

KTECH

รายงานประจำปี 2558

บริษัท เคเทค คอนสตรัคชั่น จำกัด (มหาชน)



Annual Report 2015

KTech Construction Public Company Limited



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Message from Chairman of Board of Directors



Year 2015 was a truly administration year for the board and all employees of KTech Construction Public Company Limited. Since the Central Bankruptcy Court issued an order for the company to execute the rehabilitation plan on 13 September 2011, the plan administrators had managed the rehabilitation plan effectively until the Central Bankruptcy Court issued an order to release the company from rehabilitation plan on 26 December 2014. This signified that the company has total freedom to manage the operations. Year 2015 was the year that the company received the cooperations from all related parties, management, business partners and shareholders. Particularly, at the two shareholders meetings, the board of directors and the management generously received constructive and useful comments and suggestions for

business operation from the shareholders that attended the meeting. This encouraged the board and management to efficiency operate the company and earned the profit of 14.05 million baht. As of 31 December 2015, the company had the Back log of 701 million Baht. Throughout the year 2015, the company had four domestic construction projects with total value of 1,309 million baht. Three projects are under the construction with total value of 1,950 million baht. In addition to the construction work for private sector, the company has also expanded the business to public sector, which will increase the stability in the construction business. The first construction project from public sector was the reparation of of Ban Laem-Mae Khlong railway with the value of 404 million baht. In 2015, the progress was 80% completion.

Moreover, to strengthen financial liquidity, the company received the approval from shareholders to increase registered capital of 800 million shares and received 640 million baht. This makes the financial position of the company to be more stable, which is of great benefit to the company's operation.

On behalf of the Board of Directors, I would like to extend my gratitude to the management, customers, business partners and all shareholders for the generous support to the company. I sincerely hope that KTech Construction Public Company Limited will continue to receive this generosity so that the company will be sustainably successful forevermore.



Mr. Vichien Ratanabirabongse
Chairman of Board of Directors
KTech Construction Public Company Limited

Message from Chief Executive Officer

Year 2015 is another successful year in business operations of KTech Construction Public Company Limited. While the overall constructions business in Thailand has slowed down, the company has been growing with increasing in the revenue, comparing to the year before. Moreover, the operations have been improved in various aspects, which enable the company to grow with sustainability and provide good return on investment to the business partners and shareholders.

In 2015, the total revenue from the operations was 1,948 million baht, with the growth rate of 42% comparing to year 2014, the profit was 14.05 million baht and the focus has always been on maintaining high quality and high standard of the construction works for total customer satisfaction.



In addition to operations efficiency, the company also recognizes the importance of the “Corporate Good Governance and has implemented Corporate Good Governance and Business Ethics policies. Those policies provide clearly defined guideline and practice framework for the board of directors, management and all level of employees to be aware of the importance of compliance to the regulations. These include the transparency, moral and ethics towards self-duties and responsibilities as well as to the stakeholders.

For the year 2016, the company is well prepared in particular of working capital, personnel, tools and machinery to extend the capabilities to carry out more variety of construction works, specially the construction work from the government sectors. This will be an expansion of the customer base and increase the opportunity to realize more revenue, in addition to the construction works from private sector, which has been major income of the company. Moreover, this will be another foundation for the growth and sustainability of the company.

On behalf of the management and employees of the company, I would like to take this opportunity to express my appreciation to our customers, shareholders, partners and business alliance that have always been generously well cooperated with the company.

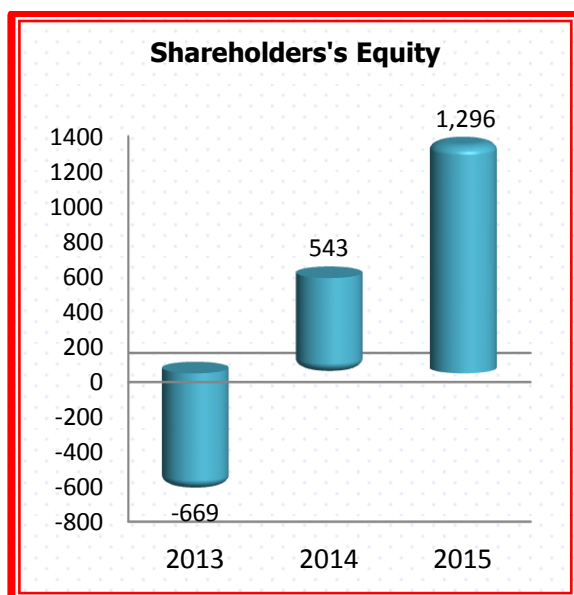
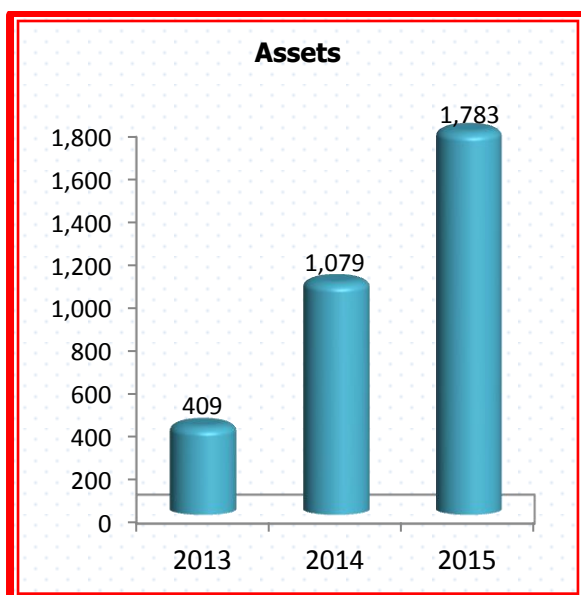
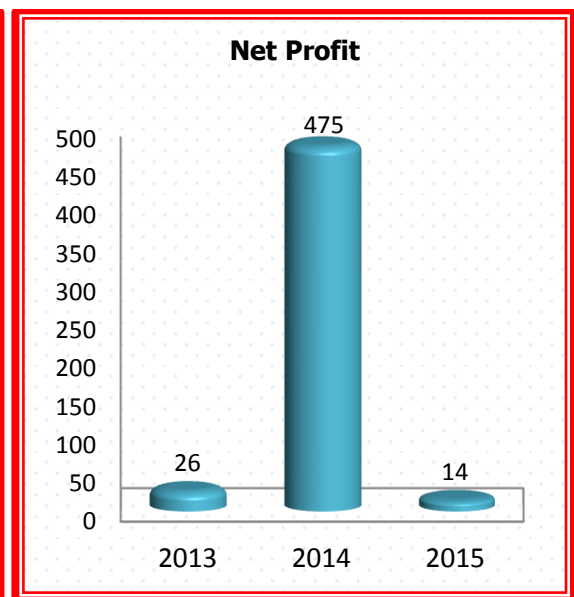
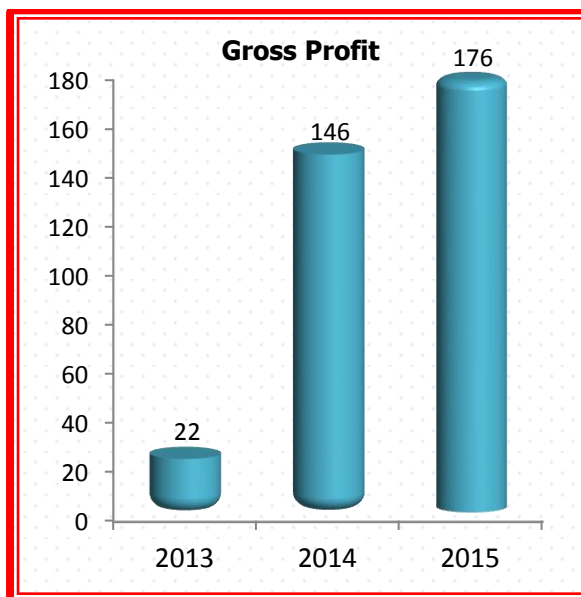
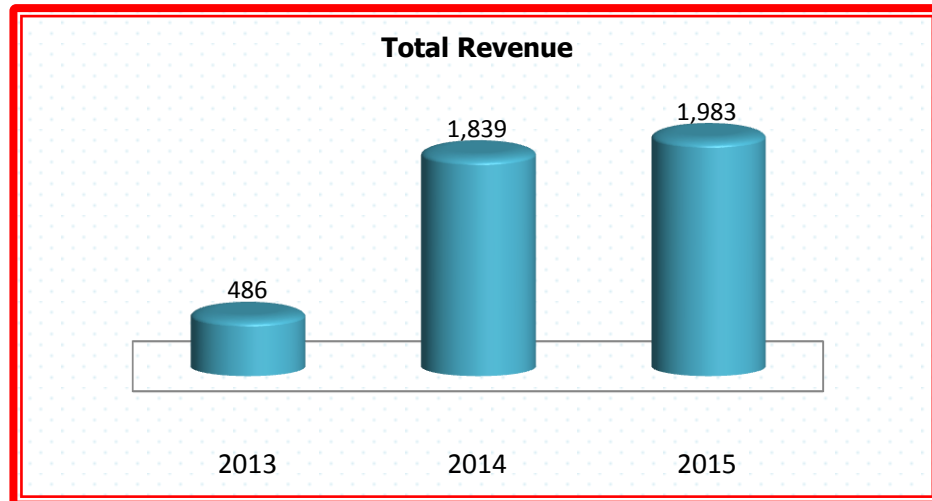
Mrs. Ayuporn Karnasuta
Chief Executive Officer

KTech Construction Public Company Limited

Financial Highlights

Unit: Million Baht

	2558	2557	2556
Balance sheet			
Total assets	1,783.01	1,078.78	408.94
Current liabilities	457.75	373.69	193.66
Total liabilities	486.85	535.90	1,078.21
Shareholders' equity	1,296.16	542.88	(669.27)
Income statement			
Revenue from construction	1,947.52	1,367.56	385.54
Total revenue	1,983.56	1,839.24	486.43
Cost of construction	(1,771.83)	(1,221.40)	(363.33)
General and administration expenses	(181.45)	(139.93)	(88.94)
Gross profit	175.69	146.15	22.21
Net profit	14.05	475.15	26.05
Financial ratios			
Current ratio	3.49	2.47	1.58
Debt to equity ratio	0.38	0.99	(1.61)
Gross profit margin	9.02%	10.69%	5.76%
Net profit (loss) margin	0.71%	26.64%	5.36%
Return on assets	0.98%	63.88%	9.51%
Book value per share	0.61	0.35	(1.18)
Earning per share	0.003	0.31	0.05



Board of Directors



Mr. Vichien Ratanabirabongse
Chairman of Board of Directors
Age 74

Appointed date as a Director : 21st May 2012

Shareholding in the company (As of 31st December 2015) : None

Education

- 1995 Master of Art (Political Science), Ramkamhaeng University
- 1982 Bachelor of Art (Political Science), Ramkamhaeng University
- 1979 Bachelor of Law, Ramkamhaeng University
- 1966 Bachelor of Education, Burapa University

Experience

- 2005 - Present Chairman of Board of Directors and Chairman of the Audit Committee, SENA Development Public Company Limited
- 2000 - 2001 Deputy Permanent Secretary of the Ministry of Interior
- 1996 - 2000 Director General of the Land Department
- 1993 - 1996 Governor of Uthaitхани Province
- 1988 - 1993 Deputy Director General of the Land Department
- 1982 - 1988 Secretary of the Land Department

Completed program

- 2015 Corporate Governance for Capital Market Intermediaries (CGI)
- 2006 Director Accreditation Program (DAP)
- 2001 Chairman 2000

Meeting attendance in 2015

Board of Directors' Meeting 7/7



Pol.Gen. Suthep Dhamaraks

Independent Director / Chairman of the Audit Committee

Age 70

Appointed date as a Director : 21st May 2012

Shareholding in the company (As of 31st December 2015) : 11,000,000 shares or 0.26%

Education

1974 Master of Administration from National Institute of Development Administration

Experience

2007	-	Present	Chairman of the Audit Committee, Thai Polycons Public Company Limited
2000	-	Present	Board of Directors, Thai Hua Rubber Public Company Limited
1997	-	Present	Board of Directors, Jalapathan Cement Public Company Limited
2006	-	2008	Member of the national legislative assembly
2004	-	2005	Deputy of commissioner-general
2000	-	2004	Assistant commissioner-general
1998	-	2000	Police inspector-general
1997	-	1998	Commissioner of planning and budget
1994	-	1997	Deputy commissioner of immigration bureau
1991	-	1994	Assistant commissioner of the office of logistics
1989	-	1991	Commander of police information division

Completed program

2008 Director Accreditation Program (DAP)

Meeting attendance in 2015

Board of Directors' Meeting	7/7
Audit Committee' Meeting	5/5



General Somchai Hiranyasthiti

Independent Director

Age 67

Appointed date as a Director : 21st April 2015

Shareholding in the company (As of 31st December 2015) : None

Education

1972 Master's Degree, George Washington University, U.S.A.

1968 Bachelor's Degree, Pennsylvania Military College, U.S.A.

Experience

2008 - Present Deputy Chief Aide-de-Camp General to H.M the King

2001 - 2008 Chief of Staff, Royal Aide-de-Camp

1998 - 2001 Deputy chief of Staff, Royal Aide-de-Camp

1996 - 1998 Assistant Chief of Staff, Royal Aide-de-Camp

1991 - 1994 Military Attache, London, U.K.

1986 - 1991 Division Chief, Directorate of Intelligence, Royal Thai Army

1983 - 1986 Assistant Military Attache, Washington D.C., U.S.A.

Completed program

1998 National Defense College Thailand

1972 Intelligence Course

Meeting attendance in 2015

Board of Directors' Meeting	7/7
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Nomination and Remuneration Committee' Meeting	1/1
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Mr. Rapee Sukhyanga

Independent Director / Audit Committee

Age 72

Appointed date as a Director : 21st April 2015

Shareholding in the company (As of 31st December 2015) : None

Education

1966 Bachelor's Degree in Financing & Banking, Thammasat University

Experience

- 2003 - Present Vice Chairman, Thai Cement Manufacturers Association
- 2003 - Present Consultant to Management, Asia Cement Public Company Limited
- 2003 - Present Consultant to Management, Jalaprathan Cement Public Company Limited
- 1998 - Present Sub Committee Member, Conservation and Rehabilitation of Khao Nang Punthurat Area Project
- 2002 - 2003 Chairman of the Executive Committee of the Board, Eastern Wire Public Company Limited
- 1998 - 2003 Managing Director, Jalaprathan Cement Public Company Limited
- 1991 - 1997 Managing Director, Patra Porcelain Company Limited
- 1986 - 1990 Operations Director, Industrial Management Company Limited and Industrial Finance Corporation of Thailand (IFCT)
- 1983 - 1985 General Manager, Loxley Comalco Company Limited

Completed program

2004 Director Accreditation Program (DAP)

Meeting attendance in 2015

Board of Directors' Meeting	5/7
Audit Committee' Meeting	4/5
Nomination and Remuneration Committee' Meeting	1/1



Mr. Virun Lee

Independent Director / Audit Committee

Age 45

Appointed date as a Director : 22nd May 2013

Shareholding in the company (As of 31st December 2015) : None

Education

1996 Bachelor's Degree in Business Administration majoring in Finance with a minor in Real Estate Investments, University of Maryland and Georgia State University

Experience

2009	- Present	Board Member, Thoresen Shipping and Logistics Company Limited
2007	- 2009	Chief Commercial Financial Officer, Haad Thip Public Company Limited
2005	- 2007	Commercial Operations Manager, Coca-Cola Thailand Limited (CCTL)
2002	- 2005	Business Manager, Coca-Cola Asia Executive Group
1999	- 2002	Group Financial Manager, Coca-Cola Fountain USA (North America)
1998	- 1999	Business Manager, MCI Telecommunications (USA)
1997	- 1998	Financial Analyst, MCI Telecommunications (USA)
1996	- 1997	Investment Manager, Reliance Trust Company (USA)
1994	- 1996	Residential Loan Administrator, FlagStar Bank (USA)

Completed program

2004 Executive Finance Training – Wharton Business School - USA

Meeting attendance in 2015

Board of Directors' Meeting	6/7
Audit Committee' Meeting	3/5
Nomination and Remuneration Committee' Meeting	1/1



Mr. Chatchon Karnasuta

Director

Age 41

Appointed date as a Director : 4 March 2013

Shareholding in the company (As of 31st December 2015) : None

Education

1998 Bachelor Degree in Mechanical Engineering,
Prasarnmitr University

Experience

2014	-	Present	Business Development Director, KTech Construction Public Company Limited
2014	-	Present	Director, KTech Building Contractors Company Limited
2014	-	Present	Director, KTech Innovations Company Limited
2015	-	Present	Director, DR.K Joint Venture Company Limited
2006	-	2012	Director, Media Master International 1998 Company Limited
2003	-	2006	Marketing Analyst, Bangkok Television and Radio Company Limited (Channel7)

Completed program

2014 Director Certification Program (DCP)

Meeting attendance in 2015

Board of Directors' Meeting	6/7
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Mr. Worawut Krairit

Director

Age 64

Appointed date as a Director : 14th December 2015

Shareholding in the company (As of 31st December 2015) : None

Education

1975 Bachelor of Laws, Thammasart University

(Extraordinary Member of The Thai Bar 1976)

