



STP&I PUBLIC COMPANY LIMITED

Continuous Development
for Customer Satisfaction
and Business Sustainability

ANNUAL REPORT 2017



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In 2017, the company was the first company in Thailand to succeed in bidding the de-commissioning of oil rig.



Mr. Masthawin Charnvirakul
Managing Director

Message from Managing Director 2017

Amidst the current construction economy and industry environment, the Oil & Gas project in Australia, which is the main market of the company, has slowed down to a crawl as a result of the impact since 2016. The Oil & Gas industry was affected by the low market price which has decelerated the investment and project bidding in all regions. However, in 2017, the company was the first company in Thailand to succeed in bidding the de-commissioning of oil rig. In the next 5 — 10 years, a major domestic oil producer had consecutive plans to conduct decommissioning of oil rigs that are no longer in operation. This presents a great opportunity for our company to be assigned such projects in the future.

Despite the impact of the stagnant Oil & Gas industry as previously mentioned, our company still constantly partakes in bidding of steel structure, piping, and module fabrication and erection projects and prepares for the industry rebound. Furthermore, since the end of the year 2016, the Executive committee and I have conducted risk management regarding the instability of revenue and profit of the company by studying the feasibility to invest in business groups that are financially feasible and could generate constant satisfying revenues and profits. The study points out that the industries that met the aforementioned criteria include the Renewable Energy industry and the Property Development and Logistics, which can help minimizing the uncertainty of income and provide profits to the company in accordance to our goal.

Our company started the renewable energy project in Tha Laeng Sub-district, Tha Yang District, Phetchaburi Province during the end of the year 2016 by investing in waste to energy project to generate electricity from municipal waste and sell it to Provincial Electricity Authority. The plant is capable of producing 7.9 Megawatts of electricity. It is operated as WPGE Phetchaburi Co., Ltd. as a joint venture company with WP Green Energy Co., Ltd. Our company holds 60 percent of the shares. It is expected that the project will yield commercial revenue by the end of the year 2018.

Another industry that the Executive committee and I believe to be capable of generating added value to the company is the Property Development and Logistics. This is due to the information from all researches of financial institutions which show that the growth of Thailand economy has resulted in the increasing demand of warehouse each year in the area of Bangkok and industrial areas in major cities such as Pathum Thani Province, Phra Nakhon Si Ayutthaya Province, and Eastern Economic Corridor (EEC) covering Chon Buri Province and Rayong Province. During the end of the year 2017, ST Property & Logistics Co., Ltd. (STP&L) was established to conduct the business by buying land and property of long leasehold in Khu Khot Sub-district, Lam Lukka District, Pathum Thani Province and Bang Pa-in industrial estate in Bang Pa-in District, Phra Nakhon Si Ayutthaya Province. There is over 70,000 sq.m. rentable area with 100 percent occupancy. The company relies on the experience of the Director who worked in real state construction and development. Also, STP&I owns the assets that are over 1,000 Rais of vacant lands and industrial properties Chon Buri Province and Rayong Province, which can generate benefits in accordance with national development policy on Eastern Economic Corridor (EEC).

The board committee and I remain adamant in company development, both in the main and two new businesses with consideration and precaution on the basis of business ethics and corporate governance. As the Managing Director, I would like to extend our gratitude to our shareholders, customers, trading partners, and all stakeholders including domestics and foreign financial institutes that have provided tremendous support to the operations of STP&I. May I also offer our appreciation to all directors and employees who have been carrying on their work with great efforts, perseverance, and hard work altogether and contribute to the development of the company's stability and sustainability for maximum benefit for all stakeholders.

MISSION

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

VISION

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties



Company Information

Company name	: STP&I Public Company Limited
Types of Business	: Steel Structure Fabrication Piping Fabrication Process Module Other Steel Fabrication
Address	: 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke), Klongtoey-Nua, Wattana, Bangkok 10110 Thailand
Company registration number	: 0107538000452 (Bor Mor Jor 568)
Telephone	: +66 (0) 2260 1181
Facsimile	: +66 (0) 2260 1182
e-mail	: contact@stpi.co.th
website	: www.stpi.co.th
Registered Capital	: 406,297,100 Baht including 1,625,188,400 common shares at 0.25 Baht Par Value (as of Dec. 31, 2017)
Paid-up Capital	: 406,295,369.50 Baht including 1,625,181,478 common shares at 0.25 Baht Par Value (as of Dec. 31, 2017)



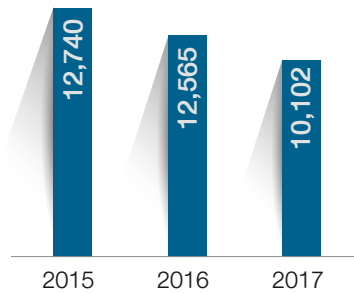
FINANCIAL HIGHLIGHT

		For the Year Ended December 31 st		
		2015	2016	2017
Financial Statements				
Total Assets	(Mil.Baht)	12,740	12,565	10,102
Total Liabilities	(Mil.Baht)	2,847	1,328	2,007
Shareholders' Equity	(Mil.Baht)	9,893	11,237	8,094
Registered, Issued and Fully Paid	(Mil.Baht)	406	406	406
Operating Results				
Revenues from Fabrication Work, Sales and Services	(Mil.Baht)	13,362	9,690	1,005
Cost of Fabrication Work, Sales and Services	(Mil.Baht)	9,431	8,149	1,410
Gross Earnings (Loss)	(Mil.Baht)	3,931	1,541	(405)
Factory overhead expenses not allocated to cost of fabrication work	(Mil.Baht)	-	-	401
Selling and Administrative Expenses	(Mil.Baht)	204	166	208
Other Income	(Mil.Baht)	201	330	153
Loss on foreign exchange	(Mil.Baht)	852	63	305
Doubtful debt expenses	(Mil.Baht)	-	-	722
Provisions for rights of claim in litigation	(Mil.Baht)	-	-	473
Loss from lawsuit	(Mil.Baht)	-	-	110
Earnings (Loss) from Operating Activities	(Mil.Baht)	3,076	1,642	(2,471)
Interest Expenses	(Mil.Baht)	4	4	4
Corporate Income Tax	(Mil.Baht)	477	274	35
Profit (Loss) attributable to Non-controlling interests of the subsidiary	(Mil.Baht)	-	(2)	(14)
Profit (Loss) attributable to Equity holders of the Company	(Mil.Baht)	2,595	1,366	(2,496)
Financial Ratio				
Gross Profit (Loss)	(%)	29.42	15.90	(40.25)
Net Profit (Loss) Margin	(%)	19.13	13.63	(275.47)
Return on Asset (ROA)	(%)	22.99	12.97	(21.81)
Return on Equity (ROE)	(%)	28.93	13.28	(27.38)
Debt/Equity Ratio	(Times)	0.29	0.12	0.27
Share Information				
Earnings (Loss) per Share ¹⁾	(Baht)	1.60	0.84	(1.54)
Book Value per Share ²⁾	(Baht)	6.09	6.91	4.98
Dividend per Share	(Baht)	0.37	0.39	N/A

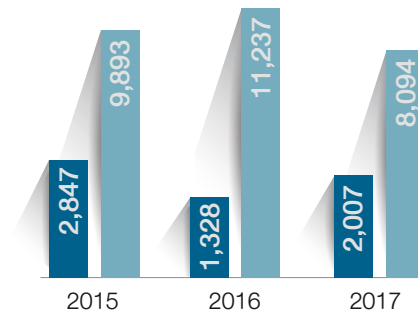
Remark : 1) Earnings per Share = Profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.

2) Book Value per Share = Shareholders' Equity divided by weighted average of number of ordinary shares as described in 1) above

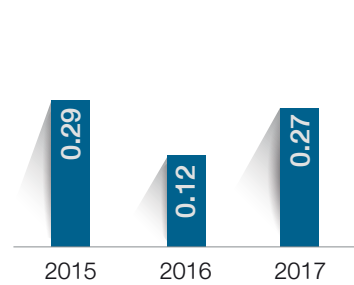
TOTAL ASSETS (Mil.Baht)



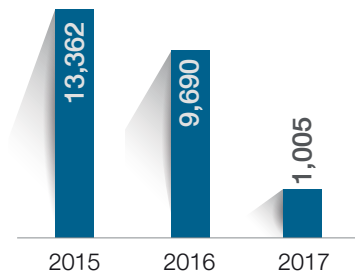
TOTAL LIABILITIES AND EQUITY (Mil.Baht)



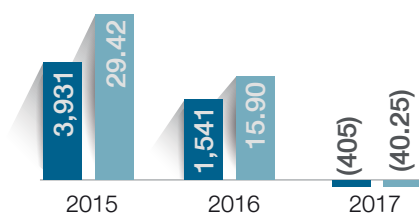
DEBT/EQUITY RATIO (TIMES)



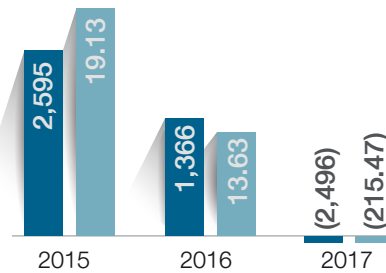
REVENUES FROM FABRICATION WORK, SALES AND SERVICES (Mil.Baht)



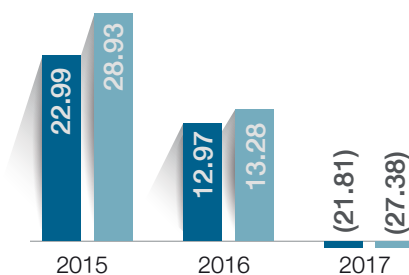
GROSS EARNINGS (LOSS) AND GROSS PROFIT (LOSS) (Mil.Baht, %)



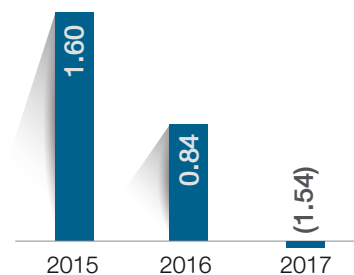
PROFIT (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AND NET PROFIT (LOSS) MARGIN (Mil.Baht, %)



ROA & ROE (%)



EARNING (LOSS) PER SHARE (Baht)



Board of Directors and Executive Board



Mr. Anutin Charnvirakul
Chairman of the Board



Dr. Wicha Jiwalai
Independent Director and
Chairman of Audit Committee



Police General Jate Mongkolhutthi
Independent Director and
Member of Audit Committee



Ms. Sirangrong Chowiwatana
Independent Director and
Member of Audit Committee



Mr. Chamni Janchai
Director



Mr. Masthawin Charnvirakul
Director and Managing Director



Mr. Suwat Riensiriwan
Director and Deputy
Managing Director I



Mr. Choavalit Limpanich
Director and Deputy
Managing Director II

Executive Board



Mr. Masthawin Charnvirakul
Director and Managing Director



Mr. Suwat Riensiriwan
Director/
Deputy Managing Director I



Mr. Choavalit Limpanich
Director/
Deputy Managing Director II



LT. JG. Kittit Junsangsri
Marketing & Estimation
Department Manager



Mr. Thammanoon Narind
Fabrication Plants Department Manager
(Chonburi, Rayong and Sriracha)



Mr. Damrong Panket
Laem Chabang Assembly Yard
Department Manager



Mrs. Atitaya Charnvirakul
Administrative Department
Manager and Corporate Secretary



Ms. Prempha Hitaphan
Finance & Accounting
Department Manager



Mrs. Anilrat Nitisaroj
Business Development & Legal
Department Manager

Profiles Board of Directors and Executive Board



Mr. Anutin Charnvirakul
Chairman of the Board

Directorship

- Induction on 10th March 2008
- 3 Directorship period

2017 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- 164,590,285 shares, 10.13% (as of Dec. 31st, 2017)

Qualification

- Honorary Doctorate Degree in Economics at University of the Thai Chamber of Commerce
- Honorary Doctorate Degree in Public Administration at Western University
- Honorary Doctorate Degree in Management at Srinakharinwirot University
- Honorary Doctorate Degree in Management at Suan Sunandha Rajabhat University, Bangkok Thailand
- Honorary Doctorate Degree, Civil Engineering, Ramkhamhaeng University
- B.S. in Industrial Engineering, Hofstra University, New York, U.S.A.
- Mini MBA Program at Thammasat University, Bangkok
- Financial statement for directors class 1/2008
- Certificate of Director Accreditation Program (DAP) Class 77th, Thai Institute of Directors (IOD)
- Capital Market Academy No. 9
- Urban Green Development Institute (BMA 1)
- Certificate of Energy Literacy for a Sustainable Future Class 1 Thailand Energy Academy

- Political and Electoral Development Institute (PED.3)
- Judicial Training Institute (JTI.17)
- Top Executive Program in Commerce and Trade (TepCoT9)
- Tourism Management Program for Executives (TME1)
- Business Revolution and Innovation Network (BRAIN1)
- Intermediate Certificate Courses Good Governance for Medical Executives 5

Experience

- Deputy Minister of Commerce
- Deputy Minister of Public Health

Other position in listed company in SET:

- Director
* Thai Solar Energy Public Company Limited

Other position in non-listed companies

- Director
* HTR Co.,Ltd.

Relationship with other Executives

- Sibling of Mr. Masthawin Charnvirakul (Director and Managing Director)
- Sibling of Mrs. Anilrat Nitisaroj (Business Development & Legal Department Manager)



Dr. Wicha Jiwalai
Independent Director and
Chairman of the Audit
Committee

Directorship

- Induction on April 9th, 1999
- 7 consecutive directorship periods

2017 Meeting Attendance

- 5/6 Board of Director Meetings and 5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Ph.D. (Geodetic Science), The Ohio State University, USA.
- Master Degree of Geodetic Science, The Ohio State University, USA.
- Master Degree of Photogrammetric Engineering, ITC, The Netherlands.
- B.Eng (Civil Engineering), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Chairman 2000 (RCP) Class 13th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND) Class 10th, Thai Institute of Directors (IOD)

Experience

- Chairman of Director
 - * Geo-Information and Space Technology Development Agency (Public Organization)
- Associated Governor of Bangkok Metropolitan
- Associated Professor and Head of Department of Survey Engineering, Faculty of Engineering, Chulalongkorn University

Other position in listed company in SET:

- Chairman of the Audit Committee
 - * Thai Nondestructive Testing Plc.
- Audit Committee
 - * Thai Optical Group Plc.

Other position in non-listed companies

- Chairman of the Board
 - * Salintara Co., Ltd.
 - * Banpulom Co., Ltd.
- Director
 - * World Resort Co., Ltd.

Relationship with other Executives

- None



**Police General
Jate Mongkolhutthi
Independent Director and
Member of Audit Committee**

Directorship

- Induction on April 9th, 1999
- 6 consecutive directorship periods

2017 Meeting Attendance

- 6/6 Board of Director Meetings and 5/5 Audit Committee Meetings

Stock Holding

- None

Qualification

- Bachelor of Civil Law, Ramkhamhaeng University
- Master of Law, Chulalongkorn University
- Certificate of Advanced courses Police Administration Class 16th
- Certificate of Advanced Development Management Course Class 7th (NIDA)
- Certificate of The National Defence College (NDC 45)
- Certificate of Program on judicial administration for the director general public prosecutor 6th Training, Office of The Attorney General
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non - Finance Directors (FND) Class 30th, Thai Institute of Directors Association
- Certificate of Director Certificate Program (DCP) Class 117th, Thai Institute of Directors Association

Experience

- Advisor (Sor.Bor.10) in Law and Investigation, Office of Commissioner General, Royal Thai Police
- Director (Independent Director)
* Government Housing Bank
- Director (Independent Director)
* Liquor Distillery Organization Excise Department
- Director (Independent Director)
* The Market Organization under the Ministry of Interior
- Member of University Council
* Valaya Alongkorn Rajabhat University
- Director (Independent Director)
* Government Housing Bank
- Commission official information
* Board Information Act Official 2540
- Consultants
* National Credit Bureau Co., Ltd.

Other position in listed company in SET:

- Independent Director and Member of the Audit Committee
* Sino-Thai Engineering and Construction Plc.
- Independent Director and Member of the Audit Committee
* Lease It Plc.
- Independent Director and Member of the Audit Committee
* Southeast Insurance Plc.
- Independent Director and Member of the Audit Committee
* Southeast Life Insurance Plc.

Other position in non-listed companies

- None

Relationship with other Executives

- None



**Ms. Sirangrong
Chowiwatana**
Independent Director and
Member of Audit Committee

Directorship

- Induction on August 10th, 2017
- 1 consecutive directorship periods

2017 Meeting Attendance

- 3/3* Board of Director Meetings and
- 3/5* Audit Committee Meetings

Stock Holding

- None

Qualification

- Master Degree of MBA (Summa Cum Laude) California State University, USA
- B.A. (Accounting), Second Class Honors, Thammasat University
- Bachelor of Public Health Program (Occupational Health and Safety) Sukhothai Thammathirat Open University
- C.P.A. License No. 6406
- The safety officer in professional level
- TISCO Wealth Enhancement Program Class 1st, TISCO Bank Public Company Limited
- Ultra Wealth 2nd The Faculty of Economic Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 142/2017, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 252/2018, Thai Institute of Directors (IOD)
- Certificate of Advanced Audit Committee Program (AACP) Class 28/2018, Thai Institute of Directors (IOD)

Experience

- Assistant Manager Investment Banking, KT ZMICO Securities Company Limited
- Senior Officer Strategic Planning, Pantavanij Co.,Ltd.
- Senior Inspector, SGV-NA Thalang Office Co.,Ltd. (Andersen)

Other position in listed company in SET:

- None

Other position in non-listed companies

- Executive Vice President
* Ch. Thawee Construction Co.,Ltd.
- Managing Director
* Delevopment Plus Co.,Ltd.

Relationship with other Executives

- None

Remark : *Miss Sirangrong Chowiwatana as the Independent Director and Member of Audit Committee effective from 10th August 2017.



Mr. Chamni Janchai
Director

Directorship

- Induction since on April 9th, 1999
- 5 consecutive directorship periods

2017 Meeting Attendance

- 6/6 Board of Director Meetings and 2/5* Audit Committee Meetings

Stock Holding

- 21,892,433 shares, 1.35% (as of Dec. 31st, 2016)

Qualification

- Advance Certificate - Public Economic Management, Prajadhipok's Institute
- Master of Business Administration, Thammasat University
- B.A. (Accounting), Thammasat University
- Certificate of Director Accreditation Program (DAP), Class 30th, Thai Institute of Directors (IOD)
- Certificate of Role of the Chairman Program (RCP), Class 21st, Thai Institute of Directors (IOD)

Experience

- Director and Deputy of Managing Director
* NTS Steel Group Plc.
- Vice President
* Nakorn Thai Strip Mill Plc.
- Qualified Director and Executive Director
* Iron and Steel Institute of Thailand
- Advisor to the Chairman of the Committee of Communications and Telecommunications.
* House of Representatives
- Advisor to the Board of Directors
* Iron and Steel Institute of Thailand
- Chairman

* Burapa Steel Industries Co., Ltd.

* Thai Capital Corporation Plc.

- Advisor to the Board of Directors

* National Housing Authority

- Advisor to the Chairman of the Provincial Electricity Authority

* Provincial Electricity Authority

- Director and Audit Committee

* Thai Theparos Food Products Plc.

- Chairman of the Board

* Max Metal Corporation Plc.

- President

* CJ Morgan Co., Ltd.

- Director

* Betong Green Power Co., Ltd.

* Betong Biofuel Co., Ltd.

- President

* CJM Consult Co., Ltd.

Other position in listed company in SET:

- Director and Chairman of Audit Committee
* Sino-Thai Engineering & Construction Plc.
- Director and Chief Executive
* BMP Energy Plc.
- Independent Director and Member of Audit Committee
* RPCG Public Company Limited

Other position in non-listed companies

- Director
* Chumphon Biofuel Co., Ltd.

Relationship with other Executives

- None

Remark : *Mr. Chamni Janchai the resignation of Audit Committee effective date on May 14th, 2017



Mr. Masthawin Charnvirakul
Director and
Managing Director

Directorship

- Induction since 1996
- 7 consecutive directorship periods

2017 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- None

Qualification

- MBA (International Business), University of Southern California, USA
- B.A. (Marketing), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP), Class 1st, Thai Institute of Directors (IOD)
- Capital Market Academy No. 11
- Ultra Wealth 2nd The Faculty of Economic Chulalongkorn University
- Academy of Business Creativity: ABC) Class 7, Academy of Business Creativity

Experience

- Marketing Manager, SCC-Dow Chemical Joint Venture

Other position in listed company in SET:

- Director
 * Sino-Thai Engineering and Construction Plc.

Other position in non-listed companies

- Director/ Managing Director
 * STIT Co., Ltd.

Relationship with other Executives

- Spouse of Mrs. Atitaya Charnvirakul (Administrative Department Manager)
- Sibling of Mr. Anutin Charnvirakul (Chairman of the Board)
- Sibling of Mrs. Anilrat Nitisoroj (Business Development & Legal Department Manager)



Mr. Suwat Riensiriwan
Director/Deputy Managing
Director I

Directorship

- Induction on April 28th, 2006
- 4 consecutive directorship periods

2017 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- None

Qualification

- B.Eng (Mechanical), Chulalongkorn University
- Mini MBA, Thammasat University, Class 17th
- Certificate of Director Accreditation Program (DAP), Class 55th, Thai Institute of Directors (IOD)
- Certificate of Understanding the Fundamental of Finance Statement, Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 140th, Thai Institute of Directors (IOD)

Experience

- Associated General Manager
 * Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director and Managing Director
 * STIT Co., Ltd.
- Director
 * STP&I Services Co., Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
 * STIT Co., Ltd.

Relationship with other Executives

- None



Mr. Choavalit Limpanich
Director/Deputy Managing
Director II

Directorship

- Induction on April 23, 2010
- 3 consecutive directorship periods

2017 Meeting Attendance

- 6/6 Board of Director Meetings

Stock Holding

- 64,899,995 shares, 3.99% (as of Dec. 31st, 2017)

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng. (Mechanical), Prince of Songkla University
- Certificate of Director Accreditation Program (DAP), Class 99th, Thai Institute of Directors (IOD)

Experience

- Plant Engineer
 - * Kao Industrial (Thailand) Co., Ltd.
- Mechanical Engineer
 - * Sino-Thai Engineering and Construction Public Co., Ltd.

