway Public Company Limited. 3.2 The Company - The Company was engaged to carry out repair of structure of the Si Rat Expressway, Sector C, partial Sector B, partial Sector A; and repair of the Expressway, Period 3, Phase 1, with a value of Baht 154.1 Million. - The Company was engaged to carry out design and construction of the Si Rat - Outer Ring Road Expressway, with a value of Baht 22,500 Million.	184,337,889 84,634,742 2,245,186,106	- This transaction is an ordinary course of business. - The Company has earned a return at market price at a rate not lower than the rate of return generally received in other projects. - This transaction is an ordinary course of business. - This project is of a nature in which the Company has experience and could be completed within the scheduled period. - The Company has earned a return at market price at a rate not lower than the rate of return generally received in other projects. - This transaction provides a credit term of 30-45 days.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
		3.3 CH. Karnchang-Tokyu Construction Co., Ltd. - The company received dividend from its shareholding in Bangkok Expressway Public Company Limited.	16,984,801	- This transaction is an ordinary course of business. - CH. Karnchang-Tokyu Construction Co., Ltd. has earned a return at market price at a rate not lower than the rate of return generally received in other projects.
		3.4 Construction Material Supply Co., Ltd. - The company was engaged to carry out repair of traffic surface of the Si Rat Expressway around Ngam Wong Wan on- and off-ramps and Khlong Prapa off-ramp, with a value of Baht 3.0 Million.	580,700	- This transaction is an ordinary course of business. - This project is of a nature in which Construction Material Supply Co., Ltd. has experience and could be completed within the scheduled period. - This transaction provides a credit term of 30-45 days.
		3.5 CH. Karnchang-Tokyu Construction Co., Ltd. - The company was engaged to carry out repair of connecting road between the Si Rat Expressway (Sector D) and Chaturathit Road, with a value of Baht 254 Million.	158,724,115	- This transaction is an ordinary course of business. - This project is of a nature in which CH. Karnchang-Tokyu Construction Co., Ltd. has experience and could be completed within the scheduled period. - This transaction provides a credit term of 30-45 days.
		4.1 Joint Venture BBCT - Vehicles, such as, trucks, trailers, etc., were sold to Expert Transport Co., Ltd. at the replacement cost.	-	- This was a sale of vehicles, which the Joint Venture did not use, at the reasonable rate not different from sale to the general public. - Trade accounts receivable were accrued for a long period due to the economic crisis during 1997-2000 and a portion of revenue must be used for loan repayment. - In May 2013, the Joint Venture already received such payment.
4. Expert Transport Co., Ltd. Operation of business of large vehicles for transportation	- This is a related company. - Mahasiri Siam Co., Ltd., as a major shareholder in the Company, holds shares representing 90.00 percent. - A director of the Company, namely, Mr. Kamthorn Trivisvavet, serves as director in Expert Transport Co., Ltd. - Two executive directors of the Company, namely, Mr. Plew Trivisvavet and Mr. Prasert Marittanaporn, serve as directors in Expert Transport Co., Ltd. - An executive of the Company, namely, Mr. Sittidej Trivisvavet, serves as director in Expert Transport Co., Ltd.			

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
5. SouthEast Asia Energy Limited Operation of concession business for design, development, construction and management of the Hydroelectric Power Project (Nam Ngum 2) for the Government of the Lao People's Democratic Republic	- This is a related company. - In 2011, the Company sold all investments in this company to CK Power Limited. - Three executive directors of the Company, namely, Mr. Plew Trivisavet, Mr. Narong Sangsuriya, and Mr. Prasert Marittanaporn, serve as directors in SouthEast Asia Energy Limited.	4.2 The Company - The Company leased out area and charged public utilities fees.	5,590,048	- Expert Transport Co., Ltd. took on lease for a total area of 1,119 square meters at the rental rate of Baht 148 per square meter and service fee of Baht 222 per square meter, with a lease term of three years from June 1, 2011 to May 31, 2014. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		4.3 The Company - The Company took on lease of vehicles from Expert Transport Co., Ltd.	1,430,303	- The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		5.1 The Company - The Company extended a loan in its capacity as a shareholder under the Shareholders Loan Agreement, which requires that shareholders shall arrange for a loan to SouthEast Asia Energy Limited in the total loan amount of Baht 156.25 Million, at the interest rate of the average MLR of three lending banks of SouthEast Asia Energy Limited, plus one (MLR+1), with the due date of repayment of the principal, together with interest, within 18 months or the date of Financial Closing of the Project, whichever occurs first. - Principal at the end of the period - Interest income at the end of the period	- 2,083,690	- This is considered a financial support based on the shareholding percentage, and the interest rate equals the loan interest rate of the existing creditors of SouthEast Asia Energy Limited for survey and development of new project which would enhance the capacity of the Nam Ngum 2 Project and which would be beneficial to the Company as a shareholder. - In 2009, SouthEast Asia Energy Limited requested an extension of time for repayment of the loan for another 12 months from the due date until March 2010. - In 2010, SouthEast Asia Energy Limited requested an extension of time for repayment of the loan on the date which the company made the first drawdown of the project from the financial institutions or until September 2011. - In 2011, SouthEast Asia Energy Limited requested an extension of time for repayment of the principal and interest as a single payment until such company would receive the repayment from its subsidiary or until September 2012, whichever was earlier. - In September 2012, SouthEast Asia Energy Limited requested an extension of time for repayment of the loan for another 12 months from the due date until September 2013. - In March 2013, the Company already received repayment of the principal and accrued interest.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
		5.2 The Company - The Company leased out area and charged public utilities fees.	2,766,485	- SouthEast Asia Energy Limited took on lease for a total area of 469 square meters at the rental rate of Baht 160 per square meter and service fee of Baht 240 per square meter, with a lease term of three years from October 1, 2013 to September 30, 2016. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
6. Bang Pa-in Land Development Co., Ltd. Operation of Bang Pa-in Industrial Estate	- This is a related company. - CK Office Tower Co., Ltd., as a shareholder in the Company, holds shares representing 25 percent. - Mahasiri Siam Co., Ltd., as a major shareholder in the Company, holds shares representing 25 percent. - An executive director of the Company, namely, Mr. Plew Trivisavet, serves as director in Bang Pa-in Land Development Co., Ltd. - A director of the Company, namely, Mr. Kamthorn Trivisavet, serves as director in Bang Pa-in Land Development Co., Ltd.	6.1 The Company - The Company rendered transportation services and other services, such as, lease of water tank trailers, shovels, backhoe.	2,762,469	- The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		6.2 The Company - The Company leased out area and charged public utilities fees.	795,013	- Bang Pa-in Land Development Co., Ltd. took on lease from the Company for a total area of 174 square meters at the rental rate of Baht 128 per square meter and service fee of Baht 192 per square meter, with a lease term of three years from November 1, 2011 to October 31, 2014. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
		6.3 The Company - The Company took on lease of area and was charged for public utilities fees and purchased supply.	3,237,189	- The Company took on lease of area and was charged for electricity and landfill costs by Bang Pa-in Land Development Co., Ltd. for the design and construction of the dikes and drainage system for the Bang Pa-in Industrial Estate Restoration Project. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		6.4 The Company - The Company was engaged to carry out design and construction of dikes and drainage system for the Bang Pa-in Industrial Estate Restoration Project, with a value of Baht 665.4 Million.	155,677,778	- This transaction is an ordinary course of business. - This project is of a nature in which the Company has experience and could be completed within the scheduled period. - The Company has earned a return at market price at a rate not lower than the rate of return generally received in other projects. - This transaction provides a credit term of 30-45 days.
		6.5 Construction Material Supply Co., Ltd. - The company was engaged to carry out road improvement, with a value of Baht 1.1 Million.	1,093,485	- This transaction is an ordinary course of business. - This project is of a nature in which Construction Material Supply Co., Ltd. has experience and could be completed within the scheduled period. - This transaction provides a credit term of 30-45 days.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
8. Xayaburi Power Company Limited Operation of study, survey, and design business for the Hydroelectric Power Dam Construction Project in the Mekong River, Xayaburi, with the Government of the Lao People's Democratic Republic	- This is an associated company. - The Company holds shares representing 50.00 percent as at December 31, 2012. - The Company has reduced its shareholding to 30.00 percent in the first quarter of 2013. - An executive director of the Company, namely, Mr. Plew Trivisavet, serves as director in Xayaburi Power Company Limited. - A director of Xayaburi Power Company Limited, namely, Mrs. Payao Marittanaporn, is the spouse of Mr. Prasert Marittanaporn, who serves as director in the Company.	8.1 CH. Karnchang (Lao) Co., Ltd. - CH. Karnchang (Lao) Co., Ltd. (in which 100 percent of shares are held by CH. Karnchang Public Company Limited) was engaged to carry out the construction of the Xayaburi Hydroelectric Power Project, with a project value of approximately Baht 51,825 Million and USD 711 Million. 8.2 The Company - The Company leased out area and charged public utilities fees.	15,024,409,986	- CH. Karnchang (Lao) Co., Ltd. is capable to carry out the works properly and is well-prepared to promptly start the works. In addition, the project value is reasonable, representing an ordinary course of business. - This transaction provides a credit term of 30 days.
			3,918,996	- Xayaburi Power Company Limited took on lease from the Company for a total area of 239.72 square meters at the rental rate of Baht 160 per square meter and service fee of Baht 240 per square meter, with a lease term of three years from April 19, 2012 to April 18, 2015. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.

Company Name/ Interested Party	Relationship	Nature of Transaction	Transaction Value of 2013	Necessity/Justification
9. Bangpa-in Cogeneration Limited Operation of power plant business, including businesses relating to electricity and other powers	- This is a related company. - The Company sold all investments in this company to CK Power Public Company Limited. - An executive director of the Company, namely, Mr. Narong Sangsuriya, serves as director in Bangpa-in Cogeneration Limited. - An executive of the Company, namely, Mr. Vorapote Uchupai-boonvong, serves as director in Bangpa-in Cogeneration Limited.	9.1 The Company - The Company was engaged to carry out construction under the Engineering, Procurement and Construction Contract for 120 MW Gas Fired Combined Cycle Cogeneration Power Plant (the Small Power Plant), with a project value of approximately Baht 4,593 Million.	1,128,571,003	- The Company is capable to carry out the works properly and is well-prepared to promptly start the works. In addition, the project value is reasonable, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		9.2 The Company - The Company was engaged to manage the Project, with a value of Baht 2.1 Million.	2,040,000	- The Company is capable to manage the Project which is reasonable, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.
		9.3 The Company - The Company leased out area and charged public utilities fees.	689,030	- Bangpa-in Cogeneration Limited took on lease from the Company for a total area of 140.91 square meters at the rental rate of Baht 128 per square meter and service fee of Baht 192 per square meter, with a lease term of three years from October 17, 2011 to October 16, 2014. - The rate is close to market rate, representing an ordinary course of business. - This transaction provides a credit term of 30-45 days.

2 Opinions of the Board and the Audit Committee

- The Company's contracts with its related companies to carry out construction on a subcontract basis are undertaken at reasonable prices, whereby the costs of relevant projects under such contracts were reviewed and deemed appropriate by the Company's engineers and based on an ordinary course of business.
- Project management fees are derived from transactions where the Company arranged for personnel to various related companies and joint ventures for the purpose of project management, whereby the Company entered into contracts for management fees with those related companies and joint ventures, and such management fees covered salaries, bonuses, benefits and other management expenses.
- Service fees are derived from transactions where the Company leased out to joint ventures and subsidiaries equipment and machinery at the rental rates close to market rates, representing an ordinary course of business.
- Costs of goods are derived from transactions where the Company traded goods with related companies at the price close to market price, representing an ordinary course of business.
- Accounts receivable in the form of intercompany loans bear interest at an appropriate rate and subject to an ordinary course of business. Connected transactions are submitted to the meeting of the Board of Directors or the Executive Board, for consideration in respect of their suitability.

3 Measures or Procedures for Approval of Connected Transactions

The Company has complied with the relevant rules, regulations and requirements of the Securities and Exchange Commission. As for any transactions that might give rise to a conflict of interests and require approval of the Board of Directors and of the Audit Committee, the Company has already complied with such rules, regulations or requirements, whereby the grant of approval for the said connected transactions shall take into account the optimum benefits to the Company, fairness and justifications of the transactions as well as based on market prices in the ordinary course of business. In addition, the interested parties or those who might have a conflict of interests in such connected transactions shall not be allowed to participate in the consideration and approval of the connected transactions so as to ensure the fairness and the optimum benefits to the Company. As for any connected transactions falling under the criteria as specified in the regulations, notifications, orders, requirements or rules of the Stock Exchange of Thailand, the Company has complied with the applicable requirements of the Stock Exchange of Thailand.

4 Policy or Trend of Future Connected Transactions

The policy on consideration and approval of connected transactions with related businesses shall comply with the procedures that require consideration by the Board of Directors and the Audit Committee while those who have interests or might have a conflict of interests in connected transactions shall not be allowed to participate in the approval of such connected transactions. The criteria used by the Board of Directors and the Audit Committee as guidelines in the consideration is that related businesses are required to propose competitive products or services in terms of price and quality. On the contrary, should the Company be to render services to any related businesses, the Company is required to propose price and quality in line with standards or market price without giving any favorable benefit to the related businesses, which may result in transfer of benefits to those who might have a conflict of interests with the Company.

Future connected transactions in the form of loans tend to be loans among the Company, subsidiaries and joint ventures for the purpose of financial support in business operations so as to support and facilitate their operations, which will be deemed as an ordinary course of business. Consideration and approval for such transactions will be mainly based on the optimum benefits of the Company. However, for the loans between the Company, subsidiaries or joint ventures, and related companies in which the Company's major shareholders, directors or executives hold shares, the Company group has no policy to extend any intercompany loans in the future.



PART

3

Financial Position
and Operational Results



Kanchanaphisek Bridge

FINANCIAL HIGHLIGHTS

Significant Financial Information

Summary of Financial Information of CH. Karnchang Public Company Limited

Unit : Thousand Baht

Item	Amount		
	December 31, 2011	December 31, 2012 **	December 31, 2013
Total assets	35,229,346	44,488,047	60,419,498
Total liabilities	25,972,717	33,098,910	41,897,253
Shareholders' equity	9,256,629	11,389,137	18,522,245
Total revenues	10,772,480	13,265,903	16,907,340
Gross profit (loss)	97,054	1,038,946	1,223,168
Net profit (loss)	2,773,806	975,245	3,004,709
Earnings (loss) per share	1.68	0.59	1.82

Summary of Financial Information of CH. Karnchang Public Company Limited, its Subsidiaries and Jointly Controlled Entities

Unit : Thousand Baht

Item	Amount		
	December 31, 2011	December 31, 2012 **	December 31, 2013
Total assets	36,639,521	51,220,695	72,034,226
Total liabilities	30,044,515	42,712,101	55,193,633
Shareholders' equity	6,595,006	8,508,594	16,840,593
Total revenues	13,839,717	22,094,362	42,009,972
Gross profit (loss)	591,560	2,366,879	3,444,084
Net profit (loss)	927,401	583,854	7,673,854
Earnings (loss) per share	0.56	0.35	4.64

** The figures in 2012 were reclassified for comparison with the figures in 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

1 Analysis of Operations and Financial Position

CH. Karnchang Public Company Limited, its Subsidiaries and Jointly Controlled Entities Operational Results in the Fourth Quarter and 2013

Operational Results

Table 1 : Consolidated Financial Statements

(Unit : Million Baht)

	Q4/13	Q4/12	% Change	2013	2013	% Change
Core Revenues						
Revenues from construction services	7,567	6,859	10.32%	32,570	20,685	57.46%
Sales of construction materials	2	14	(85.71%)	57	79	(27.85%)
Project management income	13	14	(7.14%)	50	59	(15.25%)
Gross Profit	932	714	30.53%	3,444	2,367	45.50%
Profit attributable to equity holders of the Company	418	268	55.97%	7,674	584	1,214.04%
EBITDA	1,183	824	43.57%	12,038	2,522	377.32%

Note : EBITDA = Profit before share of profit from investments in associated companies, finance cost and income tax expenses + depreciation and amortization, including dividend income from associated companies

In quarter 4/13, CK's profit for the period amounted to Baht 418

Million and profit for 2013 amounted to Baht 7,674 Million.

In the fourth quarter of 2013, CH. Karnchang Public Company Limited, its subsidiaries and its jointly controlled entities, had profit for the period amounting to Baht 418 Million, representing an increase by 55.97 percent as compared to the same period of 2012, due to the Company's progress in construction and gain on foreign exchange in the amount of Baht 127 Million. The Company's EBITDA amounted to Baht 1,183 Million, representing an increase by 43.57 percent from the same period of 2012. In addition, revenues from construction services amounted to Baht 7,567 Million, representing an increase by 10.32 percent from the same period of 2012. As for the operational results in 2013, the Company's profit for the period amounted to Baht 7,674 Million, representing an increase by 1,214.04 percent from 2012 and its EBITDA of 2013 was Baht 12,038 Million, representing an increase by 377.32 percent from the previous

year, since in 2013, the Company recognized gain from a reduction of interest in investment in an associated company as deemed disposal in CK Power Public Company Limited (“CKP”), thereby resulting in a decrease in its shareholding proportion in such company from 38 percent to 31.8 percent. Therefore, the Company recognized gain from a reduction of interest in investment in such associated company in the amount of approximately Baht 398 Million. In February 2013, the Company sold its investment in Thai Tap Water Supply Public Company Limited (“TTW”) and recognized gain on sales of such investment in the amount of approximately Baht 2,203 Million. As such, the sales of the investment resulted in a decrease in the shareholding proportion in TTW from 30.04 percent to 19.04 percent, the Company then had no material influence upon such associated company. Therefore, the Company reclassified its investment in such company from investment in associated company to investment in available-for-sales securities, and changed the method of presentation of the value of investments from the equity method to the fair value method, and recorded gain on fair value measurement of investment in an associated company as at the transition date in the amount of approximately Baht 3,822 Million, not to mention the fact that in the second quarter of 2013, the Company sold its investment in Bangkok Metro Public Company Limited (“BMCL”) and recognized gain on sales of such investment in the amount of approximately Baht 1,090 Million, and in the third quarter of 2013, the Company recognized interest income in full, due to the fact that other companies repaid long-term loan in full, including interest income, in respect of which the Company discontinued recognizing such revenue in its books since July 1, 2008, in the amount of Baht 251 Million (according to the Company’s proportion in the joint venture).

Revenues from construction services in 2013 amounted to Baht 32,570 Million, representing an increase by 57.46 percent from the previous year.

In 2013, CH. Karnchang Public Company Limited, its subsidiaries and its jointly controlled entities, had core revenues, comprising revenues from construction services, sales of construction materials and project management income in 2013, in the total amount of Baht 32,677 Million or 77.78 percent of total revenues, representing an increase by 56.92 percent from 2012, as a result of the substantial progress in construction of the Xayaburi Hydroelectric Power Project in the Lao People’s Democratic Republic, as well as progress of the MRT Green Line Project, Contract 1 and Contract 2, the MRT Blue Line Extension Project, Contract 2 and Contract 5, per the details in the caption Nature of Business Operations : Major Customers and Undelivered Work. The average gross profit margin was at 10.54 percent in 2013, representing a decrease as compared to the gross profit margin of 11.37 percent in 2012.

Project Name	Project Value	Implementation Commencement Date	Revenue in 2013	Undelivered Revenue
1 Engineering, Procurement and Construction Contract for the Xayaburi Hydroelectric Power Project for Construction of the Xayaburi Hydroelectric Power Plant in the Lao People's Democratic Republic	74,618	March 2012	15,024	48,949
2 MRT Purple line Bang Yai –Rat Burana,Bang Yai – Bang Sue section	14,687	February 2012	2,749	627
3 The MRT Green Line Project Bearing-Samutprakan Section Contract 1: Civil Work	13,167	February 2012	2,178	8,756
4 The MRT Blue Line Extension Project, Hua Lamphong - Bang Khae and Bang Sue - Tha Phra Sections,Contract2:Underground Civil Works, Sanam Chai -Tha Phra Section	9,988	February 2011	1,604	4,874
5 The MRT Blue Line Extension Project, Hua Lamphong - Bang Khae and Bang Sue - Tha Phra Sections,Contract5: Trackworks, Hua Lamphong - Lak Song (BS) and Tao Pun -Tha Phra (BN)	4,672	February 2011	1,142	2,336
6 The Si Rat - Outer Ring Road Expressway Project	22,500	December 2012	2,245	20,182
Total			24,942	85,724

Profit sharing from jointly controlled entities and dividend income in 2013 amounted to Baht 619 Million, representing an increase by Baht 453 Million from 2012.

Profit sharing from jointly controlled entities and dividend income in 2013 amounted to Baht 619 Million, representing an increase by 271.44 percent from 2012, mainly resulting from the fact that the Company received dividend from BECL in the amount of Baht 201 Million and also received dividend from TTW (whose shares are held by the Company representing 19.04 percent) amounting to Baht 418 Million.

Financial Position

Table 2 : Balance Sheet

(Unit : Baht Million)

	2013	2012	% change
Assets			
Cash and cash equivalents	3,913	3,973	(1.51%)
Current investments	1,480	1,580	(6.33%)
Other current assets	35,743	25,123	42.27%
Non-current assets	30,898	20,545	50.40%
Total assets	72,034	51,221	40.63%
Liabilities			
Current liabilities	29,551	24,210	22.06%
Non-current liabilities	25,643	18,502	38.60%
Total liabilities	55,194	42,712	29.22%
Shareholders' equity			
Equity attributable to owners of the Company	16,551	8,221	101.33%
Non-controlling interests of the subsidiaries	290	288	1.05%
Total shareholders' equity	16,841	8,509	97.92%

Total assets in 2013 amounted to Baht 72,034 Million, representing an increase by 40.63 percent from 2012.

In 2013, the Company's total assets amounted to Baht 72,034 Million, representing an increase by Baht 20,813 Million or 40.63 percent from 2012. The total assets of the Company comprised:

- Current assets in 2013 amounted to Baht 41,136 Million, representing an increase by Baht 10,459 Million or 34.09 percent from 2012, due to the Company's acceleration of the construction of the Xayaburi Hydroelectric Power Project in the Lao People's Democratic Republic, the MRT Green Line Project, Contract 1 and Contract 2, and the MRT Blue Line Extension Project, Contract 2 and Contract 5, thereby causing an increase in unbilled receivables by Baht 5,410 Million; and advance payments to subcontractors by Baht 5,079 Million.