Experience

1988 - Present Deputy Managing Director, Dej-Udom & Associates Attorneys-at-Law

1975 - 1988 Attorney, SGV-Na Thalang & Co.,Ltd (A member firm of Arthur Anderson)

Completed program : None

Meeting attendance in 2015 : None



Mrs. Ayuporn Karnasuta

Director

Age 45

Appointed date as a Director : 14th December 2015

Shareholding in the company (As of 31st December 2015) : 846,450,000 shares or 21.62%

Education

- 1999 MBA, Solvay Business School, Universite Libré de Bruxelles, Belgium
- 1993 LL.M. The American University, Washington D.C., U.S.A.
- 1991 LL.B. Chulalongkorn University

Experience

- 2012 - Present Chief Executive Officer, KTech Construction Public Company Limited
- 2014 - Present Director, KTech Building Contractors Company Limited
- 2014 - Present Director, KTech Innovations Company Limited
- 2015 - Present Director, DR.K Joint Venture Company Limited
- 2008 - 2011 Volunteer, Knowledge and Learning Centre, Mae Fah Luang Foundation under Royal Patronage
- 2005 - 2009 Business Development Director, I.E. Technology Company Limited
- 2004 - 2004 Chief of Staff, Office of Deputy Minister, Ministry of Public Health
- 2001 - 2004 Assistant Vice President, Executive Office, Sino-Thai Engineering & Construction Public Company Limited
- 1999 - 2001 Co-Founder & Commercial Director, E-Everything Co., Ltd
- 1993 - 1997 Assistant Vice President, Business Development Department, H-Power Co., Ltd. (Glow Group)
- 1991 - 1992 Paralegal, Baker & McKenzie Company Limited

Completed program

- 2003 Company Secretary Program (CSP)

Meeting attendance in 2015 : None



Mr. Petch Vijakkhana

Director

Age 35

Appointed date as a Director : 14th December 2015

Shareholding in the company (As of 31st December 2015) : None

Education

2008 Master's Degree in Business Administration (MBA-Finance), Aston University (United Kingdom)

2002 Bachelor's Degree in Information System, Mahidol University International College

Experience

2015 - Present Advisory Board, Shun Thai Rubber Glovers Industry (Public) Company Limited

2014 - Present Board of Director, Baby Sensory Company Limited

2013 - Present Chairman, Thai Best Engineering Company Limited

2015 - 2015 Executive Board of Director, Shun Thai Rubber Glovers Industry (Public) Company Limited

2009 - 2012 Project manager, PTT Green Energy (Thailand) Co., Ltd. (PTTGE)

2003 - 2009 Financial Officer, PTT Public Company Limited

Completed program

2010 Director Certification Program (DCP)

Meeting attendance in 2015 : None



Mr. Chaitaphat Laosirirat

Director

Age 28

Appointed date as a Director : 14th December 2015

Shareholding in the company (As of 31st December 2015) : None

Education

2015 Master Degree in Business and Managerial Economics, Chulalongkorn University

2010 Bachelor Degree in Mechanical Engineering, Thammasart University and Nottingham University
(TEP) (England)

Experience

2010 - Present Managing Director, Grandline Innovation Company Limited

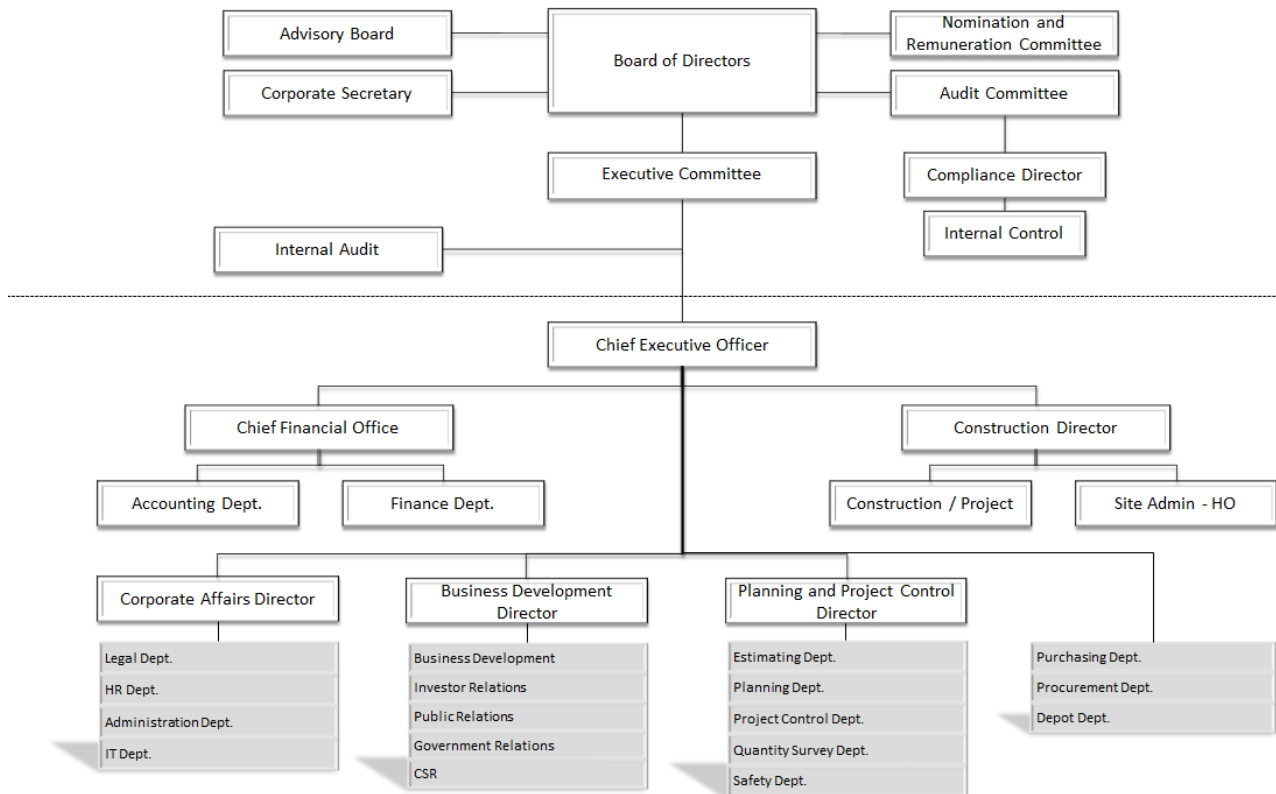
Completed program : None

Meeting attendance in 2015 : None

Management Committees

1. **Mrs. Ayuporn Karnasuta**
Chief Executive Officer
2. **Mr. Soravit Phanasomburna**
Corporate Affairs Director
Acting Chief Finance Officer
3. **Mr. Chatchon Karnasuta**
Business Development Director
4. **Mr. Surachai Chonchirdsin**
Compliance Director
5. **Mr. Chatchai Atthasathaworn**
Planning and Project Control Director
6. **Mr. Taweesak Kikuntod**
Project Director

Organization structure



General information

Company name : KTech Construction Public Company Limited

Type of business : Design, Construction and Mechanical & Electrical Works

Company Registration No.: 0107547000087

Head office address : Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,
Huaykwang, Bangkok 10310

Telephone : 0-2018-1688

Fax : 0-2018-1689

Website : www.ktech.co.th

As at 7th January 2016

Registered capital 3,915,213,212.00 Baht

Paid up capital 3,915,213,212.00 Baht

Ordinary shares 3,915,213,212.00 shares

Par value : 1 Baht

Investor relations : 0-2018-1688 ext. 271

Email : ir@ktech.co.th

Reference person:

Registrar : Thailand Securities Depository Co., Ltd.
93 Ratchadapisek Rd., Kwang Din Daeng, Khet Din Daeng, Bangkok 10400
Tel. 0-2009-9000 Fax. 0-2009-9991
SET Contact center : 0-2009-9999
Website : <http://www.set.or.th/tsd>
E-mail : SETContactCenter@set.or.th

Auditor : Dr. Suphamit Techamontrikul
Certified Public Accountant, Registration No.3356
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Rajakarn Building, 25th Floor, 183 South Sathorn Rd.,
Kwang Yannawa, Khet Sathorn, Bangkok 10120
Tel. 0-2676-5700 Fax. 0-2676-5757
Website : www.deloitte.com

Juristic persons holding shares more than 10%

Company Name	Type of Business	Registered capital (Baht)	Number of shares (Shares)	Number of shares held (Shares)	Percentage of shares held (%)
KTech Building Contractors Co., Ltd. Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road, Huaykwang, Bangkok	Engineering Design and Construction	100,000,000	200,000	19,999,997	99.99
KTech Innovations Co., Ltd. Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road, Huaykwang, Bangkok	To manage large machinery for construction works (Currently no operation)	100,000	20,000	19,997	99.99
DR.K Joint Venture Co., Ltd. Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road, Huaykwang, Bangkok	Construction of railways works	50,000,000	500,000	499,998	99.99
GLK-TECH Construction Co., Ltd. No.87 , 6th Floor, U Kunzaw Yeikmon, U Kunzaw Street , Ward (10), Hlaing Township, Yangon, Myanmar	Construction	Ks.5,000,000,000	36,225	6,339 (1,000 Kyats per share)	17.50

Business Overview

KTech Construction Public Company Limited undertakes construction work, mainly from private sector. Its performance work ranges from medium-scale projects comprising building, office building, and factory to big-scale projects consisting of shopping center, high rise building, commercial building, residential building and hotel. It also gives service on designing, providing and undertaking the installation of engineering system, structural work, interior and exterior works and mechanical and electrical (M&E) work including installation of electricity system, electric equipment and mechanical system in large industrial factory, water supply system, elevator system, drainage system, and fire protection system.

In 2014 continued until 2015, the company started to take the work of government sector by investing with DR.K. Joint Venture Co., Ltd., which undertakes the work of repairing rails way and sleepers from the State Railway of Thailand.

Major work of the company

1. Structural Engineering Design and Architectural Design

The company provides services in structural engineering design and architectural design for high rise building, building with large structure and factory. The company has design engineer and architect with high expertise and experience to provide full cycle of design work. The services consist of site survey, design alternative, layout plan, preliminary design, feasibility study, detailed design of construction drawing, detailed design of architectural drawing, visualization graphic, model and prepare bidding document.

2. Civil & Building Work

- Commercial Building Construction

Construction of all kind of buildings ranging from general buildings to high rise buildings i.e. department stores, shopping centers, industrial factories and big hotels. The company also develops its effectiveness and expands its capability in a turnkey construction. That is, the company will be responsible for designing work, structural work construction and M&E work for the project owner or the employer pursuant to the design and period of time contracted. The said development enables the customer to get integrated service while the company will have the opportunity to propose the form and method of construction suitable with its expertise. The company's past performance and reputation for construction and quality of work enables it to be continuously entrusted with construction works of private sector.

Effective construction and good coordination between all related groups in the project i.e. project owner, Project Construction Management (PCM) and high experienced labors enable the company to effectively construct the factory and install important equipment that needs accuracy as well as completing the work pursuant to purpose of the project.

- Residential Construction

Residential construction e.g. serviced apartment and condominium most of which are in Bangkok and its outskirts. Most of clients for this kind of construction work are well known clients. Most of these constructions are big projects in the field of property.

- Other projects

Company's other general construction works are ones ranging from medium to small sizes i.e. different size power plants, waste water treatment plant and transportation works.

3. Mechanical & Electrical Work

- Electricity system

Installation of system in office building, residential building, hotel, hospital and industrial factory as well as electricity system for transport and communication, installation of distribution system for high and low voltage and emergency light when the light is out, installation of electricity in building and factory, television and sound system, lightning system and automatic machinery control system.

- Air-conditioning system

Designing and installation of air conditioning and ventilation system i.e. in-house and factory refrigerating system, smoke detector and air filtration system, big air duct installation system, and temperature control system.

- Sanitary and fire prevention system

The designing and installation of waste water treatment system in residential building, office and industrial factory. Those installations comprise hot/cold water system, sanitary system, in-house waste water treatment system and fire prevention system.

The installation of Mechanical & Electrical Works is not the company's main business. It is only the business supporting the construction work. Nonetheless, Mechanical & Electrical Works for certain project worth up to 30% of projects total value. In addition to the above mentioned Mechanical & Electrical Works which is the business supporting the company's main business, apart from supporting the company's own construction work, the company also gets the Mechanical & Electrical works independently from the construction work.

Business Operations

The company acquire construction work by bidding or direct hiring. The factors that customers entrust the company are the reputation and profile in the past, which are high quality construction work. The objective of the company is to establish high standard of construction work for customer's satisfaction and use modern technology.

The main business of the company is the construction work which generated the revenue in 2015 increased from 2014 in the amount of 580 million baht. The increase in revenue was from more construction work. However, other revenue decreased from year 2014, which the company has the revenue from debt restructuring 382 million baht, comparing to 30 million baht in 2015.

1. Market and competition

1.1 Type of customer

Target customer

Customers are private property developers all over the country which have been our customers all along. This is because of the creditability in the quality of the construction work and success profile in the past. The company have always been in good relationship with the customers. Thus the company has good opportunities of receiving new projects in the future, from existing customers. Currently, our main customers are department store owners, hotel and office building owner which are famous in the industries with financial stability and high investment capital. In 2015 the company already increased paid capital, so we can receive more work from new customers with the objective to expand customer base.

1.2 Industry and competition

Construction and engineering industry is highly competitive. To be successful, it is necessary to have determined, dedicated, experienced professional staffs with skills and discipline. The objective is not only to acquire the work, but also to complete the construction and deliver to customer as plan and under the budget.

The company is confident that in providing proper services to the customer, the company must understand customer's business. This is necessary since construction market has customers who require both design and construction. Thus projects become more complex. The company has an integrated management team to take care of all aspects of a construction project. This is the assurance that the project will be successful as required by customer.

Currently, private sector is the important market of the company and there was many good opportunity for the company. In 2015, the company start to work on the project from government sector, in addition to private sector. This gave more opportunity for the business to grow and become more stable. Type of company's work can be classified to 1) Building and Civil and 2) Mechanical and Electrical. The company have capabilities to work on both types for customer with the groups of company established and appropriate with each type of work.

Competitor and Competition

The competitors or the company are medium and large leading construction companies in Thailand and international companies that participate in the bidding in private sector.

1.3 Competitive strategy

Competitive strategy and business policies of the company emphasises not only on the capability to maintain the market share under high competitive market but also to strengthen the capability for the competition in a long term. The main focus is on quality of work and punctuality.

Competitive advantage

1) Creditability and experiences of the management engineer

With the capability in business management, the management team of the company has knowledge and experiences in engineering for more than 20 years and widely accepted in the industry. Modern technologies are brought into construction work. The company has policy to apply new and proper technology to the work.

2) Quality of work for the best interest of the customers

The company focuses on the operation that provides services for the best interest of the customers, quality, satisfactory services, highly responsible and deliver the work on time. The company policy encourages team work and modern technology for safe and effective operation.

3) Provide turnkey construction service

The company provides design service, foundation work and entire construction work with the ability to manage cost and time efficiency even when the construction cost and economic situation fluctuate.

4) Highly acceptable work in the past

The company has got good reputation from the work in the past, created customer's satisfaction and trust the company to repeatedly using our services. They also recommended the company to other new potential customers. So the main policy is to maintain the reputation by;

- Maintain good quality of work with high standard
- Be honest to the professional and code of conduct
- Protect customer benefit as if the company owned the project
- Provide good service during and after warranty
- Ensure that the projects complete on time as promise

5) People capability

The company have employees with specific expertise and have the policy to enhance people which are the most valuable asset. The company sustains the competitive advantage and improve the effectiveness of the operations by;

- Always, enhance knowledge and capability of the employees both in technical and management
- Build sense of responsibility
- Create friendly work environment

- Promote team work and coordination between engineering teams and people in the company for the purpose providing good service for the customers
- Maintain safety work environment

6) Quality labour

The company has the policy employ, capable and experienced. This enables the company to have quality and skilful labour. Thus, the company is able to deliver the work that meet the standard, on time and earn customer's trust in the good quality. The company also have policy to hire sub-contractor with good quality, good profile and experienced in construction.

1.4 Pricing Policy

The company always considers the competitiveness, cost of materials, wages and other cost of construction. Other costs of include the cost of risk in the receiving payment, changes in the cost of materials and financial cost. However the proportion of each cost is different in each project. So the percentages of gross profit of the projects are different.

However the company does not propose the lowest price to the customer to acquire the job. The company proposes the price that is suitable with quality of work, customer requirements and the benefits returned to the company.

2. Procurement of materials and services

2.1 Ability to perform construction work

Construction and engineering system installation requires special skills in the specific engineering system and the good project management to be successful and satisfy customer needs, quality, time and within the budget that is at profit for the company. The important factors that determine the capability in construction are;

1. Sufficient staffs and engineers, including project manager, project engineer and site engineer
2. Capital, the company must have sufficient fund as required by the project
3. Tools and machine that are suitable for the work

To be able to deliver the quality work to customer within time constrain, the required number of the engineer and sub-contractors depends on size and complexity of the project.