- Technical Manager
 - * Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director of Operations/Plant Management (Chonburi)
 - * STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
 - * Thai Maintenance Contracting Co., Ltd.
 - * STP&I Services Co., Ltd.
 - * WPGE Phetchaburi Co., Ltd.

Relationship with other Executives

- None



LT. JG. Kitt Junsangsri
Marketing & Estimation
Department Manager

Stock Holding

- 16,224,995 shares, 1% (as of Dec. 31st, 2017)

Qualification

- MBA, Chulalongkorn University
- Master of Engineering, King Mongkut Institute of Technology
- B.Eng (Mechanical), Chiang Mai University

Experience

- Designing and Planning Engineer
 - * King Rama 5 Naval Dock Yard, Naval Dock Yard Bureau, Royal Thai Navy
- Engineer
 - * Sino-Thai Pressure Vessel and Iron Works Co., Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
 - * STP&I Services Co., Ltd.
 - * WPGE Phetchaburi Co., Ltd.

Relationship with other Executives

- None



Mr. Thammanoon Narind
Fabrication Plants
Department Manager
(Chonburi, Rayong and
Sriracha)

Stock Holding

- None

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng (Industrial), Prince of Songkla University

Experience

- Engineer
 * Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Administrative Manager/ Engineering Manager/ QA/ QC Manager
 * STP&I Public Company Limited
- Windsurf Production Manager/ Production section Manager 6
 * Cobra International Co.,Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mr. Damrong Panket
Laem Chabang Assembly
Yard Department Manager

Stock Holding

- None

Qualification

- MBA, Burapha University
- Master of Engineering, Chiang Mai University

Experience

- Mechanical Engineer
* Chiyoda (Thailand) Co.,Ltd.
- Area superintendent
* Clough Sino-Thai Co.,Ltd.
- Construction Manager
* Pro-En Technologies, Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mrs. Atitaya Charnvirakul
Administrative Department
Manager and Corporate
Secretary

Stock Holding

- None

Qualification

- MBA (International Business), University of Southern California, USA
- B.A. (Accounting), Chulalongkorn University

Experience

- Finance and Accounting Manager/ Auditing and Controlling Cost Manager
- * STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
 - * STIT Co., Ltd.
 - * WPGE Phetchaburi Co., Ltd.
 - * ST Property & Logistics Co., Ltd.

Relationship with other Executives

- Spouse of Mr. Masthawin Charnvirakul (Director and Managing Director)



Ms. Prempha Hitaphan
Finance & Accounting
Department Manager

Stock Holding

- None

Qualification

- Master of Management, Mahidol University
- B.A. (Accounting), Chulalongkorn University

Experience

- Assistant Audit Manager
* Ernst & Young Company Office Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
* WPGE Phetchaburi Co., Ltd.

Relationship with other Executives

- None



Mrs. Anilrat Nitisaroj
Business Development &
Legal Department Manager

Stock Holding

- 67,486,724 shares, 4.15% (as of Dec. 31st, 2017)

Qualification

- MBA Finance & Strategy Sloan School of Management Massachusetts Institute of Technology USA.
- B.A. (Accounting), Chulalongkorn University

Experience

- Commercial Manager
 * Clough Sino-Thai Co., Ltd.

Other position in listed company in SET:

- Director and Executive Director
 * Sino-Thai Engineering and Construction Public Co., Ltd.

Other position in non-listed companies

- Director
 * WPGE Phetchaburi Co., Ltd.
 * ST Property & Logistics Co., Ltd.

Relationship with other Executives

- Sibling of Mr. Anutin Charnvirakul (Chairman of the Board)
- Sibling of Mr. Masthawin Charnvirakul (Director and Managing Director)



Business Overview

STP&I Public Company Limited was established in 1975, with over 43 years of experience, the Company has provided customers with professional manufacturing of customized quality steel fabrication including Steel Structure, Piping Fabrication, Process Module, and Other Fabrication steels such as Modules, Tank, Pressure Vessel, and Boiler. One of STP&I's strengths is its capability to fabricate large built-up beam steel for huge infrastructure and heavy industry projects such as power plants, refineries, high-rise buildings, roof structures, bridges, elevated highways, and airports.

STP&I owns and operates four production plants include Steel Structure fabrication plants in Chonburi and Rayong, Piping fabrication shop in Sriracha and Assembly yard at Laem Chabang Port. With a total capacity of 115,000 ton /year, STP&I has used its capacity at 8% in year 2017.

STP&I Public Company Limited has five subsidiaries, STIT Co., Ltd. ("STIT") STP&I Services Co., Ltd. ("STPS"), ST Property & Logistics Co., Ltd. ("STPL"), STIT 2011 Co., Ltd. ("STIT2011") which is owned by STIT Co., Ltd., and WPGE Phetchaburi Co., Ltd. ("WPP") which is owned by STP&I Services Co., Ltd. with the following details;

Company Name	Type of Business	Paid-up Capital (Baht)	% of Shares Held by STP&I
STIT Co., Ltd.	Sales and rental of machinery and equipment for construction and manufacturing industries	135,000,000	100
STP&I Services Co., Ltd.	Construction Services	410,000,000	100
STIT 2011 Co., Ltd.	Sales and rental of machinery and equipment for construction industry	66,033,000	100 (By STIT)
WPGE Phetchaburi Co., Ltd.	Operate a municipal solid waste power plant (waste to energy)	700,000,000	60 (By STPS)
ST Property & Logistics Co., Ltd.	Logistic and Property Development	1,000,000	100

Mission

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

Vision

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties

Corporate Objective / Goal

To be a leader in hi-technology steel construction for mega project around the world with all-time competitiveness and development

1. To satisfy customer on production aspect;
 - (a) Standardized quality of products
 - (b) On time delivery
 - (c) Budget control
 - (d) Without loss time injury
 - (e) Strong and continued relationship with the old customer
2. Sustainable growth by seeking new opportunities that has strong growth and continuously generated income such as renewable energy industry and property development and logistics.

Strategy

The Company strategy for sustainable growth are as follows:

1. Concentrated on customer satisfaction, on-time delivery, and minimize on Loss Time Injury
2. Efficient management and people
3. Maintain strong financial position and management
4. Seeking new businesses that continuously generated income growing business growth renewable energy industry and property development and logistics.

Core Business of STP&I can be categorised into 4 key groups:

1. Engineering Service: The Company provides engineering service in detail design of steel-to-steel connection, shop drawing for steel structure, piping, and erection works by various specialized software.
2. Fabrication: The Company provides fabrication service and has the capability to fabricate steel and pipe in workshop which equipped with state of the art machine and equipment, CNC Cutting and Welding machine, Press machine, automatic Blasting machine and other tools necessary to undertake the variety and complexity of fabricated products to ensure the efficiency of fabrication processes and cost effective.
3. Construction: STP&I's construction works include assembly, mechanical equipment installation and erection for various manufacturing plants. The Company performs the works both at the Company's facilities and at the client's project site.
4. Decommissioning & Dismantling: The company provides service of demolishing all kinds of constructions including demolishing constructions in sea, on land, pipe lines, petroleum storage, facilities, equipment and other material used for exploring, manufacturing, maintaining, transporting, selling or distributing petroleum.



Company Products can be categorized into 4 groups.

1. Steel Structure :

- 1.1 Steel structures for heavy industrial such as gas separation plant, power plant, refinery, petrochemical plant, etc.
- 1.2 Steel Structure for building such as high - rise building, airport terminal.
- 1.3 Steel Structure for infrastructure system such as bridge, elevated road, airport, etc.

2. Piping :

STP&I has expertise in piping fabrication which includes piping pre-fabrication, piping erection, and pipeline constructions. The spoon fabrication is carried out in STP&I's facilities, then the semi - completed products are transported to the project sites for installation. These pipes are essential parts in the production process of industrial plants such as power plants, oil refineries, petrochemical plants, offshore process plants, etc.

3. Module :

STP&I expands its business to Process Module assembly. Module is a large system structure comprises steel structure, piping system, boiler, pressure vessels, machinery, electrical system and controlling system for various industries. Module mostly used in both onshore and offshore construction such as oil and gas platform or large projects that have limitation on working area or labor or time constraint.

4. Other Steelwork :

The Company also fabricates other steelwork such as Pressure Vessel , Tank, Boiler and HRSGs by considering size of the project, schedule, availability of production capacity, machine efficiency, experiences and expertise of the personnel in each type of product.

STP&I places great importance in producing high quality and maintaining high standards of all its products. The Company follows stringent quality-control management practices as per international standards. And also, the Company realized that the commitment to the community on the safety of our products in various projects such as bridges, terminal buildings, and industrial plants. As such, STP&I has obtained accredited certifications from numerous internationally recognized institutions including:

1. ISO 9001 : 2015 - The Manufacture of Structural Steel and Piping Work (Excluding Design)
2. JSA Grade “H” (Japan Steel Structure Appraisal Center Limited) for Structural Steel Work for export to Japan.
3. ISO3834-2: 2013 - Pipe Welding
4. OHSAS 18001 : 2007 Occupational health and safety
5. ISO 14001 : 2015 Environmental Management



The Company delivers only high quality products and services, thus, it has fully earned trust from its customers and has established a world-class status in the market. STP&I always give priority to both quality products and operational safety to which the Company will continue to invest in these two critical areas to even better serve both its domestic and overseas customers by increasing safety practices and ensuring all products are of exceptional quality. The Company has targeted to continuously compete with the highest record of accident free operation.



Shareholders

1. Company's Equity

(A) Common Shares

Registered capital and paid up capital as of December 31st, 2017, as follow;

Registered capital	406,297,100.00	Baht
Paid up capital	406,295,369.50	Baht
Common stock	1,625,181,478	Shares
Par value per share	0.25	Baht

Paid up capital of	1,625,181,478	Shares consists of;
Treasury Stock	350,000	Shares
Ordinary Stock	1,624,831,473	Shares

(B) Other Securities that the right or condition differ from Common share.

- None -

2. Shareholders

List of top 10 shareholders and percentage of shares holding as of March 24th, 2017 (par value of Baht 0.25 each)

Name / Group	Number of Shares	% of holding
1. Mr. Anutin Charnvirakul	164,590,285	10.13
2. Mr. Suthep Setboonsang	80,396,454	4.95
3. Best Quality Skills Company Limited	77,880,000	4.79
4. Mr. Jirath Tharaphetsawad	72,691,411	4.47
5. Mr. Yanyong Nitisaroj	67,486,724	4.15
6. Thai NVDR Co.,Ltd.	65,463,185	4.03
7. Mr. Choavalit Limpanich	64,899,995	3.99
8. Mr. Chavarat Charnvirakul	54,816,765	3.37
9. Ms. Patchsita Pongpittayasiri	50,117,645	3.08
10. Mr. Phanupong Kunopakarnphan	32,142,000	1.98
11. STP&I Public Company Limited	350,000	0.02
Other Shareholders	894,347,014	55.04
Total	1,625,181,478	100.00

3. Dividend Policy

STP&I prohibits to pay the dividend if the company has deficit in the fiscal year. The dividend will only be paid from the Company's Net Profit and equally paid per share.

Our dividend policy is to distribute not less than 30% of the Company Net Profit after Tax and appropriated-statutory reserve to its shareholders. However, the Company may pay dividend less than the rate stated above upon the consideration of overall operational performance, the financial status and also other factors that can affect the company operations in the future.

Subsidiaries and affiliated companies have the Dividend Policy to pay the company under their performance each year.

STP&I has paid dividends for the performance of year 2014 - 2016 as per below.

	As of 31 st December			
	2014		2015	2016
	Cash	Stock Dividends		
Dividend per share (Baht)	0.50	0.025	0.37	0.39
Total Dividend paid (Mil Baht)	776		6.01	6.34
Dividend per Share	1.62		1.60	0.84
Net Profit (Mil Baht)	2,404		1,977	1,260
Dividend ratio (%)	32.26		30.40	50.30

4. Other types of Company security issuance

(1) Warrant (STPI-W1)

Extraordinary General Meeting no. 1/2007 held on 6 November 2007 passed its resolution approving the issuance of not more than 83,500,000 warrants free of charge to offer to the Company's existing shareholders at a ratio of 3 ordinary shares to 1 warrant. On 3 April 2008, the Company was granted permission to offer such warrants to the shareholders from the Office of the Securities and Exchange Commission.

On 13 May 2008, the Stock Exchange of Thailand accepted 83,333,014 units of the warrants (STPI - W1) as listed securities, effective from 15 May 2008. A summary of the warrant is as below;

	STPI - W1
No. of warrants	83,333,014
Life of warrants (years)	5
Exercisable	Semi-annually
First exercise date	29 May 2009
Final exercise date	6 May 2013
Exercise price per 1 ordinary shares (Baht)	2.48200**
Exercise ratio (warrants to ordinary shares)	1:1.40418**



Remark: ** By resolution of Board of Directors Meeting No.1/2011 on March 7th, 2011, the Board approved dividend payment of 1.32 Baht per share. When combine with interim dividend payouts paid on November 19th, 2010 and December 24th, 2010, the total dividend paid for the year 2010 is 6.13 Baht per share which is more than 40% of net profit (after deduction of corporate income tax) according to the Company's financial statement as at December 31th, 2010. Therefore, the Exercise ratio and the Exercise price of Warrant have been adjusted as follows:

<u>Existing Rate</u>	<u>STPI-W1</u>
The Exercise price per share (Baht)	2.59600
The Exercise ratio	1:1.34267
<u>New Rate</u>	<u>STPI-W1</u>
The Exercise price per share (Baht)	2.48200
The Exercise ratio	1:1.40418

Presented below is a summary of warrant activity:-

	<u>STPI-W1 (Units)</u>	<u>Share capital to support the warrant Exercise (Share)</u>
No. of warrants issued	83,333,014	96,700,000
No. of warrants B/F at 1 January 2013	1,190,525	2,505,828
Exercised during the second quarter of 2013 (last)	(618,827)	(868,903)
Outstanding as at 31 December 2013	571,698	1,636,925

On 3 May, 2013 STPI-W1 was expired and invalid while the Stock Exchange of Thailand ("SET") delisted such warrants on 4 May, 2013.

(2) Treasury Stock

The year 2008, by resolution of Board of Directors Meeting No.6/2008 on December 3rd, 2008 the Board approved a share buy back program for liquidity surplus management purposes. The summary of the program are:

- As at 2008, the Company has purchased back 4.4 million ordinary shares, a total spending of Baht 35.6 million (exclude fee & VAT)
- As at 2012, the Company resold the Treasury Stocks of 4,446,400 shares, totaling Baht 135.28 Million (Excluding Commission and Fee of resale)

The year 2015, the Board of Directors of the Company approved a share buy back program for liquidity surplus management purposes. The summary of the program are:

- a budget of Baht 2,000 million
- a number of shares to buy back is up to 162,518,147 shares (par value of Baht 0.25 each), or 10 percent of total shares issued
- the shares shall be purchased on the Stock Exchange of Thailand between 24th September 2015 and 23rd March 2016
- The treasury shares shall be sold on the Stock Exchange of Thailand from 26th September 2016 to 22nd March 2019

On December 2015, the Company has bought back 350,000 ordinary shares (par value of Baht 0.25 each), for a total of Baht 3.1 million (excluding other buyback expense).

31st December 2017, the Company did not sell any the treasury shares.



INVESTMENT STRUCTURE

Company Name	Type of Business	Registered Capital (Baht)	% of Holding
Subsidiaries			
STIT Co., Ltd. 25 Moo 13 T.Bueng Kham Phroi Lamlukka, Pathumthani Thailand Tel : +66 (0) 2150 6833 FAX : +66 (0) 2150 6845 Website: www.stit.co.th	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction and manufacturing industries Engineering services 	135,000,000 (Fully paid-up)	100
STIT 2011 Co., Ltd. 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction industry Contractor for steel and concrete works 	66,033,000 (Fully paid-up)	100
STP&I Services Co.,Ltd. 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke) Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel : +66 (0) 2260 1181 FAX : +66 (0) 2260 1182	<ul style="list-style-type: none"> Construction Services 	410,000,000 (Fully paid-up)	100
WPGE Phetchaburi Co.,Ltd. 2521/39 Biztown (Lad phrao) Lad Phrao Road, Khlong Jao Khun Sing, Wang Thong Lang, Bangkok 10310 Tel : +66 (0) 25380 7686-7 FAX : +66 (0) 2538 2699	<ul style="list-style-type: none"> Operate waste to energy (Electricity, Oil Fuel, And Fertilizer) Operate and sell Electricity Consultant on operation a municipal solid waste power plant and selling of electricity, including other related businesses 	700,000,000 (Fully paid-up)	60
ST Property & Logistics Co., Ltd. 25 Moo 13 T.Bueng Kham Phroi Lamlukka, Pathumthani Thailand Tel : +66 (0) 2150 6833 FAX : +66 (0) 2150 6845	<ul style="list-style-type: none"> Logistic and Property Development 	1,000,000 (Fully paid-up)	100

Revenue Structure

The revenue structure of STP&I and its subsidiaries in 2015 to 2017 are provided in the table below:

(Unit: Million Baht)

Revenue	By	2015		2016		2017	
		Amount	%	Amount	%	Amount	%
1. Structural Steel Fabrication	STP&I	157.20	1.16	225.92	2.25	580.01	50.07
2. Piping Fabrication	STP&I	-	-	-	-	-	-
3. Process Module	STP&I	12,686.47	93.54	9,067.86	90.50	-	-
4. Revenues from Sales and Services ¹⁾	STP&I / STIT / WPP / STPL	518.22	3.82	395.98	3.95	425.32	36.72
5. Other Income ²⁾	STP&I / STIT / STIT2011 / STPS / WPP	200.91	1.48	330.30	3.30	152.99	13.21
Total		13,562.80	100.00	10,020.06	100.00	1,158.32	100.00

- Remarks:**
- 1) Revenues from Sales and Services derived from manufacturing, sales and rental Machinery, Construction Material and Equipment.
 - 2) Others incomes consist of gain on sales of investments, interest income, dividend received from investments in available-for-sale securities, gain on sale of land and equipment, and scrap sales.

Industry and Competitive Review

In the year 2017, there was a slowdown in the economy and construction of the Oil & Gas related projects in Australia where is company's primary market due to the finishing stage of several major projects. Company has been participating in LNG plant projects in many countries and still waiting for the Final Investment Decision. For Japan economics growth, our secondary market in 2017, it has more expansion as the construction of new stadiums for Olympic Games in 2020 as well as other related construction projects is starting. During 2017, company had been awarded 2 contracts for projects in Japan and still waiting for the bidding result for other projects.

Furthermore, company has expanded the business to invest in Power and Energy Section by focusing on Alternative Energy which has social benefit in line with The Alternative Energy Development Plan (Year 2015). It also generates company's recurring income in the long run.

For the year 2018, in addition to Structural Steel, Piping and Module Fabrication work, Company will focus on Alternative Energy Market and other business that has social benefit and generate long term recurring income to company group.

Competitive Review

- **Industrial Competition**

Local Competition: Competitors are quite limited because of the high cost of raw material imports and the high standards the competitors are required to meet as per the Thai Industrial Standards Institute (TISI). For module fabrication, there are only three companies in Thailand, including STP&I, who have module assembly facility. However, the other two companies focus on the offshore platform fabrication whereas STP&I focus on onshore module fabrication, therefore the STP&I's competitors are the module fabricators in Malaysia, Indonesia, Korea and China.

International Competition: STP&I's overseas competitors consist mostly of domestic steel fabricators in each project's country and steel fabricators within the Southeast Asia region such as Malaysia, Indonesia and Korea, and China. The Key success factors are quality and on-time delivery.

- **STP&I's Company Status and its Potential**

With an annual steel fabrication capacity of 100,000 – 115,000 tones of per year, STP&I is one of the largest steel fabricators in Thailand. STP&I has adopted Quality Management Program in accordance with the International Organization for Standardization System Level ISO 9001 : 2015, ISO 14001:2015, OHSAS 18001:2007, JSA Grade “H”, and ISO 3834-2 to ensure quality control and meet customer's satisfaction. All assigned projects, as a result, are always completed on time and fully met the requirements of STP&I customers. These professional services has strengthened STP&I reputation in both the domestic and international markets.

Additionally, STP&I is the leader in exporting modules and fabricated steel structure & pipe to customers worldwide. The Company received BOI privilege which allows STP&I the benefits of corporate exemption STP&I also gets exemptions on VAT and Import Duty of Imported Material. These privileges have contributed to the competitive advantages for STP&I to effectively compete with other steel fabricators within the region.



Risk Factors

Key business risk factors are categorized and described as follows:

1. Operational Risks

1) Risks in fluctuations of Income

STP&I's revenues are from steel structure fabrication, piping fabrication and process module which are mainly made to order works. The nature of custom-made orders, however, have contributed to STP&I's income fluctuations, where in 2010, the company's revenue from construction was 4,436.11 million baht, dropped to 707.90 million baht in 2011 then increased to 2,761.79 million baht, 4,992.49 million baht, 11,130.49 million baht and 12,843.67 million baht in 2012 to 2015, respectively, and decreased to 9,293.78 million baht and 580.01 million baht in 2016 and 2017, respectively.

STP&I's income are solely based on a success in getting new project and the uncertainty and delay of the Client's new investment projects will directly effect to our Company's revenue.

However, STP&I aware such risks and has policies to secure the recurring income.

In 2016, STPS acquired ordinary share of WPGE Phetchaburi Co., Ltd. ("WPP") from the existing shareholders. The investment represents 60% of the registered capital. The main business is to operate a municipal solid waste power plant (waste to energy) with installed capacity of 7.9 megawatt and it already signed Power Purchase Agreement (PPA) for 5.99 megawatt with the Provincial Electricity Authority (PEA). This acquisition would support the Company group in expanding its business to a growing Renewal Energy sector which is in accordance with the Alternative Energy Development Plan 2015. In addition, this acquisition is expected to generate long-term recurring income to the Company.