- Non-current assets in 2013 amounted to Baht 30,899 Million, representing an increase by Baht 10,355 Million or 50.40 percent from 2012, mainly due to an increase in

: Investments in associated companies in 2013 amounting to Baht 7,271 Million, representing an increase by Baht 2,285 Million or 45.83 percent from 2012, due to the Company's exercise of its right in respect of the capital increase of Bangkok Metro Public Company Limited.

: Long-term trade receivables - unrelated parties in 2013 amounting to Baht 3,152 Million, representing an increase by Baht 3,011 Million or 2,138.23 percent from 2012, due to the fact that most of them were construction fee receivables under the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project, Bang Yai – Rat Burana, Bang Yai – Bang Sue Station, (Klong Bang Phai Station - Tao Poon Station), (the "MRT Purple Line Project") as signed by the Company on September 2013, whereby such construction fee receivables would become due and collectible in full on the date specified in the Commissioning Certificate, in respect of which the Company would receive the payment of construction fee on a monthly basis according to Bangkok Metro Public Company Limited's receipt of consideration from MRTA; and other receivables from sale of shares in TTW to BECL, which would receive the payment in full by April 2015.

: Investments in related companies and other companies in 2013 amounting to Baht 11,906 Million, representing an increase by Baht 7,490 Million or 169.62 percent from 2012, due to the reduction of the shareholding proportion in TTW from 30.04 percent to 19.04 percent, thereby resulting in the Company's change of the method of presentation of the value of investments from the equity method to the fair value method; and unrealized gains on change in value of investments in ordinary shares in BECL as held by the Company representing 16.46 percent and value of investments in TTW as held by the Company representing 19.04 percent.

: Property, plant and equipment in 2013 amounting to Baht 7,518 Million, representing an increase by Baht 2,818 Million or 59.96 percent from 2012, mainly due to investments in assets for construction of various projects, such as, the MRT Blue Line Project, Contract 2 and Contract 5, the MRT Green Line Project, Contract 1 and Contract 2, including the Xayaburi Hydroelectric Power Project, etc.

In 2013, the Company's total liabilities amounted to Baht 55,194 Million, representing an increase by 29.22 percent from the 2012.

In 2013, the Company's total liabilities amounted to Baht 55,194 Million, representing an increase by Baht 12,482 Million or 29.22 percent from 2012, with the details of material increases as compared to the previous year as follows:

- Current liabilities in 2013 amounted to Baht 29,551 Million, representing an increase by Baht 5,341 Million or 22.06 percent from 2012, mainly due to the Company's utilization of short-term loans from financial institutions for payment of the Letter of Credit ("L/C") and the current portion of long-term loans, including purchase of additional equipment and vehicles for operations by way of execution of hire-purchase agreement with leasing company.

- Non-current liabilities in 2013 amounted to Baht 25,643 Million, representing an increase by Baht 7,141 Million or 38.60 percent from 2012, due to the Company's hire-purchase of additional machinery and vehicles; and the Company's issuance of debentures in the amount of Baht 4,000 Million to accommodate its business expansion and/or debt repayment, including the recording of an increase in deferred income tax from the temporary differences between their carrying amount at the end of each reporting period and the tax bases of assets and liabilities, based on the tax rates enacted at the end of the reporting period.

In 2013, the Company's shareholders' equity totaled Baht 16,841 Million, representing an increase by 97.92 percent from 2012.

In 2013, the Company's shareholders' equity totaled Baht 16,841 Million, representing an increase by Baht 8,332 Million or 97.92 percent from 2012, as a result of an increase in the Company's retained earnings to Baht 7,011 Million. Other components of shareholders' equity were the increased unrealized gain on investment, upon comparison between market price and capital price in ordinary shares in BECL and TTW, amounting to Baht 2,825 Million, and the increased non-controlling interests of the subsidiaries amounting to Baht 292 Million.

Table 3 : Cash Flow Statement

(Unit : Million Baht)

	2013	2012	2011
Net cash flows from (used in) operating activities	(8,409)	(3,435)	(4,393)
Net cash flows from (used in) investing activities	849	(2,199)	4,122
Net cash flows from (used in) financing activities	7,444	5,602	2,759
Effect of exchange rate changes on cash and cash equivalents	56	(13)	6
Increase (decrease) in net cash flows	(60)	(46)	2,494

In 2013, the Company's cash flows used in operating activities amounted to Baht 8,409 Million; from investing activities amounted to Baht 849 Million; and from financing activities amounted to Baht 7,444 Million.

In 2013, the Company's net cash flows used in operating activities amounted to Baht 8,409 Million, representing an increase from 2012 by Baht 4,974 Million, resulting from the Company's acceleration of construction of the Xayaburi Hydroelectric Power Project in the Lao People's Democratic Republic and the MRT Green Line Project, Contract 1 and Contract 2, and as such, unbilled receivables increased by Baht 3,401 Million and interest expenses increased from 2012 by Baht 133 Million. The Company's net cash flows from investing activities amounted to Baht 849 Million, representing an increase from 2012 by Baht 3,049 Million, due to the Company's receipt of the loan repayment from BMCL; and Joint Venture CKET's receipt of the long-term loan repayment from Rayong Real Estate Co., Ltd. and Private Inter Construction Co., Ltd. The Company's net cash flows from financing activities amounted to Baht 7,444 Million, representing an increase from 2012 by Baht 1,842 Million, due to drawdown of long-term loan and issuance of new debentures.



**Net debt to equity ratio for 2013 equaled 1.73 times,
which materially decreased as compared to that of 2012.**

The Company's net debt to equity ratio for 2013 equaled 1.73 times, which materially decreased as compared to 2.65 times of 2012, which did not exceed the specified conditions of the debentures and loans at not exceeding 3.00 times.

**The Company paid dividend for the operational results for 2012
and interim dividend for 2013.**

On April 29, 2013, the Company's Annual Ordinary General Meeting of Shareholders resolved to approve dividend payment for the operational results for 2012 at the rate of Baht 0.35 per share, in the amount of Baht 578 Million, which was scheduled to be made on May 20, 2013. On September 4, 2013, the Board of Directors' Meeting resolved to grant approval for the Company to make an interim dividend payment for the operational results for the first half ended June 30, 2013 to the Company's shareholders at the rate of Baht 0.20 per share, totaling Baht 330.5 Million, which was scheduled to be made on October 3, 2013.

Financial Ratios	Unit	2013	2012	2011
Liquidity Ratio				
Liquidity Ratio	times	1.39	1.27	1.53
Quick Ratio	times	0.18	0.23	0.34
Trade Accounts Receivable Turnover	times	7.62	3.91	2.46
Average Collection Period	days	48	93	146
Inventory Turnover	times	11.71	14.14	10.10
Average Sale Period	days	31	26	36
Accounts Payable Turnover	times	4.27	3.38	4.13
Debt Servicing Period	days	85	107	88
Cash Turnover	days	-6	11	95
Profitability Ratio				
Gross Margin Ratio	%	10.54%	11.37%	5.40%
Net Profit Ratio	%	18.28%	2.64%	6.70%
Return on Equity	%	45.57%	6.86%	14.06%

Financial Ratios	Unit	2013	2012	2011
Efficiency Ratio				
Return on Assets	%	10.65%	1.14%	2.53%
Return on Fixed Assets	times	97.12%	11.45%	27.83%
Assets Turnover	times	0.58	0.43	0.38
Financial Policy Ratio				
Debt to Equity Ratio	times	3.28	5.02	4.56
Equity to Net Liabilities Ratio	times	1.73	2.64	2.66
Interest Coverage Ratio	times	7.44	1.94	2.77

Credit rating of CH. Karnchang Public Company Limited and its unsecured debentures was upgraded to “BBB+”.

TRIS Rating Co., Ltd. has affirmed the corporate and existing senior debenture ratings of CH. Karnchang Public Company Limited at “BBB+” as at January 24, 2014. The Company’s rating outlook has been revised to “positive” from “stable” to reflect the Company’s improved leverage position and financial flexibility after its group business restructuring, which allowed the Company to realize market value of its shares in Thai Tap Water Supply Public Company Limited (TTW), enhance marketability of its shares in CK Power Public Company Limited (CKP), and mitigate concerns over ongoing financial supports to Bangkok Metro Public Company Limited (BMCL). The credit ratings may be upgraded should the Company be able to maintain its operating margin to stay above 5 percent and the debt to capitalization ratio (excluding loan for the MRT Purple Line Project, Contract 4) to stay below 67 percent or the leverage level to stay below 2 times. The Company’s credit ratings also reflect its leading position in Thailand’s construction industry, proven records in infrastructure and specialized projects, and financial flexibility from strategic investments. However, these strengths are partially offset by the cyclical nature of the construction industry, the inherent risks of fixed-price contracts and the Company’s high financial leverage.

Asset Management

The asset value of the Company, its subsidiaries and jointly controlled entities under the consolidated financial statements reflected value close to fair value since the Company, its subsidiaries and jointly controlled entities arranged for the assessment of value of various assets. In addition, if it was expected which asset value would be impaired, the Company, its subsidiaries and jointly controlled entities would set aside a provision to ensure that asset value under the financial statements did not materially differ from fair value. As for investments of the Company and its subsidiaries, the provision for loss was set aside should the Company and its subsidiaries deem that investments had a tendency to be impaired. In this connection, the Company and its subsidiaries believed that the provision for impairment of investments as recorded was sufficient and investment value under the financial statements was close to fair value. With respect to trade and other receivables as at December 31, 2013, the Company and its subsidiaries had net trade and other receivables amounting to Baht 4,288.09 Million, representing a decrease from 2012 by Baht 1,035.56 Million, due to the Company’s faster collection of liabilities, for the collection period of 48 days.

Please see more information of the company issuing additional securities from Annual Registration Statement (Form 56-1) of the companies listed in www.sec.or.th Or the company’s website www.ch-karnchang.co.th

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

To the Shareholders of CH. Karnchang Public Company Limited

I have audited the accompanying consolidated financial statements of CH. Karnchang Public Company Limited, its subsidiaries and its jointly controlled entities, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of CH. Karnchang Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CH. Karnchang Public Company Limited, its subsidiaries and its jointly controlled entities and of CH. Karnchang Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 Income Taxes and Note 18 to the financial statements regarding the sale of investments in associated companies. During the first quarter of 2013, the Company sold an 11 percent interest in Thai Tap Water Supply Public Company Limited. The Company recognised a gain on the sale of this investment of approximately Baht 2,203 million in the consolidated financial statements (separate financial statements: Baht 2,340 million) and a gain on the fair value measurement of investment in an associate at the transition date of approximately Baht 3,822 million in the consolidated financial statements. During the second quarter of 2013, the Company sold a 7.97 percent interest in Bangkok Metro Public Company Limited and recorded a gain on the sale of this investment of approximately Baht 1,090 million in the consolidated financial statements (separate financial statements: Baht 105 million). My conclusion is not qualified in respect of this matter.

Waraporn Prapasirikul

Certified Public Accountant (Thailand) No. 4579

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 26 February 2014

Statement of financial position

As at 31 December 2013

(Unit: Baht)							
Note	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012	
		(restated)			(restated)		
Assets							
Current assets							
Cash and cash equivalents	8	3,913,215,877	3,973,016,731	4,018,780,421	1,757,059,238	1,900,378,489	2,544,668,448
Current investments	9	1,479,750,187	1,580,252,900	940,312,651	1,478,953,225	1,450,208,195	940,312,651
Trade and other receivables	7, 10	4,288,094,236	5,323,653,471	4,452,882,242	4,231,647,254	4,145,947,075	6,856,620,198
Short-term loans to related parties and interest receivable	7	1,200,550	1,200,550	1,200,550	10,587,257,781	7,056,101,756	4,291,219,042
Unbilled receivables	11	15,397,850,258	9,988,371,855	8,066,040,361	3,792,414,969	2,953,365,622	2,271,064,215
Inventories and construction supplies	12	2,496,178,094	1,304,936,771	1,026,797,215	869,632,151	505,760,025	752,271,950
Advance payment to subcontractors	7	12,621,815,732	7,543,174,337	2,712,106,764	6,516,349,880	3,882,513,516	1,743,051,744
Current portion of long-term loans to associated company and interest receivable	7	-	213,692,978	200,620,444	-	213,692,978	200,620,444
Current portion of long-term loans to other companies and interest receivable	14	-	180,110,944	354,012,121	-	-	-
Other current assets	15	937,497,084	568,154,550	336,587,727	687,840,556	338,604,405	110,457,775
Total current assets		41,135,602,018	30,676,565,087	22,109,340,496	29,921,155,054	22,446,572,061	19,710,286,467
Non-current assets							
Restricted bank deposits	13	33,086,550	362,230,236	291,369,762	18,086,550	247,230,236	126,369,762
Long-term loans to jointly controlled entities and interest receivable	7	-	155,447,251	174,371,123	-	777,236,254	871,855,613
Long-term loans to associated companies and interest receivable, net of current portion	7	-	3,980,987,602	3,728,862,883	-	3,980,987,602	3,728,862,883
Long-term loans to related company and interest receivable	7	21,271,783	21,002,616	-	21,271,783	21,002,616	-
Long-term loans to other companies and interest receivable, net of current portion	14	-	508,224,978	712,224,979	-	-	-
Investments in subsidiaries	16	-	-	-	281,476,101	281,476,101	397,039,001
Investments in joint ventures	17	-	-	-	-	-	-
Investments in associated companies	18	7,270,772,744	4,986,158,828	3,239,360,948	11,500,769,913	9,570,092,429	5,925,703,669
Other long-term investments	19	11,906,400,115	4,415,960,022	2,304,632,602	11,527,206,925	4,064,402,907	2,128,521,855
Long-term trade and other receivables	7, 10	3,152,387,067	140,843,381	138,197,398	3,152,387,067	140,843,381	138,197,398
Investment properties	20	383,536,024	400,376,602	421,573,491	474,778,932	495,193,848	518,787,016
Property, plant and equipment	21	7,517,860,496	4,700,335,690	2,911,355,379	3,296,887,851	2,203,754,103	1,381,293,007
Intangible assets	22	96,025,179	77,075,804	66,172,135	91,823,237	72,375,097	61,087,095
Accounts receivable - claims for additional costs	31	2,515,620,262	2,515,620,262	2,515,620,262	-	-	-
Less: Allowance for doubtful accounts	31	(2,515,620,262)	(2,515,620,262)	(2,515,620,262)	-	-	-
Accounts receivable - claims for additional costs, net		-	-	-	-	-	-
Advances for future projects	23	265,895,006	222,365,324	382,161,483	744,736	4,413,734	164,209,893
Withholding tax deducted at source		121,539,419	36,929,286	79,035,635	58,612,354	-	48,071,386
Deferred tax assets	4	62,231,013	35,859,120	111,554,934	44,430,522	17,301,236	79,718,746
Other non-current assets		67,618,648	500,333,342	80,862,666	29,867,449	165,165,931	29,061,075
Total non-current assets		30,898,624,044	20,544,130,082	14,641,735,418	30,498,343,420	22,041,475,475	15,598,778,399
Total assets		72,034,226,062	51,220,695,169	36,751,075,914	60,419,498,474	44,488,047,536	35,309,064,866

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

Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(restated)		(restated)		
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans from financial institutions	24	4,373,915,755	2,484,358,091	1,972,157,490	3,452,847,031	2,036,945,775	1,422,715,450
Trade and other payables	7, 25	6,846,109,177	5,461,970,577	2,513,017,322	3,261,951,833	2,774,292,785	1,094,026,527
Current portion of hire purchase creditors	26	342,186,932	166,370,912	93,740,530	326,426,785	165,063,727	93,507,283
Current portion of long-term loans	27	6,995,774,031	4,876,905,329	2,214,157,882	4,907,664,935	3,285,608,258	1,785,580,945
Current portion of debentures	28	1,983,800,000	3,000,000,000	3,016,200,000	1,983,800,000	3,000,000,000	3,016,200,000
Advances received from employers and							
construction revenue received in advance	7, 11	7,971,504,398	7,563,439,791	3,827,932,424	7,733,802,259	6,655,728,538	2,840,935,287
Retention for construction	7	596,382,132	367,092,354	253,344,544	230,713,034	130,437,340	88,146,254
Income tax payable		3,135,194	31,444,899	356,173,731	-	-	318,984,539
Unbilled output tax		347,785,879	184,435,647	145,565,875	365,085,166	192,005,588	162,275,089
Other current liabilities		90,523,955	73,855,694	68,040,582	60,717,669	46,179,899	44,985,440
Total current liabilities		29,551,117,453	24,209,873,294	14,460,330,380	22,323,008,712	18,286,261,910	10,867,356,814
Non-current liabilities							
Hire purchase creditors, net of current portion	26	750,493,644	353,646,784	352,699	705,528,643	351,841,811	-
Long-term loans, net of current portion	27	10,903,840,847	7,628,887,815	4,543,197,561	5,054,122,870	4,041,787,622	4,087,569,055
Debentures, net of current portion	28	11,981,982,648	9,964,443,493	10,958,323,810	11,981,982,648	9,964,443,493	10,958,323,810
Provision for long-term employee benefits	29	346,340,652	167,611,790	82,310,475	189,512,349	78,425,107	41,392,450
Provision for loss on investments in joint ventures	17	-	-	-	18,074,822	18,074,822	18,074,822
Deferred tax liabilities	4	1,659,857,733	387,638,146	52,960,847	1,625,022,943	358,075,506	46,282,505
Total non-current liabilities		25,642,515,524	18,502,228,028	15,637,145,392	19,574,244,275	14,812,648,361	15,151,642,642
Total liabilities		55,193,632,977	42,712,101,322	30,097,475,772	41,897,252,987	33,098,910,271	26,018,999,456
Shareholders' equity							
Share capital							
Registered							
1,652,585,336 ordinary shares of Baht 1 each		1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336
Issued and fully paid up							
1,652,585,336 ordinary shares of Baht 1 each		1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336
Share premium		4,869,410,139	4,869,410,139	4,869,410,139	4,869,410,139	4,869,410,139	4,869,410,139
Retained earnings							
Appropriated - statutory reserve	30	170,758,534	170,758,534	170,758,534	165,258,534	165,258,534	165,258,534
Unappropriated		7,011,426,326	308,346,588	137,627,986	5,442,893,895	3,386,282,778	2,824,173,206
Other components of shareholders' equity		2,846,539,477	1,220,019,012	(387,018,458)	6,392,097,583	1,315,600,478	(221,361,805)
Equity attributable to owners of the Company		16,550,719,812	8,221,119,609	6,443,363,537	18,522,245,487	11,389,137,265	9,290,065,410
Non-controlling interests of the subsidiaries		289,873,273	287,474,238	210,236,605	-	-	-
Total shareholders' equity		16,840,593,085	8,508,593,847	6,653,600,142	18,522,245,487	11,389,137,265	9,290,065,410
Total liabilities and shareholders' equity		72,034,226,062	51,220,695,169	36,751,075,914	60,419,498,474	44,488,047,536	35,309,064,866

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

Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)					
	Consolidated financial statements		Separate financial statements		
	Note	2013	2012	2013	2012
			(restated)		(restated)
Profit or loss:					
Revenues					
Revenues from construction services		32,570,453,525	20,684,884,855	11,832,898,970	10,383,695,999
Sales of construction materials		56,518,683	79,189,873	39,491,738	38,171,842
Project management income	7	50,195,784	59,472,131	163,903,947	223,298,164
Rental income		104,313,491	50,141,908	327,584,602	189,484,803
Transportation income		6,246,697	21,156,526	30,734,548	42,298,673
Other income					
Interest income		580,359,736	406,901,445	838,828,049	818,032,765
Profit sharing from jointly controlled entities and dividend income	7	619,442,885	166,770,061	902,892,153	745,094,624
Gain on exchange		233,235,091	24,404,968	23,141,660	11,434,516
Gain on sales of investments in subsidiaries and associated companies	16, 18	3,293,595,546	486,000,753	2,444,411,625	642,842,367
Gain on fair value measurement of investment in an associate at the transition date	18	3,821,639,871	-	-	-
Gain from a reduction of interest in investment in an associate as deemed disposal	18	397,739,010	-	-	-
Others		276,231,431	115,439,959	303,452,364	171,549,387
Total revenues		42,009,971,750	22,094,362,479	16,907,339,656	13,265,903,140
Expenses					
Cost of construction services, sales of construction materials and services		29,233,084,379	18,456,668,173	10,813,126,247	9,606,219,570
Administrative expenses		1,504,979,417	1,571,419,682	1,224,900,547	1,308,473,096
Total expenses		30,738,063,796	20,028,087,855	12,038,026,794	10,914,692,666
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses					
Share of profit (loss) from investments in associated companies	18	(488,588,612)	267,658,229	-	-
Profit before finance cost and income tax expenses		10,783,319,342	2,333,932,853	4,869,312,862	2,351,210,474
Finance cost					
(for construction segment and investment segment)		(1,538,096,970)	(1,420,506,314)	(1,300,822,116)	(1,188,502,178)
Profit before income tax expenses		9,245,222,372	913,426,539	3,568,490,746	1,162,708,296
Income tax expenses					
(for construction segment and investment segment)	33	(1,533,252,890)	(296,169,641)	(563,781,444)	(187,463,415)
Profit for the year		7,711,969,482	617,256,898	3,004,709,302	975,244,881
Other comprehensive income:					
Gain on changes in value of available-for-sale investments, net of income tax		1,417,941,187	1,664,372,116	5,076,497,105	1,536,962,283
Unrealised gain from cash flow hedges, net of income tax		21,577,635	-	-	-
Actuarial losses, net of income tax		(64,000,606)	-	(39,260,720)	-
Other comprehensive income for the year		1,375,518,216	1,664,372,116	5,037,236,385	1,536,962,283
Total comprehensive income for the year		9,087,487,698	2,281,629,014	8,041,945,687	2,512,207,164

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

Statement of comprehensive income (continued)

For the year ended 31 December 2013

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
Note	2013	2012	2013	2012
		(restated)		(restated)
Profit attributable to:				
Equity holders of the Company	7,673,853,660	583,853,911	3,004,709,302	975,244,881
Non-controlling interests of the subsidiaries	38,115,822	33,402,987		
	<u>7,711,969,482</u>	<u>617,256,898</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	9,058,088,663	2,190,891,381	8,041,945,687	2,512,207,164
Non-controlling interests of the subsidiaries	29,399,035	90,737,633		
	<u>9,087,487,698</u>	<u>2,281,629,014</u>		
Earnings per share				
34				
Basic earnings per share				
Profit attributable to equity holders of the Company	4.64	0.35	1.82	0.59
Weighted average number of ordinary shares (shares)	1,652,585,336	1,652,585,336	1,652,585,336	1,652,585,336