2.2 Materials

Procurement of materials

The company has a clear policy of fair competition which gives equal opportunity to the supplier by price proposal and comparison. The company must have appropriate purchasing plan to control the cost of construction materials.

Summary of Construction work for the past year

Throughout the past 2015, the political condition caused the economic to slowdown and the private sectors reluctance to invest or start up new project. However, the company still had the backlog from the previous year. With the potential and readiness in all aspects of the company, it is anticipated that year 2016 there will be more new construction projects, both from government and private sectors.

For the operation of the company in 2015, the proportion of domestic construction project was 95%, consisting of private sector 85% and government sector 10% and the other 5% was overseas construction project.

Domestic Construction work**Private Sector**

Completed projects are;

No.	Project	Value (Million Baht)
1	Mirage Project 27 Condominium	150
2	Plus Project 4 Condominium	435
3	Plus Project 5 Condominium	274
4	Centra Maris Resort Pattaya	450

Projects under construction are;

No.	Project	Value (Million Baht)	Work Completed (%)
1	Manor Sanambinnam	1,200	85
2	Nara 9 Condominium	607	55
3	The Niche ID Bangkhuae	143	90

Government Sector

The project under construction is the repairing of Ban Laem-Mae Klhong Railway, value 404 million baht, 80% of the contract value were completed and 20% remained.

Overseas Construction project

The company views Myanmar as a developing country and is likely to grow with potential. So the work has been expanded to accommodate the market. The company is undertaking the construction of Citi Mart in Yangon with value of the project of 93 million baht, 95 % the contract value completed and 5% still under construction.

Risk Factors

The operational risks that may adversely affect the objectives of the company are as follows;

1. Business Risks

1.1 The risk of cost control that does not meet the target

In contractual work, the company requires a great number of purchasing and installation of materials which can be excessively used and more expensive than the estimated. This may be due to the cost estimating procedure, cost control of purchasing order, quantity control of material usage or corruption in construction process. Such damage may significantly affect the business performance.

The company recognizes the importance of cost control. So many controls are implemented such as materials usage control, central purchasing system and cost control by management. For the material control, the company has regulation for the construction department to prepare the estimated cost in details, which is to be used for construction and purchase of the materials. So the estimated quantity usages are accurate. The company has quantity survey department which is responsible for verification of the materials usage and work completion by contractors or construction department. For the centralized control of materials purchased, the company has the policy to purchase all the materials through the purchasing department only. The company also has the reporting system to monitor the cost. At any time, management can view cost of the project, compare with the progress of the work, the value, profit and loss of the project. If the cost is over estimated budget, project manager must report to management. The company is confident that such control system is an efficient and enable the company to control the cost.

1.2 Risk of fraud

Although the company has recognized the importance of cost control and is confident in the internal control system, but fraud can't be totally prevented. However, the company has a concise monitoring and controlling system so the fraud opportunity is low.

2. Risk associated with construction

2.1 Safety risk

Construction works can cause the individuals both internal and others parties to be in danger or properties can be damage or have environmental impact, noise pollution, dust pollution, collapse or crack of building nearby construction. The company has the necessary prevention to reduce the risks from construction by providing the protection against the falling of scrap materials and protect the environmental impact.

Allegations of such events may occur and cause the company to become defendant in a lawsuit. However, the company tries to reduce that risk. If an event will occur, the company will immediately investigate the problem and working to resolve the problem as soon as possible. Thus, the company

has insurance that covers the necessary risks that may occur. However, the company cannot assure the insurance amount can fully cover the damage or the insurance policy will cover all incidents or damages that the company may encounter from the damage claim. This may cause the company to be liable for an enormous amount and have negative impact on the business significantly.

However, accident from construction work can be reduced by operating in low risk environment with proper safety system. The company has a safety policy that demands and focuses on preparation of the safety work condition for employees, subcontractors and everyone at construction site. The company provides utmost support to ensure that safety systems are implemented, rules and regulations are in place. All employees are well aware of safety and safe operation with the commitment in accordance the company's safety instructions.

3. Risks in Management

3.1 Risk in joint venture investment

In some cases, it is necessary for company to participate in joint venture, especially for large project or project with high value. The company will participate in joint venture with the partner with special expertise or investor to enhance the qualifications to join in bidding or reduce financial and operation risk. So, the risk in joint venture occurs.

Risk in joint venture can be resulted from deviation of the terms of agreement by business partner. This will oblige the company to accept the responsibility from the business partner's action and may cause operating cost to be higher, lower profit or even loss on construction project. In case the party in joint venture could not operate or comply the terms of construction agreement. The company tries to reduce this risk by carefully analyzing the operational data and reputation of the company that will participate in joint venture and enter into contract with cautious to prevent damages that may occur.

3.2 Risk of internal environment

Failure to follow the rules, policies and regulations in the operation can have serious impact on the operations of the company. Since the nature of the company's operations require strictly controlled to prevent mistakes that may occur in quality, financial, project management and transparency in operations. Therefore the following policy, rules and regulations, is considered to be crucial. The company has established the policies and procedures to be strictly followed, with dedicated responsibility. The control measures with standard and systematic internal control are in place to ensure that the compliance of policies, rules and regulations.

4. Financial Risks

4.1 Risk in revenue

Construction business is a highly competitive business. Some period the availability of the work is relatively limited, while there are many contractors. So the competition is high and many competitors have better financial resources and more capabilities. The company may have to accept contract with lower margin or favour conditions to customers for better position in the competition. If the company does not get the work, the market share and profit will decrease and that will impact the operation and other business opportunity. The company focuses on establishing credibility from high quality of and deliver high standard of work delivered on time and pay attention to the needs of the customer to retain existing customers and award with more work to the company.

4.2 Risk in working capital

Construction is a business that requires adequate working capital to use in the supply of materials and the labour. If liquidity management is not good enough the company will not be able to accept new construction project or unable to complete the construction as plan. However, the company is aware of such risk. So there is a policy to manage the liquidity very carefully and to abide the practice of liquidity management. To reduce the risk in working capital, the company has sources of fund, managing working capital efficiency and carefully consider projects whose risk is at acceptable level. When enter into contract, the company ensures that the terms of payment are concisely considered and customer's financial status is verified.

Market and Competition

Regarding the construction and engineering industry in the past year of 2015, as economy slowly revived which reflected low investment and spending. The construction business is facing economic slowdown and there is a tendency that it will continue to be so. As the economy has not yet stability revived, the demand of residences, both high rise and low rise is limited

As for the government sector, it begins to have projects to improvement and development of transportation and tourism business. This results in the investment in construction and development for land, water and air transportation.

KTech's primary market has been based on private sector and still has quite a number of opportunities for the company. In 2015, in addition to private sector, the company started to work on project from government sector. This is a good opportunity for company to growth and be more stable. Our works can be categorized as (i) civil/building works (ii) mechanical and electrical systems installation and (iii) improvement of transportation. The company is able to provide services to customer under a single corporate structure and via various tyopes of delivery including:

- Turnkey Contractor
- Design & Build Contractor
- Main Contractor
- Management Contractor

KTech's portfolio of projects encompasses both high and low rise projects which may be broadly categorized as follows:

- Hotels & Resorts
- Residential Projects
- Commercial / Retail Projects
- Industrial / Factory project
- Transportation project

In order to increase competitive capability, KTech has set the competitive strategies and business operation policy. Apart from emphasizing on capability to maintain its marketing share under current competitive circumstances, KTech also aims to reinforce its long term competitive capability by focusing mainly on quality of work and on schedule.

This strategy gives KTech competitive advantage on various aspects such as reputation and experience of its engineers, turnkey service ranging from designing, foundation to completion of work, effective cost and time management and quality of work. KTech promotes the good environment of team work and use of modern technology to create safe and effective operation. With the widely accepted portfolio and personnel with high capability, KTech has been able to deliver the work with high standard within schedule and earn customer's trust.

Shareholders

10 shareholders that hold the highest stock as of 7 January 2016

	Shareholders	Total of Common	Shareholding (%)
1	Mrs. Ayuporn Karnasuta	846,450,000	21.62
2	P.Overseas Steel Public Co., Ltd	362,231,666	9.25
3	Mr. Pisits Laosiriratana	223,000,000	5.70
4	Miss Rattiporn Korasutisopon	185,000,000	4.73
5	Mr. Patchawat Khunachayangkorn	100,000,000	2.55
6	Mrs. Sunsanee Karnasuta	70,000,000	1.79
7	Mr. Sombat Panithchiwa	50,000,000	1.28
8	Mrs. Pranee Paenchoke	50,000,000	1.28
9	Mr. Piyanut Sinchai	45,000,000	1.15
10	Dr. Adul Amatavivadhana	43,683,768	1.12
11	Other	1,939,865,778	49.55
	Paid up capital (Total)		100.00

Management Structure

The management structure of the company consists of;

- **Board of Directors**

There are 10 Board of directors as follows;

1	Mr. Vichien Ratanabirabongse	Chairman of the Board of Director
2	Pol.Gen.Suthep Dhamaraks	Independent Director
3	Gen. Somchai Hiranyasthiti	Independent Director
4	Mr. Rapee Sukhyanga	Independent Director
5	Mr. Virun Lee	Independent Director
6	Mr. Worawut Krairit ⁽³⁾	Director
7	Mr. Petch Vijakkhana ⁽¹⁾	Director
8	Mr. Chaitaphat Laosirirat ⁽²⁾	Director
9	Mrs. Ayuporn Karnasuta ⁽⁴⁾	Director
10	Mr. Chatchon Karnasuta	Director

Note: Mr. Soravit Phanasomburna is the secretary to the Board of Directors

The scope of authority and responsibility of the board of directors

- (1) Perform the duties with responsibility, discreet, sincere for the best interest of the company and comply with the law, rules and regulations of the company as well as the resolution of the shareholders.
- (2) Responsible in setting the vision, policy and operational direction of the company. Governance and internally control the management to efficiency and effectively operate according to the policy and to provide the maximum economic value to the shareholders and sustainable growth.
- (3) Accountability to the shareholders as a matter of usual practice. Protect the interest of the shareholders and disclosure the material information to the investors completely and accurately.
- (4) The board of directors must have the knowledge and experience that benefit the business, and pay attention to the business of the company.
- (5) Evaluate the performance and determine the remuneration of directors and CEO.
- (6) Accountable for the company performance and duties of the management that should be carried out concisely with determination.
- (7) Oversee to ensure that business objectives are clearly defined and measurable which are used to determine the direction for the realistic operational goal.
- (8) Oversee to ensure that the business operations are in ethical manner.
- (9) Oversee to ensure that risk management system is in place.
- (10) Make decision on important matters such as policy and high value investment plan, authorization, asset dispose and other matters that legally stipulated.

- (11) Determine the authorize level of approval for the transactions and operations for group or individual as deems appropriate and comply with related laws. The authorization level must be documented and reviewed at least once a year.
- (12) Ensure that an accounting system, financial reporting, reliable financial auditing, internal control assessment are presented.
- (13) Consider and propose the appointment of auditor and annual audit fee to the shareholders for approval.
- (14) Report the responsibility of the board of directors in the audited financial report and in the annual report, which should consist of important matters according to the policy as recommended by Stock Exchange of Thailand.
- (15) Oversight the operation of the committees to comply with related charters.

- **The balance of management directors**

There are 10 boards of directors consisting of;

- Directors who are management 2
- Directors who are not management 3
- Independent Directors 5

Therefore 8 of 10 directors are independent and non-management directors.

- **Combined or Separate Position**

The structure of the board of directors consists of 8 independent and non-management directors out of 10 directors. The management and administration are counterbalance and verifiable. In addition, the duties of board of directors are clearly defined which limit the authorization of CEO and executive committee to certain level. There is a counterbalance the approval of important matters by the board of directors.

- **Audit Committee**

There are 3 Audit Committees as follows;

- | | | |
|---|---------------------------|-----------------------------|
| 1 | Pol.Gen. Suthep Dhamaraks | Chairman of Audit Committee |
| 2 | Mr. Rapee Sukhyanga | Director |
| 3 | Mr. Virun Lee | Director |

***Note:** Miss Janpen Ngoensamut is the secretary to the Audit Committee*

The scope of authority and responsibility of Audit Committee

- (1) Review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.
- (2) Review the adequacy and effectiveness of internal control systems and internal audit functions by coordinating with the external auditors and internal auditors.
- (3) Review compliance with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand, and any other relevant laws
- (4) Consider and advise on the appointment of the external auditors including the audit fee by considering the creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff.
- (5) Review to ensure that internal audit plan of the company meets the acceptable standard.
- (6) Consider compliance with all connected transaction disclosures or the conflict-of-interest disclosures.
- (7) Ensure that appropriate and effective risk management system is in place.
- (8) Report the performance of the Audit Committee to the Board of Directors at least once every three months.
- (9) Express the opinion on the performance appointment revocation and remuneration of the internal control staffs.
- (10) In performing the duty under the scope of work, the audit committee has the authority to invite the management, manager or employees to share opinion or participate in the meeting or submitted related documents as necessary.
- (11) Have authority to employ consultant to provide suggestions, as according to the regulation of the company.
- (12) Report the activities of the Audit Committee in the company's annual report, which must be signed by the Chairman of the Audit Committee.
- (13) The audit committee shall performance self-assessment and report the result, together with issues in operations that may cause deviation in the objective of audit committee, to the board of directors every year.
- (14) Review and improve the charter of the audit committee.
- (15) Perform other duties as assigned by the board of directors under the scope of duty and responsible of the audit committee.

The 3 audit committees of the company are qualified independent directors as stated in Article 16 of the notice of the Capital Market Supervisory Board No. ThorJor. 28/2551.

- **Nomination and Remuneration Committee**

3 Nomination and Remuneration Committee consists of;

- | | | |
|---|----------------------------|---|
| 1 | Mr. Rapee Sukhyanga | Chairman of the Nomination and Remuneration |
| 2 | Gen. Somchai Hiranyasthiti | Committee |
| 3 | Mr. Virun Lee | Committee |

The scope of authority and responsibility of the Nomination and Remuneration Committee

- (1) Review the compensation philosophy of the company with respect to the Chief Executive Officer and next level of management
- (2) Propose policy regarding management bonuses with respect to the Chief Executive Officer and next level of management
- (3) Consider budgets for the increase of salaries, changes of salaries and remuneration, annual bonds payments with respect to the Chief Executive Officer and next level of management

- **Executive Committee**

There are 6 executive committee members as follows;

- | | | |
|----|--|---|
| 1. | Mrs. Ayuporn Karnasuta ⁽¹⁾ | Chief Executive Officer |
| 2. | Mr. Soravit Phanasomburna | Acting Chief Financial Officer and Corporate Affairs Director |
| 3. | Mr. Chatchon Karnasuta | Director of Business Development |
| 4. | Mr. Surachai Chonchirdsin | Compliance Director |
| 5. | Mr. Chatchai Atthasathaworn ⁽²⁾ | Planning and Project Control Director |
| 6. | Mr. Taweesak Kikuntod ⁽³⁾ | Project Director |

Note: (1) Mrs. Ayuporn Karnasuta has been appointed as the chief executive officer under the meeting resolution of the board of director No. 6/2015 held on 30 October 2015 and effective from 1 November 2015 etc. due to Mr. Donald Ian McBain resigned from the position of CEO on 18 September 2015.

(2) Mr. Chatchai Atthasathaworn has been appointed as the executive director under the meeting resolution of the board of director No. 6/2015 held on 30 October 2015.

(3) Mr. Taweesak Kikuntod has been appointed as the executive director under the meeting resolution of the board of director No. 6/2015 held on 30 October 2015.

The scope of authority and responsibility of the Executive Committee

- (1) Consists of directors that are executive and employees at management level of at least than 3 people, as executive committee
- (2) Oversight the management and administration of the company according to the policy and reports the result of operation to the board of directors. In the executive committee meeting, a least half of the members must attend the meeting. The resolution must have the majority votes at the meeting and the votes will be counted at least half of the number from the votes of all executive committee.

- (3) Determine the authorization and level of approval of each level appropriately with segregation of duty which may be prone to fraud. Also to regulate the procedure to execute business transactions with the major shareholders, directors, executives or person related to such individuals. This to prevent the conflict of interest and present to the board of directors for approval as well as control to comply the approved principles.
- (4) Consider the annual budget and procedure of spending budget and propose to the board of directors and control the spending of budget as approved by the board of directors.
- (5) Consider the company business plan for the interest of the company.
- (6) Consider and approve the investment and determine the budget of investment as according to the authorization manual.
- (7) Consider contracts that bind the company with the terms of agreement, as according to the authorization manual.
- (8) Responsible in providing the adequate important information the board of directors and shareholders to make decision. Also prepare the financial report as according to accounting standard.
- (9) Consider the performance of the company and propose the payment of dividend to the board of directors.
- (10) Consider to operate new business or give up the business and propose to the board of directors,
- (11) Oversight to ensure that incidents of unusual or unlawful activities are reported in timely manner. In the event that any occurrences will have significant impact. it should be reported to the acknowledgement of the board of directors to take appropriate actions.
- (12) Take actions to support above activities or as directed by or as delegated by the board of directors.
- (13) Resolutions of important matters by the executive committees must be reported to board of directors in the upcoming meeting. However executive committees cannot authorize the transaction with conflict of interest.