Moreover, in 2017, STP&I expand to the property development and logistics business by established ST Property & Logistics Company Limited ("STPL") and acquired land and buildings, which have had long term lease agreements and could recognize revenue immediately. The acquisition of the asset is a scope extension in new business, which is, to diversify operation risk for earning certain revenue, create an opportunity of gaining additional profit other from the Company's core business, and also provide a sustainable growth to the Company and shareholders.

However, STP&I also focuses on Process Module Assembly for LNG plant because LNG is an important world's energy and global LNG trend keeps rising. STP&I's strategy is to uphold its reputation in world-class quality and standard work together with on-time delivery to help maintain continuity of revenue. Moreover, STP&I also constantly build a close working partnership with the main contractors and be their preferred sub-contractors by establishing the company's credibility as the leader in steel fabrication so that they will only seek the services from STP&I for all or most of their steel fabrication projects.

2) Risks in fluctuations of raw material costs

The Raw materials used by Company for steel structure fabrication and process module consist of steel section, steel plate and pipe which are affected by the risks of steel market price fluctuations, the Company forecasted that the price of steel section and steel plate from both domestic and Asian and Europe market, thus the company did the long term agreement with the suppliers to maintain the steel price for the whole project period to eliminate the company's risks in price fluctuation especially for the import steel material which are the main portion of raw material. Company sure that they can manage and control cost of raw material for the project and can make some margin, then they proposed to include the scope of supply material especially the steel plate and section to their clients.

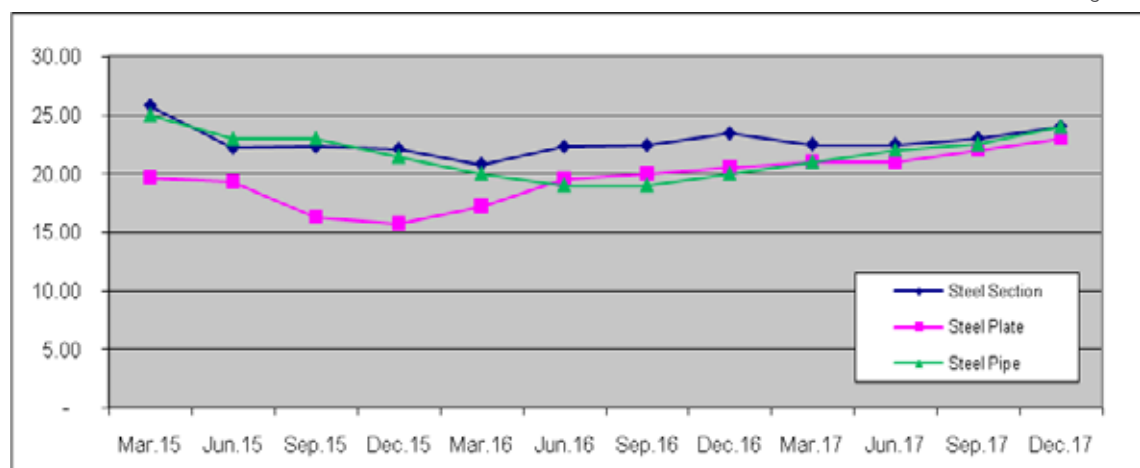
Whereas the price of steel pipe especially for piping process which is special grade and has to import only and its trend is still fluctuate and uncontrollable, the company has thus proposed the customers to supply to the Company their own pipe.

For the on-hand projects during year 2017, it was 90% of the projects that Company provided its own materials, and cost of steel section, steel plate and pipe accounted for totally 17% of cost of sales. The percentage of purchase of steel materials in year 2017 made from domestic compare with import was 8:92.

The materials which were purchased in 2017 were not affected from price fluctuation due to the Company had inquired the price from the suppliers before the project was awarded by customer. For the projects which had been executed since 2016 until 2017, the Company finalized and did the agreement by fix material price with suppliers. 40% of total steel volume had been negotiated and agreed with the suppliers by fix the unit price of material for 6 months or until early year 2017. For another 60% of total steel volume, company inquired to at least 3 suppliers for the price comparison and in order to get the competitive and the lowest price for project. Furthermore, company had also negotiated with the client for some price adjustment for the additional work if any cost and time effect. Therefore, any price changes in market were not effect to the company's cost of sales.

The chart below shows price changes for steel section, steel plate and steel pipe from domestic for the last 3 years period.

Unit : Baht / Kilogram



Source: Company Purchasing Report for the domestic rate of Steel Section, Plate and Pipe.



Analysis of the above chart indicates that the domestic steel rate per kilogram had reduced in the year 2015, but a bit continuously increased during the year 2016-2017 which due to the steel price situation in China and also cost of raw material of steel production. The Price of Steel section increased from 23.40 Baht/kg at the end of year 2016 to 24.00 Baht/kg in the end of year 2017. The price of Steel plate increased from 20.50 Baht/kg at the end of year 2016 to 23.00 Baht/kg at the end of year 2017 and the price of steel pipe increased from 20.00 Baht/kg at the end of year 2016 to 24.00 Baht/kg at the end of year 2017.

(Remark: Price of steel pipe may be various, depended on its grade which specified by project requirement and its purchased period. The above steel price based on normal grade).

Although the actual raw material prices were fluctuate during 2016-2017, Company has still closely monitored steel material prices situation in order to determine the best price and suitable time to purchase. In case of Company source owned raw materials, especially steel section and steel plate, Company will create Bill of Materials (BOM) and enquire to the supplier and then negotiate with those suppliers for fixing price as long as the whole project period. For steel pipes which are more fluctuation, Company will propose customer to provide their own steel pipe and its fitting for the piping process portion which consist of various grades while Company will only source some steel pipe for pipe structure portion only.

3) Risks in shortage of skilled labor

In 2017, labor shortage risk was not a significant issue for the Company due to the decreasing of Company's workload. In the future, if Company were awarded a major project there may be a labor shortage risk due to a high demand of skilled labor. However, the risk will be evaluated and the mitigation plan will be designed during the bidding process in order to eliminate or minimize the risk. Company's excellent safety performance will also be one key factor to attract and retain good skilled labor.

With track record of fair treatment to our staff and worker, the Company provide a good structure of pay and professional management therefore, the Company is in a good position of attracting its employees. Then, the Company has maintained the key personnel successfully for the coming projects.

4) Risks in foreign exchange rate fluctuations

Foreign exchange rate fluctuations are closely monitored by the Company. To avoid such risks, the Company through the assistance of local commercial banks has adopted the use of Forward Contracts for overseas sales and matching of revenue and expense in the same currency. However, the Company does not buy forward contract for some foreign currency deposits because it was reserved for oversea expenses or oversea investments in future.

5) Risks in the policy of allowance for doubtful account

The Company has an average period of each project is approximately at 1-3 years therefore, the Company will not reserve the over 1 year of outstanding account receivables. However, the Company has policy to reserve the allowance for doubtful account by evaluating on financial status, economy situation, and customer relationship of individual clients. Resulting from the policy, the Company is not able to get the payment from client and these doubtful accounts are not reserved which will directly effect to the operation.

As at end of the year 2015-2017, the Company has the over 12 months account receivables and allowance for doubtful account to be bad debt account as shown in below table. The transaction has been reviewed and evaluated by the Management with an appropriate practice.

Unit: Million baht

As at 31 December	Trade receivables past due over 12 months	Allowance for doubtful debts
2015	19.59	19.43
2016	18.41	17.45
2017	1,445.08	722.46

6) Risks from lawsuits

The Company provide construction services and sales mainly under agreement with various customers. When needed and as appropriate for each specific project, the Company also hire subcontractors to perform parts of the work. Although management have reviewed those relevant agreements prudently and have negotiated terms and conditions with best efforts, there could still be risk from different contract interpretation or from customer's exercising of rights reservation to delay payments. If the contract parties could not settle such disputes after several attempts, the Company would then need to seek legal protection under the governing law and as stipulated in the agreement, such as to file petition to the competent arbitration office or court. This process normally lasts some years before disputes could be resolved.

Management Structure

The corporate management structure consists of 3 groups of directors which are:

1. Board of Directors
2. Audit Committee
3. Executive Board

Board of Directors

The Board of Directors is responsible for the following issues:

- To endorse the corporate policy and its business plan
- To approve the change in corporate accounting policy and consider its quarterly and annually financial performance
- To govern the Executive Board to perform efficiently and in compliance to the company's policy
- To perform in accordance with the rules and regulations set by SET and SEC regarding the good corporate governance guidelines and principles of good practice for directors
- To ensure sufficiency, efficiency and effectiveness of Corporate Internal Control System and Internal Audit System
- To perform annual review and appraisal on the corporate Internal Control system for its adequacy and efficiency
- To ensure the company's compliance of Thai laws and other related rules and regulations set by the Stock Exchange of Thailand
- To monitor and prevent any conflict of interests
- To prepare and disclose the report on the Board of Directors' Responsibility to the company's financial statements together with the Report of the Audit Committee and the Report of Independent Auditor in the Annual Report

In the Annual General Meeting of shareholders, at least one-third of the directors shall retire from the office. If the number of retired directors is not dividable, the nearest number to one-third shall retire and the retiring directors may be re-elected.

- **Audit committee**

1. To review the Company's financial reporting process to ensure that its accuracy and adequacy
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the law and the Exchange's regulations, and are reasonable and for the best interest of the Company
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information
 - an opinion on the accuracy, sufficiency and accountability of the Company's financial report,
 - an opinion on the effectiveness of the Company's internal control system,
 - an opinion on the Internal Audit in conformity with the internal audit guidelines
 - an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - an opinion on the suitability of an auditor,
 - an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment from the audit committee's performance of duties in accordance with the charter by the self-performance appraisal.
 - other transactions which, according to the audit committee's opinion, should be informed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
 - an opinion on accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards (TFRS) and Key Audit Matters (KAMs).
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

- **Executive Board**

The Management Executives are responsible for ensuring the effectiveness of the company's operation according to the company's policy. The Management Executives are also responsible for considering and screening all business matters for the Board of Directors approval.



Managing Director

Managing Director is responsible for efficiently and effectively conducting the business under the company's policies. His scope of authority in conducting and approving any issues related to company's general administration, unless it is required by regulations or laws to be approved by the Board of Directors Meeting or shareholders' meeting. The managing director must not engage in any related transactions which may have conflict of interests with the company. The managing director shall be able to appoint other person(s) to act on his behalf to manage and conduct company's business.

Company Secretary

The Board of Directors has appointed Mrs. Atitaya Charnvirakul, the Secretary of the Board of Directors, as the Company Secretary effective on March 11, 2008, with authority as follows.

1. To prepare and store the following documents :
 - List of company directors
 - Board of Directors meeting notice, Board of Directors meeting minutes, annual report
 - Shareholders' meeting notice and shareholders meeting minutes
2. To file the report of interests as informed by company directors or executives
3. To engage in other duties as required by the Equity Market Committee. The Board of Director appointed Mrs. Atitaya Charnviakul to be a Corporate Secretary on 11th March 2008.

Detail on shares holding of each Director as of December 31st, 2017

No.	Directors	Position	Number of Shares December 31, 2016	Number of Shares December 31, 2017	Increase/ (Decrease) in 2017	Proportion of Total Shares
1.	Mr. Anutin Charnvirakul	Chairman of the Board	164,590,285	164,590,285	-	10.13%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
2.	Dr. Wicha Jiwalai	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
3.	Police General Jate Mongkolhutthi	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
4.	Ms. Sirangrong Chowiwatana	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
5.	Mr. Chamni Janchai *acquisition through Mrs. La-Ong Thongsuk and Ms. Panyada Ployprapath's Account as a nominee of the Director	Director	21,892,433	21,892,433	-	1.35%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
6.	Mr. Masthawin Charnvirakul	Director and Managing Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
7.	Mr. Suwat Riensiriwan	Director / Deputy Managing Director I	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-



No.	Directors	Position	Number of Shares December 31, 2015	Number of Shares December 31, 2016	Increase/ (Decrease) in 2016	Proportion of Total Shares
8.	Mr. Choavalit Limpanich	Director / Deputy Managing Director II	64,899,995	64,899,995	-	3.99%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
9.	LT. JG. Kittu Junsangsri	Marketing & Estimation Department Manager	16,224,995	16,224,995	-	1.00%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
10.	Mr. Thammanoon Narind	Fabrication Plants Department Manager (Chonburi, Rayong and Sriracha)	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
11.	Mr. Damrong Panket	Laem Chabang Assembly Yard Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
12.	Mrs. Anilrat Nitisaraj	Business Development & Legal Department Manager	-	-	-	-
	Spouse		67,486,724	67,486,724	-	4.15%
	Minor Children		-	-	-	-
13.	Mrs. Atitaya Charnvirakul	Administrative Department Manager and Corporate Secretary	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
14..	Ms. Prempha Hitaphan	Finance & Accounting Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

Board of Directors and Audit Committee - 2016 and 2017 Remuneration

Name	Meeting Compensation (Baht)		Remuneration (Baht)	Total
	Board of Director	Audit committee	Board of Director	
	2016 (4/4 Meetings)	2016 (6/6 Meetings)	2016	2016
1. Mr. Anutin Charnvirakul	120,000		1,675,000	1,795,000
2. Dr.Wicha Jiwalai	120,000	240,000	1,675,000	2,035,000
3. Pol. Gen. Jate Mongkolhutthi	120,000	180,000	1,675,000	1,975,000
4. Mr.Chamni Janchai***	120,000	180,000	1,675,000	1,975,000
5. Miss Sirangrong Chowiwatana*	-	-	-	-
6. Adm.Amorntep Nabangchang**	120,000	-	1,675,000	1,795,000
7. Mr.Masthawin Charnvirakul	120,000	-	1,675,000	1,795,000
8. Mr.Suwat Riensiriwan	120,000	-	1,675,000	1,795,000
9. Mr.Choavalit Limpanich	120,000	-	1,675,000	1,795,000
Total of Director Payment	960,000	600,000	13,400,000	14,960,000

Name	Meeting Compensation (Baht)		Remuneration (Baht)	Total
	Board of Director	Audit committee	Board of Director	
	2017 (6/6 Meetings)	2017 (5/5 Meetings)	2017	2017
1. Mr. Anutin Charnvirakul	240,000		1,675,000	1,872,500
2. Dr.Wicha Jiwalai	150,000	240,000	1,675,000	1,982,500
3. Pol. Gen. Jate Mongkolhutthi	180,000	150,000	1,675,000	1,962,500
4. Mr.Chamni Janchai***	180,000	60,000	1,675,000	1,872,500
5. Miss Sirangrong Chowiwatana*	90,000	90,000	644,000	824,000
6. Adm.Amorntep Nabangchang**	60,000	-	962,000	1,022,000
7. Mr.Masthawin Charnvirakul	180,000	-	1,675,000	1,812,500
8. Mr.Suwat Riensiriwan	180,000	-	1,675,000	1,812,500
9. Mr.Choavalit Limpanich	120,000	-	1,675,000	1,812,500
Total of Director Payment	1,440,000	500,000	13,033,500	14,973,500

Remark: * Miss Sirangrong Chowiwatana as the Independent Director and Member of Audit Committee effective from August 10th 2017.

** Adm. Amorntep Nabangchang the resignation of the Independent Director effective date on August 4th, 2017.

*** Mr. Chamni Janchai the resignation of Audit Committee effective date on May 14th, 2017.



Total remuneration in 2015 - 2017 were paid to 9 members of the Executive Board in the form below.

(Unit: Baht)

Remuneration	2015	2016	2017
Salary	17,776,800	17,793,103	17,158,455
Bonus	6,552,550	5,751,850	1,392,325
Total Payment	24,329,350	23,544,953	18,550,780
Provident Fund	831,840	848,676	827,187
No. of Executives(Payroll)	9 Person	9 Person	9 Person

• Employees

The company had/has total no. of employees in 2015 - 2017 as per below:

(Unit: persons)

Responsibilities	Total No. of Employees		
	2015	2016	2017
Operations staff	8,463	889	766
Support staff	154	70	124
Total	8,617	959	890

Total compensation for employees has increased from 2,944 million Baht in year 2015 to 1,783 Million Baht in year 2016 and has decreased to 377 Million Baht in year 2017. In year 2016, the Company has completed the main project and has decreased staff and workers by compliance severance pay as per applicable labor law. The details are as follows:

(Unit: Baht)

Employee Classification	Employee compensation		
	2015	2016	2017
Employee salary	2,471,149,415	1,458,343,398	315,316,552
Employee bonus	145,303,358	35,898,206	9,130,530
Provident Fund	3,822,338	3,587,311	2,838,798
Other compensation/benefits	323,412,529	285,435,256	49,608,796
Total	2,943,687,640	1,783,264,171	376,894,676

Other compensations / Fringe Benefit

- Social Security and Workmen Compensation
- Provident Fund
- Doctor and Nurse Service
- Annual Health Check up
- Group life and health insurance including accident
- Severance pay

Training and development

The Company provides a development of staff by training both thru the outside training and on the job training. The Company has concerned that the improvement of skill and ability to work efficiency in their works, will enhance the growth of the Company and increase continuously competitiveness to the Company. For Example :

1. Leadership and Project Management
2. English for communication
3. Warehouse Management to Effectively
4. Quality Control Techniques For the most efficient and high quality results.
5. Safety in the work of spinning and lifting equipment.

Employee Training in 2017

Training	No. of Employee	No. of Hours	No. of Hours / No. of Employee
Staff	977	108	6

For the Executive, The Company has a clear policy to support the knowledge development and skills of the Executives in various fields, such as, training course, seminar, education in Business Management. Thus, the Executive can apply this knowledge to develop the organization and achieve the knowledge has been set.

Director Training in 2017

In 2017, there was a Director taken courses for Director - Miss Sirangrong Chowiwatana in Director Accreditation Program (DAP) Class 142/2017 accordingly that arranged by Thai Institute of Director (IOD)

Good Corporate Governance

The Board of Directors at STP&I Public Company Limited defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

The Board of Directors also reviewed the Company's Corporate Governance Policy and Risk Management including the evaluation of Board of Directors' performance.

The Company is committed to the principles of good corporate governance and business ethics in compliance with the recommended best practices for listed company and relevant rules, regulations and guidelines of the Stock Exchange of Thailand ("SET"), the Office of the Securities and Exchange Commission ("SEC"). The Board of Directors reviewed annually that the principles of good corporate governance and business ethics are adequate and appropriate as per the Resolution of the Board Meeting no.1/2018 on 7th March 2018.

There are 5 principles which are 1) Right of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency and 5) Responsibilities of the Board of Directors

1. Rights of Shareholders

The Company defines the Principle of Corporate Good Governance concerning with the right of the shareholders. Basic shareholders rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the Company 3) obtain relevant and adequate information on the Company 4) participate and vote in shareholder meetings on significant corporate decisions

Shareholders' Meeting

The Board of Directors shall be obliged to supervise the organization of shareholders' meetings to ensure strict compliance with applicable laws, rules and regulations without any prejudice to the shareholders' rights. The Board of Directors shall refrain from any actions, which may limit the rights of all shareholders, including institutional investors, as follows:

- Notice of shareholders' meeting with details on date and time of the meeting, agenda of the meeting, and complete and sufficient information on each agenda for the shareholders to study in advance of the meeting
- Disclosure of and access to accurate, complete, appropriate and sufficient information for the shareholders
- Adequate allocation of time for discussion and express the opinion in the meeting and asking and explaining questions related to the Company's operation for every agenda
- Openness of the rights to vote each proposed director individually
- Rights to attend the shareholders meeting at any agendas that are still under consideration and not vote

- Proposing 2 directors for shareholders to appoint a proxy to attend and vote at the Meeting on their behalf for all 3 proxy forms (A,B,C)
- Disclosure of agenda and related information on shareholders meeting for both on website and on courier to shareholders on the right time and same information
- Encourage all shareholders, including institutional ones to attend the Company's shareholders meeting

Chairman of the Board, Director's and Top Management's Attendance at Shareholders' Meeting

Chairman of the Board, all directors, company secretary and top management of the Company shall attend all shareholders' meetings necessary. This is to allow them to listen to suggestions and answer questions from the shareholders.

Minutes of the Shareholders' Meeting

The minutes of the shareholders' meeting are disclosed to shareholders in accordance with applicable laws, rules and regulations. Data are accurately and completely recorded, including methods of how to vote and count the votes, names of directors attending the meeting, questions and answers, and the resolutions on each agenda of the meeting.

Equitable Rights of Shareholders to Dividend Payment and Repurchasing Stock

The Company has given all shareholders an equitable right to dividends and/or other benefits and the right to repurchase stock. In this regard, the Company has established a clear dividend payment policy.

2. Equitable Treatment of Shareholders

Notice of Shareholders' Meeting

For equitable treatment of all shareholders, in sending the Notice of Shareholders' Meeting, Proxy Form A, B, and C, and instructions on how to appoint authorized representatives for shareholders who cannot attend the meeting in person, the Board of Directors requires that the letter of invitation to meeting must be disseminated both in Thai and English languages at least 30 days prior to the meeting date on the Company's website www.stpi.co.th and that the notice of shareholder's meeting must be sent to the shareholders at least 21 days before the date scheduled for the shareholders' meeting. In case of a foreign shareholder, the notice of shareholders' meeting and supporting documents in the English language must be sent.

Voting Right

For equitable treatment, a shareholder shall have one vote per share.

Agenda Proposition and Nomination of Directors

The Company adheres to the principle of equitable treatment of all shareholders and in order to give all shareholders an opportunity to propose matters to the Board of Directors as meeting agenda or nominate qualified persons as the Company's directors, the Company has established the criteria for agenda proposition and director nomination. Such criteria consist of qualifications of the shareholders to propose the meeting agenda or nominate a director, procedures for proposition of the agenda and director nomination, matters not to be included as an agenda, consideration and selection procedures, and announcement of the consideration results. Details of such criteria are shown on the Company's website www.stpi.co.th.



3. Role of Stakeholders Principle

Human Resources Management Policy

The Company has policy to manage people fairly and completely by;

1. Suitable compensation and benefit
2. Adequate fringe benefit
3. Development on staff skill including training
4. Fairness
5. Respect to individual rights
6. Belief and trustworthiness
7. Provide consultation
8. Encourage to be a good citizen
9. Open box for staff to express their opinion and information

The company has intention to develop people in all aspect in order to increase their effectiveness and efficiency to the Company operation by;

- Manpower Planning

The Company has planned man power to fulfill the project volume by providing qualification candidate as plan and timely.