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

CH. Karnchang Public Company Limited, its subsidiaries and its jointly controlled entities

Statement of changes in shareholders' equity

For the year ended 31 December 2013

	Consolidated financial statements											(Unit: Baht)
	Equity attributable to owners of the Company											
	Other components of equity											
	Other comprehensive income											
	Surplus (deficit) in value of available-for-sale investments	Unrealised gain from cash flow hedges	reorganisation of business of group companies	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity					
Issued and paid-up share capital	Share premium	Appropriated	Retained earnings	Unappropriated								
Balance as at 1 January 2012 - as previously reported	1,652,585,336	4,869,410,139	170,758,534	140,791,476	-	(269,118,459)	-	(180,349,005)	(449,467,464)	6,384,078,021	210,928,034	6,595,006,055
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	(3,163,490)	-	62,449,006	-	-	62,449,006	59,285,516	(691,429)	58,594,087
Balance as at 1 January 2012 - as restated	1,652,585,336	4,869,410,139	170,758,534	137,627,986	-	(206,669,453)	-	(180,349,005)	(387,018,458)	6,443,363,537	210,236,605	6,653,600,142
Dividend paid (Note 38)	-	-	-	(413,135,309)	-	-	-	-	-	(413,135,309)	-	(413,135,309)
Total comprehensive income for the year (restated)	-	-	-	583,853,911	-	1,607,037,470	-	-	1,607,037,470	2,190,891,381	90,737,633	2,281,629,014
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	-	(13,500,000)	(13,500,000)
Balance as at 31 December 2012 - as restated	1,652,585,336	4,869,410,139	170,758,534	308,346,588	-	1,400,368,017	-	(180,349,005)	1,220,019,012	8,221,119,609	287,474,238	8,508,593,847
Balance as at 1 January 2013 - as previously reported	1,652,585,336	4,869,410,139	170,758,534	296,060,021	-	1,750,458,311	-	(180,349,005)	1,570,109,306	8,558,923,336	301,449,537	8,860,372,873
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	12,286,567	-	(350,090,294)	-	-	(350,090,294)	(337,803,727)	(13,975,299)	(351,779,026)
Balance as at 1 January 2013 - as restated	1,652,585,336	4,869,410,139	170,758,534	308,346,588	-	1,400,368,017	-	(180,349,005)	1,220,019,012	8,221,119,609	287,474,238	8,508,593,847
Dividend paid (Note 38)	-	-	-	(908,837,465)	-	-	-	-	-	(908,837,465)	-	(908,837,465)
Total comprehensive income for the year	-	-	-	7,611,917,203	-	1,424,593,825	21,577,635	-	1,446,171,460	9,058,088,663	29,399,035	9,087,487,698
Decrease in difference on reorganisation of business of group companies	-	-	-	-	-	-	-	180,349,005	180,349,005	-	-	180,349,005
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	-	(27,000,000)	(27,000,000)
Balance as at 31 December 2013	1,652,585,336	4,869,410,139	170,758,534	7,011,426,326	-	2,824,961,842	21,577,635	-	2,846,539,477	16,550,719,812	289,873,273	16,840,593,085

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

	Separate financial statements						(Unit: Baht)
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		
			Appropriated	Unappropriated	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments	
Balance as at 1 January 2012 - as previously reported	1,652,585,336	4,869,410,139	165,258,534	2,856,859,059	(287,483,899)	9,256,629,169	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	(32,685,853)	66,122,094	33,436,241	
Balance as at 1 January 2012 - as restated	1,652,585,336	4,869,410,139	165,258,534	2,824,173,206	(221,361,805)	9,290,065,410	
Dividend paid (Note 38)	-	-	-	(413,135,309)	-	(413,135,309)	
Total comprehensive income for the year (restated)	-	-	-	975,244,881	1,536,962,283	2,512,207,164	
Balance as at 31 December 2012 - as restated	1,652,585,336	4,869,410,139	165,258,534	3,386,282,778	1,315,600,478	11,389,137,265	
Balance as at 1 January 2013 - as previously reported	1,652,585,336	4,869,410,139	165,258,534	3,398,158,640	1,644,498,886	11,729,911,535	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	(11,875,862)	(328,898,408)	(340,774,270)	
Balance as at 1 January 2013 - as restated	1,652,585,336	4,869,410,139	165,258,534	3,386,282,778	1,315,600,478	11,389,137,265	
Dividend paid (Note 38)	-	-	-	(908,837,465)	-	(908,837,465)	
Total comprehensive income for the year	-	-	-	2,965,448,582	5,076,497,105	8,041,945,687	
Balance as at 31 December 2013	1,652,585,336	4,869,410,139	165,258,534	5,442,893,895	6,392,097,583	18,522,245,487	

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

Cash flow statement

For the year ended 31 December 2013

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	9,245,222,372	913,426,539	3,568,490,746	1,162,708,296
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	696,846,628	450,638,492	340,665,289	186,328,636
Amortisation of prepaid expenses and other assets	33,793	33,793	-	-
Withholding tax deducted at source and refundable input tax written off	69,472,782	5,050,276	-	541,645
Profit sharing from jointly controlled entities and dividend income	(619,442,885)	(166,770,061)	(902,892,153)	(745,094,624)
Gain on sales of current investments	(19,655,986)	(21,171,560)	(19,655,986)	(21,171,560)
Gain on sales of investments in subsidiary and associated companies	(3,293,595,546)	(486,000,753)	(2,444,411,625)	(642,842,367)
Gain on fair value measurement of investment in an associate at the transition date	(3,821,639,871)	-	-	-
Gain from a reduction of interest in investment in an associate as deemed disposal	(397,739,010)	-	-	-
Reversal of allowance for doubtful accounts	(4,623,566)	(8,437,574)	(6,924,570)	(9,295,370)
Loss (gain) on sales of property, plant and equipment	23,086,816	(7,781,246)	10,923,589	(6,658,927)
Allowance for impairment loss on property, plant and equipment (reversal)	(21,805,777)	64,633	(21,805,777)	64,633
Unrealised loss (gain) on exchange	(169,073,460)	12,523,090	9,940,341	7,046,314
Unrealised loss (gain) on changes in value of investments in marketable securities	59,994	(1,550,831)	812,250	(1,506,125)
Amortisation of deferred front end fee and deferred debenture issuing cost	20,029,171	14,639,847	11,055,294	10,635,563
Share of loss (profit) from investments in associated companies	488,588,612	(267,658,229)	-	-
Provision for long-term employee benefits	110,407,826	89,887,144	65,571,242	40,912,037
Interest expenses	1,513,788,516	1,395,113,584	1,285,487,539	1,176,689,196
Profit from operating activities before changes in operating assets and liabilities	3,819,960,409	1,922,007,144	1,897,256,179	1,158,357,347
Operating assets (increase) decrease				
Trade and other receivables	(230,595,701)	(2,878,553,885)	(2,385,962,608)	(477,489,965)
Unbilled receivables	(5,323,423,410)	(1,922,331,494)	(839,049,346)	(682,301,408)
Inventories and construction supplies	(1,191,241,323)	(278,139,556)	(363,872,126)	246,511,925
Advance payment to subcontractors	(4,964,622,282)	(4,844,963,279)	(2,640,388,337)	(2,139,461,772)
Other current assets	(434,631,594)	(165,149,825)	805,175,933	(396,032,775)
Other non-current assets	133,629,857	16,610,498	80,355,125	78,493,027
Operating liabilities increase (decrease)				
Trade and other payables	1,294,306,912	2,986,401,551	492,230,067	1,678,331,803
Advances received from employers and construction revenue received in advance	408,064,607	3,735,507,368	1,078,073,720	3,814,793,252
Retention for construction	228,637,656	114,865,623	100,274,127	42,291,085
Other current liabilities	180,018,493	44,691,243	187,629,143	33,924,966
Cash paid for long-term employee benefits	(6,641,500)	(4,585,830)	(3,559,900)	(3,879,380)
Cash flows from (used in) operating activities	(6,086,537,876)	(1,273,640,442)	(1,591,838,023)	3,353,538,105
Cash paid for interest expenses	(1,524,680,020)	(1,391,238,777)	(1,354,612,712)	(1,175,485,882)
Cash paid for corporate income tax	(798,255,658)	(770,615,435)	(644,957,433)	(593,142,281)
Net cash flows from (used in) operating activities	(8,409,473,554)	(3,435,494,654)	(3,591,408,168)	1,584,909,942

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

Cash flow statement (continued)

For the year ended 31 December 2013

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	329,143,686	(70,860,474)	229,143,686	(120,860,474)
Cash payment for purchase of current investments	(3,899,721,986)	(5,781,014,968)	(3,899,721,986)	(5,651,014,968)
Increase in other long-term investments	(56,115,625)	(21,184,575)	(10,000,000)	(5,000,000)
Cash receipt from sales of current investments	4,020,757,111	5,159,506,671	3,890,757,111	5,159,506,671
Net cash receipt from disposal of subsidiary	-	485,981,480	-	527,062,050
Cash receipt from sales of investments in associated companies	4,088,790,625	4,171,049,032	4,088,790,625	4,171,049,032
Increase in short-term loans to related parties and interest receivable	-	-	(3,519,099,475)	(2,770,928,408)
Decrease in long-term loans to jointly controlled entities and interest receivable	155,447,251	18,923,872	777,236,254	94,619,358
Decrease (increase) in long-term loans to associated companies	3,156,250,000	(36,909,207)	3,156,250,000	(36,909,207)
Decrease in long-term loans to other companies	688,335,922	377,901,177	-	-
Dividend receipt from subsidiary, associated and related companies	619,442,885	730,195,439	635,443,084	734,087,934
Cash receipt from profit sharing from jointly controlled entities	-	-	267,449,069	11,006,690
Increase in investments in subsidiaries	-	-	-	(115,687,100)
Increase in investments in associated companies	(5,473,875,949)	(4,301,995,000)	(5,347,125,000)	(4,301,995,000)
Increase in advance for purchase of property, plant and equipment	(12,594,676)	(281,699,568)	-	-
Increase in property, plant and equipment	(2,863,583,247)	(2,099,410,391)	(949,108,045)	(563,030,076)
Increase in intangible assets	(34,285,686)	(19,535,143)	(32,500,686)	(18,712,942)
Proceeds from sales of property, plant and equipment	131,292,960	28,678,452	36,046,860	15,251,001
Increase in costs of power plant projects during construction phase	-	(548,627,578)	-	-
Cash paid for interest capitalised as a part of costs of power plant projects during construction phase	-	(10,391,672)	-	-
Net cash flows from (used in) investing activities	849,283,271	(2,199,392,453)	(676,438,503)	(2,871,555,439)

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

Cash flow statement (continued)

For the year ended 31 December 2013

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	1,983,222,974	695,019,326	1,408,747,839	622,356,701
Cash receipt from long-term loans	9,560,447,786	8,239,734,085	4,503,725,786	3,163,000,000
Repayment of long-term loans	(4,155,596,000)	(1,889,580,000)	(1,871,050,000)	(1,705,270,000)
Cash receipt from issuance of debentures	3,992,000,000	2,000,000,000	3,992,000,000	2,000,000,000
Repayment of debentures	(3,000,000,000)	(3,016,200,000)	(3,000,000,000)	(3,016,200,000)
Dividend payment	(908,837,465)	(413,135,309)	(908,837,465)	(413,135,309)
Dividend payment of subsidiary	(27,000,000)	(13,500,000)	-	-
Net cash flows from financing activities	7,444,237,295	5,602,338,102	4,124,586,160	650,751,392
Effect of exchange rate changes on cash and cash equivalents	56,152,134	(13,214,685)	(58,740)	(8,395,854)
Net decrease in cash and cash equivalents	(59,800,854)	(45,763,690)	(143,319,251)	(644,289,959)
Cash and cash equivalents at beginning of year	3,973,016,731	4,018,780,421	1,900,378,489	2,544,668,448
Cash and cash equivalents at end of year	3,913,215,877	3,973,016,731	1,757,059,238	1,900,378,489
	-	-	-	-
Supplemental disclosures of cash flows information				
Non-cash transactions				
Receivable from sales of investment (Note 7)	685,495,000	-	685,495,000	-
Increase in property, plant and equipment from hire purchase	572,662,880	425,924,467	515,049,890	423,398,255
Increase in property, plant and equipment from other payables and trust receipts	77,757,533	-	-	-
Transfer advance for purchase of property, plant and equipment to property, plant and equipment	141,448,059	-	-	-

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

Notes to consolidated financial statements

For the year ended 31 December 2013

1. General information

CH. Karnchang Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholder of the Company is Mahasiri Siam Company Limited, which was also incorporated in Thailand. The Company is principally engaged in the provision of construction services. The registered office of the Company is at 587 Suthisarn Road, Khwaeng Dindaeng, Khet Dindaeng, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of CH. Karnchang Public Company Limited (“the Company”), its subsidiaries (“the subsidiaries”) and its jointly controlled entities (“the jointly controlled entities”) as follows:

Name of entity	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2013</u>	<u>2012</u>
			Percent	Percent
<u>Investments in subsidiaries</u>				
(held by the Company)				
Construction Material Supply Company Limited	Manufacturer and distributor of construction materials	Thailand	99.99	99.99
CH. Karnchang Realestate Company Limited (included equity interest in Prompratarn Construction Limited Partnership and Prasertwit Construction Limited Partnership)	Investment company	Thailand	99.00	99.00
CH. Karnchang-Tokyu Construction Company Limited (included equity interest in Joint Ventures CKCT)	Construction	Thailand	55.00	55.00
CH. Karnchang (Lao) Company Limited	Construction	The Lao People's Democratic Republic	100.00	100.00

Name of entity	Nature of business	Country of incorporation	Percentage of profit sharing in jointly controlled entities	
			2013	2012
			Percent	Percent
Equity interest in jointly controlled entities (proportionate consolidation)				
Joint Venture CH. Karnchang Public Company Limited, Tokyu Construction Company Limited in joint venture with CH. Karnchang-Tokyu Construction Company Limited (hereinafter called "Joint Venture CKCT")	Construction (No trading activities during the years 2012 and 2013)			
- Highway Project		Thailand	60.00	60.00
- Expressway Project		Thailand	40.00	40.00
Joint Venture CH. Karnchang Public Company Limited, Bilfinger Berger AG, Tokyu Construction Company Limited and CH. Karnchang-Tokyu Construction Company Limited (hereinafter called "Joint Venture BBCT")	Construction			
- Second Stage Expressway Project Sector B Route Phayathai - Bangkhlo		Thailand	99.97	99.97
- Second Stage Expressway Project Sector C+ Route Chaeng Wattana - Bang Phun & Bang Sai		Thailand	99.97	99.97
- Second Stage Expressway Project Sector D Route Asoke - Srinakarin		Thailand	99.97	99.97
- Second Stage Expressway Project Sector C1A Route Ngam Wong Wan - Chaeng Wattana		Thailand	99.97	99.97
Joint Venture BBCT Bilfinger Berger AG, CH. Karnchang Public Company Limited and Dyckerhoff & Widmann AG (hereinafter called "Joint Venture BBCT")	Construction	Thailand	35.00	35.00
Joint Venture CKAE Consortium	Construction	Thailand	98.00	98.00
Joint Venture CKET	Project management	Thailand	80.00	80.00
CKLX Joint Venture	Construction (dissolution during 2013)	Thailand	-	75.00
CKTC Joint Venture	Construction	Thailand	70.00	70.00
CH. Karnchang-Krungthon Engineers Joint Venture	Construction	Thailand	60.00	60.00

Name of entity	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2013</u>	<u>2012</u>
			Percent	Percent

Investments in subsidiaries

(held by subsidiary company)

Prompratarn Construction Limited Partnership (99.00 percent held by CH. Karnchang Realestate Company Limited)	Construction and construction equipment rental service	Thailand	98.01	98.01
Prasertwit Construction Limited Partnership (99.00 percent held by CH. Karnchang Realestate Company Limited)	Construction and construction equipment rental service	Thailand	98.01	98.01

- b) Subsidiaries are fully consolidated as from being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) Jointly controlled entities are fully consolidated applying the proportionate consolidation method as from being the date on which the Company assumed joint control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries and jointly controlled entities are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company, its subsidiaries and its jointly controlled entities have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries, joint ventures and associates under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

TAS 12 Income Taxes

TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of
Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8 Operating Segments

Accounting Standard Interpretations:

TSIC 10 Government Assistance - No Specific Relation to Operating
Activities

TSIC 21 Income Taxes - Recovery of Revalued Non-Depreciable
Assets

TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its
Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company, its subsidiaries and its jointly controlled entities have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company, its subsidiaries and its jointly controlled entities had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The management of the Company, its subsidiaries and its jointly controlled entities believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations are not relevant to the business of the Company, its subsidiaries and its jointly controlled entities or do not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company, its subsidiaries and its jointly controlled entities made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of financial position						
Increase in deferred tax assets	62,231	44,431	35,859	17,301	111,555	79,719
Increase in deferred tax liabilities	1,659,858	1,625,023	387,638	358,076	52,961	46,283
Decrease in non-controlling interests of the subsidiaries	(10,818)	-	(13,975)	-	(691)	-
Increase (decrease) in unappropriated retained earnings	(891,012)	7,619	12,286	(11,876)	(3,164)	(32,686)
Increase (decrease) in other components of shareholders' equity	(695,797)	(1,588,211)	(350,090)	(328,899)	62,449	66,122

(Unit: Thousand Baht)

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax expenses	902,320	19,495	(16,500)	20,810
Increase in profit attributable to non-controlling interest of the subsidiaries	978	-	1,050	-
Increase (decrease) in profit attributable to equity holders of the Company	(903,298)	19,495	15,450	20,810
Increase (decrease) in basic earnings per share (Baht)	(0.55)	0.01	0.01	0.01
Other comprehensive income:				
Decrease in gain on changes in value of available-for-sale investments	(356,153)	(1,269,129)	(412,539)	(395,021)
Decrease in actuarial losses arising from post-employment benefits	10,446	9,815	-	-

5. Significant accounting policies

5.1 Revenues and expenses recognition

a) Revenues from construction services

The Company, its subsidiaries and its jointly controlled entities recognised revenues from construction services on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The recognised revenue which is not yet due per the contracts has been presented under the caption of “Unbilled receivables” in the statement of financial position.

Revenues from additional work and other contracted work for which the working period does not exceed one year are recognised on the basis of work done and billed to the customer.

Revenues from moving infrastructure, additional work and other contracted work are recognised on the basis of work done and billed to the customer.

b) Sales of construction materials

Sales of construction materials are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

c) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

d) Dividends

Dividends are recognised when the right to receive the dividends is established.

e) Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

Provision for losses on construction projects is made in the accounts in full when the possibility of loss is ascertained.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

5.4 Unbilled receivables

Unbilled receivables comprises the costs of materials and labor, subcontractor charges, services and overheads plus the attributable net gains or losses less the amounts already billed to customers.

The excess of the value of a construction contract in progress over the amount billed to the customer is presented as current assets. The excess of the amount billed to a customer over the value of the construction contract in progress is presented as "Construction revenue received in advance" under current liabilities.

5.5 Inventories and construction supplies

Inventories and construction supplies are valued at the lower of cost (weighted average) and net realisable value.

Supplies in process for installation and construction in progress are valued at cost.

Construction in progress and work in process comprise the costs of materials and labor, subcontractor charges, cost of service and overheads of projects for which contracts are in the process of being executed.

5.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company and the subsidiary classify as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.

- f) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

5.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years and 35 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land classified as investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

5.8 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium building	35 years
Buildings and construction	3, 15 and 20 years
Land improvement	5 years
Machinery and equipment	2, 3, 5 to 15 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years
Building improvements	10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.10 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets of the Company, its subsidiary and its jointly control entity with finite useful lives comprise computer software, and have useful lives of 5, 10 and 20 years.

5.11 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 direction of the Company's operations.

5.12 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.14 Impairment of assets

At the end of each reporting period, the Company, its subsidiaries and its jointly controlled entities perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, some subsidiaries and their employees have jointly established provident funds. The funds are monthly contributed by employees and by the Company and the subsidiaries. The fund's assets are held in separate trust funds and the Company's and subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company, its subsidiaries and its jointly controlled entities have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company, its subsidiaries and its jointly controlled entities elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over five years from the date of adoption.

5.16 Provisions

Provisions are recognised when the Company, its subsidiaries and its jointly controlled entities have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company, its subsidiaries and its jointly controlled entities recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company, its subsidiaries and its jointly controlled entities review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company, its subsidiaries and its jointly controlled entities record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.18 Derivative financial instruments and hedging

Derivative financial instruments

An associated company uses derivative financial instruments to manage its risks associated with exchange rate and interest rate, such as foreign exchange contracts and interest rate swap agreements.

Such derivatives are initially recognised and measured at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value, which has been calculated using the quoted market rates, at the end of reporting period. Gains or losses resulting from changes in the fair value of the derivative financial instruments are recognised as financial assets or financial liabilities when the gain or loss occurs. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss from changes in the fair value depends on the nature of the item being hedged.

Hedge accounting - Cash flow hedges

Associated companies apply hedge accounting when the risk that has been hedged can be clearly identified and the effectiveness of the hedge can be measured.