Remuneration of Directors

The remuneration of the directors is clearly defined and proposed by Nomination and Remuneration Committee by considering the duties and responsibilities assigned. This shall be approved by shareholders every year. The remuneration of the directors is disclosed in 56-1 and Annual Report of the Company.

The company has clearly determined the remuneration of the director which has been approved by the shareholder's meeting and comply with corporate good governance. The remunerations of the directors in 2015 are as follows;

1) Remuneration of the board

1.1 The remuneration of the board of directors is meeting allowance only. The remuneration of 7 directors are the meeting allowance of the chairman of the board of directors 40,000 baht per meeting and the meeting allowance of the board of directors is 30,000 baht per meeting.

1.2 The remuneration of the audit committee is meeting allowance only. The remuneration of 3 committees is the meeting allowance of the chairman of the audit committee 20,000 baht per meeting and the meeting allowance of the audit committee 10,000 baht per meeting.

1.3 The remuneration of Nomination and Remuneration Committee are meeting allowance only. The 3 committees will receive the meeting allowance of the Nomination and Remuneration Committee of 10,000 baht per meeting.

Name	Position	Number of Meeting in 2015		
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting
1. Mr. Vichien Ratanabirabongse	Chairman of Board	7/7	-	-
2. Pol.Gen. Suthep Dhamaraks	Independent Director and Chairman of Audit Committee	7/7	5/5	-
3. Gen. Somchai Hiranyathiti	Independent Director and Nomination and Remuneration Committee	7/7	-	1/1
4. Mr. Rapee Sukhyanga	Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee	5/7	4/5	1/1
5. Mr. Virun Lee	Independent Director, Audit Committee, Nomination and Remuneration Committee	6/7	3/5	1/1
6. Mr. Donald Ian McBain ⁽¹⁾	Director	4/5	-	-
7. Mr. Chatchon Karnasuta ⁽²⁾	Director	6/7	-	-
8. Mr. Worawut Krairit	Director	-	-	-
9. Mrs. Ayuporn Karnasuta ⁽²⁾	Director	-	-	-
10. Mr. Petch Vijakkhana	Director	-	-	-
11. Mr. Chaitaphat Laosirirat	Director	-	-	-

Note: (1) Mr. Donald Ian McBain resigned from the position of Director on 18 September 2015

(2) The executive director may waive the right to receive the remuneration.

2) Remuneration of the executives

The company paid 8 management of the company in the form of salary, bonus, contribution to provident fund and other benefits in total of 16.40 million baht in 2015. The details are as follows;

Remuneration	2015		2014	
	Number of person	Total Remuneration (million baht)	Number of person	Total Remuneration (million baht)
Total salaries	8	14.39	9	18.78
Bonus	1	0.19	3	0.36
Contributions to provident fund	8	1.10	-	-
Others	7	0.72	7	0.86
Total		16.40		20.00

Employees

1) Number of Employees of the company

There are 2,009 employees as of 31 December 2015 consisting of;

Office	Number of Employees	
	2015	2014
Head Office	96	64
Construction Sites	1,913	1,788
Total	2,009	1,852

2) Total remuneration of the employees

In 2015, the company paid remuneration to the employees in the form of salary, bonus, constitution to provident fund and others which the company paid the total of 34.29 million baht and subsidiary company will give the compensation to the employees the total of 392.05 million baht as follows;

(unit : million baht)

Remuneration	KTech Construction pcl.		Subsidiary	
	2015	2014	2015	2014
Total salary and wages	30.60	45.25	208.78	86.78
Bonus	0.22	0.70	0.03	0.25
Contributions to provident fund	0.35	0.30	0.18	0.06
Overtime, allowances and other	3.12	14.89	183.06	69.77
Total	34.29	61.14	392.05	156.86

3) Employees Development Policy

The company focuses on the development of human resources because people is one of the key factor in driving the organization. Quality people are very important. They should be knowledgeable, capable with skills and positive attitude.

The company emphasizes on enhancing the attitudes from the first day at work by organizing the orientation which provides the information and understanding of company vision, value creation and direction of business, goal and of management principle. It is generally accepted that positive attitude is a factor and fundamental to effective and successful team work.

The company also enhances the capacity of the people with training plan. Budget training is allocated to match with the training needs, requirements and responsibilities to improve efficiency. Human resource department aims to maximize the benefit for all departments, not only engineering but also include the personnel in other departments. Trainings of the entire year are schedule, so people development plan exactly carried out according to the actual needs as according to the policy as follows;

- Provide internal training by expert and experienced trainer such as basic safety training in construction to reduce the accidents. To increase employees knowledge and understanding of the various systems and information technology of the company to promote operational efficiency. On-going coaching & on the job training are also arranged for employees to increase the operational skills and potential for organization improvement. This is achieved by opportunities to share experiences, incidents and issues encountered for brainstorming and problem solving
- External training. The company allocates the budget appropriately to meet with the needs as required by the nature of work and responsibility of each department. Both construction and other departments in head office that support all the operations. The trainings include the emphasis on legal matters, rules and regulation related to the operation such as the training and seminar with the Stock Exchange of Thailand. Knowledge from the training is then shared and delivered to all level of employees to improve the sustainability of the company.

The management of the company recognizes the importance in people development. So the company has the plan to improve people development in all level of employees as on-going activities to align with the sustainable growth of the business in long terms.

Corporate Good Governance

The company recognizes the importance corporate good governance to strengthen the excellence in performance and management by adhering the principle of corporate good governance under the guidelines of the Stock Exchange of Thailand for the rights of shareholders such as right to attend the meeting, rights to receive sufficient information before attending the shareholder's meeting, rights to vote, rights to appoint a proxy to attend the meeting, rights to appoint or remove the directors, rights to appoint the auditor etc. There are 5 principle of corporate good governance as follows;

1. Rights of the Shareholders

The board of directors of the company is aware and respects the rights of the shareholders for any activities related to company business, encourage shareholders to exercise their rights and not to take any action that violate or depriving the rights of the shareholders.

Shareholders Meeting

The board of directors oversee to ensure that the shareholders meeting is organized according the law, rules and regulations as well as provide the support and facilitate all shareholders by recognizing the rights and avoid taking any actions that limit the rights of shareholders as follows;

- Notice of the Shareholder's Meeting that contain with the schedule, agenda of the meeting and adequate information of each agenda, for the shareholders to receive the information of the meeting in advance
- To disclosure and provide access to the correct, complete and appropriate information to the shareholders
- Provide clear explanation to the shareholders on how to vote and arrange to have inspector for the ballot counting at the shareholders meeting
- The shareholders has the rights to vote in appointing individual director
- The company arrange appropriate schedule for the shareholders meeting and supports the shareholder to propose their idea and questions
- Shareholders have the right to attend entire the shareholders meeting

Attending the shareholders meeting of the board of directors

The chairman on the board, board of directors, secretary of the company, Chief Executive Officer shall attend all shareholders meeting, except for extenuating circumstances, to hear suggestions and answer the questions of the shareholders.

Minutes of the Shareholders Meeting

The minutes of the shareholders meeting are to be disclosed to the shareholders according to the law, related rules and regulations. The information must be accurately recorded, including the method of voting, vote

counting, directors who attend the meeting, questions and answers and record of the meeting resolution of each agenda distinctly.

2. Shareholders; Equal Treatment

The company has the policy to ensure that the shareholders are treated equally and protect their rights and benefits, the details are as follows;

- 2.1 The company shall conduct and provide facilities to all shareholders equally.
- 2.2 One shareholder has vote equivalent to one vote per one share
- 2.3 Currently the company has single common stock so the right to cast the vote is according to the right of the common stock.
- 2.4 The company will send the invitation letter in Thai and English version to the shareholders before the meeting not least than 14 days in accordance to the good corporate governance.
- 2.5 The chairman shall announce the meeting regulation.
- 2.6 The chairman shall allow appropriate time and support the shareholders to freely express their opinions and ask the questions regarding the company.
- 2.7 The company will give the chance to the shareholders that could not attend in person to use their rights to vote by giving other as the proxy to attend the meeting on his behalf. The company will send the proxy letter Form A. and indicate the document of the shareholder use for proxy that contain the letter of invitation and propose at least 1 independent committee as an option of proxy in clear. To clearly indicate the document use for proxy for the conveniences of the shareholders who could not attend the meeting in person.
- 2.8 The company shall prepare the meeting minutes within the time specified by the law and must contain accurate and complete information. The meeting minutes shall be safe and available to shareholder to access and review.
- 2.9 The company shall provide opportunity for shareholders to propose person to be nominated as the director of the company and can send the question for the meeting in advance.
- 2.10 The company has the policy regarding the connected transaction between company, subsidiaries and related person. Thus, the company shall disclose such policies in the company's annual statement (Form 56-1) and annual report.

3. Role of the Stakeholders

The company recognizes that the success and sustainability of the company depends on all stakeholders. So the procedures are implemented to encourage the stakeholders to participate in company activities with the objectives of protecting the rights of stakeholders fairly according to the law and company regulation. Company will not take any action that violates the rights of the stakeholders. Policies related to the stakeholders are published on the company website.

People

Employees are the valuable asset and success factor of the company. Therefore, the company has policy to take care and improve the quality, environment of the work place and welfares for employees according to the law. Policies related to employees are as follows;

Safety Policy: The company has improved the safety policy, safety plan and safety environment which are to be strictly followed by employees

Personnel Development Policy: The company has training plan for all level of employees, special the skills required to carry out the work. Employees can attend training with external institutes to enhance capabilities of management and all staffs.

Business Partners

The company has the vision to grow with sustainability, deliver work with quality, create values for the shareholders and caring the social and environment. The policies aim to focus on quality such as purchasing, procurement, construction process and deliver the work to customers.

The company has the policy to treat business partners fairly, operates with sincerity and protect the benefits of business partner and customers.

Social Community and Environment

The company has the social responsibility policy with related CSR activities according to the policy. The details of the policy are as follows;

- The company is caring about the environment, appreciates the value of resources and avoid the activities that have impact on the environment. The company has adopted this policy in construction project to reduce the waste and scrap materials. Using resources wisely can reduce the environmental problem.
- The company, in partnership with the Associations of Persons with Physical Disability International, sold unused computer to be recycled and donated money to the disabled persons in the rural areas and purchase the equipment such as wheelchair, tricycle for disabled and the funded visiting program to advice and give preliminary aids to the disabled in the upcountry. Go Together project got employees to participate in supporting the development of the people with disabilities in Thailand..
- The company aim is to promote and raise awareness of social responsibility to employees at all levels and all sectors. This includes allocating the budget to establish the project to help the school in remote areas. The project was participated with the employees in “Made with Heart Give with Love” and project” and “Sharing to the youth”

Creditors, competitors and regulatory agency

The company operates the business with transparency and honestly under the scope of laws. Therefore, the company never violates laws in regarding to regulatory agency, employees, employment, partners, environment, creditors and business competitors.

4. Transparency Disclosure of information

The board of director has the policy to disclosure the information related with business and performance of the company, including financial and general information. The information disclosed to the people, investor and stakeholders must be adequate, suitable, on time and transparent. The information disclosed must comply with the Public Limited Companies Act, Securities and Exchange Act, rules and regulations and notice of the Securities and Exchange Commission, Stock Exchange of Thailand and other related agencies.

Investor Relations

The company has the Investor Relations whose duty is to communicate appropriately and equally with the investor, financial analyst and other people. The investor relations can be contacted at;

Address: KTech Construction Public Company Limited
No. 33/4, The Ninth Tower Bldg., Tower B, 18th Floor
Rama 9 Road, Huaykwang, Huaykwang, Bangkok 10310

Email address: ir@ktech.co.th

Telephone: 0-2018-1688 ext. 271

Contact the Board of Directors of the company

All stakeholders can contact, communicate, give suggestion or opinion in business operations or issue a complaint such as the performance of the administration, unfair management, unethical activity, directly to board of directors by submitting document indicating the name, address, telephone number, e-mail to

The Audit Committee
KTech Construction Public Company Limited
No. 33/4, The Ninth Tower Bldg., Tower B, 18th Floor
Rama 9 Road, Huaykwang, Huaykwang, Bangkok 10310

The Audit Committee will consider and take action of the issues, related to the direct complaint to the board of directors, (not involving management) in each case and report to the board of directors. The company has the policy and procedure of handling such reporting and protection of the informant. This is to assure that there is no impact on the informant.

5. Responsibilities of the directors

Structure of the Board of Directors

The number of the board of directors member is appropriate and consists of knowledgeable, experienced and capability to perform the duty efficiency. Not less than 5 directors is sufficient number to balance the decisions and resolutions of the board without external interference.

All board of directors has freedom to express their opinions for the business operations under the designated policy without overwhelming or restriction with the duty to maintain the interest of the company, shareholders and stakeholders. The number of directors, structure, qualification and scope of authority of the

independent directors are based on the principles of the Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand.

Conference of the Board

The board of directors have meeting every 3 months with important agenda distinctly separated which are issues, notification, certification and approval. The company send the invitation letter containing the meeting agenda and related document to the directors at least 7 days in advance. This allows enough time for the board of directors to consider the agenda and related document. The chairman of the meeting shall allocate sufficient time for the management to present and discuss important matters. The board of directors can express their opinion freely for the benefits of the shareholders and related parties.

After the meeting, the company secretary has responsibility to prepare the minutes of meeting to propose at the next board meeting to certify the meeting of meeting as first agenda, with the signature of the chairman of the board. Thus, the board of directors can express their opinion to amend the minutes of meeting to be accurately recorded.

Subcommittee

Audit Committee

The board of directors has appointed the audit committee in assisting to govern the business of the company and verify the sufficiency of internal control. The audit committee consist with 3 directors who are the independent director. The internal control manager is the secretary of the audit committees.

The audit committee have meetings on regular basis. There are 5 meetings in 2015. The company send the invitation letter containing the meeting agenda and related document to the audit committee at least 7 days in advance. The audit committee have meeting to coordinate and follow up the recommendations as recorded in the minutes of the meeting. The audit committee reported yearly operation performance in the Annual Report.

Risk Management Committee

The board of directors has appointed the risk management committee to scrutinize the policy and guidelines of risk management that include all critical risks. The risks are systematically analysed and the result is used to support the decision or board of directors or management.

Nomination and Remuneration Committee

The selection of a person to be nominated as the board of director is carried out by the nomination and remuneration committee. The nominated person proposed is considered by nomination and remuneration committee to be appropriate with experiences, knowledge which are beneficial to the company. The nominated person must not be prohibited according to the Office of the Securities and Exchange Commission and qualified with all aspects and past experiences as director.

Control the use of internal data

1. The company has a policy on supervision of usage of internal company information by its executives and staff for their own benefit. The executives and staff who come to process internal company information are not

permitted to buy or sell the securities of the company 1 month prior to the company announcing its results of operations (financial statements).

2. The company announces its results of operations within 45 days from the end of a financial quarter and 60 days after the end of the accounting year.

3. The company also requires that its executives prepare and submit to the Office of Securities and Exchange Commission reports on holding of shares by them, their spouses and underage children, in listed companies in respect of which they are executives (according to the Securities and Exchange Act B.E. 2535

In addition, the company will send a letter to notify the executive with the details of action on misconduct. The actions are warning letter, salary deduction, suspension without pay or termination of employment, depending on the severity of misconduct. If the company does not receive the cooperation or find the misuse of internal information cause damage to the company, appropriate action will be determined.

Auditor Fee

In 2015, the company paid fee to the auditor as follows;

Audit Fee

The company paid Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. by Dr. Suphamit Techamontrikul, Auditor, License No. 3356 in amount of 6.6 million baht.

Non-audit Fee

-None-

KTech Construction Public Company Limited and its subsidiaries are construction companies that are moving towards continuous improvement, as according to company's vision, stability and recognize the importance of social responsibility. "Social responsibility" is one of the important policies of the company and has related on-going activities. So the business and social will be sustainably growth together.

The company believes that efficient and sustainable social responsibility come from awareness of employees at all levels. Employees shall have positive attitude towards the implementation of the policy and good awareness towards society and those concerned. So CSR projects has been initiated to help the society and employees can be part of company's social responsibility.

Overview of Corporate Social Responsibility Policy

The company realize the importance of the business operation together with constitution to social needs, as well as recognition of the impacts to the stakeholders such as shareholders, employees, customers, partners, communities and government agencies. To ensure the effectiveness of the social responsibility activities, the company has established the policy and guidelines for social responsibility in the following aspects

Business Good Corporate Governance

The company abide by corporate good governance according to the Stock Exchange of Thailand by creating corporate good governance policy, determining the code of conduct and ethics for the management and employees to comply with.

The company recognize the importance of the stakeholders, partners, shareholders and employees. For the shareholders, the company has the policy to treat all shareholders equally and organize the shareholders meeting as appropriate. Shareholders are, then, receive information regarding company operation on regular basis.

Respect Human Rights and Treat Employees with Respects

In construction business, we could not deny that "People" are an important factor that drive the company operation. So the company recognize the importance of respecting human rights and treat the employees fairly by respecting the rights of the employees and no discrimination against any person base on race, skin color, religion, gender and physical imperfections, so everyone are equally treated by the company.

In terms of the employees, the company provides fair remuneration with several benefits such as internal, external training and personnel development to acquire necessary knowledge, social security and provident fund and etc.