- Recruitment and Selection

The Company has a procedure on recruitment process to get a qualification candidates. There are many channels for recruitment including internet, event with labor department, government agencies, university and education institutes. With many channels of promotion, the Company can select the candidates to match with the position properly. And also, the Company has checked the criminal records of the accepted candidates for some position with the Criminal Record Division,

- Fringe Benefit

1. Fringes benefit as per required by law including social security and workmen compensation
2. Additional benefits including provident fund, group life and health insurance, health examine, long service award (5, 10, 20, 25, 30 years), education fund, uniform, and nurse service

- Training and development

The Company provides a development of staff by training both thru the outside training and on the job training. The Company has concerned that the improvement of skill and ability to work efficiency in their works, will enhance the growth of the Company and increase continuously competitiveness to the Company.

Policy on Safety, Health, and Environment

The Company has commitment on Safety, Health, and Environment which is a key success factor to the operation of the Company and to all related parties. All employees are the most important to the Company therefore, the Company ensures that they work under safety condition and good environment. The key policies are as follows:

1. The Company has committed to staff and community by promoting and supporting the operation with safety and health, and preventing and protecting the environment
2. The Company provides the safety, health, and environment management to comply with the related laws.
3. The Company has defined that managers are responsible for implementing, controlling, and following the policy of safety, health, and environment to be executed to all staff. And also, managers has a rights to proceed this policy successfully.
4. The Company has to ensure that all staff work under the Company policy on safety, health, and environment and under the Company regulation strictly.
5. The Company provides all necessary equipment and tools with a safety condition and personal protection equipment. The Company has promoted and supported staff by educating and convincing them to work with safety and protecting the environment.

The Company has a committee of safety, health, and environment who plan, execute, and develop such policy to the project efficiency.

Anti-Corruption Policy

The Company promotes anti-corruption policy to all management and staff by having an anti-corruption policy in writing, therefore, they understand and apply this policy to their works

In the year of 2015, the Company was assessed on the Anti-Corruption Policy at the level 3 of Established by Thaipat Institute. The Board of Directors have also reviewed the policy at least once a year.

The Company has announced a written Gift policy which is a part of Anti-Corruption Policy to employees and the policy was adopted in year of 2015.

Non-infringement of Intellectual Property

The Board of Directors is aware of the importance of non-infringement of intellectual property and conformity with laws governing intellectual property or copyrights; therefore, a policy has been established and clearly disseminated the requirement to the management and employees to carefully consider the products, services, equipment, tools or information technology to be used for business operations of the Company to ensure that the use of such items is not an infringement of third-party intellectual property.

The company set the best practices for non-infringement of intellectual property by monitoring and preventing the downloadable pirated hardware and software.



4. Disclosure and Transparency

Disclosure of Data and Information of the Company

The Board of Directors has defined the policy regarding disclosure of information on business and operating results of the Company, both financial and non-financial information, in an accurate, adequate, appropriate, timely and transparent manner, to general public, investors and stakeholders. Regarding such disclosure, the Company complies with provisions of the Public Limited Company Act, the Securities and Stock Exchange Act, relevant regulations and notifications of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related authorities. The Board of Directors has complied with the rules and regulation on the disclosure policy including annual report, corporate information (56-1), thru the Stock Exchange of Thailand and company website www.stpi.co.th

Investor Relations Office

The Company has set up the Investor Relations Office to communicate with investors, shareholders, analysts, relevant government agencies, and the general public in an appropriate and equal manner. The Investor Relations Office can be reached at

Investor Relations Office

STP&I Public Company Limited
3rd Floor, Sino-Thai Tower,
32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: ir@stpi.co.th
Tel: +662-260-1181

Dividend Payment Policy

The Company has a policy to pay dividends at the rate of at least 30% of the net profit, according to the specific Financial Statements of the Company, less the statutory reserve fund and other reserve fund. However, the payment of dividends shall depend on the Company's cash flow statements, provided that there are no other necessary matters and for as long as the dividend payment shall not affect the essential business operation of the Company. Nevertheless, the Company may declare a dividend payment at a lower rate than the above-specified rate by considering the business operation, financial status as well as other factors which may affect the business management of the Company in the future.

Whistleblowing and Whistleblower Protection Measures

To promote corporate good governance and encourage all employees and stakeholders to report or disclose potential corruption or violation of laws, code of ethics or policies of the Company, to file complaints regarding violation of rights, or to express their opinions regarding business operations, the Company has provided a channel for the employees and stakeholders to report to:

Corporate Secretary Office

STP&I Public Company Limited
 3rd Floor, Sino-Thai Tower,
 32/24 Sukhumvit 21 (Asoke) Road,
 Klongtoey-Nua, Wattana, BKK 10110
 E-mail: contact@stpi.co.th
 Tel: +662-260-1181

Complaint-Making and Whistle-Blowing Process

1. If one comes across a violation of the laws, regulations, corporate governance principles, code of conduct, Company's policies or regulations, as well as suspected corrupt practices by Company's directors, executives, or employees, one can file a complaint through designated channels. An employee coming across such acts should ask or consult his or her superior first. If unsure or uneasy to do so, he or she can use designated channels.
2. Upon receiving a complaint, the recipient shall consider information or evidence for validity. The complainant is encouraged to disclose his or her identity. If the recipient found that the information is invalid, the recipient shall notify it to the complainant in case he or she reveals his or her identity.

However, if the information is valid, the recipient shall inform the Corporate Secretary for compliant registration.
3. Afterward, the recipient of a complaint shall consider suitable further action or forward the matter to relevant party (investigator) with due regard for freedom to duly act on the issue in question so as to find facts and track progress. This is to ensure that the Company's actions fit the complaints. Below are the guidelines.
 - 3.1 Violations of personnel aspects of Company's policies and procedures should be forwarded to the Human Resources Manager
 - 3.2 Violations of laws, regulations, Company's policy and principles of corporate governance, code of conduct, or regulations should be forwarded to the Company Secretary
 - 3.3 Dubious acts for unlawful gains for oneself or other parties, including embezzlement, corrupt practices, and fraud should be forwarded to the Audit Committee or the Corporate Internal Systems Audit Manager
 - 3.4 If the matter under 1, 2, or 3 is complicated or involves several units, it should be forwarded to the Managing Director, who will appoint an investigation committee to consider appropriate actions
4. Subsequently, the investigator shall inform the Corporate Governance Manager for complaint registration, information recording, and follow on progress of such complaint.
5. Investigator, under 1, 2, 3, and 4, shall verify and assess the fact and validity of the complaint. In case that an allegation (or a complaint) is proved valid, the guilty party is subject to the Company's disciplinary measures or punishment by law if the violation is unlawful, or both.
6. When the investigation of a complaint has been concluded, the investigator, under 1, 2, 3, and 4, shall report the resolution to the recipient of a complaint; the recipient then shall inform the complainant on such matter, in case he or she reveals his or her identity.



The process from receiving a complaint until the announcement of complaint resolution to the complainant shall appropriately perform under a reasonable period of time.

Communicate with the Board of Directors

The company provides additional channel for stakeholders to communicate with the Board of Directors directly to the Board (without the acknowledgement of the company's executives) in order to receive any suggestions or opinions including claimants such as the operation of the Executives, the unfair practices and any other acts that against the code of conduct.

Stakeholders can submit the document that clearly specified name, address, the convenient telephone number and e-mail address (if any) to:

The Audit Committee

STP&I Public Company Limited

3rd Floor, Sino-Thai Tower,

32/24 Sukhumvit 21 (Asoke) Road,

Klongtoey-Nua, Wattana, BKK 10110

The Audit Committee will consider and manage such matters by directly report to the Board of Directors (without the acknowledgement of the company's executives) case by case. The company assures that whistle blowers must not be harmed according to the whistleblowing policy.

5. Responsibilities of the Board of Directors

Balance of Power Aggregation or Segregation

The company's Board of Directors consists of 8 members. Of these 8 members, 3 are managements, 2 non-management director and 3 independent directors. The proportion of independent directors is 1 to 3 of the total member of the Board of Directors. The independent directors have experience in Finance and Accounting, Laws, and Engineering which are all suitable for the Company's business. More details are addressed in the Management Structure Topic.

In addition, Members of the board have conducted self-assessment the performance of the board as a whole and on an individual basis, at least once a year which was held on The Board of Meeting no.6/2017. The Company Secretary has filing all documents for records.

The term of directorship

- a. One-third of the directors must retire by rotation at the Annual General Meeting of Shareholders. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The retiring directors shall be eligible to be re-appointed for another term.
- b. The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Assumption of Directorship in Other Companies by Directors

The policy in the directorship of directors in other companies are clearly stated in order to ensure that the Directors have adequate contribution to the Company. The number company which the Directors hold their positions are required according to the good corporate governance policy which are;

1. To ensure that directors have sufficient time to perform their duties, the board should consider the extent to which having multiple board memberships lessens the effectiveness of directors. With a good corporate governance, The Company prohibited the Directors to hold the director positions in more than five listed companies
2. And to ensure that the Company's managing director has contributed and dedicated his/her time to the Company, the Company's managing director do not allow to hold a Managing Director in any other listed Companies.

Remuneration of Board of Directors and Management Executives

The directors remuneration are included meeting fee, annual fee, and other benefits in accordance with a resolution of the shareholders meeting. The Company has not yet established a Remuneration Committee, however, the Board of Directors has carefully considered the remuneration of the Directors and Audit Committee by comparing such with other public limited companies of a similar type and size listed on the Stock Exchange of Thailand. The Board recommended that the remuneration of the Directors and the Audit Committee of the Company should be fixed at the proposed amount. The details are shown under Management Structure section.

The Board of Sub-Committee

The Board of Director appointed Sub-Committee of the Audit Committee and Sub-Committee of Management Executives to perform and monitor the company's operations. Their duties and responsibilities have been defined clearly in the Management Structure section.



Board of Directors Meetings

In 2017 the company held 6 Board of Directors meeting which was attended by company executives to discuss the topic regarding the company's Board of Directors. The Company also planned the schedule of Board Meetings for the whole year of 2018 which was agreed in the Board of Meeting. For the best interest of the company, the Board of Directors concentrated on the Quarterly Financial Performance and the Report of Audit Committee coupled with the business risk which could affect the company's performance including the follow up of legal cases and the operation risk. During the voting the resolution in the Board of Director meeting, the Company has set up constituted quorum at 2/3 of the number of the directors.

The secretary of the Board of Directors is responsible for minutes taking, distributing the meeting notifications with other relevant documents to all directors at least 7 days prior the meeting date. Minutes of the Board of Directors of Meetings were certified by the Board and filed properly as reference.

Non-Management Meeting

The Company has set up a meeting of only non-management directors in order to consider, share, and discuss on the recent activities of the Company. And also, the non-management directors shall give advises or comments issues that may effect to the performance or activities of the Company. The rules of this meeting are

- The attendee shall be non-management directors and not holding the Company's share more than 5%
- The general practice of non-management meeting shall be followed the same practice as the Board of director meeting which included inviting to the meeting and quorum. However, in some cases, there may not have the advance agendas, the purpose of the meeting is to share and give opinion on the recent activities of the Company.
- There will have 1 meetings per year or at the appropriate time set by the meeting chairman.

The Non-Management meeting was held once on 1st March 2017. The agendas were related to the performance of Management Executive, sharing ideas on company's events and concern issues, the appropriate of dividend proposal based on company's performance, and the concern of the policy of allowance for doubtful account.

The Definition of Independent Director

- Holding shares no more than 1 per cent of paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
- Being a director who does not take part in the management of the company, affiliated company, associated company, related company or majority shareholder of the company. Not being an employee, staff member or advisor who receives a regular salary from the company, affiliated company, associated company, related company or majority shareholder of the company

- Being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company. Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a member of the Audit Committee except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- Being a director who is not a related person or close relative of any management member or majority shareholder of the company.
- Being a director whom is not appointed as a representative of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
- Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors without the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

Selection of Directors, Independent Directors and Management Executives

The company has not formed the Selection Committee to appoint the Directors. The directors have been selected by considering each individual qualification to fit the Board of Directors roles and responsibilities. Member of the Board of Directors will be selected from qualified persons and propose to the annual general meeting of shareholders to consider the appointment by resolution. The rights of shareholders can be defined as following:

1. One-share one-vote basis will be applied.
2. Each shareholder has to use up his votes for director appointment.
3. The nominees whose votes are chronological order ranging from the top to the last shall be elected as a Director.

Policy on the Company's subsidiaries and related company

The Board of Directors defines the important of subsidiaries management in order to commit the highest benefit for all parties; the Company will appoint a representative to be either a director/authorized director or management member which depending on the type of businesses. The Company have only few subsidiaries which are in the related business to the Company therefore, the Company did not set a written rules for subsidiaries of the Company.

Internal Information Disclosure and Usage Policy

The Board of Directors defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.



Additionally, the company specified that all members of the Board of Directors and Management Executives must disclose the numbers of shares they held in accordance with the Securities & Exchange Act B.E. 2535 Section 59. The company also delivers all information obtained from the SET and the SEC to the Board of Directors and Management Executive.

The company has its obvious policy in accordance with the internal information disclosure and usage policy. To prevent the conflict of interests by pirating information that had been disclosed or brought for disclosure or used for own benefit, The company has come up with the rules to prevent the usage of internal data for personal benefits of the Board of Directors executives and employees., thus, to protect the investment of shareholders and assets of the company. In any case, the executives, or any staff / employees who are in breach of these regulations, he/she shall be punished in accordance with the rules and regulations of the company and shall receive the punishment as prescribed by the related law, in all respects.

Audit fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 and our auditors were Mr. Supachai Phanyawattano for the year 2014, Mrs.Chonlaros Suntiasvaraporn for the year 2015 and Miss Watoo Kayankannavee for the year 2016-2017 with the following remunerations:

- Audit fee

In 2017, the total auditing fee was Baht 2,970,000 of which Baht 1,600,000 pertained to the Company's auditing fee and the remaining Baht 1,370,000 was for its affiliated companies as per the chart below:

(Unit: Baht)

Year	2015	2016	2017
The Company	1,100,000	1,100,000	1,600,000
Affiliated company	765,000	735,000	1,370,000
Total	1,865,000	1,835,000	2,970,000

- Non-audit fee

EY Corporate Services Company Limited also provided specific audit as per the BOI requirements for the company's BOI promoted businesses in 2015 - 2017 as follows:

Year	2015	2016	2017
No. of certificate(s)	2	2	-
Fee amount (Baht)	200,000	200,000	-

In addition, the Company also has non-audit fee with EY Corporate Services Company Limited on financial and tax due diligence of a prospect acquiring company during year 2015 - 2017.

(Unit : Baht)

Year	2015	2016	2017
Financial due diligence	-	-	-
Tax due diligence	200,000	-	-



Corporate Social Responsibility

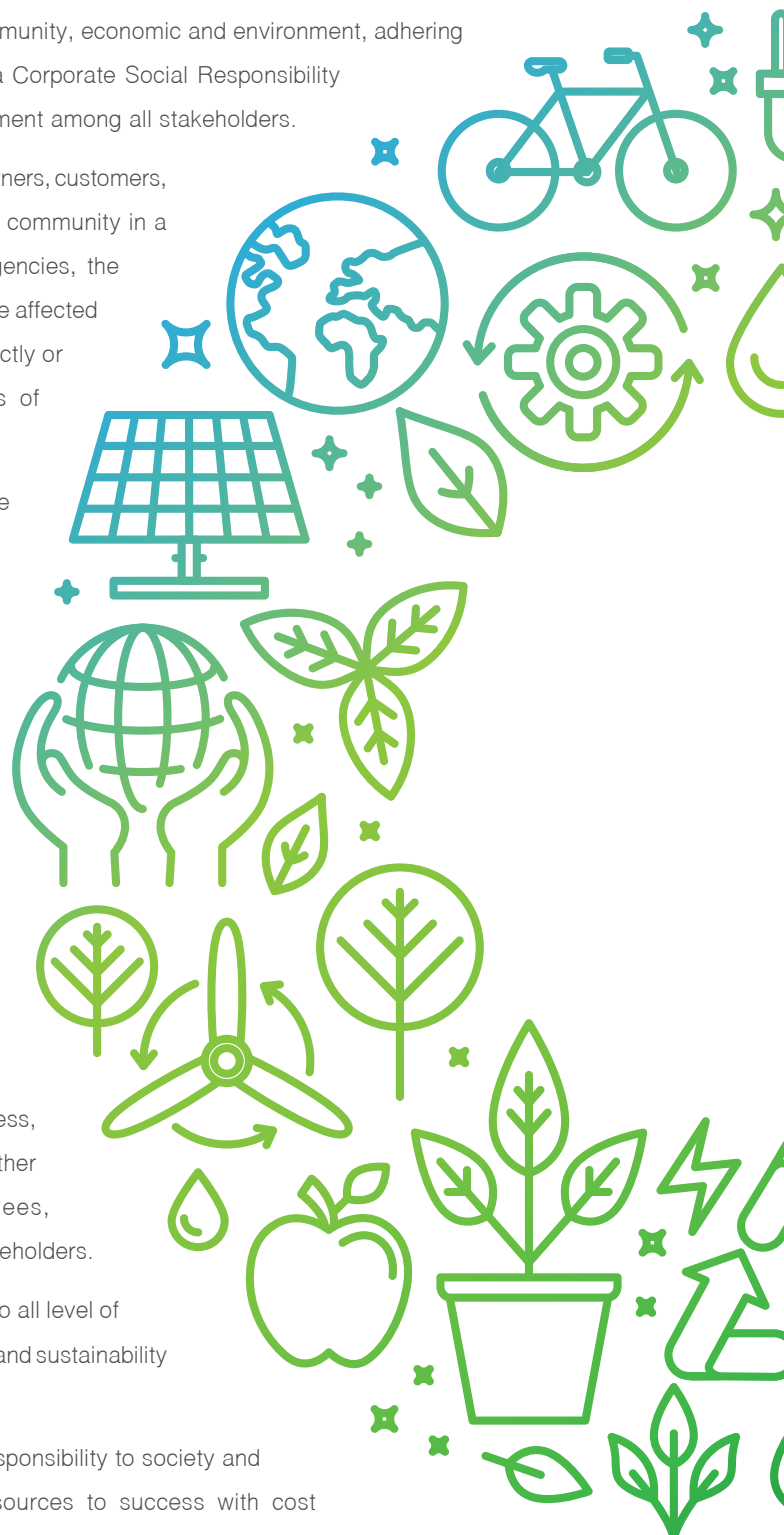
The company conducts business with responsibility to community, economic and environment, adhering to principle of corporate good governance. The Company has a Corporate Social Responsibility Policy which call for balancing respectful treatment and development among all stakeholders.

“Stakeholders” mean employees, directors, shareholders, partners, customers, consumers, suppliers, creditors, debtors, community nearby and community in a remote area, natural environment, government, government agencies, the Country, including other related parties, Stakeholders who could be affected from the Company’s operation. And also, it could be affected directly or indirectly to the company, therefore, there will be 2 groups of stakeholders as follows:.

1. **Primary Stakeholders** - Related parties who involve directly to the Company’s business such as client, partners, supplier, employee and employee’s family, shareholders, investor, debtor and nearby community.
2. **Secondary Stakeholders** - Related parties who involve indirectly to the Company’s business such as government, government agency, association, professional, Non-Profit organization, potential client, potential candidate, other communities.

The Company has a policy on Social Responsibility which is in line with the Corporate’s policy and Corporate Good Governance

1. Conduct business with integrity, transparency, fairness, and traceability for the growth of the Company together with the development of well-being of employees, communities, society, environment and all other stakeholders.
2. Promote and educate on humanity and environment to all level of employees in order to define the guide of improvement and sustainability responsibility of society and environment.
3. Promote to set up an activity that related to social responsibility to society and environment by using the Company’s existing resources to success with cost effectiveness and efficiency.



- ## The Company Social Responsibility

5. The Company promotes to staff to realized that they use the office supplies carefully and cost conscious such as using re-use paper or using both side of paper which can reduce the order of paper. The company also guides staff to turn off the light, air conditioning, and monitor during lunch break.



6. The Company offers the training course to develop our staff skill and the opportunity to learn and increase their own ability in order to have promoted to a higher level. The Company will not terminate or deploy staff with only one representative of the Company and will make any decision with fairness.
7. The Company provide the health check up every year to our staff. The Company also provide a safety working environment, proper income and compensation, sufficient staff development, and retirement.
8. The Company has a certificate of OHSAS 18001 (Occupational Health and Safety Assessment Series) which is an international occupational health and safety management system specification. This standard is established to eliminate or minimise risk to employees and other interested parties who may be exposed to OH&S risks associated with its activities including bodily injury, illness, property damage...,etc. It is one of the important social responsibility to our staff and their families' safety and wellness if they realize to follow the standard.
9. The Company and its subsidiary companies had activities for the community around the area of WPGE Phetchaburi Co., Ltd. which were scholarships on Children's Day and providing lunch for elderly people in Health Promoting Hospital at Tha Laeang sub-district.

Anti-Corruption

STP & I Company Limited (Thailand) conducts its operation with fairness, transparency, abide by the rules and regulations to all stakeholders properly. The Company has established policies against corruption to guide the duties of directors, management, employees and stakeholders which had been informed to them.

Anti-Corruption Policy

The Board of Directors, the Executives and employees must do their duties with integrity and without any act of bribery; moreover the company shall prohibit in any form whether direct or indirect, and must adhere to the company's policies and code of conduct. The company shall applied this policy in everywhere that the company enter the business to.

Procedures

- Offering Sponsorships or Charitable Contributions to Public or Private Sectors

Offering sponsorships or charitable contributions to both public and private sectors must strictly do with transparent that did not contrary to the morality, code of conduct, and abide by laws and regulations of the company. The offering sponsorships or charitable contributions as the foresaid can be done after the approval of the authorized person.

The offering sponsorships or charitable contributions to public or private sectors must not be used as a subterfuge or route for conflict of interest in both individual benefits and company's benefits and must not be used as a subterfuge for bribery.

The approvals of offering sponsorships or charitable contributions to public or private sectors must strictly adhere to the regulations by writing the report attached with the offering sponsorships or charitable contributions payment for approvals and submit all related papers to the Executives for considering process.