Gains or losses arising from changes in the fair value of hedging instruments or derivatives that effectively hedge exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognised financial asset or financial liability, or to a highly probable forecast transactions, are recognised directly in other comprehensive income and transferred to be recognised in profit or loss when the hedged cash flow transactions occur. However, if the hedge instrument is not effective, any gain or loss from a change in the fair value of the derivative financial instrument is recognised immediately to profit or loss.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of equity investments

The Company and the subsidiary 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 judgment of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the managements are required to make estimates of the useful lives and residual values of the Company, its subsidiaries and its jointly controlled entities’ plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the managements are required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Estimated construction project costs

The Company, its subsidiaries and its jointly controlled entities estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on construction projects

Management applied judgement in estimating the loss they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Litigation

The Company and its jointly controlled entity have contingent liabilities as a result of litigation. The Company and its jointly controlled entity's management have used judgment to assess the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues from construction services	-	-	150	642	Based on construction contracts
Project management income	-	-	2	34	Based on contracts and agreed between the parties
Rental and transportation income	-	-	234	144	Close to service fee charged to third parties
Space rental and service income	-	-	7	7	Based on contracts
Interest income	-	-	499	389	Interest rates of MLR + 0.25%, MLR - 1.25% and LIBOR + 3% (2012: of MLR + 0.25% and LIBOR + 4.25%)
Dividend income	-	-	33	17	As declared
Other income	-	-	44	60	Based on contracts and cost plus margin and agreed between the parties
Cost of construction materials and construction work	-	-	22	70	Close to prices charged by third parties
Administrative expenses	-	-	5	13	Agreed between the parties

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2013	2012	2013	2012	
Transactions with jointly controlled entities					
Revenues from construction services	155	126	174	276	Based on construction contracts
Project management income	48	56	160	186	Based on contracts and agreed between the parties
Rental and transportation income	3	4	10	14	Close to service fee charged to third parties
Space rental and service income	-	-	-	1	Based on contracts
Interest income	7	15	37	73	Interest rate of MLR + 1.25%
Profit sharing from jointly controlled entities	-	-	267	11	As declared
Other income	2	5	5	8	Agreed between the parties and cost plus margin
Cost of construction materials and construction work	4	2	11	4	Close to prices charged by third parties
Transactions with associated companies					
Revenues from construction services	16,242	8,618	1,218	2,682	Based on construction contracts
Project management income	2	3	2	3	Based on contracts
Space rental and service income	6	7	6	7	Based on contracts
Interest income	223	311	225	303	Interest rates of MLR - 0.76% and MLR + 0.5% (2012: MLR - 0.76%, MLR + 0.5%, MLR + 1% and 5.9% - 6.9%)
Dividend income	-	-	-	563	As declared
Other income	3	1	3	1	Cost plus margin
Cost of construction materials and construction work	-	1	-	1	Close to prices charged by third parties
Administrative expenses	-	4	-	-	Agreed between the parties
Sales of investments in subsidiary (Note 16)	-	527	-	527	Based on contracts
Sales of investments in associated companies (Note 18)	-	1,005	-	1,005	Based on contracts
Transactions with related parties					
Revenues from construction services	2,997	553	2,913	553	Based on construction contracts
Sales of construction materials	2	23	-	-	Based on contracts
Rental and transportation income	8	2	7	2	Close to service fee charged to third parties
Space rental and service income	16	13	16	13	Based on contracts
Interest income	14	11	11	11	Interest rates of MLR - 0.01% (2012: MLR - 0.76% and MLR + 1%)
Dividends income	619	167	602	154	As declared

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Other income	1	24	1	1	Based on contracts and close to service fee charged to third parties
Cost of construction materials and construction work	287	280	33	2	Close to prices charged by third parties
Administrative expenses	5	3	-	2	Agreed between the parties
Purchase of land and building	-	241	-	241	Based on contracts
Dividend payment	27	14	-	-	As declared
Sales of investments in associated companies	3,314	-	3,314	-	Based on contracts

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related parties are as follows:

a) Trade accounts receivable - related parties (Note 10)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Construction contract receivables				
Subsidiaries	-	-	149,665	-
Jointly controlled entities	79,315	96,813	437,069	440,426
Associated companies	787,228	2,011,473	-	59,619
Related parties (common directors)				
- Bangkok Expressway Public Company Limited	629,634	10,423	611,278	10,033
- Bangpa-in Land Company Limited	7,694	327,437	7,646	327,404
- Chiang Rai Solar Company Limited	-	155,382	-	155,382
- Other related companies and related parties	-	350	-	-
	<u>637,328</u>	<u>493,592</u>	<u>618,924</u>	<u>492,819</u>
Total construction contract receivables	1,503,871	2,601,878	1,205,658	992,864
Less: Allowance for doubtful accounts	-	-	(253,358)	(253,358)
Construction contract receivables - net	1,503,871	2,601,878	952,300	739,506
Retention as per contracts				
Jointly controlled entity	19,934	16,717	13,977	17,762
Related companies (common directors)				
- Bangkok Expressway Public Company Limited	77,917	8,578	70,147	8,005
- Northern Bangkok Expressway Company Limited	920	709	904	709
- Bangpa-in Land Company Limited	35,217	-	35,217	-
	<u>114,054</u>	<u>9,287</u>	<u>106,268</u>	<u>8,714</u>
Total retention as per contracts	133,988	26,004	120,245	26,476
Total trade accounts receivable - related parties, net	<u>1,637,859</u>	<u>2,627,882</u>	<u>1,072,545</u>	<u>765,982</u>

b) Other receivables - related parties (Note 10)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Receivables from sales of construction materials and others				
Subsidiaries	-	-	878,349	1,123,855
Jointly controlled entities	109,278	64,773	735,415	733,495
Associated companies	2,068	374	2,068	668
Related parties (common directors)				
- Silasaicrete Limited Partnership	1,156	-	1,040	-
- Expert Transport Company Limited	5,720	4,113	5,710	487
- Other related companies and related parties	1,444	1,055	885	434
	<u>8,320</u>	<u>5,168</u>	<u>7,635</u>	<u>921</u>
Venturers in jointly controlled entity				
- Bilfinger Berger AG	8,108	8,108	-	-
Total receivables from sales of construction materials and others	127,774	78,423	1,623,467	1,858,939
Less: Allowance for doubtful accounts	-	-	(373,377)	(380,302)
Total receivables from sales of construction materials and others - net	<u>127,774</u>	<u>78,423</u>	<u>1,250,090</u>	<u>1,478,637</u>
Other receivable from sale of investment (Note 18)				
Related company (common directors)				
- Bangkok Expressway Public Company Limited	400,000	-	400,000	-
Advance payment				
Subsidiaries	-	-	-	2
Associated companies	-	250	-	250
Total advance payment	-	250	-	252
Total other receivables - related parties	<u>527,774</u>	<u>78,673</u>	<u>1,650,090</u>	<u>1,478,889</u>

c) Long-term trade and other receivables - related parties (Note 10)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Related company (common directors)				
- Bangkok Metro Networks Limited	60,782	140,843	60,782	140,843
Other receivable from sale of investment (Note 18)				
Related company (common directors)				
- Bangkok Expressway Public Company Limited	313,695	-	313,695	-
Less: Deferred interest income	(28,200)	-	(28,200)	-
	285,495	-	285,495	-
Total long-term trade and other receivables -				
related parties	346,277	140,843	346,277	140,843

The outstanding balance of long-term trade accounts receivable - Bangkok Metro Networks Limited, is due within 2010. However, in accordance with the conditions stipulated in the long-term loan agreement between a bank and such company, such company can settle amounts payable to related companies if it receives consent from the bank with respect to the arrangement of sufficient cash flows to meet its operational and financing requirements. In December 2013, Bangkok Metro Networks Limited repaid Baht 70 million of this debt. The Company expects to receive settlement of the remaining debt more than one year in the future, and has reclassified the trade account receivable from that company to non-current assets under the caption "Long-term trade and other receivables" in the statement of financial position. The Company charges interest on the outstanding balance of construction costs at the Minimum Loan Rate plus 1 percent (MLR + 1%) per annum. Subsequently, such company issued a letter to the Company requesting a deduction of the interest rate to the Minimum Loan Rate less 1 percent (MLR - 1%) per annum, effective from 1 January 2014 onward.

d) Short-term loans to related parties and interest receivable

As at 31 December 2013 and 2012, the balances of short-term loans to related parties and interest receivable between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Loans to	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December 2012	during the year	during the year	31 December 2013
Joint Venture BBCD	Jointly controlled entity	1,201	-	-	1,201

(Unit: Thousand Baht)

		Separate financial statements				
Loans to	Related by	Balance as at	Increase	Decrease	Unrealised gain	Balance as at
		31 December 2012	during the year	during the year	on exchange	31 December 2013
- Construction Material Supply Company Limited	Subsidiary	90,572	6,080	(25,055)	-	71,597
- CH. Karnchang (Lao) Company Limited	Subsidiary	6,930,567	4,270,771	(735,340)	12,057	10,478,055
- Prasertwit Construction Limited Partnership	Subsidiary	34,963	2,643	-	-	37,606
- Joint Venture BBCD	Jointly controlled entity	3,442,340	-	-	-	3,442,340
		10,498,442	4,279,494	(760,395)	12,057	14,029,598
Less: Allowance for doubtful accounts		(3,442,340)				(3,442,340)
		7,056,102				10,587,258

Loans to related parties are subject to interest at LIBOR plus stipulated margins, MLR minus a stipulated margin and MLR plus stipulated margin per annum and due for repayment at call.

Loans to Joint Venture BBCD are granted with a condition to waive interest under a joint resolution between the Company and Bilfinger Berger AG, which are the venturers in this joint venture, but they retain the right to claim such interest if the joint venture receives compensation for additional costs from the Expressway Authority of Thailand. The loan principal and interest are to be paid on the earlier of (a) the date the Joint Venture BBCD receives compensation for additional costs from the Expressway Authority of Thailand and (b) the date when the Company calls the loan.

e) Advance payment to subcontractor - related party

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Venturer in jointly controlled entity				
- Krungthon Engineers Company Limited	4,940	17,859	-	-

f) Long-term loans to jointly controlled entity and interest receivable

As at 31 December 2013 and 2012, the balances of long-term loans to jointly controlled entity and interest receivable between the Company and that jointly controlled entity and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2012	during the year	during the year	31 December 2013
Loans:				
- Joint Venture CKET	155,189	-	(155,189)	-
Interest receivable:				
- Joint Venture CKET	258	7,478	(7,736)	-
	155,447	7,478	(162,925)	-

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2012	during the year	during the year	31 December 2013
Loans:				
- Joint Venture CKET	775,953	-	(775,953)	-
Interest receivable:				
- Joint Venture CKET	1,283	37,392	(38,675)	-
	777,236	37,392	(814,628)	-

Loans to Joint Venture CKET were previously subject to interest at the Minimum Loan Rate (MLR) per annum and were repayable at call. Subsequently, from the latest memorandum of agreement made in June 2010, the joint venture agreed to pay additional interest charge of 1.25 percent per annum, and loan principal and accrued interest would be paid in installments within December 2015. During 2013, Joint Venture CKET made repayment of all loans.

g) Long-term loans to associated companies and interest receivable

As at 31 December 2013 and 2012, the balances of long-term loans to associated companies and interest receivable between the Company and those associated companies and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Balance as at	Increase during	Decrease during	Balance as at
	31 December 2012			31 December 2013
Loans:				
- Bangkok Metro Public Company Limited	3,000,000	-	(3,000,000)	-
- SouthEast Asia Energy Limited	156,250	-	(156,250)	-
Total loans	3,156,250	-	(3,156,250)	-
Interest receivable:				
- Bangkok Metro Public Company Limited	980,988	222,945	(1,203,933)	-
- SouthEast Asia Energy Limited	57,443	2,084	(59,527)	-
Total interest receivable	1,038,431	225,029	(1,263,460)	-
Total	4,194,681			-
Less: Current portion	(213,693)			-
Long-term loans to associated companies and interest receivable - net of current portion	3,980,988			-

Bangkok Metro Public Company Limited

The outstanding balances represent loans to Bangkok Metro Public Company Limited under the Subordinated Loan Agreement that the Company entered into with Bangkok Metro Public Company Limited and a group of lenders of such company, under which the Company granted long-term loan facilities totaling Baht 3,000 million. The loans carry interest at the Minimum Loan Rate plus 0.5 percent (MLR+0.5%) per annum, and principal and interest are to be paid after Bangkok Metro Public Company Limited has paid all indebtedness under the Onshore Facilities Agreement or when the associated company has excess cash. Subsequently, in December 2013, the group of lenders consented to the associated company making settlement of all long-term loans and accrued interest, using the paid-in proceeds from its capital increase. Bangkok Metro Public Company Limited made payment of all loans in December 2013.

SouthEast Asia Energy Limited

Loans to SouthEast Asia Energy Limited represented loans from the Shareholders' Loan Agreement between the Company and two shareholders of such company, granting a facility of Baht 250 million, in order to fund a feasibility study and the development of the Nam Bak Hydroelectric Power Project, with the Company agreeing to provide a portion of the loans as stipulated in the agreement, amounting to Baht 156.3 million. The loan carries interest at the Minimum Loan Rate plus 1 percent (MLR+1%) per annum. As stipulated in the conditions in the amendments to the agreement to extend the debt repayment, dated 10 September 2012, the loan principal and interest are to be paid in full in a bullet payment on the earlier of (a) when such company received debt settlement from the subsidiary and (b) within 4 September 2013. In March 2013, SouthEast Asia Energy Limited settled all loans.

h) Long-term loans to related company and interest receivable

As at 31 December 2013 and 2012, the balances of long-term loans to related company and interest receivable between the Company and the related company and the movement are as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements				
	Balance as at 31 December 2012	Increase during the year	Decrease during the year	Balance as at 31 December 2013
Loans:				
- Nakhon Ratchasima Solar Company Limited	19,500	-	-	19,500
Interest receivable:				
- Nakhon Ratchasima Solar Company Limited	1,503	1,139	(870)	1,772
	<u>21,003</u>	<u>1,139</u>	<u>(870)</u>	<u>21,272</u>

The loan is subject to interest at the Minimum Loan Rate less 0.01 percent (MLR - 0.01%) per annum and due for repayment after Nakhon Ratchasima Solar Company Limited has paid all indebtedness under the loan agreement from a financial institution.

i) Trade accounts payable - related parties (Note 25)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Subsidiaries	-	-	29,850	53,162
Jointly controlled entities	27,157	655	90,426	1,128
Associated companies	-	1,755	-	184
Related parties (common directors)				
- Silasaicrete Limited Partnership	23,145	-	23,145	-
- Other related companies and related parties	826	1,052	818	283
	<u>23,971</u>	<u>1,052</u>	<u>23,963</u>	<u>283</u>
Venturers in jointly controlled entities				
- Bilfinger Berger AG	4,998	4,998	-	-
- Krunghthon Engineers Company Limited	42,216	70,576	-	-
- Tokyu Construction Company Limited	9,071	20,749	-	-
	<u>56,285</u>	<u>96,323</u>	<u>-</u>	<u>-</u>
Total trade accounts payable - related parties	<u>107,413</u>	<u>99,785</u>	<u>144,239</u>	<u>54,757</u>

j) Amounts due to related party (Note 25)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Other payable				
Venturer in jointly controlled entity				
- Bilfinger Berger AG	<u>15,007</u>	<u>15,037</u>	<u>-</u>	<u>-</u>

k) Advances received from employers - related parties

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Jointly controlled entities	26,667	33,468	8,234	28,929
Related company (common directors)				
- Bangkok Expressway Public Company Limited	<u>2,008,004</u>	<u>2,257,697</u>	<u>2,008,004</u>	<u>2,257,697</u>
Total advances received from employers - related parties	<u>2,034,671</u>	<u>2,291,165</u>	<u>2,016,238</u>	<u>2,286,626</u>

I) Retention for construction - related party

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Venturer in jointly controlled entity				
- Krungthon Engineers Company Limited	21,814	24,980	-	-

Directors and management's remuneration

During the year ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Short-term employee benefits	167	152	123	110
Post-employment benefits	10	11	8	8
Total	177	163	131	118

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 39.4 to the financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Cash	10,651	7,424	8,778	4,566
Bank deposits	3,901,906	3,151,690	1,748,281	1,395,812
Bills of exchange	659	813,903	-	500,000
Total	3,913,216	3,973,017	1,757,059	1,900,378

As at 31 December 2013, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.1 and 2.5 percent per annum (2012: between 0.1 and 3.5 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Fixed Deposit	<u>10,559</u>	<u>10,353</u>	<u>10,559</u>	<u>10,353</u>
Investments in trading securities				
Marketable equity securities - Fair value	3,456	4,268	3,456	4,268
Unit trust in fixed income open-ended fund - Fair value	-	130,045	-	-
	<u>3,456</u>	<u>134,313</u>	<u>3,456</u>	<u>4,268</u>
Investments in available-for-sale securities				
Unit trust in fixed income open-ended fund	1,344,134	1,210,410	1,343,351	1,210,410
Government and state-owned enterprise bonds	120,671	1,199	120,671	1,199
Private sector debt securities	-	222,139	-	222,139
Add: Unrealised gain on changes in value of investments	<u>930</u>	<u>1,839</u>	<u>916</u>	<u>1,839</u>
Fair Value	<u>1,465,735</u>	<u>1,435,587</u>	<u>1,464,938</u>	<u>1,435,587</u>
Total current investments	<u><u>1,479,750</u></u>	<u><u>1,580,253</u></u>	<u><u>1,478,953</u></u>	<u><u>1,450,208</u></u>

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,130,198	2,447,059	473,134	523,172
Past due				
Up to 3 months	333,421	133,624	378,534	195,139
3 - 6 months	153	-	383	-
6 - 12 months	40,099	-	100,249	-
Over 12 months	-	21,195	253,358	274,553
Total	1,503,871	2,601,878	1,205,658	992,864
Less: Allowance for doubtful debts	-	-	(253,358)	(253,358)
Total trade receivables - related parties, net	1,503,871	2,601,878	952,300	739,506
Retention receivable as per contract	133,988	26,004	120,245	26,476
Total	1,637,859	2,627,882	1,072,545	765,982
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,339,228	1,515,445	802,825	1,041,800
Past due				
Up to 3 months	35,054	195,659	34,823	170,707
3 - 6 months	56,193	54,421	56,182	48,028
6 - 12 months	-	34,774	-	-
Over 12 months	37,426	33,109	26,026	19,631
Total	1,467,901	1,833,408	919,856	1,280,166
Less: Allowance for doubtful debts	(11,400)	(11,522)	-	-
Total trade receivables - unrelated parties, net	1,456,501	1,821,886	919,856	1,280,166
Retention receivable as per contract	110,348	352,821	57,516	206,049
Total	1,566,849	2,174,707	977,372	1,486,215
Total trade receivable - net	3,204,708	4,802,589	2,049,917	2,252,197
<u>Other receivables</u>				
Other receivables - related parties	527,774	78,673	1,650,090	1,478,889
Other receivables - unrelated parties	23,140	18,157	-	-
Accrued income	530,480	411,893	529,919	411,262
Interest receivable	1,992	3,963	1,721	3,599
Advance payment	-	8,378	-	-
Total other receivables	1,083,386	521,064	2,181,730	1,893,750
Total trade and other receivables - net	4,288,094	5,323,653	4,231,647	4,145,947

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2013	2012
<u>Long-term trade and other receivables</u>		
<u>Long-term trade accounts receivable</u>		
Related party		
Past due over 12 months	60,782	140,843
Unrelated party	2,806,110	-
	<u>2,866,892</u>	<u>140,843</u>
<u>Long-term other receivable - related party</u>		
Other receivable from sale of investments (net with deferred interest income)	285,495	-
Total long-term trade and other receivables - related parties	<u>3,152,387</u>	<u>140,843</u>

The management of the Company believes that the allowance for doubtful accounts as set up in the accounts is adequate at this current stage.

Long-term trade receivable - unrelated party

The outstanding balance represents construction contract receivable from the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project, Bang Yai - Rat Burana, Bang Yai - Bang Sue Section (Khlomg Bang Phai Station - Tao Poon Station) ("the MRT Purple Line Project") which the Company, as the contractor, signed with Bangkok Metro Public Company Limited on 3 September 2013, the construction period is within 1,200 days after the Agreement date. This construction work is a part of the Concession Agreement of the MRT Purple Line Project for the supply of M&E Systems and O&M Services that Bangkok Metro Public Company Limited signed with the Mass Rapid Transit Authority of Thailand ("MRTA").

The Company performs construction works and records construction receivable on a percentage of completion basis, to the extent that the MRTA has already issued acceptance certificates. All construction contract receivables are due for billing on the date of the letter of Commissioning Certificate for operation on the MRT Purple Line Project, and the Company will receive payment for the work on a monthly basis, when Bangkok Metro Public Company Limited receives compensation from the MRTA. Bangkok Metro Public Company Limited entered into an agreement to assign the proceeds under the agreement made with the MRTA to the Company, for use as collateral with the lender banks, as described in Note 27.

11. Unbilled receivables/Advances received from employers and construction revenue received in advance

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Unbilled receivables				
Project value as per contract	127,225,367	140,669,418	36,737,636	53,419,465
Accumulated amount recognised as revenue on percentage of completion basis	60,949,565	32,323,001	20,535,425	11,539,629
Less: Value of total billed	(45,551,715)	(22,334,629)	(16,743,010)	(8,586,263)
Unbilled receivables	15,397,850	9,988,372	3,792,415	2,953,366
Retention receivable as per contracts	244,336	378,825	177,761	232,525
Advances received from employers and construction revenue received in advance				
Project value as per contract	40,542,977	8,036,347	43,970,608	12,298,455
Value of total billed	5,912,155	5,936,473	8,852,627	8,816,733
Less: Accumulated amount recognised as revenue on percentage of completion basis	(4,750,273)	(4,334,833)	(7,823,652)	(7,467,607)
Construction revenue received in advance	1,161,882	1,601,640	1,028,975	1,349,126
Advances received from employers	6,809,622	5,961,800	6,704,827	5,306,603
Total	7,971,504	7,563,440	7,733,802	6,655,729

12. Inventories and construction supplies

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Construction supplies	553,428	459,138	166,771	133,351
Spare parts	452,148	294,400	17,622	15,748
Construction in progress and work in process	1,490,602	551,399	685,239	356,661
Total	2,496,178	1,304,937	869,632	505,760

13. Restricted bank deposits

The outstanding balances represent bank deposit accounts which have been pledged with banks to secure the issuance of bank guarantees for electricity utilisation, bidding, issuance of other bank guarantees, letters of credit opened for the Company, letters of credit opened as security for part of the facilities under the Subordinated Loan Agreement of an associated company, the bank overdraft of a subsidiary, and as a guarantee of loans from bank of a subsidiary, an associated company and a related company.

14. Long-term loans to other companies and interest receivable

Long-term loans to other companies and related interest receivable represented loans to two other companies, Rayong Real Estate Company Limited and Private Inter Construction Company Limited. Joint Venture CKET entered into long-term loan agreements granting facilities to these companies during 2003, with the loans subject to interest at the Minimum Loan Rate plus 1.5 percent (MLR + 1.5%) per annum.

The collateral of these loans is plots of land and construction thereon with the borrowers placing the title deeds to plots of land with the joint venture. In addition, the borrowers allow the Company to use part of the land and construction thereon as security for bank guarantee facilities of Baht 1,000 million, and provided guarantees for the Company's bank loans. Moreover, these loans are fully guaranteed by a major shareholder of both of the borrowers.