Consumer Responsibility

The construction business is highly competitive and the success comes from the customer's satisfaction toward the operation of the company. We have always realized the importance of responsibility toward our customers and partners in maintaining the standard quality of work according to the agreement.

Save Environment

The company operates with cares for environment and recognizes the value of resources usage, as well as avoiding the impact to the environment. The company has the policy to reduce the amount of scrap material in the future, and to use the resources be wisely to reduce impact on environmental.

Community and Social Development

The company aims to promote and raise the awareness of social responsibility to the employees in all levels and all sectors. Budget is allocated to help the schools that need help in remote areas with cooperation from employees on project “Made with Heart Give with Love” and project “Sharing to the youth.”

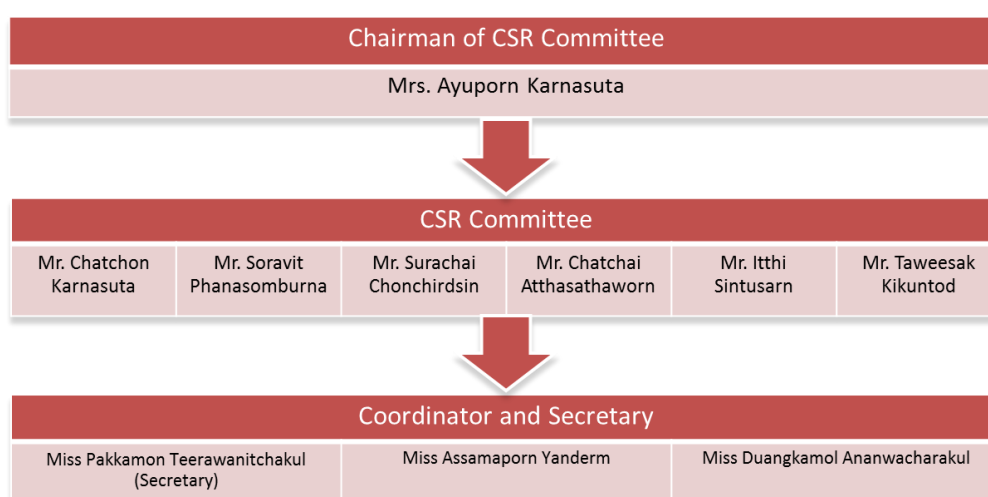
Preparation and Dissemination of Social Responsibility

The company has developed social responsibility report to express the concept of social responsibility activities of the company to the shareholders and interested person by through multiple channel such as annual reports and corporate social responsibility report.

Management of Social Responsibility

To ensure that the implementation of social responsibility is continual and highly efficient, the company has appointed a committee and working team for social responsibility, consisting of senior executives, management and personnel that are involved in the operation. The CSR Committee is responsible for overseeing the implementation of the Corporate Social Responsibility that focuses on the impacts to all stakeholders of the company.

CSR Committee of KTech Public Company Limited and Subsidiaries



1. Project “Made with Heart Give with Love”

In respect that KTech Construction Public Company Limited and its subsidiaries has recognized the importance of social responsibility, the company have had activities to help the youth in the remote areas since 2014. By improving the school building, building structure and public infrastructure with the help of the employees to improve the Tong Sirirat Anusorn School, Phutthaisong Sub-district, Phutthaisong District, Buriram Province.

This CSR activity has contributed to school and youth very at a great level. Especially the school that formerly in ruined condition. After the implementation of the project “Made with Heart Give with Love” in 2014, this school has opportunity to accept more students. It is also the center in organizing the sporting events for the local community, academic competition event, and other events throughout the past academic year.

This 2015, the company has proceeded CSR activities by pursuing the program “Made with Heart Give with Love” for Tong Sirirat Anusorn School such as; improvement of library, school signboard and additional agricultural fund. To create incentives for better education and strengthening the knowledge about the sufficient economic to the youth this will contribute to the development of knowledge that actually strengthen the best way of livelihood to the youth.

2. Project “Go Together”

“Go Together” project, the company in cooperation with the Association of Persons with Physical Disability International, sold unused computer for recycling and donated money to the disabled persons in the rural areas and purchase the equipment such as wheelchair, tricycle for disabled and the funded visiting program to advice and give preliminary aids to the disabled in the upcountry. Go Together project got employees to participate in supporting the development of the people with disabilities in Thailand.

3. Project “Sharing to the youth”

“Sharing to the youth” is a project that initiated from the intention of the employees to provide the happiness and smile to the students at the remote area and needy school that lack of funding. In 2015, it was organized at Ban Nong Hin School, Suphaburi Province. The management and employees organized tree planting and tree naming contest to enhance the creativity and also giving donations of money, school supplies, sports equipment, food, agricultural equipment and necessary equipment to the student at Ban Nong Hin School.

Internal Control and Risk Management

The company has an internal control department, directly report to the audit committee, responsible for establishing internal control system and ensures that the operations are in compliance with internal control criteria set by the Office of the Securities and Exchange Commission. The board of directors has meetings with the audit committee and management every quarter to ensure that the internal control is adequate and effective risk management system is in place.

Internal Control

The assessment of internal control system of the company on 5 aspects as follows;

(1) Internal control within the organization

The company has organizational structure according to its duty with clearly defined responsibilities document. There is also people development program for management and operational staffs, which is prepared for future expansion.

(2) Risk Assessment

The company has assessed the risks from internal and external factor, including factors that may impact the operation of the company. Systematic risk controls and management at operation level are in place with continuous monitoring.

(3) Operational Control

The company has clearly defined scope, level of authorization and up-to-date operation manual of all departments, for guidance in proper operation.

(4) Information Technology and Data Communication

The company has on-going improvement of the information technology to enable clear and up-to-date internal communication within the organization, with secured storage system for data accuracy and reduce resources consumption.

(5) Monitoring

The company constantly evaluates and monitors the progress of corrections based on the recommendation by the auditor. This will be reported the management on regular basis to encourage all departments to improve and control the operations to be proper and appropriate.

Risk Management

The risk management committee and working team had meetings to assess the risks that may impact to the operation of the company from external and internal factors. In year 2015 the company has managed very high risks and were able to reduce to moderate and low risks, which are acceptable by the company. The committee has continuously monitored to optimize the risk management with efficiency and appropriate to the changes of environment over time.

The company appointed IVL Auditing Company Limited by Ms. Valdee Sibunruang, audit partner, to be the internal auditor of the company under the resolution of the audit committee meeting No. 2/2015 held on 13 March 2015. The audit committee has considered the qualification of IVL Auditing Company Limited and Ms. Valdee Sibunruang, and agreed that this company is appropriate for such duties because of its independent with experience in the field of internal audit for construction business. It is also very helpful to continue to follow up the issues and suggestions. The responded actions to the auditor's suggestion will be precise and appropriate. The audit activities were conducted in cooperation with the internal control department, which worked closely together.

Connected Transactions

Details of connected transactions of the Company in 2015

Ordinary person /Juristic person that has transactions	Nature of transactions	Details
Haidoun Holdings Co., Ltd.	Rent and service charge. It is a related company whose shareholder is Ms. Janpen Ngoensamut, holding 99% of shares. She is also a director of Haidoun Holdings Co., Ltd.	The Company sold its rooms used as the Company's office located on 28 th floor, Lake Rajada Office Complex to Haidoun Holdings Co., Ltd., (Haidoun), a related company. These rooms used to be the Company's assets. The Company still used these rooms as collateral for loan borrowed from Commercial Bank and the Company had to pay annual fee at the rate of THB 4.5 million per annum for 5 years. Furthermore, the Company still had an obligation to pay rent in future for 3 years, extendable for another 3 years. On 7 th May 2004, Haidoun paid for all the assets purchased. Nonetheless, on 19 th July 2004, Haidoun and the Company agreed upon to revoke the contract for use of the above mentioned rooms as collateral against the loan borrowed from financial institution, to be effective from 15 th October 2004. The mortgage was, nevertheless, redeemed on 9 th March 2015.
KTech Building Contractors Co., Ltd.	A subsidiary to take the construction works from new customers	KTech Construction Pcl's subsidiary in which it holds shares in the amount of 99.99 of registered capital.
KTech Innovations Co., Ltd.	A subsidiary to take the construction works from new customers	KTech Construction Pcl's subsidiary in which it holds shares in the amount of 99.99 of registered capital. บริษัท
Joint Venture KTech-K Co., Ltd.	A subsidiary to take the construction works from new customers	The Company closed Joint Venture KTech-K Co., Ltd. down on 12 th November 2015. The closing down is now at the liquidation process.
DR.K Joint Venture Co., Ltd.	A joint venture to take the construction works from government agency and state enterprise.	It is a subsidiary in which KTech Construction Pcl has 100% stake.
P. Overseas Steel Pcl.	Main business partner for construction materials	P. Overseas Steel Pcl. holds shares in KTech Construction Pcl in the amount of 3.06 %

Remark: please see additional details regarding the transactions in the notes to financial statement for the year ended as at 31 December 2015, item 28

1. Overview of performance in 2015

The company and its subsidiaries has profit of 14.05 million baht, decreased from previous year 461.11 million baht or 97.04%, comparing to year 2014 which has profit of 475.16 million baht. This is because in 2015, the company has profit from operation in amount of 175.69 million baht, increased by 29.54 from 2014 which has the profit from operation in amount of 146.15 million baht. The company also have the profit from debt restructuring in amount of 30.16 million baht.

2. Revenue from construction contracts

In 2015 the major revenue of the company and its subsidiaries came from contractual construction which realized the revenue with the fiscal year of 1,947.52 million baht. The revenue came from the following projects;

Revenue	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from construction	1,947.52	99.86%	1,367.56	99.85%	385.54	99.59%
Other revenue	2.57	0.14%	1.99	0.15%	1.60	0.41%
Total revenue	1,950.09	100.00%	1,369.55	100.00%	387.14	100.00%

In which increased from 2014 in the amount of 579.96 million baht because the company realised revenue from more construction project, comparing to year 2014.

3. Cost and expenses

In 2015 the Company and its subsidiaries' cost of contractual construction and installation was 1,771.83 million baht (most of them was the increased cost of contractual construction and installation, and increased labour cost) resulting in a gross profit of THB 175.69 million, increasing 29.53 million baht or 20.21% from 2014. Since the Company realized more income from construction projects. The Company's administration expense was 176.41 million baht, increasing 37.17 million baht from 2014 which is a result of the expenses regarding personnel expense and financial advisor fee.

4. Profit

- **Gross profit**

In 2015, the Company and its subsidiaries' gross profit was THB 175.69 million, increasing THB 29.53 million from 2014 because the Company realized more income from construction projects than 2014.

- **Special profit from debt restructuring**

In 2015, the Company was able to increase its capital from 2014, caused the company have enough working capital to repay debt as per the business reorganization plan. Resulting The company has profit from debt restructuring, in the amount of THB 30.16 million.

● Net Profit

In 2015, the company and its subsidiaries' net profit was 8.63 million baht, decreasing 464.84 million baht or 98.19% from 2014 because in 2014, the Company had profit from debt restructuring and profit from sale of fixed assets amounting to 382.21 million baht and 23.40 million baht respectively.

In 2015, the company had increase gross profit from 2014 causing from realized more income from construction projects. But the Company had decrease net profit from 2014, since in 2014 had more profit from debt restructuring and profit from sale of fixed assets than 2015. The Company expects the total income and profit will increase in 2016.

5. Asset

As of 31 December 2015, the company and its subsidiaries have asset value of 1,783.01 million baht, increased from 2014 in amount of 704.23 million baht or 65.28%

Cash and cash equivalents	increased	574.39	Million baht
Trade receivables/Unbilled contract revenue	decreased	177.95	Million baht
Other receivables/Temporary investment	decreased	18.30	Million baht
Inventories	increase	111.75	Million baht
Retention receivables/Withholding tax deducted at source	increase	223.01	Million baht

6. Liabilities

As of 31 December 2015, the company and its subsidiaries have total liabilities amount of 486.85 million baht, decreased from 31 December 2014 in amount of 542.31 million baht or 9.15%. This is resulted from the company and its subsidiaries paid the creditors in debt restructuring plan as stated in the plan which reduce the amount of debt 52.83 million baht. Trade creditor amount decreased 20.71 million baht which align with business growth in 2015

7. Shareholder's Equity

As of 31 December 2015, the company has equity in amount of 1,296.17 million baht, which increased from the equity as of 31 December 2014 in the amount of 765.71 million baht. The main reason was from the increase in number of shares from 3,120,000,000 shares to 3,915,213,212 shares and the new investors already paid for increased capital as well as the increase in operational profit. The major shareholders' equity consists of paid up capital 3,665.21 million baht for 3,665.21 ordinary shares with par value of 1 baht. The premium on ordinary shares is 410.88 million baht and the discount on ordinary shares is 1,955.64 million baht. The share subscription received in advance is 200 million baht. The legal reserve retain earning is 6.52 million baht and unappropriated retain earnings 1,030.64 million baht.

Report of the Audit Committee

The audit committee of KTech Construction Public Company Limited consists of 3 independent directors, Police General Suthep Dhamaraks, Chairman of Audit Committee, Mr. Rapee Sukhyanga and Mr. Virun Lee, audit committee.

The audit committee has performed the duties in accordance to the duties and responsibilities assigned by the board of directors. In 2015, there were 5 audit committee meetings, meeting with financial auditor every quarter and meeting with management to review the issues and observations raised by the auditor related to financial report. This is to ensure that the operations are legitimate and comply with the regulation related to corporate good governance, as well as effective internal control system. The duties of audit committee are as follows;

1. Reviewed quarter and year 2015 annual financial statements of the company and subsidiaries by meetings with the auditor on quarterly basis. The meetings with auditor was to verify the accuracy of the financial statement that were recorded and adjusted as well as any issues found from the auditing activities. This is to ensure that important information were disclosed and the financial statement comply with legal requirements and standard accounting practices, prior to presenting to the board of directors for approval

2. Reviewed risk management from the risk management report, which assessed possible risks that may impact to the operation of the company, risk management measures and provide suggestion to the management for further improvement.

3. Reviewed the internal control system based on the internal audit report every quarter. This is to ensure that the operations comply with the legal requirements, rules and regulations, as well as discussed with management to follow up improvement activities as suggested by the auditor.

4. Considered the internal audit plan and give suggestion to the management in determining controls that are appropriate to the effective operation. The emphasis is on all the operations to improve the efficiency of internal control system.

5. Reviewed the connected transactions or transactions that may have conflict of interest with the company according to law and regulations of the Stock Exchange of Thailand and assure that information are properly disclosed in the financial statement.

6. Considered and proposed the Deloitte Touche Tohmatsu Jaiyos, the auditor certified by the Stock Exchange of Thailand to be the financial auditor of the company for the year 2015. The consideration was made based on the satisfactory performance, independent, and the financial audit report of previous year that were thorough and accurate. The IVL Audit Co., Ltd. was selected to be the internal auditor so the internal control was in consistency with previous year. The audit fees are considered based from the performance of auditor and proposed to the board of directors to consider and propose to shareholders meeting for approval.

In conclusion, the audit committee has performed its duties and responsibilities as described in the audit committee charter. By applying knowledge and experiences that is fully independent and focused on conducting business according to corporate good governance, transparency and verifiable. The opinion of the audit committee is that the company correctly and appropriately prepared financial report, disclosed sufficient information, reliable and have efficient internal control system.