- GIFT POLICY

The Company has announced the Gift policy on receiving and giving Gift for employees to ensure that there are no conflict of interests and no any operation transactions which may be affected by the functions of their office and the benefit of the Company.

- Political Participation

The company is a politically neutral organization and does not support any political parties or politicians including enabling the Board of Directors, Executives and employees not to participate in any act under the name of the company.



The company realizes that it is righteous of its people according to the liberty and rights in participating the political activities; therefore the company encourages its people to exercise their political rights in compliance with laws but prohibit using employees' status or using any company's assets as a subterfuge or route for any form to political participation or political contributions in the name of the company.

To express and giving political opinion in the company's office or job site area is penalty to the company's association.

- **Whistle blowing for Business countering Bribery**

The company supports its personnel to report any misconduct or non-compliance or any form of action that might result bribery by sending their enquiries to managers or other channel that open for this matter. The company has whistle blowing and whistleblower protection policy as stated in the good governance chapter. The additional complaints channel for whistle blowing as follows;

Corporate Secretary Office

STP&I Public Company Limited

3rd Floor, Sino-Thai Tower,

32/24 Sukhumvit 21 (Asoke) Road,

Klongtoey-Nua, Wattana, BKK 10110

E-mail: contact@stpi.co.th

Tel: +662-260-1181

- **Evaluation for risk from countering bribery**

The Internal Audit of the company has responsible for doing the evaluation of risk from countering bribery by evaluate, analyze, follow, and control risk that might result bribery to be acceptable and report the evaluation result to the Audit Committee including follow up the procedures to prevent risk from countering bribery with the Principles for Countering Bribery.

- **Countering Bribery Awareness**

The company creates countering bribery awareness by communicating to the Board of Directors, Executives and employees in order to create the cognitive of countering bribery in the company. The company enables its people who might relate to the stakeholders to understand and aware of countering bribery by providing course trainings, seminars, and through other related media of the company and disseminate to the company's stakeholders as well.

- **Sanction Procedures for Breaches of the Principles**

To whom it may breach of the Principles for Countering Bribery must be penalized according to the company's regulations and/or related laws.

Related Parties Transaction

Related company means the company that STP&I owns 100% of its total shares or are controlled by STP&I and/or the company that has common shareholder(s)/director(s) with STP&I.

1) Subsidiary Companies

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Shares	Investment (Cost Price) (Baht)
1) STIT Company Limited	Sales and rental of machinery and equipment for construction and manufacturing industries, Engineering services	1) 100% owned subsidiary of STP&I 2) Common Directors	135,000,000	100	135,000,000
2) STIT 2011 Co., Ltd.	Sales and rental of machinery and equipment for construction industry, Contractor for steel and concrete works	1) 100% owned subsidiary of STIT	66,033,000	100	23,060,000
3) STP&I Services Co., Ltd.	Construction services	1) 100% owned subsidiary of STP&I 2) Common Director	410,000,000	100	21,761,200
4) WPGE Phetchaburi Co., Ltd.*	Generate and sell electricity from municipal solid waste	1) 60% owned subsidiary of STPS 2) Common Director	700,000,000	60	840,000,000
5) ST Property & Logistics Co., Ltd.**	Property Development and Logistics service	100% owned subsidiary of STP&I	1,000,000	100	1,000,000

* On November 5th, 2016, STPS acquired 42,000,000 ordinary shares of WPGE Phetchaburi Co., Ltd. from the existing shareholders, for a total of Baht 840 million. As a result, the Company has 60% interest in the equity interest of such company.

** On October 16th, 2017, STP&I invested in ST Property & Logistics Co., Ltd., a newly established company for a total Baht 1 million. STP&I had 100% holding in such company.



2) Related Companies

Company Name	Type of business	Relationship	Paid-Up Capital (Baht)	% of Holding STP&I Shares
Sino-Thai Engineering and Construction Public Company Limited	Construction	Common Directors	1,525,106,540	-
HTR Corporation Limited	Office building for rent	Common Director	500,000,000	-
WP Green Energy Co., Ltd.	Business relate to generate and sell electricity	Common Director of WPP	100,000,000	-

3) Related Party Transactions as of December 31st, 2017

(Unit: Million Baht)

Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Related Companies				
Sino-Thai Engineering and Construction Public Company Limited	Sales and Services	30.7	Purchase of goods	0.2
HTR Corporation Limited	None	-	Service expenses	6.0
WP Green Energy Co., Ltd.	None	-	Service expenses	5.2
Total		30.7		11.4
Subsidiaries				
1) STIT Company Limited	Revenue from fabrication work	4.3	None	
	Sales and Service	0.4		
	Interest income	3.3		
	Other income	1.9		
2) STIT 2011 Co., Ltd.	None	-	None	-
3) STP&I Services Co., Ltd.	Sales and Service	1.0	Fabrication Cost	45.6
	Dividend income	121.4		
4) WPGE Phetchaburi Co., Ltd.	Revenue from fabrication work	2.7	None	-
	Sales and Service	1.4		
	Interest income	0.4		
	Other income	8.6		
5) ST Property & Logistics Co., Ltd.	Interest income	1.0	None	-
Total		146.4		45.6

Necessity of the related transactions

Transactions between the company and its subsidiaries, affiliates and/or related companies have been done by taking consideration to the best interest of the Company. The transactions were normal course of business and undertaken on competitive basis. The pricing was comparable to market prices and same conditions with other third parties.

Approval procedure related Transactions

For transactions between the company and its subsidiaries, affiliates, related companies or any persons who might have conflict of interest, the Company complied with rules and regulations of the Stock Exchange of Thailand (SET) not to allow such shareholders or management or director to take part in the approval process.

Connected Transactions Policy

For future related transactions that will be incurred in accordance with the normal business of the Company and have general terms and conditions, the Company has established the policy to ensure that pricing must be in line with market rate and with the same conditions to other third parties. The transactions will be fairly practiced and for the mutual benefit of the company and its subsidiaries, affiliates and/or related companies.

For other related transactions without specific terms of trade, the company shall appoint the Audit Committee to give opinion on necessity and reasonableness of such transaction and shall comply with the laws concerning securities and stock exchange and the regulations, announcement, orders or requirements of the Stock Exchange of Thailand as well as the requirements concerning the disclosure of the related and the acquisition and disposal of the material assets of the Company. In case that the transactions are not in the expertise of the Audit Committee, the Company may appoint experts to give opinion to the Board of Directors or shareholders as the case may be. Any person who might have conflict of interest shall not be allowed to take part in the approval process. In addition, the Company has disclosed the related transactions in the note of our audited financial statements.

Report on Interest of Directors, Executives and Related Persons

To comply with the announcement Tor.Jor.2/2552 (2009) of Capital Market Supervisory Board and Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008), the Board of Directors mandate directors and executives to disclose his interest or his related person's interest that may have conflict with the Company or its subsidiary for the purpose of Conflict of Interest monitoring to the Company. The Board of Directors also assigned the Company Secretary to keep the original reports and copy to the Chairman of the Board and the Chairman of Audit Committee.

Management Discussion and Analysis

The Auditor's Opinion

The Auditor issued unqualified opinion that the financial statements of the Company and its subsidiaries for the year ended 31 December 2017 presented fairly, in all material respects, the financial position, operating performance and cash flow in accordance with Thai Financial Reporting Standards.

Management Discussion and Analysis

1. Operating performance

The Fabrication work segment

In 2016, the Company reported revenue from fabrication work at Baht 9,293.78 million which decreased Baht 3,549.89 million or 27.63% from the same period of 2015. This was because the Company completely delivered all modules of large project to a client in August 2016 but such project was currently undergoing a final inspection process and the Company has already reserved contingent cost potential remedial work of the large project should the client request. Because of this reason and fixed overhead cost, which did not reduce in line with lower revenue, gross profit from fabrication decreased from Baht 3,821.03 million in 2015 to be Baht 1,474.92 million during 2016.

In 2017, the Company has had long outstanding balances of trade receivables and unbilled receivables totaling Baht 1,917.22 million (31 December 2016: Baht 2,022 million) from a major project of the Company in a foreign country. Although the Company has continually pursued collection of these outstanding amounts, but has yet to receive payment from the client and is still not able to determine with certainty when payment will be made. As a result, the Company has filed the case for arbitration to protect its rights under the project contract and in the 2nd quarter of 2017, an arbitral tribunal has been formed. The arbitration process for this international trade case is generally expected to take longer than one year and the outcome of the dispute cannot be predicted. Moreover, the balances of trade receivables have been overdue for more than 12 months. Therefore, on a conservative basis, the Company has estimated and set aside partial provision for the trade receivables amounting to Baht 722.29 million and full provision for the unbilled receivables amounting to Baht 472.64 million, totaling for provisions of Baht 1,194.93 million since the 2nd quarter of 2017. These figures are based on the estimates and the opinion of the Company's management. However, the arbitral tribunal may award some costs arising from guarantee obligation under the project contract which is the normal course of business and the outcome is not yet known.

Furthermore, the company amortized work in progress of the above project to be cost of fabrication amount to Baht 385.28 million. Because of that reason and fixed overhead which did not decrease in line with lower revenue, the Company reported gross loss from fabrication work at Baht 494.51. In addition, in the year 2017 the Company needed to bear the plant overhead that was not allocated to project cost for Baht 401.27 million which reflected the overhead of various plant during the non-production period.

The sale and service of construction machinery segment

In 2016, the Company reported revenue from sales and services at Baht 359.98 million then increased to be Baht 425.32 million in 2017. This mainly because the company has implemented aggressive marketing and cost control strategy, then gross profit from sales and services also increased from 16.51% in 2016 to be 21.13% in 2017.

- **Other incomes & expenses**

In 2017, others income were presented at Baht 152.99 million which decreased Baht 177.31 million from Baht 330.30 million in 2016. The main reasons were decrease in interest and dividend income because cash and current investment declined due to cash received from ongoing projects could not compensate fixed overhead. Whereas, there was gain from expropriation of some area of land at Sattahip, Chonburi which caused increase in other income of 2016.

During the 2nd quarter of 2017, the Supreme Court finally ruled that the Company pay damages plus interest under the Contract and legal fee to a foreign counterparty totaling Baht 290 million. This legal case has been in the court process since 2005. The Company has already set aside the provision of Baht 180 million for such contingent liabilities; therefore, it incurred additional cost of Baht 110 million which was recorded in the financial statements of second quarter of 2017.

In addition, the Company incurred loss on foreign exchange of Baht 305.18 million in this reporting period. Main reason is that the Company has financial assets in USD currency which depreciated at the end of year 2017 compared to end of the year 2016. As a result, the Company had to book unrealized loss on foreign exchange due to mark-to-market concept of the financial reporting standards.

From the above explanation, the Company reported a net loss attributable to equity holders of the Company at Baht 2,495.80 million in 2017.



2. Financial status

• Assets

At the end of 2017, the Company reported total assets at Baht 10,101.96 million which decreased Baht 2,463.27 million or 19.60% compared with that of 2016. This was mainly resulted from lower work volume and the large bidding project has not been announced during the year.

- Cash and cash equivalent

At the end of 2017, the Company reported cash and current investment at Baht 3,053.92 million which decreased 50.52% because of dividend paid amount Baht 633.18 million and investment property amount Baht 1,290.13 million which was invested by ST Property and Logistics Co., Ltd. (STP&L). This investment was funded by Company's cash amounted to Baht 440.13 million and short-term loan from a local bank amounted to Baht 850 million which was secured by foreign currency fixed deposit.

- Trade Accounts Receivable and Unbilled Receivable

According to the Company's business practice, a credit terms ranging from 30 — 60 days has been provided to both domestic and overseas customers. Regarding the policy for provision of doubtful accounts, the management will determine on a case by case basis, taken into consideration track record and financial status of each customer as well as the relevant economic situation. The Company recorded the revenue by percentage of completion whilst the undue revenues were booked as unbilled receivables.

At the end of 2017, the Company set aside partial provision for the trade receivables amounting to Baht 722.29 million for the case of arbitration as mentioned above and the outcome is not yet known.

- Investment Property

During 2017, STP&L acquired asset in Property Development and Logistics business which was Warehouse and leasehold right with existing leasee.

- Work in progress

At the end of 2017, work in progress decreased because the company completely delivered a large project whereas ongoing projects had lower work volume.

- Plant, property and equipment

As at 31 December 2017, Waste to Energy power plant under construction of WPGE Phetchaburi Company Limited ("WPP"), a subsidiary company of STP&I Services Company Limited ("STPS"), had active progress and was expected to be ready for commercial operation (COD) within the 4th quarter of 2018.

- Right to produce and sale electricity

In November 2016, STPS acquired 42,000,000 ordinary shares with a par value of Baht 10 per share of WPP (a company that is principally engaged in the production and distribution of electricity generated from waste and municipal solid waste management) from the existing shareholders, for a total of Baht 840 million. The investment represented 60 percent of the registered capital and the investment cost has already included the value of right to produce and sale electricity amounted Baht 933.83 million (the value attributed to the Company's portion was Baht 560.40 million). At present, the assessment process is completed without any adjustment.

- **Liabilities**

At the end of 2017, the Company reported total liabilities at Baht 2,007.07 million which increased because of long-term loan from a local bank to invest in investment property as mentioned above. Moreover, there were unbilled payable of construction cost for Waste to energy Power Plant of WPP which caused an increase in trade and other payables. However, long-term liabilities declined because the case with a foreign counterparty was finally ruled by Supreme Court as mentioned above.

- **Shareholders' Equity**

At the end of 2017, shareholders' equity was presented at Baht 7,551.62 million, decreased by 29.28% from 2016 due to net loss for the period of Baht 2,510.39 million. However, the Company paid dividend from the operation result of 2016 totally Baht 633.68 million, and there was 40% of Non-controlling interests of WPP amounted Baht 543.27 million which held by WP Green Energy Company Limited ("WPGE"), the former shareholder of WPP.

- **Company cash flow**

In 2017, net cash flow from operation activities was reported at Baht 870.43 million which was decreased Baht 1,230.95 million from that of 2016 because the Company reported loss before tax at Baht 2,475.26million. However, net loss was mainly from allowance for doubtful account and provision for right of claim in litigation totally Baht 1,195.18 million and cash paid of loss from lawsuit amounted Baht 290.36 million.

For cash flow used in investing activities and cash from financing activities amounted Baht 2,257.43 million and Baht 202.70 million were mainly from investment in Property development and logistics assets of Baht 1,290.13 million by STP&L. This was funded by short-term loan amounted to Baht 850 million and secured by foreign currency fixed deposit equivalent to Baht 943.64 million.



3. Financial Ratio

- **Current Ratio**

In 2017, current ratio decreased from 9.96 times in 2016 to be 2.35 times, and quick ratio decreased from 8.69 times in 2016 to be 2.22 times, respectively. These downturns were mainly due to cash paid to acquire investment property by STP&L and the Company has to pledge some foreign currency deposit to secure short-term loan for this investment which was cause of an increase in current liabilities. Moreover, because the Company set aside allowance for doubtful debt for the arbitration case amounted Baht 722.29 million as mentioned above, outstanding balance of trades receivable decreased and also led to falling in current ratio.

- **Profitability Ratio and Return on Asset**

In 2017, the Company reported Gross loss from fabrication work, sales and services at 40.25% mainly because the company amortized work in progress of the project under arbitration as mentioned above to be cost of fabrication amount to Baht 385.28 million. Moreover, allowance for doubtful debt and provision for right of claim in litigation including factory overhead expenses not allocated to cost of fabrication also led to net loss of 216.73%.

4. Audit fee

EY Office Ltd. has been appointed as the Company's auditing firm since 2001 and our auditors were Mrs. Chonlaros Suntiasvaraporn for the year 2015 and Ms. Watoo Kayankannavee for the 2016-2017 with the following remunerations:

- **Audit fee**

In 2017, the total auditing fee was Baht 2,970,000 of which Baht 1,600,000 pertained to the Company's auditing fee which included review for Price Purchase Allocation of WPP, and the remaining Baht 1,370,000 was for its affiliated companies as per the chart below:

(Unit : Baht)

Year	2015	2016	2017
The Company	1,100,000	1,100,000	1,600,000
Affiliated company	765,000	735,000	1,370,000
Total	1,865,000	1,835,000	2,970,000

- **Non-audit fee**

EY Office Ltd. and its affiliated company also provided specific audit as per the BOI requirements for the company's BOI promoted businesses in 2015- 2017 and other non-audit services as follows:

Year	2015	2016	2017
No. of certificate(s)	2	2	-
Fee amount (Baht)	200,000	200,000	-

EY Corporate Services Ltd. provided tax due diligence and financial due diligence services to evaluate past records and assess tax risk exposure of the target companies that the Company planned to acquire their shares. The service fees for 2015 - 2017 were as follows:

(Unit : Baht)

Year	2015	2016	2017
Financial due diligence	-	-	-
Tax due diligence	200,000	-	-

Report of the Audit Committee for the year 2017

The Audit Committee is composed of 3 independent directors:

- | | | |
|----|-----------------------------|---------------------------------|
| 1) | Dr. Wicha Jiwalai | Chairman of the Audit Committee |
| 2) | Pol. Gen.Jate Mongkolhutthi | Audit Committee |
| 3) | Ms. Sirangrong Chowiwatana | Audit Committee |

The Board of Directors meeting of STP&I Public Company Limited No. 3/2017 resolved the meeting's resolutions to appoint Miss Sirangrong Chowiwatana as the Independent Director and Member of Audit Committee effective from 10th August 2017 to replace Mr.Chamni Janchai which has already resigned from Audit Committee since 14th May 2017.

In 2017, the Audit Committee performed their duties and responsibilities in accordance with the Audit Committee Charter in reviewing the Company's financial statements, internal control system and law compliance. The Audit Committee emphasized that the Company operates in compliance with good corporate governance principal according to the Notification of the Stock Exchange of Thailand on Qualifications and Rules and Responsibilities of the Audit Committee and Best Practice Guidelines for the Audit Committee issued by the Listed Companies Division of the Stock Exchange of Thailand. The Audit Committee held 5 meetings which the summary of main activities are:

1. Review of the Quarterly Financial Statements and the Annual Financial Statement

The Audit Committee reviewed the Quarterly and Annual Financial Statements and received clarification from the management and the Independent Auditor relating to the accuracy and the completeness of the financial statements, and the adequacy of information disclosure. Therefore, the Audit Committee agreed that the aforesaid financial statements are correct in material respects in accordance with the generally accepted accounting principles; and the information disclosure in those financial statements is punctual, correct and complete.

2. Review of the Internal Control System

The Audit Committee together with the Internal Auditor reviewed the Company internal control on a regular basis and examined all internal audit reports according to the approved work plans, covering the significant working systems of the Company, including the securities of information system. The Audit Committee agreed that the Company and its subsidiary have adequate and suitable and updated internal controls. The Audit Committee also urged the management to constantly improve the internal control system and reviewed the Company's risk management and found it to be efficient and effective.

3. Monitoring of the Internal Audit

The Audit Committee considered the work plans, scope of work, independence, manpower, and budgets of the Internal Audit Department to be appropriate and in conformity with the internal audit guidelines of the Stock Exchange of Thailand (SET). The Audit Committee agreed that the Company's internal audit was carried out continuously effectively and on a timely and basis. The Audit Committee realized the significance of the internal audit and therefore given its regular support to the internal audit both in terms of personnel development and guidelines of audit to be in accordance with the prescribed standard.

4. Review and monitor risk management of the Company's business operations

During 2017, Audit Committee reviewed and monitored risk management of the Company's business operations. That process included risk identification, risk assessment in term of probability of occurrence and effect to the business operations. Audit Committee agreed that the Company has proper strategic plan and procedure to manage the business risk to be minimal.

5. Compliance with the Law and the Government Regulations

The Audit Committee reviewed the compliance with Rules and Regulations of the Securities and Exchange Commission, regulations of the Stock Exchange of Thailand, the law relating to the Company's business operations; and deemed that there is no significant issue relating to non-compliance with the law, regulations, and other related laws.

6. Review and Comments on Related Transactions or those with Potential Conflict of Interest

The Audit Committee agreed with the Independent Auditor that, according to the Regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, no significant related transactions and/or those with potential conflict of interest was found.

7. Self-Performance Appraisal

To comply with the best practices guidelines for the Audit Committee, the Audit Committee conduct the self-performance appraisal annually. In 2017, the self-performance appraisal result of the Audit Committee can be summarized that the Audit Committee has performed its duties fully according to its Charter and complied with the best practice guidelines for the Audit Committee, which will result in effective implementation of the rules of good corporate governance.

8. Selection, Nomination, and Remuneration of the Independent Auditor

The selection, nomination, and remuneration of the Independent Auditor of 2017 shall be proposed for the Board of Directors to request for approval in the Annual General Meeting (AGM) 2017, whereas, the Audit Committee considered work performance, independence, and appropriateness of the remuneration, which shall not be contrary to the Notification of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand governing the circulation of auditors. Therefore, it is deemed expedient to appoint Ms. Watoo Kayankannavee, the certified public accountant no. 5423; or Mrs. Chonlaros Suntiasvaraporn, the certified public accountant no.4523; or Mr. Supachai Phanyawattano, the certified public accountant no.3930 of EY Office Ltd., as the Company's Independent Auditor of 2017, with a total remuneration of 1,600,000 Baht which included review for price Purchase Allocation of WPGE Phetchaburi Company Limited.

9. Meeting with the Independent Auditor


In 2017, the Audit Committee held meetings with the Independent Auditor of EY Office Ltd., to review and make an inquiry relating to the appropriateness of the set-aside provisions and allowances and the company's accounting policy. The Audit Committee inquired and received the clarification from the Independent Auditor, which can be summarized that the Company has its accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards (TFRS).

Moreover, the Independent Auditor also added Key Audit Matters (KAMs) which have been considered and agreed by Audit Committee in Independent Auditor's Report of annual financial statement as at 31 December 2017.

10. Reporting of the Resolution of the Board of Directors

The Audit Committee reported all minutes of its meetings and the internal audit appraisal to the Board of Directors in accordance with the guidelines of best practices of the Audit Committee.