As stipulated in the conditions in the addendum to the loan agreement dated 26 December 2008, Rayong Real Estate Company Limited and Private Inter Construction Company Limited have requested repayment of principal in 23 quarterly installments, from March 2009 until September 2014, with interest payment in September and December 2014 and in March 2015. For reasons of prudence, the Joint Venture CKET ceased recognition of interest income from the borrowers from 1 July 2008.

In August 2013, the borrowers issued letters to the joint venture to propose a plan for settlement of all loans and interest within September 2013, requiring a reduction of the interest rate from MLR + 1.5% per annum to a fixed rate of 5 percent per annum, effective from 1 July 2008. The Executive Board of the Company has approved this plan.

In September 2013, the borrowers made repayment of all loans and interest, including interest income amounting to Baht 251 million (in proportion to the Company's interest in the joint venture) for which recognition had ceased since 1 July 2008, and this was recognised as interest income in the consolidated statement of comprehensive income for the year 2013.

15. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Prepaid expenses	143,205	127,741	125,648	103,239
Refundable input tax	363,341	151,964	297,272	65,022
Unbilled input tax	229,500	151,680	144,390	104,619
Withholding tax deducted at source	139,171	125,323	61,680	58,612
Others	62,280	11,447	58,850	7,112
Total other current assets	<u>937,497</u>	<u>568,155</u>	<u>687,840</u>	<u>338,604</u>

16. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	2013	2012	2013	2012	2013	2012
			(%)	(%)		Dividend received during the years
Construction Material Supply Company Limited	30,000	30,000	99.99	99.99	29,999	-
CH. Karnchang Realstate Company Limited	160,000	160,000	99.00	99.00	158,400	-
CH. Karnchang-Tokyu Construction Company Limited	100,000	100,000	55.00	55.00	55,000	33,000
CH. Karnchang (Lao) Company Limited						16,500
(paid-up share capital of USD 1,000,000)	39,636	39,636	100.00	100.00	39,636	-
Total					283,035	33,000
Less: Allowance for loss on investments in subsidiaries					(1,559)	(1,559)
Total investments in subsidiaries - net					281,476	281,476

Bangkhenchai Company Limited

In June 2012, the Company sold all 2.34 million ordinary shares of Bangkhenchai Company Limited to an associated company named CK Power Limited, representing 100 percent of the registered capital of such company, at a price of Baht 225 per share, or for a total of Baht 527 million. The Company recorded a gain on the sale of the investment in such subsidiary amounting to approximately Baht 211 million (net of elimination of profit between parties) in profit or loss in the consolidated financial statement for the second quarter of 2012 (Baht 296 million recorded in profit or loss in the separate financial statement).

17. Investments in joint ventures/Provision for loss on investments in joint ventures

17.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Jointly controlled entities' name	Nature of business	Shareholding percentage				Separate financial statements				Carrying amounts based on cost method - net	
		2013		2012		Cost	Allowance for loss on investments			2013	2012
		(%)	(%)	(%)	(%)		2013	2012			
Joint Venture BBCT	Construction										
- Second Stage Expressway Project Sector B		99.97	99.97	-	-	-	-	-	-	-	-
Route Payathai - Bangkok											
- Second Stage Expressway Project Sector C+		99.97	99.97	-	-	-	-	-	-	-	-
Route Chaeng Wattana - Bang Phun & Bang Sai											
- Second Stage Expressway Project Sector D		99.97	99.97	-	-	-	-	-	-	-	-
Route Asoke - Srinakarin											
- Second Stage Expressway Project Sector C1A		99.97	99.97	-	-	-	(18,020)	(18,020)	(18,020)	(18,020)	(18,020)
Route Ngam Wong Wan - Chaeng Wattana											
Joint Venture BBCT	Construction	35.00	35.00	26,250	26,250	26,250	(26,305)	(26,305)	(55)	(55)	(55)
Joint Venture CKAE Consortium	Construction	98.00	98.00	-	-	-	-	-	-	-	-
Joint Venture CKET	Construction	80.00	80.00	-	-	-	-	-	-	-	-
CKLX Joint Venture	Construction	-	75.00	-	-	-	-	-	-	-	-
	(dissolution during 2013)										
CKTC Joint Venture	Construction	70.00	70.00	-	-	-	-	-	-	-	-
CH. Karnchang-Krungthon Engineers Joint Venture	Construction	60.00	60.00	-	-	-	-	-	-	-	-
Total				26,250	26,250		(44,325)	(44,325)	(18,075)	(18,075)	(18,075)
Presented as:											
Investments in joint ventures									-	-	-
Provision for loss on investments in joint ventures									(18,075)	(18,075)	(18,075)

The outstanding balances of provision for loss on investments in joint ventures comprise of provision for loss in excess of investments in Joint Venture BBCT and Joint Venture BBBD.

17.2 Share of profit

During the years, the Company recognised its share of profit from investments in the jointly controlled entities in the separate financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entities' name	Separate financial statement	
	Profit sharing from jointly controlled entities during the year	
	<u>2013</u>	<u>2012</u>
Joint Venture BCKT	-	1,807
Joint Venture CKAE Consortium	-	9,200
CKLX Joint Venture	19,499	-
Joint Venture CKET	248,000	-
Total	<u>267,499</u>	<u>11,007</u>

17.3 Summarised financial information of significant jointly controlled entities

The Company's proportionate shares of the assets, liabilities, revenues and expenses of significant jointly controlled entities, according to proportion under joint venture agreements, are as follows:

	As at 31 December								(Unit: Million Baht)
	Joint Venture BBCT		Joint Venture CKET		CKTC Joint Venture		CH. Kamchang-Krungthon Engineers Joint Venture		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Current assets	151	317	34	210	2,421	2,258	191	286	
Non-current assets	-	1	-	508	38	114	4	3	
	151	318	34	718	2,459	2,372	195	289	
Current liabilities	(21)	(157)	(14)	(22)	(1,892)	(1,834)	(193)	(289)	
Non-current liabilities	-	-	-	(622)	(23)	(164)	-	-	
Net assets	130	161	20	74	544	374	2	-	
									(Unit: Million Baht)

	For the years ended 31 December							
	Joint Venture BBCT		Joint Venture CKET		CKTC Joint Venture		CH. Kamchang-Krungthon Engineers Joint Venture	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Total revenues	4	2	250	-	2,800	2,326	368	416
Total expenses	(33)	(2)	(56)	(79)	(2,630)	(2,158)	(367)	(415)
Profit (loss) for the year	(29)	-	194	(79)	170	168	1	1

18. Investments in associated companies

18.1 Details of associated companies:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements				
			Shareholding percentage		Cost	Carrying amounts based on equity method	
			2013	2012		2013	2012
			(%)	(%)			
CH. Karnchang (Qatar) Contracting Company	Construction	Qatar	-	49.00	-	838	-
Bangkok Metro Public Company Limited	Operation of the MRTA Initial System Project - Chaloei Ratchamongkhon Line and Commercial development	Thailand	30.19	24.61	6,631,026	3,593,305	4,129,536
81,260							
Thai Tap Water Supply Public Company Limited ⁽¹⁾	Production and sale of treated water to the Provincial Waterworks Authority	Thailand	-	30.04	-	2,032,452	-
2,661,029							
Xayaburi Power Company Limited	Generating and sale of electricity	The Lao People's Democratic Republic	30.00	50.00	1,736,925	983,000	699,710
389,122							
CK Power Public Company Limited	Making investment in other companies	Thailand	32.18	38.00	3,622,751	3,496,000	2,441,527
1,854,748							
(31.78 percent held by the Company and 0.4 percent indirectly held by a subsidiary)							
Total			11,990,702	10,105,595	7,270,773	4,986,159	

⁽¹⁾ Change status from an associated company to a related company on 7 February 2013

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Allowance for loss on investments	
			2013	2012	2013	2012	2013	2012
			(%)	(%)				
CH. Karnchang (Qatar) Contracting Company	Construction	Qatar	-	49.00	-	838	-	-
Bangkok Metro Public Company Limited	Operation of the MRTA Initial System Project - Chaloem Ratchamongkhon Line and Commercial development	Thailand	30.19	24.61	6,631,026	3,593,305	(363,181)	(534,665)
								6,267,845
								3,058,640
Thai Tap Water Supply Public Company Limited ⁽¹⁾	Production and sale of treated water to the Provincial Waterworks Authority	Thailand	-	30.04	-	2,032,452	-	-
								2,032,452
Xayaburi Power Company Limited	Generating and sale of electricity	The Lao People's Democratic Republic	30.00	50.00	1,736,925	983,000	-	-
								1,736,925
CK Power Public Company Limited	Making investment in other companies	Thailand	31.78	38.00	3,496,000	3,496,000	-	-
								3,496,000
Total					11,863,951	10,105,595	(363,181)	(535,503)
								11,500,770
								9,570,092

⁽¹⁾ Change status from an associated company to a related company on 7 February 2013

18.2 Share of profit (loss) and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associated companies during the years		Dividend received during the years	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bangkok Metro Public Company Limited and its subsidiary	(146,487)	(234,894)	-	-
Thai Tap Water Supply Public Company Limited and its subsidiaries	60,524	718,658	-	563,425
Xayaburi Power Company Limited	(502,150)	(228,568)	-	-
Nakhon Ratchasima Solar Company Limited	-	4,111	-	-
CK Power Public Company Limited	99,525	71,220	-	-
Chiang Rai Solar Company Limited	-	(10,314)	-	-
Bangpa-in Cogeneration Limited	-	(52,555)	-	-
Total	<u>(488,588)</u>	<u>267,658</u>	<u>-</u>	<u>563,425</u>

18.3 Fair value investments in listed associates

The fair values of investments in associated companies that are listed on the Stock Exchange of Thailand are based on the latest bid price of the last working days of December 2013 and 2012, as quoted on the Stock Exchange of Thailand. Such fair values are as follow:

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Fair values as at 31 December		Fair values as at 31 December	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Bangkok Metro Public Company Limited	6,188	2,059	6,188	2,059
Thai Tap Water Supply Public Company Limited	-	10,969	-	10,969
CK Power Public Company Limited	4,220	-	4,125	-
Total	<u>10,408</u>	<u>13,028</u>	<u>10,313</u>	<u>13,028</u>

18.4 Summarised financial information of associated companies

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the		Profit (loss)	
	31 December		31 December		31 December		years ended		for the years ended	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Bangkok Metro Public Company Limited and its subsidiary	20,500	11,950	20,359	18,318	11,603	17,347	2,537	2,281	(774)	(981)
Thai Tap Water Supply Public Company Limited and its subsidiaries	-	3,990	-	24,670	-	14,011	-	5,273	-	2,338
Xayaburi Power Company Limited	5,790	1,966	23,956	9,665	18,326	7,888	7	1	(166)	(129)
CK Power Public Company Limited and its subsidiaries	5,500	9,200	50,482	45,154	25,068	22,881	5,633	2,578	219	55

Bangkok Metro Public Company Limited

On 25 March 2013, a meeting of the Company's Executive Board passed a resolution granting approval for the Company to sell all 952.7 million of the ordinary shares it held in Bangkok Metro Public Company Limited to a company, representing 7.97 percent of the registered capital, at a price of Baht 1.15 per share, equivalent to a total price of approximately Baht 1,096 million. As a result, the Company's interest in the equity of the above company fell from 24.61 percent to 16.64 percent. However, since at that time, the Company had an outstanding balance of loans to Bangkok Metro Public Company Limited under the Subordinated Loan Agreement (as discussed in Note 7), the Company retains significant influence over Bangkok Metro Public Company Limited and it remains an associated company.

The Company sold the shares and received payment amounting to Baht 1,096 million on 2 April 2013, and recorded the gain of approximately Baht 1,090 million on the sale of the investment in this associated company in profit or loss in the consolidated financial statements for the second quarter of 2013 (Baht 105 million recorded in profit or loss in the separate financial statements).

On 11 November 2013, the Extraordinary General Meeting of the shareholders of Bangkok Metro Public Company Limited approved an increase of its registered capital from Baht 11,950 million (11,950 million ordinary shares of Baht 1 each) to Baht 20,500 million (20,500 million ordinary shares of Baht 1 each) through the allocation of 8,550,000,000 newly issued ordinary shares to be offered to existing shareholders of the company in proportion to their shareholding (rights offering) at a price of Baht 1 each, and with an allocation ratio of 1 new ordinary share for every 1.3977 existing ordinary shares. The subscription period for shareholders to subscribe and pay the subscription price for the new shares under the rights offering allocation runs from 9 to 16 December 2013.

If any new shares remain after the first round of allocation to existing shareholders, shareholders may subscribe to shares in excess of their entitlement at the ratio prescribed above. Shares will be allocated to existing shareholders only if there are new shares remaining after completing allocation to all shareholders who subscribed to the shares in accordance with their entitlement.

On 11 November 2013, a meeting of the Company's Board of Directors approved subscription to the newly issued ordinary shares of Bangkok Metro Public Company Limited that were offered to the existing shareholders in proportion to their shareholding, and approved the expression of an intention to purchase more newly issued ordinary shares than the Company's entitlement (oversubscription), in accordance with the rules for the allocation of the new shares of Bangkok Metro Public Company Limited, provided that this does not result in the Company's voting rights as a shareholder reaching or exceeding 50 percent of total voting rights.

In December 2013, the Company purchased additional shares in proportion to its shareholding as well as the remaining after completing the allocation to existing shareholders for a total of 4,200 million shares of Baht 1 each, and already paid in the additional share subscription of Baht 4,200 million in December 2013. As a result, the Company's interest in the equity of the above company increased from 16.64 percent to 30.19 percent.

The Company has pledged part of its share certificates of investment in Bangkok Metro Public Company Limited with a group of banks to secure parts of the long-term loans obtained from that group of banks by the associated company.

Thai Tap Water Supply Public Company Limited

On 5 February 2013, the Extraordinary General Meeting of the Company's shareholders approved the Company's sale of 438.9 million ordinary shares of Thai Tap Water Supply Public Company Limited to Bangkok Expressway Public Company Limited, a related company, representing 11 percent of the registered capital, at a price of Baht 7.55 per share, or a total of Baht 3,313.7 million. As a result, the Company's equity interest in the above company fell from 30.04 percent to 19.04 percent, meaning the Company does not have significant influence over Thai Tap Water Supply Public Company Limited, and its status has changed from an associated company to a related company. The Company therefore reclassified its investment in such company from investment in associated company to investment in available-for-sale securities.

The Company sold and transferred such shares to Bangkok Expressway Public Company Limited on 7 February 2013, and has received payment amounting to Baht 2,200 million, with the outstanding amount of Baht 1,113.7 million presented as receivable from sale of investment. Bangkok Expressway Public Company Limited will complete payment within April 2015, in five, six-monthly installments beginning in April 2013, with the first to the fourth installments amounting to Baht 200 million and the final installment amounting to Baht 313.7 million.

The Company recorded the gain of approximately Baht 2,203 million on the sale of the investment in this associated company in profit or loss in the consolidated financial statements for the first quarter of 2013 (Baht 2,340 million recorded in profit or loss in the separate financial statements), and recorded the gain of approximately Baht 3,822 million on the fair value measurement of the outstanding investment in profit or loss in the consolidated financial statements for the first quarter of 2013, under the caption of "Gain on fair value measurement of investment in an associate at the transition date". The income tax related to sale of the investment in this associated company, amounting to Baht 1,388 million (Separate financial statements: Baht 477 million).

Xayaburi Power Company Limited

As at 31 December 2012, the Company had a shareholding of 50 percent in that company. The Company classified the investment in this company as “Investment in associated company” in the statements of financial position and accounted for the investment in the associated company using the equity method in the consolidated financial statements. As stipulated in the conditions in the Xayaburi Hydroelectric Power Project Concession Agreement between Xayaburi Power Company Limited and the Government of the Lao People’s Democratic Republic, the Company will hold no less than 30 percent of the registered share capital. In this regard, the Company is in the process of diluting its shareholding to comply with such conditions. In January 2013, the Company sold 135 million ordinary shares of Xayaburi Power Company Limited, representing 20 percent of the registered capital, at the par value of Baht 10 per share and Baht 1.68 per share (for shares that are 16.8 percent paid-up), for a total of Baht 393.2 million, to Electricité du Laos. As a result, the Company’s equity interest in the above company fell from 50 percent to 30 percent.

As at 31 December 2013, Xayaburi Power Company Limited has a registered share capital of 2,686.1 million shares with a par value of Baht 10 each and paid-up share capital of Baht 5,789.8 million. As at 31 December 2013, the uncalled or not fully paid portion of capital amounted to Baht 21,071.3 million.

The Company has pledged all share certificates for its investment in Xayaburi Power Company Limited with a group of banks to secure long-term loans of such company obtained from that group of banks.

The Company entered into the Shareholders Agreement with Xayaburi Power Company Limited and other shareholders. Under the agreement, the Company agreed to provide financial support to Xayaburi Power Company Limited in the proportion stipulated in the agreement (51.39 percent) in the event of any budget cost overruns in the Xayaburi Hydroelectric Power Project.

CK Power Public Company Limited

In May 2012, CK Power Limited increased its registered share capital from Baht 100 million to Baht 9,200 million through the issuance of 910 million new ordinary shares of Baht 10 each, with such new shares to be allocated to the existing shareholders in proportion to their shareholding. The Company has already made payment for the shares of such company in proportion to its shareholding, amounting to Baht 3,458 million.

In November 2012, the Extraordinary General Meeting of the shareholders of CK Power Limited passed a resolution to decrease its registered share capital from Baht 9,200 million to Baht 3,067 million through the decrease of 613 million ordinary shares, a par value of Baht 10 each. The capital decrease is to be returned to the shareholders in proportion of their shareholding. CK Power Limited registered the capital decrease with the Ministry of Commerce in January 2013. The Company received payment from such reduction of capital in proportion to its shareholding, amounting to Baht 2,331 million, in February 2013. Subsequently in February 2013, the Extraordinary General Meeting of CK Power Limited passed the following resolutions.

- a) Approved the increase of registered share capital from Baht 3,067 million to Baht 4,600 million through the issuance of 153 million shares, a par value of Baht 10 each, offered to the existing shareholders in proportion to their shares holding at a price of Baht 40 per share.
- b) Approve the change of the value of its ordinary shares from 460 million shares at Baht 10 each to 920 million shares of Baht 5 each.
- c) Approved the change of its status from a company limited to a public company limited, and registered the shares in the Stock Exchange of Thailand.
- d) Approved the increase of its registered capital from Baht 4,600 million to Baht 5,500 million through the issuance of 180 million shares at a par value of Baht 5 each to reserve for the initial public offering.

The Company made additional payment for the shares of such company in proportion to its shareholding, amounting to Baht 2,331 million, in February 2013.

During 2013, CK Power Public Company Limited made a public offering of the 180 million additional shares at a price of Baht 13 per share, or a total of Baht 2,340 million. On 15 July 2013, CK Power Public Company Limited received payment of this share capital increment and registered the increase in its paid-up capital with the Ministry of Commerce.

On 16 July 2013, the Stock Exchange of Thailand ("SET") approved the listing of the ordinary shares of CK Power Public Company Limited. As a result, the Company's equity interest fell from 38 percent to 31.8 percent since the Company did not purchase additional ordinary shares. The Company recorded the gain of approximately Baht 398 million on the reduction in its interest in such associated company as a deemed disposal in profit or loss in the consolidated financial statements for the third quarter of 2013, under the caption of "Gain from a reduction of interest in investment in an associate as deemed disposal".

Following the listing of the shares of CK Power Public Company Limited, a 3-year silent period was imposed on the 240.35 million shares held by the Company, counting from the initial trading date of the shares on the SET. However, the Company may gradually allocate the shares for sale beginning one year after the initial trading date under the regulations of the Stock Exchange of Thailand.

The Company provided financial support to CK Power Public Company Limited and a subsidiary of CK Power Public Company Limited in the form of a guarantee to give financial support to the subsidiary of not more than Baht 620 million, should the subsidiary be unable to comply with its obligations under the Financing Documents, or default on loan repayment to the lending banks.

Nakhon Ratchasima Solar Company Limited

In June 2012, the Company sold all 0.66 million ordinary shares of Nakhon Ratchasima Solar Company Limited to an associated company named CK Power Limited, representing 30 percent of the registered capital of such company, at a price of Baht 128.5 per share, or for a total of Baht 85 million. The Company recorded a gain on the sale of investment in such associated company amounting to approximately Baht 20 million (net of the elimination of profit between parties) in profit or loss in the consolidated financial statement for the year 2012 (Baht 29 million recorded in profit or loss in the separate financial statement).

Chiang Rai Solar Company Limited

In December 2012, the Company sold all 875,250 ordinary shares of Chiang Rai Solar Company Limited to an associated company named CK Power Limited, representing 30 percent of the registered capital of such company, at a price of Baht 122.88 per share, or for a total of Baht 107.6 million. The Company recorded a gain on the sale of investment in such associated company amounting to approximately Baht 21.5 million (net of the elimination of profit between parties) in profit or loss in the consolidated financial statement for the year 2012 (Baht 24.4 million recorded in profit or loss in the separate financial statement).

Bangpa-in Cogeneration Limited

In December 2012, the Company sold all 63 million ordinary shares of Bangpa-in Cogeneration Limited to an associated company named CK Power Limited, representing 46 percent of the registered capital of such company, at a price of Baht 12.88 per share, or for a total of Baht 811.7 million. The Company recorded a gain on the sale of investment in such associated company amounting to approximately Baht 232.7 million (net of the elimination of profit between parties) in profit or loss in the consolidated financial statement for the year 2012 (Baht 293.7 million recorded in profit or loss in the separate financial statement).

19. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Shareholding	Investments		Shareholding	Investments	
	percentage	2013	2012	percentage	2013	2012
	Percent			Percent		
<u>Investments in available for sale - related company</u>						
Bangkok Expressway Public Company Limited	16.61	2,614,353	2,568,237	15.15	2,411,614	2,411,614
Thai Tap Water Supply Public Company Limited ⁽¹⁾	19.04	5,661,089	-	19.04	1,106,373	-
Add: Unrealised gain on changes in value of investments		3,608,678	1,835,307		7,989,220	1,642,653
		11,884,120	4,403,544		11,507,207	4,054,267
<u>Other Investments - other companies</u>						
Nava Finance and Securities Public Company Limited	-	27,291	27,291	-	27,291	27,291
Bangkok Tokyu Department Store Company Limited	19.00	2,280	2,280	-	-	-
Kruasakul Company Limited	10.14	43,750	43,750	10.14	43,750	43,750
The Bangkok Club Company Limited	0.57	3,000	3,000	0.57	3,000	3,000
Chanthaburi Country Club Company Limited	0.25	2,000	2,000	0.25	2,000	2,000
Other related parties		-	136		-	136
		78,321	78,457		76,041	76,177
Less: Provision for loss on diminution in value of investments		(71,041)	(71,041)		(71,041)	(71,041)
		7,280	7,416		5,000	5,136
<u>Investments in held-to-maturity debt securities</u>						
Subordinated Debentures of Bangkok Bank Public Company Limited No. 1/2012		5,000	5,000		5,000	5,000
The bonds of the Ministry of Finance of The Lao People's Democratic Republic		10,000	-		10,000	-
		15,000	5,000		15,000	5,000
Other long-term investments, net		11,906,400	4,415,960		11,527,207	4,064,403

⁽¹⁾ change status from an associated company to a related company on 7 February 2013

20. Investment properties

The net book value of investment properties as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Office building			Office building		
	Land	for rent	Total	Land	for rent	Total
31 December 2013:						
Cost	252,620	206,972	459,592	270,669	291,400	562,069
<u>Less</u> Accumulated depreciation	-	(29,943)	(29,943)	-	(45,456)	(45,456)
<u>Less</u> Allowance for diminution in value	(46,113)	-	(46,113)	(41,834)	-	(41,834)
Net book value	206,507	177,029	383,536	228,835	245,944	474,779
31 December 2012:						
Cost	253,194	219,979	473,173	271,062	305,729	576,791
<u>Less</u> Accumulated depreciation	-	(26,683)	(26,683)	-	(39,763)	(39,763)
<u>Less</u> Allowance for diminution in value	(46,113)	-	(46,113)	(41,834)	-	(41,834)
Net book value	207,081	193,296	400,377	229,228	265,966	495,194

A reconciliation of the net book value of investment properties for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	400,377	421,573	495,194	518,787
Transfers	(11,986)	(16,033)	(12,992)	(15,835)
Depreciation charged	(4,855)	(5,163)	(7,423)	(7,758)
Net book value at end of year	383,536	400,377	474,779	495,194

The fair value of the investment properties as at 31 December 2013 and 2012 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land	314,288	314,288	397,500	397,500
Office building for rent	227,823	242,134	294,763	310,496

The fair values of the above investment properties have been determined based on valuations performed by an independent valuer. The fair value of investment properties has been determined based on market prices.

21. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements									
	Land and land improvement	Condominium building	Buildings and construction	Building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
Cost									
31 December 2011	793,490	394,080	197,687	334,644	3,415,833	221,136	450,230	352,216	6,159,316
Additions	358,393	-	8,865	-	1,136,775	110,624	6,388	709,798	2,330,843
Disposals/write off	(387)	-	(255)	-	(60,950)	(12,967)	(24,282)	-	(98,841)
Disposal of the subsidiary during the year	(96,724)	-	-	-	(151)	(2,525)	-	-	(99,400)
Reclassification/transfer in (out)	(22)	21,625	10,920	-	34,376	32,697	3,627	(48,678)	54,545
31 December 2012	1,054,750	415,705	217,217	334,644	4,525,883	348,965	435,963	1,013,336	8,346,463
Accumulated depreciation									
31 December 2011	29,796	38,304	110,029	326,466	2,183,288	149,811	336,407	-	3,174,101
Depreciation for the year	5,717	9,599	17,399	1,431	342,492	34,918	33,541	-	445,097
Depreciation on disposals/write off	(180)	-	(54)	-	(41,394)	(11,992)	(24,282)	-	(77,902)
Disposal of the subsidiary during the year	(64)	-	-	-	-	(379)	-	-	(443)
Reclassification/transfer in (out)	-	1,705	4,110	-	14,597	7,483	3,455	-	31,350
31 December 2012	35,269	49,608	131,484	327,897	2,498,983	179,841	349,121	-	3,572,203
Allowance for impairment loss									
31 December 2011	73,860	-	-	-	-	-	-	-	73,860
Increase during the year	64	-	-	-	-	-	-	-	64
31 December 2012	73,924	-	-	-	-	-	-	-	73,924
Net book value									
31 December 2011	689,834	355,776	87,658	8,178	1,232,545	71,325	113,823	352,216	2,911,355
31 December 2012	945,557	366,097	85,733	6,747	2,026,900	169,124	86,842	1,013,336	4,700,336
Depreciation for the year									
2011 (Baht 385 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									407,844
2012 (Baht 423 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									445,097

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Condominium building	Buildings and construction	Building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
Cost									
31 December 2012	1,054,750	415,705	234,813	334,644	4,531,645	348,965	435,963	1,013,336	8,369,821
Additions	40,167	-	-	-	2,026,823	98,409	38,753	1,426,678	3,630,830
Disposals/write off	-	-	(69,913)	-	(722,271)	(42,356)	(45,092)	-	(879,632)
Reclassification/transfer in (out)	392	13,188	1,198,879	-	31,223	2,300	-	(1,210,019)	35,963
31 December 2013	1,095,309	428,893	1,363,779	334,644	5,867,420	407,318	429,624	1,229,995	11,156,982
Accumulated depreciation									
31 December 2012	35,269	49,608	131,484	327,897	2,498,983	179,841	349,121	-	3,572,203
Depreciation for the year	4,045	9,907	23,455	1,018	550,302	54,689	33,239	-	676,655
Depreciation on disposals/write off	-	-	(24,947)	-	(576,906)	(40,431)	(44,523)	-	(686,807)
Reclassification/transfer in (out)	-	1,594	-	-	-	-	-	-	1,594
31 December 2013	39,314	61,109	129,992	328,915	2,472,379	194,099	337,837	-	3,563,645
Allowance for impairment loss									
31 December 2012	73,924	-	17,596	-	5,762	-	-	-	97,282
Decrease during the year	-	-	(17,596)	-	(4,209)	-	-	-	(21,805)
31 December 2013	73,924	-	-	-	1,553	-	-	-	75,477
Net book value									
31 December 2012	945,557	366,097	85,733	6,747	2,026,900	169,124	86,842	1,013,336	4,700,336
31 December 2013	982,071	367,784	1,233,787	5,729	3,393,488	213,219	91,787	1,229,995	7,517,860
Depreciation for the year									
2012 (Baht 423 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									445,097
2013 (Baht 653 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									676,655

[illegible]

(Unit: Thousand Baht)

	Separate financial statements								
	Land and land improvement	Condominium building	Buildings and construction	Building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	Total
Cost									
31 December 2012	998,613	349,101	147,258	19,965	2,174,639	141,037	320,947	1,503	4,153,063
Additions	40,167	-	-	-	1,106,970	55,407	13,905	247,906	1,464,355
Disposals/write off	-	-	(59,505)	-	(275,165)	(4,443)	(22,472)	-	(361,585)
Reclassification/transfer in (out)	392	14,330	-	-	-	-	-	-	14,722
31 December 2013	1,039,172	363,431	87,753	19,965	3,006,444	192,001	312,380	249,409	5,270,555
Accumulated depreciation									
31 December 2012	32,908	42,158	79,726	13,252	1,340,632	73,609	269,742	-	1,852,027
Depreciation for the year	3,993	8,492	3,330	998	260,063	24,859	18,454	-	320,189
Depreciation on disposals/write off	-	-	(14,538)	-	(234,800)	(3,946)	(22,472)	-	(275,756)
Reclassification/transfer in (out)	-	1,730	-	-	-	-	-	-	1,730
31 December 2013	36,901	52,380	68,518	14,250	1,365,895	94,522	265,724	-	1,898,190
Allowance for impairment loss									
31 December 2012	73,924	-	17,596	-	5,762	-	-	-	97,282
Decrease during the year	-	-	(17,596)	-	(4,209)	-	-	-	(21,805)
31 December 2013	73,924	-	-	-	1,553	-	-	-	75,477
Net book value									
31 December 2012	891,781	306,943	49,936	6,713	828,245	67,428	51,205	1,503	2,203,754
31 December 2013	928,347	311,051	19,235	5,715	1,638,996	97,479	46,656	249,409	3,296,888
Depreciation for the year									
2012 (Baht 152 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									171,145
2013 (Baht 302 million included in cost of construction services, sales of construction materials and services, and the balance in administrative expenses)									320,189

As at 31 December 2013, the Company and a subsidiary had machinery, vehicles and equipment under finance lease agreements with net book values amounting to Baht 1,191 million (2012: Baht 541 million) (Separate financial statements: Baht 1,132 million (2012: Baht 537 million))

As at 31 December 2013, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,482 million (2012: Baht 1,544 million) (Separate financial statements: Baht 1,199 million (2012: Baht 1,256 million)).

22. Intangible assets

Details of intangible assets which are computer software are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cost	135,916	101,630	126,447	93,946
Accumulated amortisation	(39,891)	(24,554)	(34,624)	(21,571)
Net book value	<u>96,025</u>	<u>77,076</u>	<u>91,823</u>	<u>72,375</u>
Amortisation expenses included in the profit or loss for the year	<u>15,336</u>	<u>8,631</u>	<u>13,053</u>	<u>7,425</u>

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net book value at beginning of year	77,076	66,172	72,375	61,087
Acquisition of computer software	34,285	18,885	32,501	18,713
Reclassification	-	650	-	-
Amortisation	(15,336)	(8,631)	(13,053)	(7,425)
Net book value at end of year	<u>96,025</u>	<u>77,076</u>	<u>91,823</u>	<u>72,375</u>

23. Advances for future projects

This mostly represents cash payments made for the new hydroelectric power plant projects in the Lao People's Democratic Republic, which the Company will establish a new company or assign a group company to operate in the future. The Company will refund these advances from the companies that operate the projects.

24. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% p.a.)	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Bank overdrafts	MOR	-	4,476	-	4,476
Short-term loans from banks	FDR + 2.65, FDR + 2.75 and MLR - margin	2,690,938	1,738,596	2,284,938	1,738,596
Trust receipts	LIBOR + margin and MLR - margin	682,978	741,286	167,909	293,874
Bills of exchange	3.18 to 4.10	1,000,000	-	1,000,000	-
Total		<u>4,373,916</u>	<u>2,484,358</u>	<u>3,452,847</u>	<u>2,036,946</u>

Parts of the bank overdrafts and short-term loans from financial institutions of the Company are secured by the transfer of rights over collection of revenues from construction projects.

Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by certain saving deposits of a subsidiary, the transfer of the rights over saving deposits of a subsidiary, the transfer of rights over receipt of payment under construction contracts of subsidiaries, the transfer of bank guarantees obtained by subsidiary from subcontractors and are guaranteed by the Company and subsidiaries' shareholders.

Trust receipts of subsidiaries are guaranteed by the Company.

25. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - related parties	107,413	99,785	144,239	54,757
Trade payables - unrelated parties	5,863,382	4,753,943	2,529,993	2,325,596
Amounts due to related party	15,007	15,037	-	-
Accrued interest expenses	119,366	130,258	114,472	127,274
Accrued expenses	541,591	385,346	370,732	254,508
Other payables	199,350	77,602	102,516	12,158
Total trade and other payables	<u>6,846,109</u>	<u>5,461,971</u>	<u>3,261,952</u>	<u>2,774,293</u>

26. Hire purchase creditors

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Liabilities under hire purchase	1,184,164	566,327	1,117,814	563,016
Less: Deferred interest expenses	(91,483)	(46,309)	(85,858)	(46,111)
Less: Portion due within one year	<u>(342,187)</u>	<u>(166,371)</u>	<u>(326,427)</u>	<u>(165,064)</u>
Liabilities under hire purchase - net of current portion	<u>750,494</u>	<u>353,647</u>	<u>705,529</u>	<u>351,841</u>

The Company and its subsidiary have entered into hire purchase agreements with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 to 5 years.

27. Long-term loans

As at 31 December 2013 and 2012, the balances of the long-term loans are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>The Company:</u>				
CH. Karnchang Public Company Limited	9,961,788	7,327,395	9,961,788	7,327,396
<u>Subsidiaries:</u>				
CH. Karnchang (Lao) Company Limited	7,628,567	4,522,708	-	-
<u>Jointly controlled entity:</u>				
CKTC Joint Venture	309,260	655,690	-	-
Long-term loans	17,899,615	12,505,793	9,961,788	7,327,396
Less: Current portion	(6,995,774)	(4,876,905)	(4,907,665)	(3,285,608)
Long-term loans - net of current portion	<u>10,903,841</u>	<u>7,628,888</u>	<u>5,054,123</u>	<u>4,041,788</u>

The Company

As at 31 December 2013, the Company's long-term loans from bank comprise credit facilities from 8 local commercial banks. Details of interests and repayments are as follows:

- The balance of loan amounting to Baht 878 million carry interest at the 6-months fixed deposit rate plus a stipulated margin per annum. The loans are repayable in installments each time payment for construction work is received, at the percentage stipulated in the loan agreements. The Company is to complete repayment of all principal when the Company has received accumulated construction work installments equal to 90 percent of the construction contract value.
- The balance of loans amounting to Baht 1,554 million carries interest at the Minimum Loan Rate minus stipulated margins (MLR - margin) per annum. The loan is repayable in installments each time payment for construction work is received, at the percentage stipulated in the loan agreement. The Company is to complete repayments of principal of the loan of Baht 509 million within June 2014, loan principal of Baht 134 million within February 2017 and loan principal of Baht 911 million within February 2016.

- The balance of loan amounting to Baht 1,188 million carries interest at a fixed rate of 4.25 percent per annum for a period of two years from the drawdown date and thereafter at the Minimum Loan Rate minus stipulated margins (MLR - margin) per annum. The loan is repayable in quarterly installments and the final installment is due in September 2014.
- The balance of loan amounting to Baht 1,450 million carries interest at a fixed rate of 5.75 percent per annum. The loan is repayable in quarterly installments and the final installment is due in February 2019.
- Loans of Baht 2,150 million carry interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum and are repayable in installments, each time a payment for construction work is received from the employer, starting from the 15th payment, at the percentages stipulated in the loan agreements. The Company is to complete repayment of all principal when the Company has received accumulated construction work installment payments equal to 85 percent of the construction contract value, or within July 2016. These loans comprise long-term credit facilities of Baht 2,400 million, and short-term credit facilities that consist of loans under promissory notes, letter of credit facilities and trust receipts totaling Baht 3,600 million, a bank guarantee facility of Baht 7,419 million and a facility for forward exchange contracts of Baht 1,200 million.
- Loans amounting to Baht 2,361 million represent those under the loan agreement the Company made with a group of commercial banks in Thailand to provide a loan to fund project work under the Agreement for the MRT Purple Line Project, Bang Yai - Rat Burana, Bang Yai - Bang Sue Section (Khlomg Bang Phai Station - Tao Poon Station), whereby the Company had signed as the Contractor for the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project with Bangkok Metro Public Company Limited. The loans comprise long-term credit facilities of Baht 15,689 million and a bank guarantee facility of Baht 700 million. The long-term loans carry interest at a fixed rate of 5.75 percent per annum from the date of the loan agreement until March 2017, and thereafter until repayment of all loans, at the fixed deposit rate plus a stipulated margin per annum. The Company will repay the loan principal and interest in 120 installments, starting from the earlier of (a) March 2017 and (b) the date falling 60 days after Bangkok Metro Public Company Limited starts operation on the MRT Purple Line Project. Bangkok Metro Public Company Limited entered into an agreement to assign the proceeds under the agreement made with the Mass Rapid Transit Authority of Thailand to the Company, for use as collateral with the lender banks.

- Other long-term loans mostly carry interests at the Minimum Loan Rate minus stipulated margins (MLR - margin) per annum to Minimum Loan Rate (MLR) per annum and the loan principals are to be repaid in quarterly and semi-annual bases. Full settlement of these loans is to be made within September 2013 to September 2014.

Partial long-term loans of the Company are secured by the transfer of rights over collection of revenues from construction projects and guarantees provided by the Company's directors, certain related companies and other companies.

The loan agreements contain covenants that, among other things, require the Company to maintain certain debt to equity ratio.

CH. Karnchang (Lao) Company Limited

Loan from banks of CH. Karnchang (Lao) Company Limited represented loans from three local commercial banks. The loans comprise long-term credit facilities of Baht 10,000 million, and short-term credit facilities that consist of loans under promissory notes, overdrafts, letter of credit facilities and trust receipts totaling Baht 16,650 million and a bank guarantee facility of Baht 8,200 million. The long-term loans carry interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum and are repayable in installments each time a payment for construction work is received from the employer, starting from the 13th payment, at the percentages stipulated in the loan agreements. The subsidiary is to complete repayment of all principals when the subsidiary has received accumulated construction work installments equal to 90 percent of the construction contract value and will repay all loan principals within January 2020. Under the long-term loan agreements, the subsidiary has commitment to pay front-end fee and commitment fee to syndicate lenders in percentage of the total loan facilities and the undrawn amounts of the loan, respectively, as specified in the loan agreements. These loans are secured by the pledge and the transfer of rights over savings deposits of the subsidiary, the transfer of rights over collection of revenues from construction project of the subsidiary and guaranteed by the Company.

CKTC Joint Venture

Long-term loan from banks of CKTC Joint Venture represented a loan from a local commercial bank totaling Baht 1,200 million. The loan carries interest at the Minimum Loan Rate minus stipulated margins (MLR - margin) per annum. The loan is repayable in installments each time payment for construction work is received, at the percentage stipulated in the loan agreement. The first installment is due in January 2012 and the final installment in May 2014. The long-term loans were secured by the transfer of the rights over a saving deposit of the joint venture.

28. Debentures

(Unit: Thousand Baht)

Debentures	Life	Date of issue	Maturity date	Interest rate	Consolidated and separate financial statements	
					2013	2012
				(% p.a.)		
1	5 years	6 February 2009	6 February 2014	5.5 and 6.3	883,800	883,800
2	4 years	22 October 2009	22 October 2013	5.4 and 6.2	-	2,000,000
3	4 years	25 March 2010	25 March 2014	4.9	1,100,000	1,100,000
4	3 years	9 July 2010	9 July 2013	4.0	-	1,000,000
5	5 years	9 July 2010	9 July 2015	4.75	1,000,000	1,000,000
6	4 years	28 April 2011	28 April 2015	4.9 and 5.5	2,000,000	2,000,000
7	4 years 9 months	28 October 2011	28 July 2016	5.25, 5.75 and 6.25	2,000,000	2,000,000
8	6 years 9 months	28 October 2011	28 July 2018	5.4, 5.75, 6.25 and 6.75	1,000,000	1,000,000
9	4 years 9 months	18 July 2012	18 April 2017	5.5	2,000,000	2,000,000
10	5 years 9 months	7 June 2013	7 March 2019	5.0	4,000,000	-
Total					13,983,800	12,983,800
Less: Current portion of debentures					(1,983,800)	(3,000,000)
Less: Deferred debenture issuing costs					(18,017)	(19,357)
Debentures - net of current portion					11,981,983	9,964,443

All debentures of the Company are unsecured, registered, senior debentures with trustees and with a par value of Baht 1,000 each. The interest is payable every 3 months throughout the life of the debentures.

On 21 April 2010, the Annual General Meeting of the Company's shareholders passed a resolution approving an increase in the maximum outstanding balance of debentures approved for issue at any particular time, from a limit of Baht 12,000 million to a limit of Baht 17,000 million.

Debentures presented in items 1 to 2 and item 6 of the above table carry interest at two rates, with the first rate applicable for the first two years and a second rate then applicable until maturity.

Debentures presented in item 7 of the above table carry interest at three rates, with the first rate applicable for the first and the second year, the second rate applicable for the third and the fourth year and the third rate applicable for the remaining period of 9 months.

Debentures presented in item 8 of the above table carry interest at four rates, with the first rate applicable for the first and the second year, the second rate applicable for the third and the fourth year, the third rate applicable for the fifth and the sixth year and the fourth rate applicable for the remaining period of 9 months.

The conditions of the debentures include covenants that, among other things, require the Company to maintain a certain debt to equity ratio.

29. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2013 and 2012, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	289,735	246,416	145,517	130,847
Current service cost	65,758	41,227	35,878	14,155
Interest cost	11,983	7,634	7,329	4,393
Benefits paid during the year	(6,642)	(4,586)	(3,560)	(3,879)
Gain on curtailments	(10,833)	-	-	-
Actuarial losses	74,961	-	49,076	-
Defined benefit obligation at end of year	424,962	290,691	234,240	145,516
Unrecognised transitional provisions	(78,621)	(123,079)	(44,728)	(67,091)
Provisions for long-term employee benefits at end of year	<u>346,341</u>	<u>167,612</u>	<u>189,512</u>	<u>78,425</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	65,758	41,227	35,878	14,155
Interest cost	11,983	7,634	7,329	4,393
Transitional liability recognised during the year	43,990	41,026	22,364	22,364
Total expense recognised in profit or loss	121,731	89,887	65,571	40,912

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2013 amounted of Baht 62 million (the Company only: Baht 39 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate financial statements	
	2013	2012
	(% per annum)	(% per annum)
Discount rate	3.73 - 4.12	3.5
Future salary increase rate - average (depending on age of employees)	5.0 - 8.0	5.0
Staff turnover rate - average	0 - 31.0	0 - 28.0

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	424,962	234,240	31,803	28,919
Year 2012	290,691	145,516	-	-
Year 2011	246,415	130,847	-	-
Year 2010	205,131	111,819	-	-

30. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

31. Accounts receivable - claims for additional costs

In 2000, Joint Venture BBCD had claimed for payment of additional construction costs from the Expressway Authority of Thailand (the employer). The employer's consulting engineer considered the joint venture's claims and issued a letter confirming its acceptance of the additional costs. Subsequently, the Arbitral Tribunal issued its award, ruling that the employer was to pay the joint venture for such additional costs and accrued interest. Later the employer sent a letter to the joint venture informing that, after consideration, the employer had decided to comply with the arbitral award. Consequently, the joint venture had recorded such amounts as asset and income in the financial statements of 2001. The Group's proportionate interest in such amounts is approximately Baht 2,500 million.

As a result of the delay in the payment, the joint venture filed a lawsuit against the employer with a Civil Court to ordering compliance with the arbitral award. On 30 December 2003, the court ruled in favor of the joint venture, ordering compliance with the arbitral award requiring the Expressway Authority of Thailand (the employer) to pay the joint venture in accordance with the arbitral award. Subsequently, in January 2004, the employer appealed the ruling to the Supreme Court of Thailand.