Pol.Gen. Suthep Dhamaraks
Chairman of Audit Committee
KTech Construction Public Company Limited

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
KTECH CONSTRUCTION PUBLIC COMPANY LIMITED**

We have audited the consolidated financial statements of KTech Construction Public Company Limited and its subsidiaries and the separate financial statements of KTech Construction Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2015, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of KTech Construction Public Company Limited and its subsidiaries and of KTech Construction Public Company Limited as at December 31, 2015, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand) Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
February 29, 2016

FINANCIAL STATEMENTS

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5.2	587,362,704	44,305,069	537,740,732	21,299,729
Temporary investment	6	-	7,686,642	-	-
Trade and other receivables					
Trade receivables	7	144,226,449	364,337,748	15,000,000	94,523,165
Other receivables	8	118,568,742	129,012,814	276,517,726	278,118,902
Unbilled contract revenues	35	208,515,091	166,353,345	-	-
Short-term loan to related companies	9	-	-	485,812,055	409,004,452
Inventories	10	182,278,253	70,527,505	-	-
Retention receivables	11	261,106,558	79,477,593	-	-
Withholding tax deducted at source	12	78,598,961	37,217,039	1,416,311	2,119,590
Other current assets		15,070,113	23,151,446	960,258	5,453,513
Total Current Assets		1,595,726,871	922,069,201	1,317,447,082	810,519,351
NON-CURRENT ASSETS					
Deposits at financial institutions used as collateral	13	78,384,505	47,054,180	-	-
Investments in subsidiaries	14	-	-	150,047,277	1,047,477
Investment in associate	15	213,004	213,004	213,004	213,004
Property, plant and equipment	16	77,472,176	83,080,881	24,552,608	31,689,184
Intangible assets	14,17	6,276,479	4,437,421	4,096,544	3,922,948
Other non-current assets	18	24,937,661	21,922,280	17,775,886	11,452,534
Total Non-Current Assets		187,283,825	156,707,766	196,685,319	48,325,147
TOTAL ASSETS		1,783,010,696	1,078,776,967	1,514,132,401	858,844,498

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payables	19	292,608,624	313,320,441	129,493,910	134,865,286
Advances received from customers		32,647,517	39,848,454	-	-
Retention payables to subcontractors		29,343,568	12,235,521	184,503	151,807
Short-term borrowings from related parties	20	880,047	5,974,430	880,047	893,600
Current portion of finance lease liabilities	21	5,559,392	2,300,743	1,671,432	-
Creditors under debt restructuring plan	22	88,499,364	-	88,499,364	-
Current portion of long-term borrowing from a financial institution	23	2,487,500	-	2,487,500	-
Other current liabilities		5,728,219	7,400	5,728,219	7,400
Total Current Liabilities		457,754,231	373,686,989	228,944,975	135,918,093
NON-CURRENT LIABILITIES					
Finance lease liabilities	21	12,494,780	8,608,797	2,952,807	-
Creditors under debt restructuring plan	22	-	141,325,996	-	141,325,996
Long-term borrowing from a financial institution	23	4,695,000	-	4,695,000	-
Employee benefit obligations	24	7,280,608	7,657,037	4,128,872	6,079,947
Other long-term provisions	25	4,623,046	4,623,046	4,623,046	4,623,046
Total Non-Current Liabilities		29,093,434	162,214,876	16,399,725	152,028,989
TOTAL LIABILITIES		486,847,665	535,901,865	245,344,700	287,947,082

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2015

		UNIT : BAHT			
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	26				
Authorized share capital					
3,915,213,212 ordinary shares of Baht 1 each		3,915,213,212		3,915,213,212	
3,120,000,000 ordinary shares of Baht 1 each			3,120,000,000		3,120,000,000
Issued and paid-up share capital					
3,665,213,212 ordinary shares of Baht 1					
each, fully paid		3,665,213,212		3,665,213,212	
2,840,363,212 ordinary shares of Baht 1					
each, fully paid			2,840,363,212		2,840,363,212
PREMIUM ON ORDINARY SHARES		410,882,500	410,882,500	410,882,500	410,882,500
DISCOUNT ON ORDINARY SHARES		(1,955,640,421)	(1,708,215,421)	(1,955,640,421)	(1,708,215,421)
SHARE SUBSCRIPTION RECEIVABLES		(171,861)	(171,861)	(171,861)	(171,861)
SHARE SUBSCRIPTION RECEIVED IN ADVANCE	26	200,000,000	20,000,000	200,000,000	20,000,000
RETAINED EARNINGS (DEFICIT)					
Appropriated					
Legal reserve		6,519,775	6,519,775	6,519,775	6,519,775
Unappropriated (deficit)		(1,030,636,217)	(1,038,916,826)	(1,058,015,504)	(998,480,789)
TOTAL OWNERS OF THE PARENT		1,296,166,988	530,461,379	1,268,787,701	570,897,416
NON-CONTROLLING INTERESTS		(3,957)	12,413,723	-	-
TOTAL SHAREHOLDERS' EQUITY		1,296,163,031	542,875,102	1,268,787,701	570,897,416
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,783,010,696	1,078,776,967	1,514,132,401	858,844,498

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
Revenue from construction contracts		1,947,519,562	1,367,556,088	-	59,285,150
Cost of construction contracts		(1,771,833,288)	(1,221,403,422)	-	(12,443,703)
Gross profit		175,686,274	146,152,666	-	46,841,447
Interest income		872,630	476,612	9,398,132	2,572,707
Gain on debt restructuring	22	30,156,632	382,212,053	30,156,632	382,212,053
Gain (loss) on sale of fixed assets		(92,376)	23,445,531	(367,896)	23,400,000
Gain on exchange rate		2,066,357	270,924	4,899,719	270,924
Management income		-	-	53,369,833	93,300,827
Bad debt recovery		-	7,333,326	-	7,333,326
Other income		2,574,092	1,987,998	1,280,666	1,393,690
Reversal of allowance for impairment of assets	16	369,398	55,955,125	369,398	55,955,125
Administrative expenses	31	(176,406,288)	(139,237,178)	(160,669,348)	(184,296,564)
Other operating expenses		(5,046,584)	(693,575)	(8,775)	(26,882)
Finance costs	33	(5,927,468)	(4,487,012)	(1,553,210)	(3,874,376)
Profit (loss) before income tax expenses		24,252,667	473,416,470	(63,124,849)	425,082,277
Income tax expenses	34	(15,626,331)	-	-	-
PROFIT (LOSS) FOR THE YEARS		8,626,336	473,416,470	(63,124,849)	425,082,277
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain on defined benefit plan to profit or loss		5,425,425	1,739,010	3,590,134	1,977,695
Total other comprehensive income		5,425,425	1,739,010	3,590,134	1,977,695
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		14,051,761	475,155,480	(59,534,715)	427,059,972

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

		UNIT : BAHT			
	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015	2014
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		8,626,288	479,129,475	(63,124,849)	425,082,277
Non-controlling interests		48	(5,713,005)	-	-
		<u>8,626,336</u>	<u>473,416,470</u>	<u>(63,124,849)</u>	<u>425,082,277</u>
TOTAL COMPREHENSIVE INCOME (LOSS)					
ATTRIBUTABLE TO:					
Owners of the parent		14,051,713	480,868,485	(59,534,715)	427,059,972
Non-controlling interests		48	(5,713,005)	-	-
		<u>14,051,761</u>	<u>475,155,480</u>	<u>(59,534,715)</u>	<u>427,059,972</u>
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share (Baht)	27	0.003	0.310	(0.021)	0.275
Weighted average number of ordinary shares(Thousand shares)	27	3,068,968	1,543,161	3,068,968	1,543,161

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Attributions to Owners of the Parent							Non -	Total	
		Issued and	Premium on	Discount on	Share	Share	Retained Earnings (Deficit)		Total	Controlling	Shareholders'
		Paid-up	Ordinary	Ordinary	Subscription	Subscription	Appropriated	Unappropriated(Attributions to	Interests	Equity
		Share Capital	Shares	Shares	Receivables	Received in Advance	Legal Reserve	Deficit)	Owners of the parent		(Capital Deficiency)
Beginning balances as at January 1, 2014		809,934,464	410,882,500	(446,640,421)	(171,861)	70,000,000	6,519,775	(1,519,785,311)	(669,260,854)	(9,410)	(669,270,264)
Capital increase	26	2,030,428,748	-	(1,261,575,000)	-	(70,000,000)	-	-	698,853,748	-	698,853,748
Share subscription received in advance	26	-	-	-	-	20,000,000	-	-	20,000,000	-	20,000,000
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	18,136,138	18,136,138
Total comprehensive income (loss) for the year		-	-	-	-	-	-	480,868,485	480,868,485	(5,713,005)	475,155,480
Ending balances as at December 31, 2014		<u>2,840,363,212</u>	<u>410,882,500</u>	<u>(1,708,215,421)</u>	<u>(171,861)</u>	<u>20,000,000</u>	<u>6,519,775</u>	<u>(1,038,916,826)</u>	<u>530,461,379</u>	<u>12,413,723</u>	<u>542,875,102</u>
Beginning balances as at January 1, 2015		2,840,363,212	410,882,500	(1,708,215,421)	(171,861)	20,000,000	6,519,775	(1,038,916,826)	530,461,379	12,413,723	542,875,102
Capital increase	26	824,850,000	-	(247,425,000)	-	(20,000,000)	-	-	557,425,000	-	557,425,000
Share subscription received in advance	26	-	-	-	-	200,000,000	-	-	200,000,000	-	200,000,000
Adjustment of decrease of non-controlling interests in subsidiary		-	-	-	-	-	-	(5,771,104)	(5,771,104)	-12,417,728	(18,188,832)
Total comprehensive loss for the year		-	-	-	-	-	-	14,051,713	14,051,713	48	14,051,761
Ending balances as at December 31, 2015		<u>3,665,213,212</u>	<u>410,882,500</u>	<u>(1,955,640,421)</u>	<u>(171,861)</u>	<u>200,000,000</u>	<u>6,519,775</u>	<u>(1,030,636,217)</u>	<u>1,296,166,988</u>	<u>-3,957</u>	<u>1,296,163,031</u>

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Note	Issued and	Premium on	Discount on	Share	Share	Retained Earnings (Deficit)		Total
		Paid-up	Ordinary	Ordinary	Subscription	Subscription	Appropriated	Unappropriated	Shareholders'
		Share Capital	Shares	Shares	Receivables	Received in Advance	Legal Reserve	(Deficit)	Equity (Capital
									Deficiency)
Beginning balances as at January 1, 2014		809,934,464	410,882,500	(446,640,421)	(171,861)	70,000,000	6,519,775	(1,425,540,761)	(575,016,304)
Capital increase	26	2,030,428,748	-	(1,261,575,000)	-	(70,000,000)	-	-	698,853,748
Share subscription received in advance	26	-	-	-	-	20,000,000	-	-	20,000,000
Total comprehensive income for the year		-	-	-	-	-	-	427,059,972	427,059,972
Ending balances as at December 31, 2014		<u>2,840,363,212</u>	<u>410,882,500</u>	<u>(1,708,215,421)</u>	<u>(171,861)</u>	<u>20,000,000</u>	<u>6,519,775</u>	<u>(998,480,789)</u>	<u>570,897,416</u>
Beginning balances as at January 1, 2015		2,840,363,212	410,882,500	(1,708,215,421)	(171,861)	20,000,000	6,519,775	(998,480,789)	570,897,416
Capital increase	26	824,850,000	-	(247,425,000)	-	(20,000,000)	-	-	557,425,000
Share subscription received in advance	26	-	-	-	-	200,000,000	-	-	200,000,000
Total comprehensive loss for the year		-	-	-	-	-	-	(59,534,715)	(59,534,715)
Ending balances as at December 31, 2015		<u>3,665,213,212</u>	<u>410,882,500</u>	<u>(1,955,640,421)</u>	<u>(171,861)</u>	<u>200,000,000</u>	<u>6,519,775</u>	<u>(1,058,015,504)</u>	<u>1,268,787,701</u>

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

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax expenses		24,252,667	473,416,470	(63,124,849)	425,082,277
Adjustments by					
Depreciation and amortization		27,945,043	21,846,580	17,311,054	17,799,390
Bad debt expenses		35,469,442	-	25,359,827	-
Reversal of loss on impairment of assets		(369,398)	(55,955,125)	(369,398)	(55,955,125)
Unrealized gain on exchange rate		(5,278,801)	(270,924)	(5,278,801)	(270,924)
Employment benefit obligation expenses		5,048,996	3,037,827	1,639,059	1,699,422
Gain on debt restructuring		(30,156,632)	(382,212,053)	(30,156,632)	(382,212,053)
Bad debt recovery		-	(7,333,326)	-	(7,333,326)
Interest income		(872,630)	(476,612)	(9,398,132)	(2,572,707)
Interest expenses		5,927,468	4,487,012	1,553,210	3,874,376
Gain (loss) on sale and written-off of fixed assets		92,376	(23,445,531)	367,896	(23,400,000)
Other income		(922,713)	-	(922,713)	-
Loss from written-off withholding tax deducted at source		2,119,590	-	2,119,590	-
		63,255,408	33,094,318	(60,899,889)	(23,288,670)
(Increase) decrease in operating assets					
Trade and other receivables		196,954,258	(333,039,870)	67,802,719	(119,350,004)
Unbilled contract revenues		(42,161,746)	(128,042,329)	-	29,410,020
Inventories		(111,750,748)	(68,817,318)	-	-
Retention receivables		(181,628,965)	(67,801,359)	-	-
Promissory note receivables		-	11,588,177	-	11,588,177
Other current assets		8,953,963	(15,355,581)	4,493,255	1,133,328
Deposit at financial institutions used as collateral		(31,330,325)	(47,054,180)	-	-
Other non-current assets		(3,015,381)	(3,914,203)	(6,323,352)	2,691,829
Increase (decrease) in operating liabilities					
Trade and other payables		(11,241,398)	163,485,037	(1,476,338)	10,007,861
Advance received from customers		(7,200,938)	36,386,916	-	-
Retention payable to subcontractors		17,108,047	9,075,591	32,696	86,896
Other current liabilities		-	(37,040)	-	-
Cash received (paid) from operations		(102,057,825)	(410,431,841)	3,629,091	(87,720,563)
Cash received for interest		3,410,472	640,155	2,638,728	142,651
Cash paid for interest		(4,676,649)	(3,118,261)	(848,177)	(3,118,261)
Cash paid for income tax		(59,127,843)	(28,446,254)	(1,416,311)	(1,676,354)
Net cash provided by (used in) operating activities		(162,451,845)	(441,356,201)	4,003,331	(92,372,527)

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

UNIT : BAHT

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received for temporary investments		7,686,642	9,063,358	-	-
Cash received from loan to subsidiaries		-	-	240,086,910	-
Cash paid for loan to subsidiaries		-	-	(316,894,513)	(365,820,950)
Cash paid for investment in subsidiaries		-	-	(148,999,800)	-
Cash paid for investment in associate		-	(213,004)	-	(213,004)
Cash received from disposal of fixed assets		41,448	132,918,000	41,448	125,000,000
Cash paid for purchase of fixed assets and intangible assets		(26,538,634)	(58,694,265)	(8,143,814)	(13,130,409)
Cash received from sale and leaseback		11,085,200	-	5,243,000	-
Net cash provided by (used in) investing activities		<u>(7,725,344)</u>	<u>83,074,089</u>	<u>(228,666,769)</u>	<u>(254,164,363)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from short-term borrowings from related party		61,133,565	90,910,829	37,000,000	37,000,000
Cash received from short-term borrowings from others		43,000,000	-	43,000,000	-
Cash paid from short-term borrowings from related party		(66,214,394)	(117,194,594)	(37,000,000)	(68,364,595)
Cash paid for short-term borrowings from others		(43,000,000)	-	(43,000,000)	-
Cash received from capital increase		757,425,000	694,575,000	757,425,000	694,575,000
Cash paid for creditors under debt restructuring plan		(22,670,000)	(332,720,349)	(22,670,000)	(332,720,349)
Cash received for long-term borrowings from a financial institution		9,670,000	-	9,670,000	-
Cash paid for long-term borrowings from a financial institution		(2,487,500)	-	(2,487,500)	-
Cash paid for financial lease liabilities		(5,433,015)	(1,142,257)	(833,059)	-
Non-controlling interest from additional investing in subsidiary		(18,188,832)	18,136,138	-	-
Net cash provided by financing activities		<u>713,234,824</u>	<u>352,564,767</u>	<u>741,104,441</u>	<u>330,490,056</u>
Net increase (decrease) in cash and cash equivalents		543,057,635	(5,717,345)	516,441,003	(16,046,834)
Cash and cash equivalents as at January 1,		<u>44,305,069</u>	<u>50,022,414</u>	<u>21,299,729</u>	<u>37,346,563</u>
Cash and cash equivalents as at December 31,	5.2	<u><u>587,362,704</u></u>	<u><u>44,305,069</u></u>	<u><u>537,740,732</u></u>	<u><u>21,299,729</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. THE OPERATIONS OF COMPANY AND SUBSIDIARIES AND GENERAL INFORMATION

KTech Construction Public Company Limited (“the Company”) is incorporated in Thailand. The Company has the principal business in construction projects, design and installation and has its registered office at 33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok. The Company was listed on the Stock Exchange of Thailand on February 16, 2004. As at December 31, 2015 and 2014, the Company has 4 subsidiaries, as follows:

No.	Company Name	Date of Incorporation	Principal Business	Registered Office
1.	KTech Building Contractors Co., Ltd.	July 19, 2012	Engage in real estate and construction services.	33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok
2.	KTech Innovations Co., Ltd.	June 13, 2013	Construction	33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok
3.	Joint Venture KTech-K Co., Ltd.*	June 21, 2013	Construction	33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok
4.	DR.K Joint Venture Co., Ltd.	April 22, 2013	Construction	33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok

*On November 12, 2015, Joint Venture KTech-K Co., Ltd. registered the dissolution which currently is under the liquidation process.

The structure of the first 5 major shareholders as of December 31, 2015 are as follows:

No.	Name of shareholders	% of shares holding
1.	Mrs.Ayuporn Karnasuta	23.09
2.	Mr. Pisits Laosiriratana	6.08
3.	Miss Rattiporn Korasutisopon	5.05
4.	P.Oversea Steel Pcl.	3.06
5.	Mrs.Sunsanee Karnasuta	1.91
5.	Mr. Patchawat Kunchayangkul	1.91

On June 7, 2010, the Central Bankruptcy Court ordered as per the red case No.For15/2553 that the business of KTech Construction Public Company Limited (“debtor”) be rehabilitated and appointed Mr. Porntat Amatavivadhana and Mr. Donald Ian McBain, as the Planners of the rehabilitation plan (“the plan”). Since the appointment of the Planner by the Central Bankruptcy Court, the power and duties in managing the business and assets of the Company and all legal rights of the Company’s shareholders, except the right to receive dividend, shall be vested in the Planner under Section 90/25 of the Bankruptcy Act, B.E. 2483.