In summary, the Audit Committee performed its duties fully in accordance with its Charters approved by the Board of Directors. The Audit Committee gave opinion that the Company has implemented its good corporate governance practice, prepared its financial statements in accordance with the generally accepted accounting principles, disclosed the correct, complete, and adequate information in the financial report, provided its appropriate internal control, adhered to the business ethics, and complied with the rules, regulations, and related laws, thus, in conformity with the Notification of the Office of the Securities and Exchange Commission (OSEC) and the Stock Exchange of Thailand (SET).



Dr. Wicha Jiwalai

Chairman of the Audit Committee

Report of the Responsibility

of the Board of Directors on financial Reports

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year ended 31 December 2017 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in a transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from EY Office Limited has audited the financial statements and issued an unqualified opinion on them. Moreover, the certified auditor also added Key Audit Matters (KAMs) which have been considered and agreed by relevant directors and management in Independent Auditor's Report of annual financial statement as at 31 December 2017.

The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems and appropriate and efficient corporate governance to ensure that accounting records are accurate, reliable, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations. In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report. Members of the board have assessed the performance of the board as a whole and on an individual basis at least once a year. The Corporate Secretary has to keep all records of the performance evaluation for reference and for the benchmark in the next year.

The Board of Directors is of the opinion in the Board of Directors Meeting No. 1/2018 dated 7 March 2018, that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017 are reliable and in compliance with Thai Financial Reporting Standards as well as the related laws and regulations.

Board of Directors



Independent Auditor's Report

To the Shareholders of STP&I Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue and costs from fabrication work

The Company has disclosed its policy on recognition of revenue and costs from fabrication work in Note 4.1 to the financial statements. I focused my audit on revenue recognition and estimation of budget costs and possible losses from fabrication work, because the amounts of revenue and costs that the Company recognises from such services in each period are significant. In addition, the processes of measurement, determination of the appropriate timing of revenue and cost recognition, and the possible losses, are areas requiring management to exercise significant judgment in assessing the percentage of completion (with reference to estimates made by project engineers), estimating service costs throughout the project, assessing the probability of loss and measuring possible loss. Therefore, there are risks with respect to the amount and timing of the recognition of revenue and costs and the estimation of possible losses from fabrication work.

I assessed and gained an understanding of the methods and procedures used by the Company to evaluate the percentage of completion, estimate total costs throughout the project and estimate possible losses. I tested the Company's internal controls relevant to revenue recognition from fabrication work, and recognition of construction materials, labor and subcontract work and overhead costs. I also reviewed the rationale for the conclusion reached through a comparison of the percentage of completion, with reference to the estimates made by the project engineer, to the ratio of up-to-date actual costs and budgets throughout the project. I examined actual costs by checking related documents, on a sampling basis. Moreover, I evaluated the estimation of possible losses by the management through an analysis of the ratio of actual costs to budgeted costs by significant cost components. I also performed an analytical review on increases and decreases in the revenues and gross margins from provision of services by project.



Allowance for doubtful accounts and unbilled receivables

As disclosed in Note 9 to the financial statements, during the year 2017 the Company set aside allowance for doubtful accounts and unbilled receivables of a major project amounting to Baht 1,195 million. A dispute with the project client is still in the arbitration process and management therefore needs to exercise significant judgement in assessing the dispute, in order to estimate the allowance for doubtful accounts. However, the actual outcome of the dispute may differ from this assessment. There is thus a risk related to the recognition of allowance for doubtful accounts and unbilled receivables.

I inquired with the Company's management and legal department regarding the procedures followed to monitor the filing and progress of the dispute and the methods applied by the management in estimating the allowance for doubtful accounts and unbilled receivables. I also assessed the judgement exercised by the management in estimating the allowances by reviewing relevant conditions of agreements, together with the arguments submitted by the Company and counterparties to an arbitral tribunal for the purpose of providing background into the disputes. I also sent confirmation letters to the legal advisers whose services were used by the Company, requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Company. I assessed the competence, experience, independence and objectivity of the legal advisers in accordance with relevant auditing standards. In addition, I reviewed the disclosure of information relating to commercial disputes in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 27 February 2018



Statement of financial position

STP&I Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Assets					
Current assets					
Cash and cash equivalents	7	786,029,588	1,970,331,807	686,198,168	1,425,390,062
Current investments	8	2,267,893,826	4,282,116,800	1,992,222,818	3,955,146,508
Trade and other receivables	9	821,151,501	1,717,445,779	775,237,880	1,672,804,421
Unbilled receivables	10	15,875,667	571,036,387	18,577,825	571,036,387
Short-term loan to subsidiaries	6	-	-	540,000,000	-
Current portion of long-term loan to subsidiary	6	-	-	85,000,000	40,000,000
Work in progress		1,050,830	273,330,228	1,882,579	273,330,228
Inventories	11	135,553,774	151,283,995	21,283,678	33,078,305
Advances payment to suppliers and contractors		2,459,391	2,546,927	2,037,230	141,583
Other current assets	12	52,961,802	53,417,639	12,549,960	34,271,602
Total current assets		4,082,976,379	9,021,509,562	4,134,990,138	8,005,199,096
Non-current assets					
Restricted bank deposits	13	971,636,445	24,998,118	968,576,445	24,938,118
Long-term loan to subsidiary - net of current portion	6	-	-	-	85,000,000
Investments in subsidiaries	14	-	-	157,761,170	156,761,200
Other long-term investments	15	357,315,282	325,229,682	357,234,920	325,149,320
Advances payment to contractor under construction agreement		36,000,000	-	-	-
Investment property	16	1,288,943,839	-	29,498,000	29,498,000
Property, plant and equipment	17	2,291,241,545	2,084,579,452	1,239,940,313	1,454,270,745
Goodwill		22,033,990	22,033,990	-	-
Rights to produce and sell electricity from municipal waste	14	933,828,539	933,828,539	-	-
Other intangible assets		4,788,698	6,508,075	3,552,670	5,724,372
Deferred tax assets	24	75,467,879	106,334,439	75,281,335	105,347,863
Other non-current assets		37,727,311	40,206,372	10,017,472	7,642,276
Total non-current assets		6,018,983,528	3,543,718,667	2,841,862,325	2,194,331,894
Total assets		10,101,959,907	12,565,228,229	6,976,852,463	10,199,530,990

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

Statement of financial position (continued)

STP&I Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	850,000,000	-	-	-
Trade and other payables	19	807,800,150	760,262,266	708,860,783	700,068,485
Unbilled payables		18,096,034	26,554,584	18,096,034	26,554,584
Advances received from hirers		10,038,437	2,715,051	6,714,362	-
Construction revenue received in advance	10	4,388,319	-	4,388,319	-
Current portion of liabilities under					
finance lease agreements		5,271,306	11,962,256	-	437,855
Income tax payable		-	51,963,023	-	50,695,920
Short-term provisions		2,993,487	2,636,949	-	-
Provision for severance pay		-	6,794,852	-	-
Other current liabilities		38,553,970	42,612,800	12,712,976	23,822,870
Total current liabilities		1,737,141,703	905,501,781	750,772,474	801,579,714
Non-current liabilities					
Liabilities under finance lease agreements - net					
of current portion		2,274,621	4,952,852	-	-
Provision for long-term employee benefits	20	45,199,251	43,699,914	39,633,909	38,333,742
Deferred tax liabilities	24	194,450,246	194,005,798	-	-
Deposit from long-term lease agreements		27,260,100	-	-	-
Long-term provisions	31.5	-	180,000,000	-	180,000,000
Other non-current liabilities		740,440	207,728	-	-
Total non-current liabilities		269,924,658	422,866,292	39,633,909	218,333,742
Total liabilities		2,007,066,361	1,328,368,073	790,406,383	1,019,913,456

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



Statement of financial position (continued)

STP&I Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Shareholders' equity					
Share capital					
Registered					
1,625,188,400 ordinary shares of Baht 0.25 each		406,297,100	406,297,100	406,297,100	406,297,100
Issued and fully paid up					
1,625,181,478 ordinary shares of Baht 0.25 each		406,295,370	406,295,370	406,295,370	406,295,370
Premium on ordinary shares		1,356,908,662	1,356,908,662	1,356,908,662	1,356,908,662
Premium on treasury shares		99,327,356	99,327,356	99,327,356	99,327,356
Retained earnings					
Appropriated - statutory reserve	21	40,629,710	40,629,710	40,629,710	40,629,710
Appropriated - treasury shares reserve	22	3,105,164	3,105,164	3,105,164	3,105,164
Unappropriated		5,605,701,363	8,735,180,709	4,240,526,772	7,235,803,465
Treasury shares	22	(3,105,164)	(3,105,164)	(3,105,164)	(3,105,164)
Other components of shareholders' equity		42,758,210	40,652,971	42,758,210	40,652,971
Equity attributable to owners of the Company		7,551,620,671	10,678,994,778	6,186,446,080	9,179,617,534
Non-controlling interests of the subsidiary		543,272,875	557,865,378	-	-
Total shareholders' equity		8,094,893,546	11,236,860,156	6,186,446,080	9,179,617,534
Total liabilities and shareholders' equity		10,101,959,907	12,565,228,229	6,976,852,463	10,199,530,990

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

Statement of comprehensive income

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Revenues from fabrication work		580,011,401	9,293,778,548	586,975,559	9,295,808,176
Sales and services income		425,317,035	395,981,189	33,789,457	34,215,101
Other income					
Interest income		65,050,231	76,328,681	68,729,790	79,375,264
Dividend income		27,001,109	41,356,389	148,361,009	323,436,129
Gain on sales of land and equipment		6,220,260	116,135,823	811,801	112,502,107
Others		54,715,909	96,481,656	56,526,339	84,726,197
Total revenues		1,158,315,945	10,020,062,286	895,193,955	9,930,062,974
Expenses					
Cost of fabrication work		1,074,520,109	7,818,856,567	1,093,301,528	8,311,421,368
Factory overhead expenses not allocated to cost of fabrication work		401,274,315	-	401,274,315	-
Cost of sales and services		335,426,615	330,599,156	11,898,773	27,029,512
Selling expenses		16,095,392	19,133,066	-	-
Administrative expenses		191,576,703	147,091,369	116,010,102	101,153,557
Loss on foreign exchange		305,183,898	62,744,213	297,328,602	53,134,716
Doubtful debt expenses	9	722,544,638	-	722,289,516	-
Provisions for rights of claim in litigation	10	472,638,272	-	472,638,272	-
Loss from lawsuit	31.5	110,363,361	-	110,363,361	-
Total expenses		3,629,623,303	8,378,424,371	3,225,104,469	8,492,739,153
Profit (loss) before finance cost and income tax expenses		(2,471,307,358)	1,641,637,915	(2,329,910,514)	1,437,323,821
Finance cost		(3,950,168)	(3,824,171)	(2,141,819)	(1,062,555)
Profit (loss) before income tax expenses		(2,475,257,526)	1,637,813,744	(2,332,052,333)	1,436,261,266
Income tax expenses	24	(35,130,182)	(274,064,339)	(29,540,219)	(176,475,919)
Profit (loss) for the year		(2,510,387,708)	1,363,749,405	(2,361,592,552)	1,259,785,347
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Investments in available-for-sale securities					
Adjustment - reclassification as gain due to sale					
- net of income tax		(3,349,495)	(186,062)	(3,349,495)	(186,062)
Gain on change in value of available-for-sale investments - net of income tax		5,454,734	33,513,773	5,454,734	33,513,773
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		2,105,239	33,327,711	2,105,239	33,327,711
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		-	(11,966,292)	-	(9,947,517)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(11,966,292)	-	(9,947,517)
Other comprehensive income for the year		2,105,239	21,361,419	2,105,239	23,380,194
Total comprehensive income for the year		(2,508,282,469)	1,385,110,824	(2,359,487,313)	1,283,165,541

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



Statement of comprehensive income (continued)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss attributable to:					
Equity holders of the Company		(2,495,795,205)	1,365,884,027	(2,361,592,552)	1,259,785,347
Non-controlling interests of the subsidiary		(14,592,503)	(2,134,622)		
		<u>(2,510,387,708)</u>	<u>1,363,749,405</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(2,493,689,966)	1,387,245,446	(2,359,487,313)	1,283,165,541
Non-controlling interests of the subsidiary		(14,592,503)	(2,134,622)		
		<u>(2,508,282,469)</u>	<u>1,385,110,824</u>		
Earnings per share	26				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		(1.54)	0.84	(1.45)	0.78

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

Statement of changes in shareholders' equity

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
	Note	Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings			Treasury shares	Investments	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total	
					Statutory reserve	Appropriated	Treasury shares reserve						
Balance as at 1 January 2016		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	7,982,447,870	(3,105,164)	7,325,260	9,892,934,228	-	9,892,934,228	
Profit or loss for the year		-	-	-	-	-	1,365,884,027	-	-	1,365,884,027	(2,134,622)	1,363,749,405	
Other comprehensive income for the year		-	-	-	-	-	(11,966,292)	-	33,327,711	21,361,419	-	21,361,419	
Total comprehensive income for the year		-	-	-	-	-	1,353,917,735	-	33,327,711	1,387,245,446	(2,134,622)	1,385,110,824	
Increase in non-controlling interests of the subsidiary from acquisition of the subsidiary	14	-	-	-	-	-	-	-	-	-	-	-	
Dividend paid	29	-	-	-	-	-	(601,184,896)	-	-	(601,184,896)	-	(601,184,896)	
Balance as at 31 December 2016		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	8,735,180,709	(3,105,164)	40,652,971	10,678,994,778	557,865,378	11,236,860,156	
Balance as at 1 January 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	8,735,180,709	(3,105,164)	40,652,971	10,678,994,778	557,865,378	11,236,860,156	
Profit or loss for the year		-	-	-	-	-	(2,495,795,205)	-	-	(2,495,795,205)	(14,592,503)	(2,510,387,708)	
Other comprehensive income for the year		-	-	-	-	-	-	-	2,105,239	2,105,239	-	2,105,239	
Total comprehensive income for the year		-	-	-	-	-	(2,495,795,205)	-	2,105,239	(2,493,689,966)	(14,592,503)	(2,508,282,469)	
Dividend paid	29	-	-	-	-	-	(633,684,141)	-	-	(633,684,141)	-	(633,684,141)	
Balance as at 31 December 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	5,605,701,363	(3,105,164)	42,758,210	7,551,620,67	543,272,875	8,094,893,546	

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



Statement of changes in shareholders' equity (continued)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

Separate financial statements												(Unit: Baht)
	Note	Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Retained earnings				Treasury shares	Unappropriated	Treasury shares	Total
					Appropriated		Treasury shares reserve	Unappropriated				
					Statutory reserve	Treasury shares reserve						
Balance as at 1 January 2016		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	6,587,150,531	(3,105,164)	7,325,260	8,497,636,889		
Profit or loss for the year		-	-	-	-	-	1,259,785,347	-	-	1,259,785,347		
Other comprehensive income for the year		-	-	-	-	-	(9,947,517)	-	33,327,711	23,380,194		
Total comprehensive income for the year		-	-	-	-	-	1,249,837,830	-	33,327,711	1,283,165,541		
Dividend paid	29	-	-	-	-	-	(601,184,896)	-	-	(601,184,896)		
Balance as at 31 December 2016		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	7,235,803,465	(3,105,164)	40,652,971	9,179,617,534		
Balance as at 1 January 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	7,235,803,465	(3,105,164)	40,652,971	9,179,617,534		
Profit or loss for the year		-	-	-	-	-	(2,361,592,552)	-	-	(2,361,592,552)		
Other comprehensive income for the year		-	-	-	-	-	-	-	2,105,239	2,105,239		
Total comprehensive income for the year		-	-	-	-	-	(2,361,592,552)	-	2,105,239	(2,359,487,313)		
Dividend paid	29	-	-	-	-	-	(633,684,141)	-	-	(633,684,141)		
Balance as at 31 December 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	4,240,526,772	(3,105,164)	42,758,210	6,186,446,080		

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

Cash flow statement

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from (used in) operating activities				
Profit (loss) before tax	(2,475,257,526)	1,637,813,744	(2,332,052,333)	1,436,261,266
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	286,113,603	294,619,165	231,439,455	245,575,030
Allowance for doubtful accounts (reversal)	722,544,638	(2,081,854)	722,289,516	-
Provisions for rights of claim in litigation	472,638,272	-	472,638,272	-
Reduction of inventory cost to net realisable value	10,344,196	3,065,148	6,437,134	2,932,830
Gain on sales of land and equipment	(6,220,260)	(116,135,823)	(811,801)	(112,502,107)
Gain on sales of investments in trading securities	(30,858,553)	(35,684,260)	(25,629,664)	(29,912,168)
Gain on sales of investments in available-for-sale securities	(5,420,361)	(13,765,494)	(5,420,361)	(11,098,405)
Unrealised loss (gain) on change in value of current investments	13,323,348	(40,401,309)	9,039,773	(38,947,964)
Dividend income from investments in available-for-sale securities	(17,333,935)	(18,096,894)	(17,333,935)	(18,096,894)
Dividend income from subsidiary	-	-	(121,359,900)	(282,079,740)
Provision for severance pay (reversal)	(578,513)	27,490,897	-	-
Loss from lawsuit	110,363,361	-	110,363,361	-
Short-term provisions (reversal)	356,538	(196,960)	-	-
Provision for long-term employee benefits	4,738,232	5,520,629	3,838,395	4,850,685
Realised loss on foreign exchange from redemption of held-to-maturity debt securities	32,432,620	-	32,432,620	-
Unrealised loss (gain) on foreign exchange	167,064,547	(54,955,847)	162,841,613	(54,186,362)
Interest income	(32,210,630)	(32,387,141)	(36,764,524)	(36,565,501)
Interest expenses	1,582,187	1,554,520	12,296	52,480
Profit (loss) from operating activities before changes in operating assets and liabilities	(746,378,236)	1,656,358,521	(788,040,083)	1,106,283,150
Operating assets (increase) decrease				
Current investment - Trading securities	1,522,145,259	802,406,332	1,469,900,660	778,406,330
Trade and other receivables and unbilled receivables	142,726,945	(330,932,915)	138,777,574	(364,416,597)
Work in progress	272,279,398	1,405,212,880	271,447,649	1,405,212,880
Inventories	5,386,025	13,660,491	5,357,493	13,483,752
Other current assets	446,332	527,583,257	19,825,994	535,127,143
Other non-current assets	7,261,578	1,111,624	39,384	370,044
Operating liabilities increase (decrease)				
Trade and other payables	(450,106)	(409,286,401)	13,009,356	(1,034,585,951)
Unbilled payables	(8,458,550)	16,943,669	(8,458,550)	16,943,669
Advance received from hirers	7,323,386	(26,775,832)	6,714,362	(27,144,340)
Construction revenue received in advance	4,388,319	(852,503,722)	4,388,319	(852,503,722)
Provision for severance pay	(5,489,640)	(209,639,092)	-	-
Provision for long-term employee benefits	(3,238,895)	(3,222,262)	(2,538,228)	(2,130,426)
Cash paid of loss from lawsuit	(290,363,361)	-	(290,363,361)	-
Other current liabilities	(3,403,139)	(60,405,991)	(8,073,774)	(21,615,597)
Deposit from long-term lease agreements	27,260,100	-	-	-
Other non-current liabilities	(70,442)	8,921	-	-
Cash flows from operating activities	931,364,973	2,530,519,480	831,986,795	1,553,430,335
Cash received from withholding tax refundable	-	24,814,547	-	-
Cash paid for corporate income tax	(60,932,741)	(453,954,964)	(53,049,259)	(321,776,852)
Net cash flows from operating activities	870,432,232	2,101,379,063	778,937,536	1,231,653,483

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



Cash flow statement (continued)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from (used in) investing activities				
Decrease (increase) in restricted bank deposits	(946,638,327)	1,460,848	(943,638,327)	(298,486)
Cash paid for short-term loan to subsidiaries	-	-	(540,000,000)	-
Cash received from repayment of short-term loan to related party	-	637,500,000	-	-
Acquisition of investments in available-for-sale securities	(190,758,146)	(1,331,060,397)	(190,758,146)	(1,005,060,396)
Cash received from sales of investments				
in available-for-sale securities	69,798,742	1,578,169,592	69,798,742	1,249,502,503
Acquisition of held-to-maturity debt securities	(1,221,328,054)	(1,435,589,298)	(1,221,328,054)	(1,435,589,299)
Cash received from redemption of held-to-maturity debt securities	1,741,951,211	995,558,477	1,741,951,211	995,558,477
Cash received from repayment of long-term loan to subsidiary	-	-	40,000,000	30,000,000
Net cash paid for investment in subsidiary (Note 14)	-	(837,580,186)	-	-
Increase in investment in subsidiary	-	-	(999,970)	-
Proceeds from sales of land and equipment	6,495,934	125,131,131	990,071	105,790,943
Acquisition of property, plant and equipment	(441,472,295)	(222,041,870)	(16,717,243)	(38,014,476)
Advance payment to contractors for power plant construction	(36,000,000)	-	-	-
Acquisition of investment property	(1,290,126,820)	-	-	-
Acquisition of other intangible assets	(3,400,583)	-	(2,345,984)	-
Dividend received from investments in available-for-sale securities	17,333,935	18,096,894	17,333,935	18,096,894
Dividend received from subsidiary	-	-	121,359,900	282,079,740
Interest income	36,709,966	27,469,374	39,853,450	31,647,734
Net cash flows from (used in) investing activities	(2,257,434,437)	(442,885,435)	(884,500,415)	233,713,634
Cash flows from (used in) financing activities				
Cash received from short-term loans from financial institutions	850,000,000	-	-	-
Cash paid for liabilities under finance lease agreements	(14,121,149)	(13,609,078)	(450,150)	(1,021,433)
Dividend paid	(633,178,865)	(600,623,408)	(633,178,865)	(600,623,408)
Net cash flows from (used in) financing activities	202,699,986	(614,232,486)	(633,629,015)	(601,644,841)
Net increase (decrease) in cash and cash equivalents	(1,184,302,219)	1,044,261,142	(739,191,894)	863,722,276
Cash and cash equivalents at beginning of year	1,970,331,807	926,070,665	1,425,390,062	561,667,786
Cash and cash equivalents at end of year	786,029,588	1,970,331,807	686,198,168	1,425,390,062
Supplemental cash flows information				
Non-cash transactions				
Receivable from sales of assets	4,190,423	73,793,820	-	73,793,820
Increase (decrease) in accounts payable - purchase of assets	46,420,320	(824,194)	(3,947,636)	(2,579,396)
Assets acquired under finance lease agreements	3,169,781	-	-	-
Decrease in deferred gain from sale-leaseback of equipment	123,545	223,303	-	-

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

Notes to consolidated financial statements

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2017

1. General information

STP&I Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in steel fabrication work, and the manufacture of boilers and pressure vessels. The registered office of the Company is at 32/24, 3rd Floor Sino-Thai Tower, Sukhumvit 21 Road, Kwaeng Klongtoey Nua, Khet Wattana, 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 11 October 2016, 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 STP&I Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
<u>Held by the Company</u>				
STIT Company Limited	Manufacture, sale and rental of construction equipment	Thailand	100	100
STP&I Services Company Limited	Construction services	Thailand	100	100
ST Property and Logistics Company Limited	Property development and logistics services	Thailand	100	-
<u>Held by subsidiary companies</u>				
STIT 2011 Company Limited	Sale and rental of construction equipment	Thailand	100	100
WPGE Phetchaburi Company Limited	Production and distribution of electricity generated from waste and municipal solid waste management	Thailand	60	60



- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies 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 present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenues and expenses recognition

a) Revenues

Revenues from fabrication work

Revenues from fabrication work are recognised on a percentage of completion basis, with reference to the assessment of the Company's project engineers. Recognised revenues, that are not yet due per the contracts have been presented under the caption of "Unbilled receivables" in the statements of financial position.