On 15 February 2007, the Supreme Court handed down a judgment reversing that of the Civil Court enforcing the arbitral award requiring the employer to make payments to the Joint Venture BBCD. The joint venture therefore recorded allowance for doubtful accounts for the full amount of the accounts receivable recorded in respect of the claim for additional costs as an expense in the profit or loss of 2006, with the Group's proportionate interest in such allowance being approximately Baht 2,500 million.

Subsequently, after the management of the Company carefully reviewed the details of the Supreme Court's judgment, on 11 February 2008 a lawsuit was filed against the employer with the Civil Court, to recover costs paid by the Joint Venture BBCD from the employer, on the grounds of undue enrichment. Such costs and accrued interest calculated up to the date of filing of the lawsuit amounted to approximately Baht 3,400 million (per the Group's proportionate interest).

On 15 September 2011, the Civil Court handed down a judgment ruling that the employer was to pay the Joint Venture BBCD Baht 1,750 million (per the Group's proportionate interest) together with interest at a rate of 7.5 percent per annum on the principal from 15 February 2007 to the date that employer pays the debt to the Joint Venture BBCD. The employer and the Joint Venture BBCD appealed the ruling to the Appeal Court.

Subsequently, on 27 December 2013, the Appeal Court handed down a judgment which overturned the judgment in favor of the Joint Venture BBCD. Currently, the case is at a point where the joint venture is filing an appeal with the Supreme Court, petitioning it to enforce the employer's payment of all additional costs and accrued interest until payment is made.

32. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	3,442,448	2,275,444	1,573,846	954,691
Depreciation	687,230	442,007	327,608	178,904
Construction materials and consumables used and subcontractors costs	22,434,725	14,913,296	7,406,642	8,246,425
Repair and maintenance expenses	645,290	280,195	160,629	67,076

33. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Restated)		(Restated)	
Current income tax:				
Current income tax charge	630,933	312,669	583,276	208,273
Deferred tax:				
Relating to origination and reversal of temporary differences	902,320	(16,499)	(19,495)	(20,810)
Income tax expense reported in the statement of comprehensive income	<u>1,533,253</u>	<u>296,170</u>	<u>563,781</u>	<u>187,463</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Deferred tax relating to				
Gain on changes in value of available-for-sale investments	356,153	412,539	1,269,129	395,021
Actuarial losses	(10,446)	-	(9,815)	-
	<u>345,707</u>	<u>412,539</u>	<u>1,259,314</u>	<u>395,021</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Accounting profit before tax	<u>9,245,222</u>	<u>913,427</u>	<u>3,568,491</u>	<u>1,162,708</u>
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	1,849,044	210,088	713,698	267,423
Effects of changes in the applicable tax rates	-	495	-	624
Effects of:				
Exemption of corporate income tax granted to the subsidiary for the projects under hydroelectric concession agreements in the Lao People's Democratic Republic	(194,098)	(5,834)	-	-
Non-deductible expenses	84,706	40,172	3,910	44,952
Exemption of income and additional expense deductions allowed	(330,398)	(39,029)	(221,936)	(177,063)
Additional taxable income	65,229	72,846	56,111	61,509
Others	58,772	17,432	11,998	(9,982)
Total	<u>(315,791)</u>	<u>85,587</u>	<u>(149,917)</u>	<u>(80,584)</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,533,253</u>	<u>296,170</u>	<u>563,781</u>	<u>187,463</u>

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

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
		(Restated)			(Restated)	
Deferred tax assets						
Unrealised loss on changes in value of investment	8	-	66,461	8	-	66,461
Allowance for asset impairment	2,747	2,747	2,747	-	-	-
Property, plant and equipment	11,404	6,970	24,384	-	-	-
Provision for long-term employee benefits	41,285	23,590	12,953	37,902	14,909	9,380
Others	6,787	2,552	5,010	6,521	2,392	3,878
Total	62,231	35,859	111,555	44,431	17,301	79,719
Deferred tax liabilities						
Unrealised gain on changes in value of investments	1,632,862	383,100	6,849	1,598,027	329,053	171
Property, plant and equipment	17,360	-	40,779	17,360	24,484	40,779
Amortisation of deferred debenture issuing costs	3,587	3,431	4,590	3,587	3,431	4,590
Others	6,049	1,107	743	6,049	1,108	743
Total	1,659,858	387,638	52,961	1,625,023	358,076	46,283

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013 the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 19.8 million (2012: Baht 24.7 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

35. Contracts in progress

As at 31 December 2013, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company, its subsidiaries and its jointly controlled entities was approximately Baht 64,492 million (Separate financial statements: Baht 29,035 million), gross amounts due from customers for contracts in progress were approximately Baht 16,202 million (Separate financial statements: Baht 4,478 million), and gross amounts due to customers for contracts in progress were approximately Baht 1,162 million (Separate financial statements: Baht 1,029 million).

36. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Chairman of the Executive Board.

The Group is principally engaged in construction and provision of related services and investment in infrastructure, and the two geographic areas in which these activities are carried on are Thailand and the Lao People's Democratic Republic, where operations are carried out by a subsidiary.

The performance of operating segments is measured on a basis consistent with that used to determine the profit or loss of the operations reported in the financial statements. The profit or loss of the investment in infrastructure business segment comprised dividend income, share of profit or loss from investments in associated companies under the equity method, gains or losses on sales of investments, gain on fair value measurement of investment at the transition date, gain from a reduction of interest in investment in an associate as deemed disposal, and related finance costs.

Inter-segment revenues are eliminated on consolidation.

The Following tables present revenue, profit and total assets information regarding the Company, its subsidiaries and its jointly controlled entities operating segments for the year ended 31 December 2013 and 2012:

(Unit: Million Baht)

Construction and related service segment		Investment in infrastructure business segment		Consolidated	
<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>

(restated)

Revenue

Revenue from external customers	<u>32,788</u>	<u>20,894</u>	<u>7,644</u>	<u>926</u>	<u>40,432</u>	<u>21,820</u>
Interest expenses	863	744	675	677	1,538	1,421
Depreciation and amortisation	653	423	-	-	653	423
Segment operating profit	3,781	2,236	6,969	249	10,750	2,485
Unallocated income and expenses:						
Administrative expenses					(1,505)	(1,571)
Income tax expenses					(1,533)	(296)
Profit for the year					<u>7,712</u>	<u>618</u>

Geographic information for construction and related service segment

(Unit: Million Baht)

	<u>2013</u>	<u>2012</u>
Revenue from external customers is based on locations of the customers		
Thailand	17,683	14,958
The Lao People's Democratic Republic	15,105	5,936
Total	<u>32,788</u>	<u>20,894</u>

(Unit: Million Baht)

	<u>2013</u>	<u>2012</u>
Non-current assets*		
Thailand	26,700	17,682
The Lao People's Democratic Republic	4,136	2,826
Total	<u>30,836</u>	<u>20,508</u>

* Other than financial instruments, deferred tax assets, net defined benefit assets and rights arising under insurance contracts.

Major customers

In 2013, the Company, its subsidiaries and its jointly controlled entities had revenues from provision of construction services to major customers, which consisted of a group of government agencies and a private customer, amounting to Baht 9,811 million and Baht 15,024 million, respectively, arising from the construction and related service segment (2012: revenues from provision of construction services to major customers which consisted of a group of government agencies and two private customers, amounting to Baht 8,856 million, Baht 5,936 and Baht 2,205 million, respectively).

37. Provident funds

The Company, some subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and their employees contribute to the funds monthly at the rate of 5 percent of basic salary. The funds, which are managed by TMB Asset Management Company Limited and TISCO Asset Management Company Limited (Separate financial statements: TMB Asset Management Company Limited) will be paid to employees upon termination in accordance with the fund rules. During the years 2013 and 2012, the Company and the subsidiaries contributed Baht 39.6 million and Baht 32.0 million, respectively (Separate financial statements: Baht 33.4 million and Baht 19.5 million, respectively) to the funds.

38. Dividends

On 24 April 2012, the Annual General Meeting of the Company's shareholders passed resolutions approving the payment of a dividend of Baht 0.25 per share, or a total of Baht 413.1 million, in respect of the operations of July to December 2011. This dividend was paid on 22 May 2012.

On 29 April 2013, the Annual General Meeting of the Company's shareholders passed resolutions approving the payment of a dividend for 2012 of Baht 0.35 per share, or a total of Baht 578 million. The dividend was paid on 20 May 2013.

On 4 September 2013, a Meeting of the Company's Board of Directors passed resolutions approving the payment of an interim dividend for the six-month period ended 30 June 2013 of Baht 0.20 per share to the Company's shareholders, or a total of Baht 330.5 million. The dividend was paid on 3 October 2013.

39. Commitments and contingent liabilities

39.1 Capital commitments

As at 31 December 2013, the Company and its subsidiaries had capital commitment of approximately Baht 96 million, USD 0.5 million (2012: Baht 13 million, Euro 0.3 million, USD 29 million and Japanese Yen 94.5 million), relating to the acquisition of land and equipment (Separate financial statements: Baht 86 million (2012: Baht 0.3 million and Japanese Yen 94.5 million)).

39.2 Operating lease commitments

A subsidiary and jointly controlled entities have entered into lease agreements in respect of the lease of office building space, land and motor vehicles. The term of the agreements are between 1 to 3 years.

Future minimum lease payments required under the operating lease contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2013	2012
Payable within:		
1 year	6	6
2 to 3 years	1	-

39.3 Service commitments and other commitments

As at 31 December 2013, the Company, its subsidiaries and its jointly controlled entities have the following service commitments and other commitments:

- The Company, its subsidiaries and its jointly controlled entities have commitments totaling Baht 33,958 million, USD 619 million, CHF 2 million, Euro 14 million, Japanese Yen 11,705 million and SGD 58 million (2012: Baht 20,228 million, USD 265 million, CHF 4 million and Japanese Yen 4 million) (Separate financial statements: Baht 25,438 million, USD 6 million, Euro 14 million, Japanese Yen 11,698 million and SGD 58 million (2012: Baht 12,392 million)) in respect of project construction costs and services, which the Company, its subsidiaries and its jointly controlled entities had already entered into agreements.
- The Company has commitment in respect of uncalled portion of investments in associated company of approximately Baht 6,321 million (2012: Baht 7,142 million).
- The Company has commitments in respect of its undertakings to provide financial support to two associated companies, as stipulated in the conditions in the agreements (as discussed in Note 18).

39.4 Related party guarantees

As at 31 December 2013, the Company has provided guarantees totaling Baht 48,038 million (2012: Baht 48,038 million) for bank credit facilities on behalf of two subsidiaries.

39.5 Bank guarantees

As at 31 December 2013 and 2012, there were outstanding bank guarantees issued by banks on behalf of the Company, its subsidiaries and its jointly controlled entities (in proportionate of the Company's interest in joint ventures) in respect of certain performance bonds as required in the normal course of business of the Company, its subsidiaries and its jointly controlled entities.

The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Guarantee of construction contracts bidding and debt repayment	12,626	11,719	8,848	8,034
Guarantee of advance payment bond and retention	11,035	10,312	8,659	8,376
Other guarantees	331	171	123	112
	<u>23,992</u>	<u>22,202</u>	<u>17,630</u>	<u>16,522</u>

39.6 Contingent liabilities

Joint Venture BBCD

In 2006, the Central Tax Court issued a judgement ordering the Joint Venture BBCD to pay additional customs duties on construction equipment imports amounting to approximately Baht 109 million (in proportion to the Company's interest in the joint venture). The joint venture filed an appeal against the judgement with the Supreme Court and the case is currently in the process of consideration of the Supreme Court. However, since the management of the Joint Venture BBCD believes that the joint venture has no liability in respect of such additional customs duties, it has not set aside provision for loss for the customs duty assessment in the accounts.

40. Financial instruments

40.1 Financial risk management

The Company's, its subsidiaries' and its jointly controlled entities' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise the following:

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents - Current investments - Trade and other receivables - Short-term loans to related parties and interest receivable - Restricted bank deposits - Long-term loans to jointly controlled entities and interest receivable - Long-term loans to associated companies and interest receivable - Long-term loans to related company and interest receivable - Long-term loans to other companies and interest receivable - Other long-term investments	- Bank overdrafts and short-term loans from financial institutions - Trade and other payables - Hire purchase creditors - Retention for construction - Long-term loans - Debentures

The financial risks associated with these financial instruments and how they are managed is described below.

a) Credit risk

The Company, its subsidiaries and its jointly controlled entities are exposed to credit risk primarily with respect to construction receivables and loans. However, since the majority of the Company's, its subsidiaries' and jointly controlled entities' construction contracts are made with government agencies and other creditworthy customers, they do not anticipate material losses from their debt collection outside those for which provision has already been set aside.

b) Interest rate risk

The Company's, its subsidiaries' and its jointly controlled entities' exposure to interest rate risk relates primarily to its cash at banks, lendings, bank overdrafts and short-term loans, hire purchase creditors, long-term borrowings and debentures. Most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	31 December 2013						
	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	353	-	-	3,338	222	3,913	0.125 to 2.5
Current investments	131	-	-	-	1,349	1,480	0.75 to 4.65
Trade and other receivables	-	-	-	-	4,288	4,288	-
Short-term loans to related parties	-	-	-	-	1	1	-
Restricted bank deposits	-	15	-	18	-	33	0.625 to 2.3
Long-term loans to related company and interest receivable	-	-	-	21	-	21	MLR - 0.01
Other long-term investments	-	-	15	-	11,891	11,906	4.375 to 4.5
Long-term trade and other receivables	-	-	-	61	3,091	3,152	MLR + 1
	<u>484</u>	<u>15</u>	<u>15</u>	<u>3,438</u>	<u>20,842</u>	<u>24,794</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	1,986	-	-	2,388	-	4,374	3.18 to 5.25, LIBOR + margin and MLR - margin
Trade and other payables	-	-	-	-	6,846	6,846	-
Hire purchase creditors	342	751	-	-	-	1,093	2.620 to 5.496
Retention for construction	-	-	-	-	596	596	-
Long-term loans	160	2,361	1,290	14,089	-	17,900	3.0 to 5.75, FDR + 2.65, FDR + 2.75 and MLR - margin
Debentures	<u>1,984</u>	<u>7,982</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>13,966</u>	4.75 to 6.3
	<u>4,472</u>	<u>11,094</u>	<u>5,290</u>	<u>16,477</u>	<u>7,442</u>	<u>44,775</u>	

(Unit: Million Baht)

	31 December 2012						
	Consolidated financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
							(% p.a.)
Financial assets							
Cash and cash equivalents	1,086	-	-	2,752	135	3,973	0.1 to 3.5
Current investments	234	-	-	-	1,346	1,580	0.75 to 4.65
Trade and other receivables	-	-	-	-	5,324	5,324	-
Short-term loans to related parties	-	-	-	-	1	1	-
Restricted bank deposits	38	15	-	309	-	362	0.1 to 2.75
Long-term loans to jointly controlled entity and interest receivable	-	-	-	155	-	155	MLR + 1.25
Long-term loans to associated companies and interest receivable	-	-	-	4,195	-	4,195	MLR - 0.76, MLR + 0.5 and MLR + 1
Long-term loans to related company and interest receivable	-	-	-	21	-	21	MLR - 0.01
Long-term loans to other companies and interest receivable	-	-	-	688	-	688	MLR + 1.5
Other long-term investments	-	-	5	-	4,411	4,416	4.375
Long-term trade and other receivables	-	-	-	141	-	141	MLR + 1
	<u>1,358</u>	<u>15</u>	<u>5</u>	<u>8,261</u>	<u>11,217</u>	<u>20,856</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	447	-	-	2,037	-	2,484	FDR + 2.75, FDR + 2.65, LIBOR + margin, SIBOR + 2, MOR and MLR - margin
Trade and other payables	-	-	-	-	5,462	5,462	-
Hire purchase creditors	166	354	-	-	-	520	2.66 to 4.65
Retention for construction	-	-	-	-	367	367	-
Long-term loans	302	-	1,447	10,757	-	12,506	3.0 to 5.75, FDR + 2.65, FDR + 2.75, MLR - margin and MLR
Debentures	<u>3,000</u>	<u>6,964</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>12,964</u>	4.0 to 6.3
	<u>3,915</u>	<u>7,318</u>	<u>4,447</u>	<u>12,794</u>	<u>5,829</u>	<u>34,303</u>	

(Unit: Million Baht)

	31 December 2013						
	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
	(% p.a.)						
Financial assets							
Cash and cash equivalents	-	-	-	1,618	139	1,757	0.125 to 2.5
Current investments	131	-	-	-	1,348	1,479	0.75 to 4.65
Trade and other receivables	-	-	-	-	4,232	4,232	-
Short-term loans to related parties and interest receivable	-	-	-	10,587	-	10,587	MLR - 1.25, MLR - 1, MLR + 0.25 and LIBOR + 3
Restricted bank deposits	-	-	-	18	-	18	0.625
Long-term loans to related company and interest receivable	-	-	-	21	-	21	MLR - 0.01
Other long-term investments	-	-	15	-	11,512	11,527	4.375 to 4.5
Long-term trade and other receivables	-	-	-	61	3,091	3,152	MLR + 1
	<u>131</u>	<u>-</u>	<u>15</u>	<u>12,305</u>	<u>20,322</u>	<u>32,773</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	1,065	-	-	2,388	-	3,453	3.18 to 4.10, LIBOR + margin and MLR - margin
Trade and other payables	-	-	-	-	3,262	3,262	-
Hire purchase creditors	326	706	-	-	-	1,032	2.9
Retention for construction	-	-	-	-	231	231	-
Long-term loans	160	2,361	1,290	6,151	-	9,962	3.0 to 5.75, FDR + 2.65, FDR + 2.75 and MLR - margin
Debentures	<u>1,984</u>	<u>7,982</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>13,966</u>	4.75 to 6.30
	<u>3,535</u>	<u>11,049</u>	<u>5,290</u>	<u>8,539</u>	<u>3,493</u>	<u>31,906</u>	

(Unit: Million Baht)

	31 December 2012						
	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
	(% p.a.)						
Financial assets							
Cash and cash equivalents	500	-	-	1,343	57	1,900	0.125 to 3.2
Current investments	234	-	-	-	1,216	1,450	0.75 to 4.65
Trade and other receivables	-	-	-	-	4,146	4,146	-
Short-term loans to related parties and interest receivable	-	-	-	7,056	-	7,056	MLR + 0.25 and LIBOR + 4.25
Restricted bank deposits	38	-	-	209	-	247	0.625 to 2.2
Long-term loans to jointly controlled entity and interest receivable	-	-	-	777	-	777	MLR + 1.25
Long-term loans to associated companies and interest receivable	-	-	-	4,195	-	4,195	MLR + 0.5 and MLR + 1.0
Long-term loans to related company and interest receivable	-	-	-	21	-	21	MLR - 0.01
Other long-term investments	-	-	5	-	4,059	4,064	4.375
Long-term trade and other receivables	-	-	-	141	-	141	MLR + 1
	<u>772</u>	<u>-</u>	<u>5</u>	<u>13,742</u>	<u>9,478</u>	<u>23,997</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	2,037	-	2,037	LIBOR + margin, SIBOR + 2, MOR and MLR - margin
Trade and other payables	-	-	-	-	2,774	2,774	-
Hire purchase creditors	165	352	-	-	-	517	2.9
Retention for construction	-	-	-	-	130	130	-
Long-term loans	302	-	1,447	5,578	-	7,327	3.0 to 5.75, FDR + 2.65, FDR + 2.75, MLR - margin and MLR
Debentures	<u>3,000</u>	<u>6,964</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>12,964</u>	4.0 to 6.3
	<u>3,467</u>	<u>7,316</u>	<u>4,447</u>	<u>7,615</u>	<u>2,904</u>	<u>25,749</u>	

c) Foreign currency risk

The Company's, its subsidiaries' and its jointly controlled entities' exposure to foreign currency risk arises mainly from construction contracts, purchasing transactions, advances received from employers and borrowings that are denominated in foreign currencies.

The balances of financial assets and liabilities of the Company, its subsidiaries and its jointly controlled entities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	70.0	57.8	44.2	53.3	32.76	30.58
Japanese yen	1,176.5	-	102.1	365.5	0.31	0.35
Euro	2.1	1.8	3.6	12.7	44.96	40.50
SGD	5.8	-	-	-	25.84	24.99

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	6.5	13.9	7.5	5.5	32.76	30.58
Japanese yen	1,176.5	-	93.6	364.4	0.31	0.35
Euro	1.8	0.4	1.5	5.7	44.96	40.50
SGD	5.8	-	-	-	25.48	24.99

The Company, its subsidiaries and its jointly controlled entities do not utilise forward exchange contracts to hedge foreign exchange rate risk.

40.2 Fair values of financial instruments

Since the majority of the Company's, its subsidiaries' and its jointly controlled entities' financial assets are short-term in nature, and the significant financial assets and liabilities comprise loans to, loans from and debentures which bear interests at rates close to market rates, the fair values of these financial assets and liabilities are not expected to differ materially from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

41. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. The Group has to maintain a debt-to-equity ratio as stipulated in long-term loan agreements and condition of debentures.

42. Events after the reporting period

On 26 February 2014, a meeting of the Company's Board of Directors passed resolutions approving the allocation of profit from the operations of the second half of 2013 to pay a stock dividend and a cash dividend, as detailed below.

1. Payment of a stock dividend of not more than 41,314,634 ordinary shares with a par value of Baht 1 each in a ratio of one dividend share for every 40 existing shares, with a total value of not more than Baht 41.3 million.
2. Payment of a cash dividend of Baht 0.2028 per share, or a total dividend of Baht 335.1 million.

The resolution will be proposed for approval by the Annual General Meeting of the Company's shareholders for the year 2014.

43. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2014.