On October 22, 2014, the Company submitted the application to the Central Bankruptcy Court to terminate from the rehabilitation plan according to the Central Bankruptcy Court ordered as per the red case No. For 15/2553 on June 7, 2010. Since the Company completed the conditions referred in clause 14.2. Therefore, the Central Bankruptcy Court ordered to cancel the business reorganization under Section 90/74 order on December 26, 2014. However, the Company has to comply with the rehabilitation plan until the debt repayment is finished (see Note 4).

On March 19, 2015, the Company submitted the application to The Stock Exchange of Thailand (SET) to resume trade in the Market for Alternative Investment. Currently, The Stock Exchange of Thailand is in the process to verify documents.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

The Company's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2014) "Presentation of Financial Statements", and the Regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544 and the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554". For the convenience of readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements.

2.1 Basis for preparation of the consolidated financial statements

The interim consolidated financial statements for the years ended December 31, 2015 and 2014 and corresponding information included the financial statements of the Company and its subsidiaries in which the Company has control or invested over 50% of their voting rights. These subsidiaries are detailed as follows:

Company's name	Major business	Country of incorporation	Number of shares		Percentage of shareholding	
			As at December 31, 2015	2014	As at December 31, 2015	2014
Subsidiaries						
KTech Building Contractors Co., Ltd. ⁽¹⁾	Construction	Thailand	19,999,997	199,997	99.99	99.99
KTech Innovations Co., Ltd.	Construction	Thailand	19,997	19,997	99.99	99.99
Joint Venture KTech-K Co., Ltd.	Construction	Thailand	17,997	17,997	89.99	89.99
Dr.K Joint Venture Co., Ltd. ⁽²⁾	Construction	Thailand	499,998	-	99.99	-

- (1) On April 28, 2015, the Extraordinary Shareholders' Meeting No. 1/2015 of KTech Building Contractors Co., Ltd. passed a resolution to increase the registered capital from Baht 99,000,000 by issuing 19,800,000 new ordinary shares with the par value of Baht 5 each. Therefore, the Company's registered share capital amounting to Baht 100,000,000, divided into 20,000,000 shares of Baht 5 par value. The Company has registered and paid-up the capital increase with the Department of Business Development, the Ministry of Commerce, on May 6, 2015.
- (2) On June 29, 2015, the Company invested in Dr.K Joint Venture Co., Ltd. purchase additional shares in the ratio of 99.99% on paid-up share capital, equivalent to Baht 50,000,000, divided into 500,000 shares of Baht 100 each. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on June 29, 2015. The Company has changed their registered address to be the same as KTech Construction Public Company Limited.

Significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The consolidated financial statements for the years ended December 31, 2015 and 2014 have included the subsidiary's financial statements for the years ended December 31, 2015 and 2014 which were audited.

The consolidated financial statements for the years ended December 31, 2015 and 2014, included the financial statements of KTech Innovations Co., Ltd. for the operation period from January 1, 2015 to December 31, 2015 and Joint Venture KTech-K Co., Ltd. for the operation period from January 1, 2015 to October 31, 2015 which were audited by other auditors and 2 subsidiaries have no operation during the years 2015 and 2014 which the deficit are as follows:

No.	Company name	Deficit	
		2015 (Baht)	2014 (Baht)
1.	KTech Innovations Co., Ltd.	30,400	20,900
2.	Joint Venture KTech-K Co., Ltd.	25,000	20,900

2.2 Thai Financial Reporting Standards affecting the presentation and/or disclosure in the current year financial statements

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the periods beginning on or after January 1, 2015 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2014)	Presentation of Financial Statements
TAS 2 (Revised 2014)	Inventories
TAS 7 (Revised 2014)	Statement of Cash Flows
TAS 8 (Revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2014)	Events after the Reporting Period

TAS 11 (Revised 2014)	Construction Contracts
TAS 12 (Revised 2014)	Income Taxes
TAS 16 (Revised 2014)	Property, Plant and Equipment
TAS 17 (Revised 2014)	Leases
TAS 18 (Revised 2014)	Revenue
TAS 19 (Revised 2014)	Employee Benefits
TAS 20 (Revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2014)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2014)	Borrowing Costs
TAS 24 (Revised 2014)	Related Party Disclosures
TAS 26 (Revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2014)	Separate Financial Statements
TAS 28 (Revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2014)	Earnings per Share
TAS 34 (Revised 2014)	Interim Financial Reporting
TAS 36 (Revised 2014)	Impairment of Assets
TAS 37 (Revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2014)	Intangible assets
TAS 40 (Revised 2014)	Investment Property

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2014)	Share - Based Payment
TFRS 3 (Revised 2014)	Business Combinations
TFRS 5 (Revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2014)	Operating Leases – Incentives
TSIC 25 (Revised 2014)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2014)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2014)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2014)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2014)	Service Concession Arrangements
TFRIC 13 (Revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The above TFRSs have no material impact to the Company's financial statements except for the followings

Disclosure requirement of TFRS 13

Disclosure requirement of TFRS 13 needs not be applied in comparative information provided for period before the initial application. Therefore, the disclosure of fair value measurement for the balance as at December 31, 2014 has not been made for comparative purpose. The Company's certain financial assets and liabilities are measured at fair value as at December 31, 2015. The information relating to fair value measurement is summarized in the note to financial statements no. 36

- 2.3 The Federation of Accounting Professions issued the Notification regarding the Conceptual Framework for Financial Reporting (Revised 2015), which is announced in the Royal Gazette and effective from November 6, 2015, onwards.

The management of the Company and its subsidiaries will adopt the Conceptual Framework for Financial Reporting (Revised 2015) in the preparation of the Company financial statements when it becomes effective. The management of the Company and its subsidiaries have assessed the effects of such Conceptual Framework for Financial Reporting and believes that it will not have any significant impact on the financial statements for the period in which it is initially applied.

- 2.4 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs) which are effective for the financial statements for the periods beginning on or after January 1, 2016 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans

TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share - Based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases – Incentives
TSIC 25 (Revised 2015)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

The managements of the Company and its subsidiaries anticipate that the above accounting standards and financial reporting standards relevant to the Company and its subsidiaries will be adopted in the Company and its subsidiaries's financial statements when they become effective and the adoption of those accounting standards will have no material impact on the financial statements of the Company and its subsidiaries in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies are as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and all types of deposits at financial institutions with the original maturities of three months or less from the date of acquisition, excluding deposit at financial institutions used as collateral.

3.2 Temporary investment

Temporary investment is the Negotiable Certificate of Deposit with maturity term over 3 months up to 12 months and without obligation which is stated at cost.

3.3 Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and review accrued receivables' status as at year-end date. Bad debts are written off when incurred.

3.4 Inventories

Inventories consist of spare part and raw materials and work in process.

Spare part and raw material are stated at the lower of cost or net realizable value. Cost is determined by first-in, first-out method.

Work in process comprises the costs of material and labor and subcontractors charges.

Net realizable value is the estimate of the selling price in the ordinary course of business, less the estimated costs necessary to make sale. Allowance is made, where necessary, for obsolete and slow-moving inventories (if any).

3.5 Investments

Investments in subsidiaries are recorded using cost method in the separate financial statements. In case an impairment in value of investment has occurred, the resulting loss from impairment of investment is recognized in the statement of profit or loss and other comprehensive income.

Investment in an associated company is accounted for using the equity method in the consolidated financial statements and by the cost method in the separate financial statements.

3.6 Property, plant and equipment

Land is stated at cost less allowance for impairment (if any).

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items for major components of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income.

Depreciation

Depreciation is calculated based on the depreciable amount of plant and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line method, based on the estimated useful lives of assets, as follows:

Site office and labour camps	3 years
Leasehold improvements	6 years
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 Intangible assets

Intangible assets consist of computer softwares and intangible asset from a business combination.

Computer softwares are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line method over the estimated useful life of 3-10 years.

Intangible asset from a business combination represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable net assets acquired as at the date of acquisition. The Company recognizes intangible asset in a business combination as an asset recorded as of the acquisition date in the consolidated financial statements.

Intangible asset from a business combination is stated at cost less allowance for impairment (if any).

3.8 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Calculation of recoverable amount

The recoverable amount is the greater of the assets' net selling price or value in use. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

3.9 Employee benefits

Post-employment benefit upon retirement

Employee benefit obligations are the provision for benefit obligations for employees who are entitled to receive it upon retirement under the Company's regulation and under the Labor Protection Act. The obligations are assessed by an independent actuary and based on actuarial assumptions using Projected Unit Credit Method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in calculation of the post-employment benefits obligation is referred from the yield curve of government bond. Gains or losses from changes in estimate are recognized in the statement of profit or loss and other comprehensive income for the accounting period they incur. Expenses related to employee benefits are recognized in the statement of profit or loss and other comprehensive income.

Provident fund

The Company has a contributory staff provident fund for its employees who apply to join after pass the probation period 3 months which was registered as the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

The contribution for employees under provident fund scheme is recorded as expenses when incurred.

3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3.11 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities at the date of the statement of financial position denominated in foreign currencies are translated into Baht at the reference rates of the Bank of Thailand on that date. Gains and losses on exchange arising from the rate of settlements or translations are recognized as income or expense in the statement of profit or loss and other comprehensive income.

3.12 Revenue and expense recognition

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognized over the period of the contract, respectively, as revenue and expenses. The Company uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognize in a given period. The stage of completion is measured by calculating

the proportion of costs incurred to date relative to the estimated total costs of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the statement of profit or loss and other comprehensive income immediately.

In determining costs incurred up to the year end, any costs relating to future activity on a contract are excluded and shown as work in progress under construction contracts. The aggregate of the costs incurred and the profit or loss recognized on each contract is compared with the progress billings up to the year end. Where the sum of the costs incurred and recognized profit or loss exceeds the progress billings, the balance is shown as an asset. Where progress billings exceed costs incurred plus recognized profits (less recognized losses), the balance is shown as a liability.

Interest income and other expenses is recognized on an accrual basis.

3.13 Lease

Operating lease

Leases in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged as an expense to the statement of profit or loss and other comprehensive income on the straight-line basis over lease term.

Finance lease

Leases which substantially transfer all the risks and rewards of ownership of asset to the lessee are classified as finance lease. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The related finance cost is recognized by effective interest rate method over the term of contracts and charged to the statement of comprehensive income. The asset acquired under finance leasing contracts is depreciated over the estimated useful lives of the asset using the straight-line method.

Sale and leaseback transaction results in finance lease

If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the lease asset is expected to be used.

3.14 Troubled debt restructurings

The Company's restructuring methodology includes reduction of principal and/or accrued interest receivable, asset transfer, debt-equity conversion, and modification of payment schedule.

For debt repayment through asset transfer or debt-equity conversion according to debt restructuring contract, the Company recognizes the transferred asset or equity conservatively at the difference between transferred asset fair value and book value of debts as gain or loss on transfer of assets for the year. The Company recognizes difference between the lower of equity's fair value and book value of debts to gain on debt restructuring in the statement of profit or loss and other comprehensive income.

For debt restructuring using modification of payment schedule, the Company records the difference between the book value of debt which is higher than the amount to be paid under the new conditions to gain from debt restructuring in the statement of profit or loss and other comprehensive income at the date of consummation of the restructuring.

3.15 Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

3.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

3.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company and subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statement of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in shareholders' equity in the same or different period, they will be recognized directly in other comprehensive income.

3.16 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net profit (loss) for the year by the weighted average number of outstanding ordinary shares at the statement of financial position date. In case of a capital increase, the number of ordinary shares is weighted according to time of subscriptions received for the increase in issued and paid-up capital. In case of a capital decrease, the number of ordinary shares is weighted according to time of registration of capital reduction and diluted earnings (loss) per share is calculated from weighted average number of ordinary shares assumed that dilutive ordinary shares equivalents is totally converted to ordinary shares.

3.17 Use of management's judgment

The preparation of financial statements in conformity with Thai Financial Reporting Standards also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As at December 31, 2014, the Company and subsidiaries have the significant insufficient cash flow from operating activities, which the operations of the Company and subsidiaries as a going concern depend on the sufficient cash flow from operating activities. These matters indicate the existence of material uncertainty that may raise significant doubt about their abilities to continue as a going concern. However, the management of the Company and subsidiaries believe that it is appropriate to adopt a going concern basis in preparation of the financial statements because on December 26, 2014, the Central Bankruptcy Court ordered to cancel the business reorganization order as per Section 90/74. Currently, the Company and subsidiaries have significant increase in the number of projects on hand and shareholders have committed to provide financial support. Consequently, as at December 31, 2015, the Company and subsidiaries have cash received from capital increase amounting to Baht 757 million which is sufficient for the Company and subsidiaries to continue as a going concern. In addition, the Company and subsidiaries have continue to receive the number of projects and that cause the Company and subsidiaries to be able to continue as a going concern.

The Company's rehabilitation plan

The Company's rehabilitation plan dated May 12, 2011 which was accepted by the meetings of creditors and the Central Bankruptcy Court already approved on September 13, 2011. The rehabilitation plan contained the significant matters summarized as follows:

1) Restructuring of business and organization

The Plan Administrator may change the management structure and organization of the Company including additional improvement, dissolving or modifying the various lines as appropriate in order to implement the plan and be suitable the change of business environment in each period.

2) Restructuring share capital**2.1) Reduction of unissued registered shares**

Within 30 days from the date of plan approval by the Court, the Plan Administrator will decrease the Company's registered capital from Baht 669,944,925 to Baht 463,722,685 by decreasing the number of ordinary shares from 669,944,925 shares to 463,722,685 shares of Baht 1 par value in order to decrease unissued shares capital. After the decrease of shares, the Company's registered share capital and paid-up share capital amounted to Baht 463,722,685 divided into 463,722,685 ordinary shares of Baht 1 par value.

2.2) Increasing shares to reserve the conversion of debt to equity

Within 30 days from the date of the Plan Administrator conducting the decrease of the Company's registered capital in clause 2.1, the Plan Administrator will increase the Company's registered share capital by Baht 927,445,370, from Baht 463,722,685 to Baht 1,391,168,055 by issuing 927,445,370 ordinary shares of Baht 1 par value to reserve the conversion of debt to equity of creditors group 2, 6 and 7.

Therefore, after the increase of shares, the Company's registered share capital shall be amounted to Baht 1,391,168,055 divided into 1,391,168,055 shares of Baht 1 par value.

2.3) Decreasing registered share capital

Within 30 days from the date of creditors group 2, 6 and 7 receiving the payments by the conversion of debt to equity in clause 2.2, the Plan Administrator will decrease the Company's registered share capital from Baht 1,391,168,055 to Baht 139,116,805 by decreasing the number of shares from 1,391,168,055 shares to 139,116,805 shares.

Therefore, after the decrease of shares, the Company's share capital shall be amounted to Baht 139,116,805 divided into 139,116,805 shares of Baht 1 par value.

2.4) Increasing share to reserve the investor

After the decrease of registered share capital of the Company in clause 2.3 to reserve the new investor for acquiring the increased shares, the Plan Administrator may increase the registered share capital of the Company by issuing new shares based on the payment amount of investor and the number of shares was agreed with the investor offer.

2.5) Increasing share capital to reserve the conversion of debt to equity for creditors group 8 and 9

If the Company is unable to completely pay the debt by the cash flows from operations to creditors group 8 and 9 within a period of 5 years from the date of the Court approving the plan, the Plan Administrator will increase the Company's registered capital in an amount equal to the remaining of principal of each creditors in group 8 and 9 by issuing new ordinary shares of Baht 1 par value for converting debt to equity for such creditors.

In conducting the increase and decrease of increasing and decreasing registered share capital as the after mentioned at the date of share registration, the Company will maintain its ratio of existing shareholders not less than 10%.

In the case the period is due, the Company has not received money from the investors, the Plan Administrator may extend the periods of time as appropriately.

3) Debt restructuring

A) Payment made by cash

- (1) The creditors will receive the payment in one time or installments of cash flows from operation present to the term and period of time specified in the plan.

- (2) The creditors will receive the payment from cash flows from operations pursuant to the terms specified in the agreement or the original agreement between the Company and the creditors.

B) Payment made by issuing new ordinary shares

- (1) The creditors group 2, 6 and 7 will receive the payment by the increased new ordinary shares of the Company of 927,445,370 shares pursuant to the terms and period of time specified in the plan.
- (2) The creditors group 8 and 9 may receive the payment by the increased new ordinary shares of the Company pursuant to the terms and period of time specified in the plan.

C) Discharge from debts

The outstanding principal after making the payment as the aforementioned, accrued interest which was not specified regarding the principles and methods of payment in this plan, other interests, fine, fee, penalties, surcharges and expenses incurred from unpaid debts after the date of the Court ordering rehabilitation until the date of the Court agreeing this plan, the creditors agree to discharge immediately the whole debts on the date which the creditors receive completely the payment as the plan.