Sales of goods

Sales of goods 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.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Income from rental of land, office building and warehouse is recognised on an accrual basis, calculate under the straight-line method over the lease term. Income from rental of equipment is recognised on an accrual basis.

Interest income

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

Dividends

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

b) Expenses

Costs of fabrication work

Costs of fabrication work are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the recorded costs on the percentage of work completed based on the estimated cost and the actual costs are presented as current assets or current liabilities in the statements of financial position.

Other expenses

Other expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 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.

4.4 Inventories

Finished goods are valued at the lower of cost (under the specific method) and net realisable value. Cost includes all acquiring costs.

Spare parts and factory supplies are valued at the lower of cost (under the first-in first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 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 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.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiary companies 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.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 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 for office building and warehouse is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 20 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land and land improvement.

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.

4.7 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 plant and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Land improvements	-	10, 20 years
Buildings and construction	-	5, 10, 20 years
Machinery, tools and construction equipment	-	3 - 15 years
Office equipment, furniture and fixtures	-	3, 5 years
Motor vehicles	-	5 years

Depreciation of construction on lease land is calculated by reference to its cost on a straight-line basis over the lease period which is shorter than the asset's useful live.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and 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.

4.8 Rights to produce and sell electricity from municipal waste and amortisation

Rights to produce and sell electricity from municipal waste acquired in a business combination were measured initially at their acquisition-date estimated fair values. Subsequent to initial recognition, rights to produce and sell electricity from municipal waste has been stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

Amortisation of rights to produce and sell electricity from municipal waste is calculated by reference to cost on a straight-line basis over estimated economic useful life (estimated around 25 years), recognition of amortisation begins from the date on which the subsidiary first sells electricity. The Group review assets for impairment whenever events or changes in circumstances indicate that an asset may be impaired, and review the amortisation period and the amortisation method used for rights to produce and sell electricity from municipal waste at least every year end. Amortisation is recognised as an expense in profit or loss.

4.9 Intangible assets

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.

The intangible assets with finite useful lives is computer software with useful lives of 5 years.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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.

4.12 Long-term leases

Leases of motor vehicles, machinery and 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 assets acquired under finance leases are depreciated over their useful life.

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

4.13 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.



4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. Goodwill is tested for impairment annually. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.15 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 and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiary provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in profit and loss.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries 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.

4.17 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 and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

4.19 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.



4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. 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:

Percentage of completion

The Company recognizes revenue from fabrication work by reference to the stage of completion of the construction contract, when the outcome of a construction contract can be estimated reliably. Management are required to make judgement based on the current events and arrangements and their experience of the business, in order to estimate the percentage of completion, based on information received from the project engineers.

Estimated construction project costs

The Company estimates 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, and the design costs, labor costs, subcontracting costs and other related costs to be incurred to completion of service, as well as the direction of movement of 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 losses they expect to be realised on each construction project, based on actual costs incurred to date, the progress of construction, the status of the project, any fluctuations in costs of construction materials and labour, the current situation and relevant information regarding warranties and claims on the contracted construction works.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Allowance for doubtful accounts and unbilled receivables

In determining an allowance for doubtful accounts for account receivables and unbilled receivables, the management needs to make judgements and estimates based upon current circumstances and relevant information regarding the financial position of each project customer, among other things.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.



Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

Investment properties

The disclosure of fair value of investment property require management to make estimates the fair value by an independent appraiser. The independent appraiser valued the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 16.

Rights to produce and sell electricity from municipal waste

The management has to exercise judgement for estimating fair value of rights to produce and sell electricity from municipal waste, acquired in a business combination, by appropriately using a valuation techniques and models. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position.

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.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized 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 financial statements		Separate financial statements		Transfer Pricing policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues from fabrication work	-	-	7	2	Contract price
Revenue from sales and services	-	-	3	25	Market price or contract price
Cost of fabrication work	-	-	46	1,484	Market price or contract price
Purchase of assets	-	-	-	10	Market price
Interest income	-	-	5	4	2.7% - 4.5% per annum
Dividend income	-	-	121	282	As declared
Other income	-	-	10	-	Contract price
<u>Transactions with related company</u>					
Revenue from sales and services	31	35	16	1	Market price or contract price
Cost of fabrication work	-	140	-	140	Market price or contract price
Purchase of goods and services	-	7	-	-	Contract price
Rental and service expenses	11	7	6	6	Contract price

The balances of the accounts as at 31 December 2017 and 2016, between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
<u>Subsidiaries</u>				
STIT Company Limited	-	-	5,976	3,849
STIT2011 Company Limited	-	-	13	13
STP&I Services Company Limited	-	-	270	2,991
ST Property and Logistics Company Limited	-	-	3,652	-
WPGE Phetchaburi Company Limited	-	-	2,388	-



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Related company				
Sino-Thai Engineering and Construction				
Public Company Limited	8,504	11,134	194	702
Total trade and other receivables - related parties	<u>8,504</u>	<u>11,134</u>	<u>12,493</u>	<u>7,555</u>
<u>Unbilled receivables - related party</u>				
Subsidiary				
WPGE Phetchaburi Company Limited	<u>-</u>	<u>-</u>	<u>2,702</u>	<u>-</u>
<u>Trade and other payables - related parties (Note 19)</u>				
Subsidiaries				
STIT Company Limited	-	-	-	1,319
STP&I Services Company Limited	-	-	6,938	17,929
Related company				
Sino-Thai Engineering and Construction				
Public Company Limited	<u>-</u>	<u>7,651</u>	<u>-</u>	<u>-</u>
Total trade and other payables - related parties	<u>-</u>	<u>7,651</u>	<u>6,938</u>	<u>19,248</u>
<u>Advances received from hirers - related party</u>				
Subsidiary				
WPGE Phetchaburi Company Limited	<u>-</u>	<u>-</u>	<u>3,614</u>	<u>-</u>

Loans to subsidiaries

As at 31 December 2017 and 2016, the balance of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2016	Increase during the year	Decrease during the year
			Balance as at 31 December 2017
Short-term loan to subsidiaries			
ST Property and Logistics Company Limited	-	450,000	-
WPGE Phetchaburi Company Limited	-	90,000	-
Total short-term loan to subsidiaries	-	540,000	-
Long-term loan to subsidiary			
STIT Company Limited	125,000	-	(40,000)
Less: Current portion	(40,000)		(85,000)
Long-term loan to subsidiary, net of current portion	85,000		-

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	34,638	39,391	33,605	38,586
Post-employment benefits	1,035	1,019	1,023	986
Other long-term benefits	4	2	4	2
Total	35,677	40,412	34,632	39,574



7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	64	86	48	38
Bank deposits	785,966	1,970,246	686,150	1,425,352
Total	786,030	1,970,332	686,198	1,425,390

As at 31 December 2017, bank deposits carried interests between 0.05 and 1.00 percent per annum (2016: between 0.05 and 0.40 percent per annum).

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Fixed deposit	51,563	364,000	51,563	364,000
Investments in trading securities - Fair value	1,683,422	2,906,185	1,407,751	2,579,215
Investments in held-to-maturity debt securities - due within one year	310,117	904,984	310,117	904,984
Investments in available-for-sale securities, Cost	224,680	98,087	224,680	98,087
Add: Differences exchange rate	(3,362)	2,720	(3,362)	2,720
Add: Surplus on changes in value of investments	1,474	6,141	1,474	6,141
Investments in available-for-sale securities, Fair value	<u>222,792</u>	<u>106,948</u>	<u>222,792</u>	<u>106,948</u>
Total	2,267,894	4,282,117	1,992,223	3,955,147

During the year 2017, the Company sold available-for-sale securities with book values totaling Baht 68 million and recognised gain on the sales amounting to Baht 4 million (after tax) in profit or loss. This amount included gain transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 3 million (after tax).

During the year 2016, the Company and its subsidiaries sold available-for-sale securities with book values totaling Baht 1,564 million and recognised gain on the sales amounting to Baht 11 million (after tax) in profit or loss. This amount included gain transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.2 million (after tax).

During the year 2017, the Company received dividend from investments in available-for-sale securities of Baht 2 million (2016: Baht 4 million).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,141	3,627	5,576	4,383
Past due				
Up to 3 months	3,842	3,627	197	665
3 - 6 months	917	2,026	-	392
6 - 12 months	-	1,261	-	-
Total trade receivables - related parties	7,900	10,541	5,773	5,440
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	56,264	64,348	32,456	46,456
Past due				
Up to 3 months	23,138	1,540,564	63	1,524,063
3 - 6 months	507	593	-	-
6 - 12 months	210	2,891	31	20
Over 12 months	1,445,081	18,405	1,444,909	17,312
Total	1,525,200	1,626,801	1,477,459	1,587,851
Less: Allowance for doubtful debts	(722,461)	(17,446)	(722,289)	(17,312)
Total trade receivables - unrelated parties, net	802,739	1,609,355	755,170	1,570,539
Total trade accounts receivable - net	810,639	1,619,896	760,943	1,575,979
<u>Other receivables</u>				
Other receivables and advance to related parties	-	-	4,182	85
Other receivables and advance to unrelated parties	868	880	531	412
Retention receivables from construction				
Contracts - related party	593	593	-	-
Retention receivables from construction				
Contracts - unrelated parties	217	1,217	-	-
Accrued interest income - related parties	-	-	1,410	-
Accrued interest income - unrelated parties	5,749	18,447	5,749	18,058
Accrued income - related party	11	-	1,128	2,030
Accrued income - unrelated parties	3,292	76,413	1,295	76,240
Total	10,730	97,550	14,295	96,825
Less: Allowance for doubtful debts	(217)	-	-	-
Total other receivables - net	10,513	97,550	14,295	96,825
Total trade and other receivables - net	821,152	1,717,446	775,238	1,672,804



At present, a major project of the Company in a foreign country has a related outstanding balances of trade receivables and unbilled receivables totaling Baht 1,917 million (2016: Baht 2,022 million). The Company has continually pursued collection of these outstanding amounts but has not yet to receive payment from the client and is not able to determine with certainty when payment will be made. As a result, the Company has petitioned for arbitration to protect its rights under the project agreement and in the second quarter of the year 2017 an arbitral tribunal has been formed and the arbitration process for this case is expected to take longer than one year and the outcome of the dispute cannot be predicted. Moreover, the balances of trade receivables are overdue more than 12 months. Therefore, on a conservative basis, the Company has estimated and set aside partial provision for the trade receivables amounting to Baht 722 million which has been presented under the caption of "Doubtful debt expenses" in the statement of comprehensive income and full provision for the unbilled receivables amounting to Baht 473 million which has been presented under the caption of "Provisions for rights of claim in litigation" in the statement of comprehensive income, totaling for provisions of Baht 1,195 million. These figures are based on the estimates and the opinion of the Company's management. However, in the third quarter of the year 2017, the client also called for the Company to pay a certain amount to protect the rights of the client and the decision of the arbitral tribunal may order the Company to make payment of guarantee obligations arising in the normal course of business. The outcome is still unknown and must await the examination of evidence.

10. Unbilled receivables/Construction revenue received in advance

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Project value as per contract	36,993,813	37,836,791	37,005,861	37,836,791
Accumulated amount recognised as revenue on percentage of completion basis	36,819,421	36,414,911	36,822,123	36,414,911
Less: Value of total billed	(36,335,295)	(35,843,875)	(36,335,295)	(35,843,875)
Total	484,126	571,036	486,828	571,036
Add: Construction revenue received in advance	4,388	-	4,388	-
Unbilled receivables	488,514	571,036	491,216	571,036
Less: Allowance for doubtful debts (Referred to Note 9)	(472,638)	-	(472,638)	-
Unbilled receivables - net	15,876	571,036	18,578	571,036

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
			Reduce cost to net			
	Cost		realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	65,205	60,155	(1,469)	(3,246)	63,736	56,909
Spare parts and factory supplies	89,714	92,900	(28,798)	(16,676)	60,916	76,224
Goods in transit	10,902	18,151	-	-	10,902	18,151
Total	165,821	171,206	(30,267)	(19,922)	135,554	151,284

(Unit: Thousand Baht)

	Separate financial statements					
			Reduce cost to net			
	Cost		realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Spare parts and factory supplies	<u>44,397</u>	<u>49,754</u>	<u>(23,113)</u>	<u>(16,676)</u>	<u>21,284</u>	<u>33,078</u>
Total	<u>44,397</u>	<u>49,754</u>	<u>(23,113)</u>	<u>(16,676)</u>	<u>21,284</u>	<u>33,078</u>

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 10 million (2016: Baht 3 million) (The Company only: Baht 6 million 2016: Baht 3 million), to reflect the net realisable value. This was included in cost of sales.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Refundable value added tax	42,305	45,335	8,508	31,123
Prepaid expenses	7,721	4,945	3,878	3,067
Others	2,936	3,138	164	82
Total other current assets	<u>52,962</u>	<u>53,418</u>	<u>12,550</u>	<u>34,272</u>

13. Restricted bank deposits

These balances represent bank deposits of the Company and its subsidiary which pledged to secure credit facilities.



14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
	Million Baht	Million Baht	(%)	(%)	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
STIT Company Limited	135	135	100	100	135,000	135,000	-	-
STP&I Services Company Limited	410	410	100	100	21,761	21,761	121,360	282,080
ST Property and Logistics Company Limited	1	-	100	-	1,000	-	-	-
Total					157,761	156,761	121,360	282,080

14.1 A subsidiary held by the Company

ST Property and Logistics Company Limited

In October 2017, the Company invested in ST Property and Logistics Company Limited, a newly established company. An objective for the investment is property development and logistics services. This company has registered share capital of Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each). The Company had 100% holding in such company and already paid for the total investment. This company registered its incorporation with the Ministry of Commerce on 16 October 2017.

14.2 A subsidiary held by a subsidiary company

WPGE Phetchaburi Company Limited

In November 2016, STP&I Services Company Limited, a subsidiary, acquire 42,000,000 ordinary shares with a par value of Baht 10 per share of WPGE Phetchaburi Company Limited (a company that is principally engaged in the production and distribution of electricity generated from waste and municipal solid waste management) from the existing shareholders, for a total of Baht 840 million. The investment represents 60 percent of the registered capital. The main objective of the investment is to expand the Group's business into the renewable energy sector, which is expected to provide a consistent, long-term source of income for the Group.

The fair values of identified assets and liabilities of WPGE Phetchaburi Company Limited as at the acquisition date were as follow:

	(Unit: Million Baht)
Cash and cash equivalents	2
Short-term loan to related party	638
Other current assets	3
Property and equipment - net	20
Rights to produce and sell electricity from municipal waste	934
Other non-current assets	1
Total assets	1,598
Trade and other payables	3
Other current liabilities	3
Liabilities under finance lease agreements	5
Deferred tax liabilities	187
Total liabilities	198
Total net assets	1,400
Less: Non-controlling interests of the subsidiary	(560)
Cash paid for investment in subsidiary	840
 Reconciliation of net cash	
Cash paid for investment in subsidiary	840
Less: Cash and cash equivalents of subsidiary	(2)
Net cash paid for investment in subsidiary	838

The Group undertook to measure the fair value of identified assets and liabilities acquired as at the acquisition date. The assessment was completed in the current year and within the measurement period of 12 months from the acquisition dates pursuant to the period allowed by Thai Financial Reporting Standard No. 3 (revised 2016). During the measurement period, there have been no material differences between the fair value of identified assets and liabilities of WPGE Phetchaburi Company Limited and the estimated fair value as at the acquisition date.

As at 31 December 2017, a power plant of WPGE Phetchaburi Company Limited is under construction and has not yet sold electricity under the power purchase agreement.



15. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Investments in available-for-sale securities</u>				
Cost	155,341	155,555	155,261	155,474
Add: Surplus on changes in value of investments	51,974	44,675	51,974	44,675
Fair value	207,315	200,230	207,235	200,149
<u>Investments in held-to-maturity debt securities</u>				
Debentures	150,000	125,000	150,000	125,000
<u>Other Investments - other company</u>				
Ordinary shares	2,340	2,340	2,340	2,340
Less: Provision for impairment of investments	(2,340)	(2,340)	(2,340)	(2,340)
Total	-	-	-	-
Other long-term investments, net	357,315	325,230	357,235	325,149

No available-for-sales securities were sold during the year 2017 and 2016.

During the year 2017, the Company received dividend from investments in available-for-sale securities of Baht 15 million (2016: Baht 14 million).

16. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Land, office building and warehouse for rent	Land and land improvement for rent
31 December 2017		
Cost	1,290,127	29,498
<u>Less</u> Accumulated depreciation	(1,183)	-
Net book value	1,288,944	29,498
31 December 2016		
Cost	-	29,498
<u>Less</u> Accumulated depreciation	-	-
Net book value	-	29,498

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	-	-	29,498	29,498
Acquisition of land, office building and warehouse for rent	1,290,127	-	-	-
Depreciation charged	(1,183)	-	-	-
Net book value at end of year	<u>1,288,944</u>	<u>-</u>	<u>29,498</u>	<u>29,498</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and land improvement for rent	-	-	43,190	43,190
Land, office building and warehouse for rent	1,560,000	-	-	-

The fair value of investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and land improvement for rent has been determined based on market prices, while that of land, office building and warehouse for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, long-term vacancy rate and long-term growth in real rental rates.



17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	
Cost:							
1 January 2016	743,687	1,812,509	1,655,234	206,829	119,804	1,198	4,539,261
Additions	15	184	45,192	2,317	580	172,930	221,218
Disposals	(66,998)	(128)	(19,430)	(424)	-	-	(86,980)
Transfers in (out)	-	84	200	83	-	(367)	-
Acquisition of subsidiary during the year	94	207	15,080	386	155	5,317	21,239
31 December 2016	676,798	1,812,856	1,696,276	209,191	120,539	179,078	4,694,738
Additions	11,164	341	37,964	1,017	707	439,869	491,062
Disposals	-	(36)	(28,821)	(2,578)	(63)	-	(31,498)
Transfers in (out)	276	152	(3)	8	-	(433)	-
31 December 2017	688,238	1,813,313	1,705,416	207,638	121,183	618,514	5,154,302
Accumulated depreciation:							
1 January 2016	40,906	867,308	989,063	159,399	88,787	-	2,145,463
Depreciation for the year	12,406	90,470	154,406	20,596	11,701	-	289,579
Depreciation on disposals	-	(127)	(3,699)	(363)	-	-	(4,189)
Acquisition of subsidiary during the year	-	9	1,622	26	8	-	1,665
31 December 2016	53,312	957,660	1,141,392	179,658	100,496	-	2,432,518
Depreciation for the year	12,455	92,877	150,576	15,640	8,387	-	279,935
Depreciation on disposals	-	(36)	(24,394)	(2,540)	(63)	-	(27,033)
31 December 2017	65,767	1,050,501	1,267,574	192,758	108,820	-	2,685,420
Allowance for impairment loss:							
31 December 2016	-	170,737	6,904	-	-	-	177,641
31 December 2017	-	170,737	6,904	-	-	-	177,641
Net book value:							
31 December 2016	623,486	684,459	547,980	29,533	20,043	179,078	2,084,579
31 December 2017	622,471	592,075	430,938	14,880	12,363	618,514	2,291,241
Depreciation for the year							
2016 (Baht 265 million included in cost of sales and services and cost of fabrication work and the balance in selling and administrative expenses)							289,579
2017 (Baht 256 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and administrative expenses)							279,935

(Unit: Thousand Baht)

Separate financial statements

	Land and land improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	678,388	1,568,361	1,334,402	198,813	101,955	722	3,882,641
Additions	-	310	32,256	1,767	579	523	35,435
Disposals	(66,998)	-	(238)	(331)	-	-	(67,567)
Transfers in (out)	-	-	200	83	-	(283)	-
31 December 2016	611,390	1,568,671	1,366,620	200,332	102,534	962	3,850,509
Additions	11,159	252	936	311	111	-	12,769
Disposals	-	-	(18,464)	(1,898)	-	-	(20,362)
Transfers in (out)	-	76	50	56	-	(182)	-
31 December 2017	622,549	1,568,999	1,349,142	198,801	102,645	780	3,842,916
Accumulated depreciation:							
1 January 2016	37,431	843,558	867,499	153,811	75,986	-	1,978,285
Depreciation for the year	11,717	78,398	121,670	19,599	9,413	-	240,797
Depreciation on disposals	-	-	(186)	(299)	-	-	(485)
31 December 2016	49,148	921,956	988,983	173,111	85,399	-	2,218,597
Depreciation for the year	11,744	80,843	112,735	14,557	7,043	-	226,922
Depreciation on disposals	-	-	(18,441)	(1,743)	-	-	(20,184)
31 December 2017	60,892	1,002,799	1,083,277	185,925	92,442	-	2,425,335
Allowance for impairment loss:							
31 December 2016	-	170,737	6,904	-	-	-	177,641
31 December 2017	-	170,737	6,904	-	-	-	177,641
Net book value:							
31 December 2016	562,242	475,978	370,733	27,221	17,135	962	1,454,271
31 December 2017	561,657	395,463	258,961	12,876	10,203	780	1,239,940

Depreciation for the year

2016 (Baht 232 million included in cost of sales and services and cost of fabrication work and the balance in selling and administrative expenses)

240,797

2017 (Baht 221 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and administrative expenses)

226,922

As at 31 December 2017, the Company and its subsidiaries had machinery, motor vehicles and equipment with net book values of Baht 20 million (2016: Baht 44 million) which were acquired under finance lease agreements.