ATTACHMENT

- 224 Attachment 1
Details of the Company's Directors, Executives, Controllers and Company Secretary
- 237 Attachment 2
Details of Head of Internal Audit Unit and Head of Compliance Unit

Attachment 1 : Details of the Company's Directors, Executives, Controllers and Company Secretary are as follows:

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
1. Mr. Aswin Kongsiri Chairman of the Board of Directors (Appointed on October 10, 1994)	68	- B.A. (Hons.) in Philosophy, Politics and Economics, Oxford University, England - Chairman 2000 Course, (Class 5/2001) - Thai Institute of Directors Association - Director Certification Program (DCP 11/2001) - Thai Institute of Directors Association	-	- None -	2011-Present	Monetary Policy Committee Member	The Bank of Thailand
					2010-Present	Chairman of the Board of Directors	Thai Orix Leasing Co., Ltd.
					2007-Present	Chairman of the Board of Directors	CH. Kamchang Plc.
					2005-Present	Independent Director	Bangkok Aviation Fuel Services Plc.
					1999-Present	Director and Chairman of the Audit Committee	OHTL Plc.
					1994-Present	Independent Director	CH. Kamchang Plc.
					1993-Present	Independent Director	Thai Reinsurance Plc.
					1981-Present	Independent Director	Padaeng Industry Plc.
					2010-2012	Chairman of the Board of Directors	Thoresen Thai Agencies Plc.
					2009-2012	Vice Chairman of the Board of Directors	Electricity Generating Plc.
					2009-2010	Director and Audit Committee Member	Thoresen Thai Agencies Plc.
					2006-2008	Member of the National Legislative Assembly	The National Legislative Assembly
					2005-2010	Director and Executive Director	Krung Thai Bank Plc.
					2001-2012 1999-2003	Independent Director Director and Executive Director	Electricity Generating Plc. Siam Commercial Bank Plc.
					1990-1998	Director and General Manager	Industrial Finance Corporation of Thailand

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
2. Mr. Plew Trivisvavet Director Chairman of the Executive Board Nomination and Remuneration Committee Member Corporate Governance and Risk Management Committee Member Authorized Signatory Director (Appointed on October 10, 1994)	68	- M.Sc. (Electrical Engineering), Osaka University, Japan - B.A. (Electrical Engineering), Osaka University, Japan - Director Accreditation Program (DAP 18/2004) - Thai Institute of Directors Association - Director Certification Program (DCP 50/2004) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 13/2004) - Thai Institute of Directors Association - Capital Market Academy Leadership Program, Capital Market Academy (CMA Course), Class 4/2007 - National Defence Course (Class 366), National Defence College	0.98	Mr. Kamthorn's brother Mr. Nattavut's father Mr. Sittidej's uncle	2011-Present	Director	CK Power Plc.
					2010-Present	Director	Xayaburi Power Company Limited
					2007-Present	Corporate Governance and Risk Management Committee Member	CH. Karnchang Plc.
					2006-Present	Director	Thai Tap Water Supply Plc.
					2006-Present	Director and Chairman of the Executive Committee	Nam Ngum 2 Power Company Limited
					2004-Present	Director	SouthEast Asia Energy Limited
					2003- Present	Nomination and Remuneration Committee Member	CH. Karnchang Plc.
					1998-Present	Chairman of the Board of Directors and Chairman of the Executive Committee	Bangkok Metro Plc.
					1998-Present	Director and Chairman of the Executive Board	Bangkok Expressway Plc.
					1994-Present	President and Chief Executive Officer	CH. Karnchang Plc.
					2004-2008	Director	BMCL Network Limited

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
3. Mr. Viton Tejatussanasoontorn Director Chairman of the Audit Committee Chairman of the Corporate Governance and Risk Management Committee Nomination and Remuneration Committee Member (Appointed on April 30, 1999)	73	- B.A. in Commerce, Thammasat University - Director Certification Program (DCP 2/2000) - Thai Institute of Directors Association - IOD Chartered Directors, Thai Institute of Directors Association, Class 1/2007 - Advanced Audit Committee Programs (AACP 3/2010) - Thai Institute of Directors Association - Role of Compensation Committee (RCC 12/2011) - Thai Institute of Directors Association	0.02	- None -	2012-Present	Nomination and Remuneration Committee Member	CH. Karnchang Plc.
					2007-Present	Chairman of the Corporate Governance and Risk Management Committee	CH. Karnchang Plc.
					2005-Present	Director, Audit Committee Member and Nomination and Remuneration Committee Member	Bangkok Metro Plc.
					2004-Present	Director	Asahi Glass Foundation of Thailand
					2002-Present	Director of the Federation of Industries of Samutprakarn Province	
					2001-Present	Vice Chairman of Thai Chamber of Commerce of Samutprakarn Province	
					1999-Present	Director and Chairman of the Audit Committee	CH. Karnchang Plc.
					1991-Present	Deputy Senior Managing Director	AGC Flat Glass (Thailand) Plc.
					1988-Present	Director and Executive Director	Kiarti Thaneey Country Club Co., Ltd.
					1987-Present	Director	Diachrome Chemicals Limited
					1986-Present	Director and Executive Director	Sakata-Thai Corporation Ltd.
					2007-2012	Chairman of the Nomination Committee Chairman of the Remuneration Committee	CH. Karnchang Plc.

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
4. Mr. Don Pramudwinai Director Audit Committee Member Chairman of the Corporate Social and Environmental Responsibility Committee Chairman of the Nomination and Remuneration Committee (Appointed on October 10, 1994)	63	- M.A. (International Relations), Tufts University, U.S.A. - M.A. (International Relations), University of California, Los Angeles, U.S.A. - B.A. in Political Science (Hons.), University of California, Los Angeles, U.S.A. - Director Certification Program (DCP 155/2012) Thai Institute of Directors Association	0.0003	- None -	2012-Present	Chairman of the Nomination and Remuneration Committee	CH. Kamchang Plc.
					2010-Present	Chairman of the Corporate Social and Environmental Responsibility Committee	CH. Kamchang Plc.
					1994-Present	Director and Audit Committee Member	CH. Kamchang Plc.
					2009-2010	Ambassador	Royal Thai Embassy in Washington D.C., U.S.A.
					2007-2008	Ambassador and Permanent Representative of Thailand	to the United Nations in New York City
					2004-2007	Ambassador	to the European Union
					2001-2004	Ambassador	to the People's Republic of China
					1999-2000	Director-General of the Department of Information	Ministry of Foreign Affairs

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
5. Mr. Thawansak Sukhawun Director Audit Committee Member Corporate Governance and Risk Management Committee Member (Appointed on February 29, 2000)	76	- M.A. in Political Science with the Certificate in International Affairs, University of North Carolina at Chapel Hill, N.C., U.S.A. - Bachelor of Arts, Chulalongkorn University - Certificate of Modern Management, National Defence College (NDC) of Thailand - Director Certification Program (DCP 61/2005) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 19/2005) - Thai Institute of Directors Association - Fraud and Corruption Risk in Economic Downturn - Thai Institute of Directors Association - Advanced Audit Committee Programs (AACP 3/2010) - Thai Institute of Directors Association - Advanced Security Management Program (ASMP 3/2012) - National Defence College Association of Thailand	-	- None -	2007-Present 2000-Present 1989-1998	Corporate Governance and Risk Management Committee Member Director and Audit Committee Member Director Deputy Director-General	CH. Kamchang Plc. CH. Kamchang Plc. Thai News Agency Mass Communication Organization of Thailand (M.C.O.T.)

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
6. Mr. Pavich Tongroach Director Corporate Social and Environmental Responsibility Committee Member (Appointed on October 12, 2007)	67	- Doctor of Philosophy (Ph.D.) in Brain Pharmacology, The University of London, U.K. - Post-doctoral Research on brain function at Faculty of Medicine, University of Tokyo, Japan - Master of Science (M.Sc.) in Brain Biology, The University of London, U.K. - Bachelor of Pharmacy, Chulalongkorn University - Director Certification Program (DCP 131/2010) - Thai Institute of Directors Association - National Defence Course (Class 4212), National Defence College	-	- None -	2007-Present	Director	CH. Kamchang Plc.
					Present	Member and Vice Chairman	Higher Education Commission
					Present	Chairman of the Nakhon Phanom University Council	Nakhon Phanom University
					Present	Chairman of the Kalasin Rajabhat University Council	Kalasin Rajabhat University
					Present	Adjunct Professor	Naresuan University
					Present	Distinguished Scholar	Chulalongkorn University
					2007-2010	President	The Pharmacy Council
					2007	Director and Chairman of the Nomination and Remuneration Committee	Thailand Post Co., Ltd.
					2005-2006	Director	MCOT Plc.
					2005-2006	President and Vice Chairman of the University Council	Nakhon Phanom University
					2005	President and Vice Chairman of the University Council	Princess of Narathiwat University
					2005	Acting President	King Mongkut's Institute of Technology Ladkrabang
					2005-2006	Acting Chairman of the Administrative Board	National Institute of Academic Testing Service (Public Organization)
					2005-2006	Chairman of the Administrative Board	Office of Higher Education Financial Reform
					2004-2006	Secretary-General, Higher Education Commission	Ministry of Education
					1995-2003	President	Maharakham University

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
7. Mr. Narong Sangsuriya Director Executive Director Nomination and Remuneration Committee Member Corporate Governance and Risk Management Committee Member Authorized Signatory Director (Appointed on October 10, 1994)	69	- Bachelor of Engineering (Civil), Chulalongkorn University - Director Certification Program (DCP 54/2005) - Thai Institute of Directors Association	0.03	- None -	2012-Present	Corporate Governance and Risk Management Committee Member	CH. Karnchang Plc.
					2011-Present	Director	CK Power Plc.
					2009-Present	Director	Bangpa-in Cogeneration Limited
					2007-Present	Nomination and Remuneration Committee Member	CH. Karnchang Plc.
					2006-Present	Director	Nam Ngum 2 Power Company Limited
					2004-Present	Director	SouthEast Asia Energy Limited
					2001-Present	Director and Senior Executive Vice President: Operation Group	CH. Karnchang Plc.
					2000-Present	Director	Thai Tap Water Supply Plc.
8. Mr. Kamthorn Trivisvavet Director Executive Director Authorized Signatory Director (Appointed on December 24, 2008)	64	- Master of Business Administration, Kasetsart University - Bachelor of Agricultural Technology, Bandit Sakonnakhon College - Director Certification Program (DCP 50/2004) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 13/2004) - Thai Institute of Directors Association - The Leadership Grid of 2008, Grid Thailand	0.004	- Mr. Plew's brother - Mr. Sittidej's uncle - Mr. Nattavut's uncle	1994-Present	Executive Director	CH. Karnchang Plc.
					2009-Present	Director and Executive Director	CH. Karnchang Plc.
					1999-Present	Director	Construction Material Supply Co., Ltd.
					1994-Present	Director	CH. Karnchang Holding Co., Ltd.
					1992-Present	Director	CK. Office Tower Co., Ltd.
					1990-Present	Director	Expert Transport Co., Ltd.
					1988-Present	Director	Bang Pa-in Land Development Co., Ltd.
					1983-Present	Director	Mahasiri Siam Co., Ltd.
					1981-Present	Director	CH. Karnchang-Tokyu Construction Co., Ltd.
					1973-Present	Managing Partner	Preservit Construction Limited Partnership

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
9. Mr. Prasert Marittanaporn Director Executive Director Corporate Social and Environmental Responsibility Committee Member Authorized Signatory Director (Appointed on April 28, 2006)	57	- Master of Business Administration, Kasetsart University - Bachelor of Accounting, Chulalongkorn University - Director Certification Program (DCP 54/2005) - Thai Institute of Directors Association - Role of the Compensation Committee (RCC 6/2008) - Thai Institute of Directors Association - Capital Market Academy Leadership Program, Capital Market Academy (CMA 9/2009) - Successful Formulation & Execution of Strategy (SFE 6/2010) - Thai Institute of Directors Association	-	- None -	2011-Present	Director	CK Power Plc.
					2009-Present	Senior Executive Vice President: Administration Group	CH. Kamchang Plc.
					2008-Present	Director	Nam Ngum 2 Power Company Limited
					2007-Present	Executive Director	CH. Kamchang Plc.
					2007-Present	Director	CH. Kamchang-Tokyu Construction Co., Ltd.
					2006-Present	Director	CH. Kamchang Plc.
					2004-Present	Director	SouthEast Asia Energy Limited
					2005-2007	Director	Pathum Thani Water Co., Ltd.
					2001-2008	Executive Vice President: Accounting and Finance	CH. Kamchang Plc.
					2000-2012	Director	Thai Tap Water Supply Plc.
10. Mr. Ratn Santaannop Director Executive Director Authorized Signatory Director (Appointed on April 28, 2006)	70	- Bachelor of Engineering (Civil), Chulalongkorn University - Director Certification Program (DCP 88/2007) - Thai Institute of Directors Association - Understanding the Fundamental of Financial Statements (UFS 9/2007) - Thai Institute of Directors Association	-	- None -	2010-Present	Director	Thai Water Operations Co., Ltd.
					2007-Present	Executive Director	CH. Kamchang Plc.
					2006-Present	Director	CH. Kamchang Plc.
					2006-Present	Director	CH. Kamchang (Lao) Co., Ltd.
					2001-Present	Executive Vice President: Construction 1	CH. Kamchang Plc.
					2007-2009	Director	BJT Water Co., Ltd.
					2007-2008	Director	Bangkok Concrete Industry Co., Ltd.
					2005-2007	Director	Pathum Thani Water Co., Ltd.

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
11. Mr. Sombat Kitjalaksana Director Authorized Signatory Director (Appointed on April 28, 2006)	56	- Dr. Techn. in Soil Mechanic, University of Innsbruck, Austria - Master of Engineering (Civil), Chulalongkorn University - Bachelor of Engineering (Civil), Chulalongkorn University - Director Accreditation Program (DAP 36/2005) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 19/2005) - Thai Institute of Directors Association - Director Certification Program (DCP 81/2006) - Thai Institute of Directors Association - Refresher Course DCP (DCP Re 2/2009) - Thai Institute of Directors Association	0.02	- None -	2011-Present	Vice Chairman of the Executive Committee	Bangkok Metro Plc.
					2009-Present	Director	Bangkok Metro Networks Limited
					2006-Present	Director	CH. Karnchang Plc.
					2004-Present	Director	Bangkok Metro Plc.
					2000-Present	Director and Executive Director	Thai Tap Water Supply Plc.
					2005-2007	Director	Pathum Thani Water Co., Ltd.
					2004-2011	Executive Committee Member	Bangkok Metro Plc.
					2002-2012	Director	Transit Expert Co., Ltd.
					2001-2010	Executive Vice President: Business Development	CH. Karnchang Plc.
					2000-2011	Managing Director	Bangkok Metro Plc.

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
12. Mr. Anukool Tuntimas Director Executive Director Authorized Signatory Director (Appointed on April 28, 2006)	46	- Doctor of Business Administration, University of South Australia - Master of Laws, Chulalongkorn University - Master of Business Administration, Kasetsart University - Barrister at Law, The Institute of Legal Education - Bachelor of Laws, Chulalongkorn University - Bachelor of Business Administration (Accounting and Finance), Ramkhamhaeng University - Director Certification Program (DCP 43/2004) - Thai Institute of Directors Association - Advanced Audit Committee Programs (AACP 1/2009) - Thai Institute of Directors Association - Corporate Governance and Social Responsibility (CSR 1/2007) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 38/2007) - Thai Institute of Directors Association - Role of the Compensation Committee (RCC 9/2009) - Thai Institute of Directors Association	-	- None -	2009-Present	Director	Bangkok Metro Networks Limited
					2007-Present	Executive Director	CH. Kamchang Plc.
					2006-Present	Director	CH. Kamchang Plc.
					2001-Present	Executive Vice President: Human Resource and General Administration	CH. Kamchang Plc.
					2004-2012	Director and Executive Committee Member	Bangkok Metro Plc.
					2004-2008	Director	Metro Mall Development Limited
						Director	Triads Networks Co., Ltd.
						Director	BMCL Network Limited
					2004-2006	Director and Vice President, Academic Affairs	Lawyers Association of Thailand

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
13. Mr. Viboon Mongkolpiyathana (Appointed on February 1, 2001)	63	- Bachelor of Engineering (Civil), Songklanakarinn University - Director Certification Program (DCP 132/2010) Thai Institute of Directors Association	-	- None -	2011-Present 2011-Present 2011-Present 2001-Present 1997-2000 1994-1996	Director Director Director Executive Vice President: Construction 2 Project Manager Engineering Manager	Bangkhenchai Co., Ltd. Chiangrai Solar Co., Ltd. Nakhon Ratchasima Solar Co., Ltd. CH. Kamchang Plc. CH. Kamchang Plc. CH. Kamchang-Tokyu Construction Co., Ltd.
14. Mr. Sittidej Trivisavet (Appointed on January 19, 2009)	60	- Bachelor of Business Administration in Construction Management, Sukhothai Thammarat Open University - Director Certification Program (DCP 127/2010) Thai Institute of Directors Association	0.13	Mr. Plew's nephew Mr. Kamthorn's nephew	2009-Present 2000-Present 1994-Present 1979-Present	Executive Vice President: Purchasing Director Director Director	CH. Kamchang Plc. Expert Transport Co., Ltd. Vetprasert Co., Ltd. Songvet Co., Ltd.

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationships among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
15. Mr. Vorapote Uchupaiboonvong (Appointed on January 19, 2009)	52	- Master of Business Administration (Global Banking and Finance), University of Birmingham, U.K. - Master of Accountancy (Costing), Chulalongkorn University - Bachelor of Accountancy, Thammasat University - Director Certification Program (DCP 61/2005) - Thai Institute of Directors Association - Audit Committee Program (ACP 10/2005) - Thai Institute of Directors Association - Company Secretary Program (CSP 25/2008) - Thai Institute of Directors Association - Developing Corporate Governance Policy, Thai Institute of Directors Association - Executive Development Program (EDP 9/2013) - Fiscal Policy Research Institute Foundation (FPRI)	0.0006	- None -	2011-Present	Director	Bangkhenthai Co., Ltd.
					2011-Present	Director	Chiangrai Solar Co., Ltd.
					2011-Present	Director	Nakhon Ratchasima Solar Co., Ltd.
					2009-Present	Director	Bangpa-in Cogeneration Limited
					2009-Present	Executive Vice President: Accounting and Finance	CH. Karnchang Plc.
					2005-Present	Independent Director	Union Petrochemical Plc.
16. Mr. Watchara Sanghattawattana (Appointed on July 25, 2011)	55	- Bachelor of Engineering (Civil), Chiang Mai University - Director Certification Program (DCP 155/2012) - Thai Institute of Directors Association	-	- None -	2011-Present	Executive Vice President: Engineering Business Development Manager	CH. Karnchang Plc.
					1997-2011		CH. Karnchang Plc.

Name-Surname/Position/ Appointment Date	Age (Years)	Education/ Training	Shareholding (%)	Family Relationship among Directors and Executives	Experience in Last Five Years		
					Period	Position	Organization/Company/ Business
17. Mr. Phongsarit Tantisuvanitchkul (Appointed on July 25, 2011)	41	- Master of Engineering, University of Michigan-Ann Arbor - Bachelor of Engineering, Kasetsart University - Understanding the Fundamental of Financial Statements (UFS 9/2007) - Thai Institute of Directors Association - Finance for Non-Finance Directors (FND 35/2007) - Thai Institute of Directors Association - Director Certification Program (DCP 155/2012) - Thai Institute of Directors Association	0.009	- None -	2012-Present 2011-Present 2009-Present	Director Executive Vice President: Business Development Director	Transit Expert Co., Ltd. CH. Kamchang Plc. Bangkok Metro Networks Limited
18. Mr. Nattavut Trivisavet Company Secretary (Appointed on June 26, 2013) (Details of duties and responsibilities of Company Secretary appear on page 70 of the Annual Report)	34	- Master of Science in Management Science & Engineering, Stanford University, U.S.A. - Bachelor of Science in Electrical Engineering, Brown University, U.S.A. - Bachelor of Fine Arts in Visual Art, Brown University, U.S.A. - Company Secretary Program (CSP 51/2013) - Thai Institute of Directors Association	0.159	Mr. Plew's son Mr. Kamthorn's nephew	Jun 2013-Present Aug 2012-Present Aug 2012-Jun 2013 Jun 2011-Jul 2012 2009-2011 2006-2009	Company Secretary Office of President Manager Assistant Secretary of the Board of Directors Strategy and Planning Manager Valuation AVP Valuation Senior Associate	CH. Kamchang Plc. CH. Kamchang Plc. CH. Kamchang Plc. CH. Kamchang Plc. Barclays Capital Inc, New York, NY International Fund Services (State Street), New York, NY

Attachment 2 Details of Head of Internal Audit Unit and Head of Compliance Unit

1. Head of Internal Audit Unit

Name-Surname	Mr. Wiboon Ungapipathanachai
Position	Vice President: Internal Audit Department
Education	- Bachelor of Science (Accountancy) Kasetsart University
Work Experience	2008-Present - Vice President: Internal Audit Department
Related Training	- Project Management Program Chulalongkorn University - Internal Audit Program Chulalongkorn University - International Accounting Standards
Duties and Responsibilities	- Internal audit works - Preparing the annual internal audit plan; - Supervising the review of performance, adequacy and appropriateness of the internal control system of the Company's internal work systems in compliance with the plan; - Concluding the results, together with observations and suggestions for improvement of the audited works, as well as following up the suggested improvement; - Reporting on the audit results to management and the Audit Committee. - Works in support of the Audit Committee - Reviewing the annual and quarterly financial statements; - Preparing information in support of the selection and nomination of the Company's auditor; - Reviewing the disclosure of information to ensure compliance with the rules and regulations and the good corporate governance principles; - Coordinating and organizing the Audit Committee's meetings.

2. Head of Compliance Unit

Name-Surname	Mrs. Thipwaree Athagrisna
Position	Compliance Manager
Education	- Master of Laws, Ramkhamhaeng University - Bachelor of Laws, Thammasat University
Work Experience	2008-Present - Compliance Manager 2006-2007 - Legal Manager
Related Training	- Corporate Secretary Development Program (CSDP 15) Thai Listed Companies Association - Company Secretary Program (CSP 29/2009) Thai Institute of Directors Association - Board Reporting Program (BRP 4/2010) Thai Institute of Directors Association - Effective Minute Taking (EMT 18/2012) Thai Institute of Directors Association
Duties and Responsibilities	- Reviewing the appropriateness and adequacy of the Company's good corporate governance policy, as well as their revisions to meet the international practices for good corporate governance; - Reviewing with management as to compliance with the good corporate governance principles as specified by the Company and disclosed in the Annual Report; - Providing suggestions for preparation of the Company's corporate governance development plan in compliance with the good corporate governance principles; - Providing advice and suggestions on the good corporate governance practices to the Board of Directors;



CH. Karnchang Public Company Limited

587 Viriyathavorn Building, Sutthisarn Rd., Dindaeng, Bangkok 10400 Thailand

Tel : 66(0) 2277 0460 Fax : 66(0) 2275 7029

www.ch-karnchang.co.th



CertNo.9281492

CertNo.7H02100242M