As at 31 December 2017, certain items of plant, machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,309 million (2016: Baht 1,258 million) (The Company only: Baht 1,226 million, 2016: Baht 1,181 million).

The Company and its subsidiaries have pledged land with structures thereon with total net book values amounting to approximately Baht 505 million (2016: Baht 542 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 282 million, 2016: Baht 306 million).

18. Short-term loans from financial institutions

As at 31 December 2017, these represent short-term loans of a subsidiary from financial institutions under a promissory note, on which interest is charged at 2.65 percent per annum. Repayment is to be made within March 2018. The loans are secured by bank deposits of the Company, as discussed in Note 13 to the financial statements.

Moreover, the Company and its subsidiaries' bank overdraft and credit facilities from financial institutions are secured by the Company and its subsidiaries' fixed deposits as discussed in Note 13 to the financial statements and the mortgage some of the Company and its subsidiary's land with structures thereon as discussed in Note 17 to the financial statements, and are guaranteed by the Company and its subsidiary.

As at 31 December 2017, the bank overdraft of the Company and its subsidiary which has not yet drawn down amounted to Baht 75 million (2016: Baht 75 million).

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties	-	7,651	6,938	18,015
Trade payables - unrelated parties	569,785	659,655	528,830	598,382
Other payables - unrelated parties	156,192	9,470	100,674	4,293
Retention payable from construction contract - related parties	-	-	-	1,233
Retention payable from construction contract - unrelated parties	60,432	54,344	56,255	53,274
Accrued expenses	21,391	29,142	16,164	24,871
Total trade and other payables	<u>807,800</u>	<u>760,262</u>	<u>708,861</u>	<u>700,068</u>

20. Provision for long-term employee benefits

Provision for long-term employee benefits comprised severance payment obligations and other long-term employee benefits, long service awards, as detailed below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Severance payment obligations	41,423	39,799	36,430	35,063
Long service awards	3,776	3,901	3,204	3,271
Total	<u>45,199</u>	<u>43,700</u>	<u>39,634</u>	<u>38,334</u>

20.1 Provision for long-term employee benefits, which represents compensations payable to employee after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at beginning of the year	39,799	24,557	35,063	21,702
Included in profit or loss:				
Current service cost	2,798	1,521	2,142	1,348
Interest cost	1,438	1,228	1,287	1,059
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumption changes	-	6,599	-	6,301
Financial assumption changes	-	2,262	-	1,778
Experience adjustments	-	6,096	-	4,355
Benefits paid during the year	<u>(2,612)</u>	<u>(2,464)</u>	<u>(2,062)</u>	<u>(1,480)</u>
Provision for long-term employee benefits at end of the year	<u>41,423</u>	<u>39,799</u>	<u>36,430</u>	<u>35,063</u>



20.2 Provision for other long-term employee benefit which is long service awards, was as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at				
beginning of the year	3,901	1,887	3,271	1,477
Current service cost	394	190	318	145
Interest cost	108	79	91	62
Actuarial loss	-	2,503	-	2,237
Benefits paid during the year	(627)	(758)	(476)	(650)
Provision for long-term employee benefits at				
end of the year	<u>3,776</u>	<u>3,901</u>	<u>3,204</u>	<u>3,271</u>

Line items in profit or loss under which long - term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales and services and cost of				
fabrication work	3,756	2,528	3,184	2,249
Selling and administrative expenses	982	2,993	654	2,602
Total expense recognized in profit or loss	<u>4,738</u>	<u>5,521</u>	<u>3,838</u>	<u>4,851</u>

The Company and its subsidiaries expect to pay Baht 6 million of long-term employee benefits during the next year (Separate financial statements: Baht 5 million) (2016: Baht 6 million, separate financial statements: Baht 5 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefits is 9 - 21 years (Separate financial statements: 11 - 15 years) (2016: 9 - 21 years, separate financial statements: 11 - 15 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.7 - 3.5	2.7 - 3.5	3.1 - 3.5	3.1 - 3.5
Salary increase rate	3.8 - 5.9	3.8 - 5.9	3.8 - 4.7	3.8 - 4.7
Employee turnover rate				
(depending on age of employees)	0 - 34.0	0 - 34.0	0 - 12.0	0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,598)	1,706	(1,403)	1,495
Salary increase rate	1,747	(1,639)	1,538	(1,441)
Employee turnover rate	(1,950)	1,981	(1,710)	1,796

(Unit: Thousand Baht)

As at 31 December 2016

	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,612)	1,721	(1,422)	1,516
Salary increase rate	1,567	(1,473)	1,387	(1,303)
Employee turnover rate	(1,740)	1,769	(1,534)	1,608

21. 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. At present, the statutory reserve has fully been set aside.



22. Treasury shares/ Appropriated retained earnings for treasury shares reserve

On 9 September 2015, the Board of Directors of the Company approved a program to repurchase shares for surplus liquidity management purposes. The shares are to be repurchased on the Stock Exchange of Thailand from 24 September 2015 to 23 March 2016. They can be resold more than 6 months after completing the repurchase but within 3 years. Treasury shares cannot be counted in determining a quorum and they have no voting or dividend rights.

Until the end of a repurchase period, treasury shares have been purchased back by the Company was 350,000 ordinary shares (par value of Baht 0.25 each), or 0.02 percent of total number of shares in issue, a total of Baht 3.1 million (exclude cost of repurchase treasury shares). The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 3.1 million.

As at 31 December 2017, the Company did not sell any the treasury shares.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell.

23. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	363,745	1,820,988	286,104	778,735
Depreciation and amortisation	286,114	294,619	231,439	245,575
Construction materials and subcontractors	438,755	4,392,373	426,461	5,287,607
Rental expenses from operating lease agreements	152,199	318,644	144,732	314,366
Utilities expenses	28,691	47,742	26,675	46,160
Repair and maintenance expenses	19,922	26,539	16,855	24,079
Consulting expenses	100,985	31,566	91,174	24,428
Changes in work in progress	263,821	1,422,157	262,989	1,422,157
Changes in finished goods, spare parts and factory supplies	(1,864)	15,987	5,357	13,484

24. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	4,345	222,594	-	156,764
Adjustment in respect of income tax of previous year	-	14,581	-	14,660
Deferred tax:				
Relating to origination and reversal of temporary differences	30,785	36,889	29,540	5,052
Income tax expense reported in the statement of comprehensive income	<u>35,130</u>	<u>274,064</u>	<u>29,540</u>	<u>176,476</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial loss	-	2,992	-	2,487
Deferred tax relating to gain on change in value of available-for-sale investments	(526)	(8,332)	(526)	(8,332)
Total	<u>(526)</u>	<u>(5,340)</u>	<u>(526)</u>	<u>(5,845)</u>



The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Accounting profit (loss) before tax	(2,475,258)	1,637,814	(2,332,052)	1,436,261
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	(495,052)	327,563	(466,410)	287,252
Adjustment in respect of income tax of previous year	-	14,581	-	14,660
Effects of:				
Promotional privileges (Note 25)	-	(63,311)	-	(63,311)
Non-deductible expenses	243,089	2,124	239,342	280
Tax loss for the year which unrecognised to				
deferred tax assets	286,568	-	279,083	-
Additional expense deductions allowed	(634)	(2,704)	(526)	(330)
Exempted revenue	(5,119)	(5,778)	(27,543)	(62,194)
Others	6,278	1,589	5,594	119
Total	530,182	(68,080)	495,950	(125,436)
Income tax expenses reported in the statement of				
comprehensive income	35,130	274,064	29,540	176,476

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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Allowance for doubtful accounts	72	3,480	-	3,462
Allowance for impairment loss of assets	35,528	35,528	35,528	35,528
Accumulated depreciation - plant machine and equipment	30,710	28,555	32,262	30,246
Trade and other payables				
(Difference from lease calculation method)	4,385	5,765	4,385	5,765
Provision for long-term employee benefits	9,040	8,754	7,927	7,667
Other provisions	602	37,613	-	36,000
Others	5,091	3,803	5,091	3,803
Total	85,428	123,498	85,193	122,471
Deferred tax liabilities				
Unrealised gain on changes in values of investments	10,000	17,713	9,912	17,123
Rights to produce and sell electricity from municipal waste	186,767	186,767	-	-
Others	7,643	6,689	-	-
Total	204,410	211,169	9,912	17,123

As at 31 December 2017, the Company and its subsidiaries have unused tax losses amounting to Baht 1,483 million (2016: Baht 52 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire by 2019 - 2022 (2016: by 2019 - 2021).



25. Promotional privileges

The Company has received promotional privileges from the Board of Investment under the Investment Promotion Act B.E. 2520. Significant privileges of the Company are as follow:

Details		
1. Certificate No.	2800(2)/2555	2888(2)/2555
2. Certificate Date	6/12/2012	17/12/2012
3. Promotional privileges for	Manufacturing of structural steel of construction work	Manufacturing of structural steel of construction work
4. The significant privileges are		
4.1 Exemption of corporate income tax for profit from promoted operations and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	5 years	5 years
4.2 Exemption of import duty on machinery as approved by the board.	Granted	Granted
4.3 Exemption of import duty on raw materials and significant supplies used in export production for a period as mention, from the first import date and can extend the period of import duty exemption when the period expired.	Granted (Expired 17/06/2017)	Granted (Expired 02/12/2017)
5. Date of first earning operating income	31/07/2013	30/01/2013

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Revenues from fabrication work						
Export	-	3,012,430	580,011	6,281,349	580,011	9,293,779
Local	-	-	6,964	2,029	6,964	2,029
Total	-	3,012,430	586,975	6,283,378	586,975	9,295,808
Revenues from sales and services	-	-	33,789	34,215	33,789	34,215
Total revenues	-	3,012,430	620,764	6,317,593	620,764	9,330,023

26. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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, net of the treasury shares held by the Company.

The following table sets forth the computation of basic earnings (loss) per share.

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit (loss) for the year (Thousand Baht)	(2,495,795)	1,365,884	(2,361,593)	1,259,785
Weighted average number of ordinary shares* (Thousand shares)	1,624,831	1,624,831	1,624,831	1,624,831
Earnings (loss) per share (Baht/share)	(1.54)	0.84	(1.45)	0.78

* Net of the 350,000 treasury shares held by the Company

27. 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 executive committee.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- (a) The fabrication work for construction and industrial purpose
- (b) The sale of construction machines, and service of machinery and maintenance
- (c) The sale of electricity (As at 31 December 2017, a power plant of subsidiary is under construction and has not yet sold electricity under the power purchase agreement.)
- (d) The rental of land, office building and warehouse

No operating segments have been aggregated to from the above reportable operating segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



The following table presents revenue and profit (loss) information regarding the Company's and its subsidiaries's operating segments for the years ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Fabrication		Sales and		Rental of land, office building and warehouse (d)		Elimination of inter-segment transactions		Consolidated financial statements	
	work (a)		services (b)							
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from external customers										
Revenue from domestic	-	-	403	386	2	-	-	-	405	386
Revenue from export	580	9,294	20	10	-	-	-	-	600	9,304
Total	580	9,294	423	396	2	-	-	-	1,005	9,690
Inter-segment revenues	7	2	49	1,515	-	-	(56)	(1,517)	-	-
Total revenues	587	9,296	472	1,911	2	-	(56)	(1,517)	1,005	9,690
Segment operating profit (loss)	(495)	1,475	89	65	1	-			(405)	1,540
Unallocated net income (expenses)										
excluding income tax expenses									(2,070)	98
Profit (loss) before income tax expenses									(2,475)	1,638
Income tax expenses									(35)	(274)
Equity attributable to non-controlling interests of the subsidiary									14	2
Profit (loss) for the year - attributable to equity holders of the Company									(2,496)	1,366

Geographic information

Revenue from external customers of the Company and its subsidiaries is based on locations of the customers as the following:

(Unit: Million Baht)

	For the years ended 31 December	
	2017	2016
Japan	-	9,091
Thailand	405	386
Philippines	-	23
Italy	580	180
Others	20	10
Total	1,005	9,690

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have revenue from one major customer in amount of Baht 580 million and Baht 9,068 million, respectively, arising from fabrication work for construction and industrial purpose.

28. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contribute to the fund monthly at the rate of 3 or 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 4 million (The Company only: Baht 3 million) (2016: Baht 5 million, The Company only: Baht 4 million) were recognised as expenses.

29. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015, on the operating results of the year 2015	Annual General Meeting of the shareholder on 27 April 2016		
- Cash dividend		601	0.37
Total dividends for 2016		601	0.37*
Final dividends for 2016, on the operating results of the year 2016	Annual General Meeting of the shareholder on 25 April 2017		
- Cash dividend		634	0.39
Total dividends for 2017		634	0.39*

* The calculation was based on the number of shares after deducted treasury shares held by the Company.

30. Contracts in progress

As at 31 December 2017, the Company's aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 36,806 million (2016: Baht 36,662 million) and gross amounts due from customers for contracts progress were approximately Baht 493 million (2016: Baht 844 million).



31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of approximately Baht 496 million, JPY 784 million and USD 3 million (2016: Baht 822 million, JPY 1,175 million and USD 4 million), relating to power plant construction, land improvement, construction and improvement of factory buildings and acquisition of machinery.

31.2 Operating lease commitments

The Company and its subsidiary has entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are generally between 1 and 30 years. Operating lease agreements are non-cancellable.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable:		
Within 1 year	126	125
1 - 5 years	168	264
Over 5 years	20	18

31.3 Other commitments

As at 31 December 2017, the Company had outstanding letter of credit with overseas supplier amounting to approximately JPY 784 million and USD 3 million (2016: JPY 1,175 million and USD 4 million).

31.4 Bank guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 59 million and USD 38 million (2016: Baht 55 million and USD 39 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 16 million and USD 38 million (2016: Baht 12 million and USD 39 million) to guarantee contractual performance and Baht 43 million (2016: Baht 43 million) to guarantee electricity use and others.

31.5 Lawsuit

During the year 2004, the Company was contracted to perform construction work by an overseas company (“counterparty”), and commenced certain construction work. Subsequently, in the first quarter of 2005 the Company and the counterparty agreed that the Company would hand back the work, and the Company charged for the expenses incurred in relation to the work already performed. However, the Company has not yet to receive payment from the counterparty and has sued the counterparty to recover the above expenses, which amounted to approximately Baht 17 million in the second quarter of 2005 (amended the statement of claim and increased the amount in dispute to be Baht 41 million in the second quarter of 2010). In the third quarter of 2005, the counterparty sued the Company to seek payment for expenses caused by the hand back of work amounting to approximately USD 7 million. As at 31 December 2006, the Company has set aside provision of Baht 120 million and as at 31 December 2008, the Company has set aside additional provision of Baht 60 million for liabilities arising as a result of these cases, based on the opinions of its legal department and the Executive Committee.

Subsequently, in December 2011, the Central Intellectual Property and International Trade Court issued its initial ruling ordering the Company to pay damages relating to the handover of the work amounting to USD 2 million, together with interest at 7.5 percent per annum, calculated from 15 June 2005 until payment is made. However, in September 2012, the Company filed a petition asking the supreme court to overturn the initial ruling and dismiss the lawsuit. Meanwhile, the counterparty has filed an appeal against the ruling, suing the Company for additional payment of USD 3 million together with interest at 7.5 percent per annum, counting from 15 June 2005.

On 23 May 2017, the Supreme Court issued a ruling ordering the Company to pay damages to the counterparty of USD 4.4 million, together with interest of USD 4.0 million and legal fees of Baht 1.5 million, equivalent to a total of Baht 290 million, within 23 June 2017. The Company had already set aside provision of Baht 180 million for such contingent liabilities, and therefore recognised additional expenses of approximately Baht 110 million in the current year. The Company paid the damages in full on 2 June 2017.



32. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 December 2017				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	275	-	-	275
Debt instruments	-	1,409	-	1,409
Available-for-sale investments				
Equity instruments	207	-	-	207
Debt instruments	-	223	-	223
Assets for which fair value are disclosed				
Investment properties	-	-	1,560	1,560

(Unit: Million Baht)

As at 31 December 2016				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	313	-	-	313
Debt instruments	-	2,593	-	2,593
Available-for-sale investments				
Equity instruments	200	-	-	200
Debt instruments	-	107	-	107

(Unit: Million Baht)

As at 31 December 2017

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	275	-	-	275
Debt instruments	-	1,133	-	1,133
Available-for-sale investments				
Equity instruments	207	-	-	207
Debt instruments	-	223	-	223
Assets for which fair value are disclosed				
Investment property	-	-	43	43

(Unit: Million Baht)

As at 31 December 2016

	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	313	-	-	313
Debt instruments	-	2,266	-	2,266
Available-for-sale investments				
Equity instruments	200	-	-	200
Debt instruments	-	107	-	107
Assets for which fair value are disclosed				
Investment property	-	-	43	43



33. Financial instruments

33.1 Financial risk management

The Company and its subsidiaries' 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	- Short-term loans from financial institutions
- Current investments	- Trade and other payables
- Trade and other receivables	- Unbilled payables
- Unbilled receivables	- Liabilities under finance lease agreements
- Loan to subsidiaries	
- Restricted bank deposits	
- Other long-term investments	

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables, unbilled receivable, loans and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables, unbilled receivable and loans as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to deposits at financial institutions, investments, loans, liabilities under finance lease agreements and interest bearing loans. Most of their 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 rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on maturity date or the repricing date, if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December

Consolidated financial statements

	Fixed interest rates				Floating interest		Non-interest		Total		Interest rate	
	within 1 year		1 - 7 year		rate		bearing					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(% per annum)											
Financial assets												
Cash and cash equivalent	-	-	-	-	751	1,849	35	121	786	1,970	0.05 - 1.00	0.05 - 0.40
Current investments	617	1,513	-	-	-	-	1,651	2,769	2,268	4,282	1.20 - 9.02	1.05 - 15.24
Trade and other receivables	-	-	-	-	-	-	821	1,717	821	1,717	-	-
Unbilled receivables	-	-	-	-	-	-	16	571	16	571	-	-
Restricted bank deposits	969	17	-	-	3	8	-	-	972	25	0.38 - 1.15	0.38 - 1.15
Other long-term investments	-	-	150	125	-	-	207	200	357	325	4.30 - 7.00	4.30 - 4.70

Financial liabilities

Short-term loans from financial

institutions	850	-	-	-	-	-	-	-	850	-	2.65	-
Trade and other payables	-	-	-	-	-	-	808	760	808	760	-	-
Unbilled payables	-	-	-	-	-	-	18	27	18	27	-	-
Liabilities under finance lease												
agreements	5	12	2	5	-	-	-	-	7	17	4.00 - 8.73	4.70 - 8.73

(Unit: Million Baht)

As at 31 December

Separate financial statements

	Fixed interest rates				Floating interest		Non-interest		Total		Interest rate	
	within 1 year		1 - 7 year		rate		bearing					
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(% per annum)											
Financial assets												
Cash and cash equivalent	-	-	-	-	672	1,306	14	119	686	1,425	0.05 - 1.00	0.05 - 0.40
Current investments	617	1,513	-	-	-	-	1,375	2,442	1,992	3,955	1.20 - 9.02	1.05 - 15.24
Trade and other receivables	-	-	-	-	-	-	775	1,673	775	1,673	-	-
Unbilled receivables	-	-	-	-	-	-	18	571	18	571	-	-
Short-term loan to subsidiaries	540	-	-	-	-	-	-	-	540	-	4.50	-
Restricted bank deposits	969	17	-	-	-	8	-	-	969	25	0.90 - 1.15	0.90 - 1.15
Long-term loan to subsidiary	85	40	-	85	-	-	-	-	85	125	2.70	2.70
Other long-term investments	-	-	150	125	-	-	207	200	357	325	4.30 - 7.00	4.30 - 4.70

Financial liabilities

Trade and other payables	-	-	-	-	-	-	709	700	709	700	-	-
Unbilled payables	-	-	-	-	-	-	18	27	18	27	-	-



Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries use forward contract to manage such foreign currency risk.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated		Separate		Average exchange rate	
	financial statements		financial statements			
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	96.2	121.9	96.1	121.9	32.6809	35.8307
Japanese yen	0.1	-	-	-	0.2898	0.3080
Financial liabilities						
Euro	0.7	0.4	-	-	39.0273	37.7577
US dollar	0.3	0.1	0.3	0.1	32.6809	35.8307
Japanese yen	15.0	40.0	-	-	0.2898	0.3080

Foreign exchange contracts outstanding are summarised below.

Foreign currency	As at 31 December 2017			
	Consolidated	Separate	Contractual	Contractual
	financial statements	financial statements	maturity date	exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Japanese yen	50.0	-	15/05/18	0.31
US dollar	1.7	-	22/03/18-05/04/18	34.48 - 34.98
<u>Sold amount</u>				
US dollar	4.7	4.7	04/09/18 - 04/10/18	33.04 - 33.20

As at 31 December 2016				
Foreign currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Euro	1.2	-	24/01/17 - 06/06/17	38.77 - 38.95
Japanese yen	15.4	-	31/01/17	0.31
US dollar	3.6	-	04/01/17 - 05/04/17	35.29 - 35.97
<u>Sold amount</u>				
US dollar	4.7	4.7	04/05/17-04/01/17	34.70 - 35.20

33.2 Fair values of financial instruments

The majority of the Company's and its subsidiaries' financial instruments are short-term in nature and deposits at financial institutions and loans bear interest at rates that closed to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

During the current year, there were no transfers within the fair value hierarchy.

34. 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. As at 31 December 2017, the Group's debt-to-equity ratio was 0.2:1 (2016: 0.1:1) and the Company's was 0.1:1 (2016: 0.1:1).

35. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised directors on 27 February 2018.

Other References

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