4) Payments under the rehabilitation plan

4.1) Classifications of creditors

Under the Company's rehabilitation process, the creditors have filed their respective claims for payment to Official Receiver under Section 90/42 bis of the Bankruptcy Act. Such Creditors were classified into 9 groups which consisted of one group of secured creditors and 8 groups of unsecured scheme creditors as follows:

Group of Creditors	Number of creditors	The amount of claim as at June 7, 2010		
		Principal	Interest	Total
		<i>(in million Baht)</i>		
Secured creditors :				
Group 1 Creditors with the security less than 15% of the total claimed debt	4	215	56	271
Unsecured creditors :				
Group 2 Financial institutions	7	852	149	1,001
Group 3 Tax creditor	1	161	126	287
Group 4 Government agency creditors	4	40	18	58
Group 5 Hire purchase creditors	4	31	8	39
Group 6 Trade creditors	517	952	196	1,148
Group 7 Project owner creditors	6	972	172	1,144
Group 8 Labor creditors	645	74	6	80
Group 9 Consulting and professional creditors	5	12	-	12
Total	1,193	3,309	731	4,040

4.2) Payment classified by group creditors

The creditors group 1

Debts of the creditors group 1 will be received the payment on installments from cash flows from operations within a period of 7 years from the date of plan approval from the Court. The debts will be paid in installment by quarterly, requiring payable the principal within the last business day of the quarter. The creditors group 1 agreed to suspend the payment of principal for a period of 1 year. The first installment will be payable within the last business day of the first quarter in the second year from the date of the Court approving the rehabilitation plan.

Each of the creditors group 1 will be received interest payment from each of principal during the installation periods at the rate of MLR per annum on quarterly payable basis, requiring quarterly interest payable on the last business day of the quarter. The first installment will be payable on the last business day of the first quarter from the date of the Court approved the rehabilitation plan.

For creditors having the rights of retention on the secondary assets, the Plan Administrator has the right to transfer the secondary assets to the creditors at rate of 80% of the market value. The transfer of assets must conduct within 30 days from the date of plan approval from the Court. The remaining debts will be paid in the same method as creditors group 1 and group 2.

When the creditors group 1 receiving the payment, the creditors agreed to discharge the necessary and unnecessary assets for operating the business which have used as collateral. In this case, the Plan Administrator has the power to request the Court to order instead of the intention of the creditor group 1 to discharge of the necessary or unnecessary assets for operating the business which have used as collateral, depending upon the case.

The remaining debts of creditors group 1 including the entire outstanding principal of debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the agreement and/or by legally will be discharged immediately in full when payment is made completely.

The creditors group 2

Debts of the creditors group 2 will be converted into equity of the Company.

The remaining debts of creditors group 2 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred

under the agreement and/or by legally will be discharged immediately in full when payment is made completely.

Creditors have the rights to convert the debt, which may convert into ordinary shares or convertible bond with the term of the convertible bond that is the value of the conversion equal to the value of conversion of debt to equity according to the period determined by the Plan Administrator as two years or when the Company can be traded on the Stock Exchange of Thailand or when the creditors request and the Plan Administrator agrees, it depends upon any event occurs first.

Certain creditors in this group have guarantee performance of the contract as part of the claim. These debts have to be included in the calculation of the conversion of debt to equity, but the ordinary share or convertible bonds will be issued when the debts are summarized exactly.

The creditors group 3

Debts of the creditors group 3 will be received the payment on installments from cash flows from operations within a period of 5 years from the date of plan approval from the Court. The debts will be paid in installment by quarterly, requiring payable the principal within the last business day of the quarter.

The creditors agreed to suspend the payment of principal for a period of 1 year. The first installment will be payable within the last business day of the first quarter in the second year from the date of the Court approving the rehabilitation plan.

The remaining debts of creditors group 3 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the agreement and/or by legally will be discharged immediately incurred in full when payment is made completely.

The creditors group 4

Debts of the creditors group 4 will be received the payment on installments from cash flows from operations within a period of 5 years from the date of plan approval from the Court. The debts will be paid in installment by quarterly, requiring payable the principal within the last business day of the quarter. The creditors agreed to suspend the repayment of principal for a period of 1 year. The first installment will be payable within the last business day of the first quarter in the second year from the date of the Court approving the rehabilitation plan.

The remaining debts of creditors group 4 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the

rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the agreement and/or by legally will be discharged immediately in full when payment is made completely.

The creditors group 5

Debts of the creditors group 5 will be paid in the amount not exceeding the market value of the assets, which is settled by cash flows from operations in accordance with the terms specified in the agreement.

The debts of creditors group 5 represented accrued interest and interest incurred from the date of the Court ordering the rehabilitation plan until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the contract and/or by legally will be discharged immediately in full when the Court ordered to accept the plan.

The creditors group 6

5% of the outstanding principal of debts of the creditors group 6 will be paid in installment from cash flows from operations within a period of 5 years from the date of the Court approving the plan, requiring annually payable. The principal is repaid within April 21, every year. The first payment on principal will be within April 21, of the following year from the date of rehabilitation plan approval by the Court.

Each of the creditors group 6 will be repaid on interest based on their principals of debts which is in process of installment term, at the rate of MLR-2 per annum, requiring quarterly payable on the last business day of the quarter. The first payment will be paid on the last business day of the first quarter from the date of rehabilitation plan approval by the Court.

95% of the outstanding principal of debts of the creditor groups 6 will be converted to equity of the Company.

The remaining debts of creditors group 6 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the agreement and/or by legally will be discharged immediately in full when payment is made completely.

The creditors group 7

Debts of the creditors group 7 will be converted to equity of the Company.

The remaining debts of creditors group 7 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the agreement and/or by legally will be discharged immediately in full when payment is made completely.

The creditors group 8

The principals of the debts of the creditors group 8 will be paid in installment from cash flows from operations within a period of 5 years from the date of the Court approving the plan.

On the expiration of the period of 5 years from the date of the Court approving the plan, if the debtor is unable to make the complete payment to creditors group 8, the remaining principal which creditors are not received the payment under the plan, will be settled by the increased ordinary shares of the Company.

The remaining debts of creditors group 8 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the contract and/or by legally will be discharged immediately in full when payment is made completely.

The creditors group 9

The principals of the debts of the creditors group 9 will be paid in installment from cash flows from operations within a period of 5 years from the date of the Court approving the plan.

On the expiration of the period of 5 years from the date of the Court approving the plan, if the debtor is unable to make the complete payment to creditors group 9, the remaining principal which creditors group 9 are not received the payment under the plan, will be settled by the increased ordinary shares of the Company.

The remaining debts of creditors group 9 including the entire outstanding principal of the debts, accrued interest obligation as well as interest incurred from the date of the Court ordering the rehabilitation until the date of complete making payment pursuant to the plan and other interest including of any fines, fees, penalties, surcharges, court fees and any other expenses incurred under the contract and/or by legally will be discharged immediately in full when payment is made completely.

Debts which the creditors claimed for payment under the rehabilitation of the Company

Since the appointment of the Company's the Planner, creditors filed their respective claims for payment from the Company with the Official Receiver, totaled 1,193 creditors. As of June 7, 2010 the balance of debts amounted to Baht 4,040 million (principal of Baht 3,309 million and interest of Baht 731 million). 1,193 creditors had already been examined by the Official Receiver and approved by the Bankruptcy Court and adjusted by the Plan Administrator until December 7, 2012 amounted to Baht 2,784 million (principal of Baht 2,224 million and interest of Baht 560 million) which were summarized as follows:

		Debts per respective claims for payment as at June 7, 2010		Debts examined by the Official Receiver and approved by the Bankruptcy Court and adjusted by the Plan Administrator (in million Baht)	Debts under the process of examination (in Baht)
		(in million Baht)		(in million Baht)	(in Baht)
Group 1	Creditors, each of which holds secured debts representing less than 15% of the total indebtedness filed respective claims for payment from the Company	Principal	215	215	-
		Interest	56	56	-
			271	271	-
Group 2	Unsecured scheme creditors - financial institutions	Principal	852	589	-
		Interest	149	139	-
			1,001	728	-
Group 3	Unsecured scheme creditors - tax creditors	Principal	161	150	-
		Interest	126	135	-
			287	285	-
Group 4	Unsecured scheme creditors - Government agency creditors	Principal	40	36	-
		Interest	18	18	-
			58	54	-
Group 5	Unsecured scheme creditors - hire purchase creditors	Principal	31	31	-
		Interest	8	8	-
			39	39	-
Group 6	Unsecured scheme creditors - trade creditors	Principal	952	855	-
		Interest	196	186	-
			1,148	1,041	-
Group 7	Unsecured scheme creditors - Project owner creditors	Principal	972	268	-
		Interest	172	14	-
			1,144	282	-
Group 8	Unsecured scheme creditors - labor creditors	Principal	74	68	-
		Interest	6	4	-
			80	72	-
Group 9	Unsecured scheme creditors - consulting and professional Creditors	Principal	12	12	-
		Interest	-	-	-
			12	12	-
	Total		4,040	2,784	-

On October 22, 2014, the Company submitted the application to the Central Bankruptcy Court to terminate from the rehabilitation plan according to the Central Bankruptcy Court ordered as per the red case No. For 15/2553 on June 7, 2010. Since the Company completed the conditions referred in clause 14.2 of the Plan of Business Reorganization and the Business Reorganization Official has examined all the documents supporting photocopies of documents of Plan Administrator's application for business reorganization cancellation. Therefore, the Central Bankruptcy Court ordered to cancel the business reorganization under Section 90/74 order on December 26, 2014. However, the Company has to comply with the rehabilitation plan until the debt repayment is finished.

As at December 31, 2015, the Company has creditors under debt restructuring plan amounting to Baht 88 million that are creditor group 8 and group 9, the maturity date is within year 2016. During the year 2015, the Company made the repayment to the creditors under debt restructuring plan group 5 amounting to Baht 22.67 million (see Note 22).

5. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

5.1 Significant non-cash items in the consolidated and separate financial statements for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Convertible bonds to ordinary share	-	24,278,748	-	24,278,748

5.2 Cash and cash equivalents as at December 31, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Cash on hand	1,379,421	770,529	64,871	20,757
Cash at banks - current accounts	23,268,693	(3,400,726)	113,229	(127,643)
Cash at banks - savings accounts	562,713,554	46,934,266	537,562,632	21,406,615
Short-term investments	1,036	1,000	-	-
	<u>587,362,704</u>	<u>44,305,069</u>	<u>537,740,732</u>	<u>21,299,729</u>

5.3 Non-cash transactions for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Payable for purchase of fixed assets and intangible assets as at January 1,	5,936,307	-	2,014,835	-
Add Purchases during the year	30,245,357	71,445,777	10,757,418	15,145,244
Less Cash payments during the year	(26,538,634)	(58,694,265)	(8,143,814)	(13,130,409)
Purchases of fixed assets under finance lease agreements	<u>(9,437,037)</u>	<u>(6,815,205)</u>	<u>(4,624,239)</u>	<u>-</u>
Payable for purchase of fixed assets and intangible assets as at December 31,	<u>205,993</u>	<u>5,936,307</u>	<u>4,200</u>	<u>2,014,835</u>

6. TEMPORARY INVESTMENT

As at December 31, 2014, the subsidiary has temporary investment in 12 months Negotiable Certificate of Deposit amounting to Baht 7.69 million with interest bearing 2.50% p.a. (2015: nil)

7. TRADE RECEIVABLES

Trade receivables as at December 31, aged by the number of months are summarized as follows:

CONSOLIDATED FINANCIAL STATEMENTS						
	Related Companies	2015 Others	Total	Related Companies	2014 Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	-	52,978,187	52,978,187	-	165,572,567	165,572,567
Overdue						
Less than or up to 3 months	-	47,075,946	47,075,946	-	105,224,161	105,224,161
Over 3 months up to 6 months	-	6,546,388	6,546,388	-	32,006,387	32,006,387
Over 6 months up to 12 months	-	32,735,543	32,735,543	-	41,165,578	41,165,578
Over 12 months	11,235,000	444,890,800	456,125,800	11,235,000	424,900,028	436,135,028
Total	11,235,000	584,226,864	595,461,864	11,235,000	768,868,721	780,103,721
<u>Less</u> Allowance for doubtful Accounts	(11,235,000)	(440,000,415)	(451,235,415)	(11,235,000)	(404,530,973)	(415,765,973)
	-	144,226,449	144,226,449	-	364,337,748	364,337,748

SEPARATE FINANCIAL STATEMENTS						
	Related Companies	2015 Others	Total	Related Companies	2014 Others	Total
	Baht	Baht	Baht	Baht	Baht	Baht
Current	-	-	-	-	2,191,792	2,191,792
Overdue						
Less than or up to 3 months	-	-	-	-	-	-
Over 3 months up to 6 months	-	-	-	-	30,796,740	30,796,740
Over 6 months up to 12 months	-	-	-	-	41,165,578	41,165,578
Over 12 months	11,235,000	444,890,800	456,125,800	11,235,000	424,900,028	436,135,028
Total	11,235,000	444,890,800	456,125,800	11,235,000	499,054,138	510,289,138
<u>Less</u> Allowance for doubtful accounts	(11,235,000)	(429,890,800)	(441,125,800)	(11,235,000)	(404,530,973)	(415,765,973)
	-	15,000,000	15,000,000	-	94,523,165	94,523,165

The normal credit term is granted by the Company of 30 days.

As at December 31, 2015 and 2014, overdue trade receivables over 12 months are Baht 456 million and Baht 436 million, respectively. The Company and subsidiary set up an allowance for doubtful account of Baht 441 million and Baht 416 million. The Company expects to receive the remaining amount later on.

As at December 31, 2015, outstanding balances of trade receivables of subsidiary which the debt collection per legal rights is transferred to Accretive (Thailand) Co., Ltd. and Thanachart Bank PLC. for 2 customers amounted to Baht 62.07 million (2014: nil)

Receiving payment from debtor by transferring land

On June 30, 2009, the Company received the collection for the construction from a debtor as land amounting to Baht 102 million (which was disposed during the year 2014, see Note 16). Pursuant to term and condition in the Settlement Agreement dated May 22, 2007, the Company has the right to claim the expenses incurred from the settlement. Therefore, during 2011, the Company issued the invoice to claim the interest in the amount of Baht 16.83 million from such debtor which this amount will be charged to revenue when the Company receives the payment. As at December 31, 2015 and 2014, the Company has not yet received such amount.

8. OTHER RECEIVABLES

Other receivables as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other receivables - related companies	1,690,850	-	243,122,471	233,109,358
Other receivables - other companies	2,420,515	474,263	-	-
Advance payments for purchases of materials	59,899,467	48,509,066	8,543,796	13,164,046
Advance payments for subcontractors	31,599,570	40,406,653	12,230,299	12,319,636
Advance payments for pre-contract	17,583,064	12,783,064	10,383,064	10,383,064
Advance payments for shares (see Note 14)	-	15,000,000	-	15,000,000
Advance for employees	6,516,273	7,563,290	6,516,273	475,052
Other advance payments	15,076,272	3,019,000	4,200,874	-
Prepaid expenses	5,783,755	11,052,883	1,351,428	843,776
Advance payment for land rental	479,000	12,684,619	230,000	12,250,329
Accrued interest income - related companies	-	-	12,419,545	3,053,665
<u>Less</u> Allowance for doubtful accounts	<u>(22,480,024)</u>	<u>(22,480,024)</u>	<u>(22,480,024)</u>	<u>(22,480,024)</u>
	<u>118,568,742</u>	<u>129,012,814</u>	<u>276,517,726</u>	<u>278,118,902</u>

9. SHORT-TERM LOAN TO RELATED COMPANIES

As at December 31, 2015 and 2014, the Company had short-term loans to a subsidiary amounting to Baht 311.39 million and Baht 331.39 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call. Moreover, as at December 31, 2015 and 2014, the Company had short-term loans to another subsidiary amounting to Baht 174.42 million and Baht 77.61 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call.

10. INVENTORIES

Inventories as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Spare part and raw materials	49,286,532	33,810,943	-	-
Work in process	132,991,721	36,716,562	-	-
	<u>182,278,253</u>	<u>70,527,505</u>	<u>-</u>	<u>-</u>

Work in process occur from construction projects of a subsidiary. In addition, another subsidiary has the project of railway maintenance for the State Railway of Thailand according to the contract dated November 12, 2013. The project will be completed and delivered within 600 days from the date of the delivery of the project (see Note 37).

4)The cost of inventories of the subsidiaries recorded as expense for the years ended December 31, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
The cost of inventories recorded as expense	<u>862,344,005</u>	<u>763,741,931</u>	<u>-</u>	<u>-</u>
	<u>862,344,005</u>	<u>763,741,931</u>	<u>-</u>	<u>-</u>

11. RETENTION RECEIVABLES

Retention receivables as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Other parties	485,551,095	303,922,129	221,828,105	221,828,105
<u>Less</u> Allowance for doubtful accounts	<u>(224,444,537)</u>	<u>(224,444,536)</u>	<u>(221,828,105)</u>	<u>(221,828,105)</u>
	<u>261,106,558</u>	<u>79,477,593</u>	<u>-</u>	<u>-</u>

Aging analyses for retention receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Within credit term	263,722,990	4,230,000	-	-
Overdue :				
Less than and up to one year	-	-	-	-
Overdue more than one year	221,828,105	299,692,129	221,828,105	221,828,105
Total	485,551,095	303,922,129	221,828,105	221,828,105
<u>Less</u> Allowance for doubtful accounts	<u>(224,444,537)</u>	<u>(224,444,536)</u>	<u>(221,828,105)</u>	<u>(221,828,105)</u>
	<u>261,106,558</u>	<u>79,477,593</u>	<u>-</u>	<u>-</u>

Retention receivables are normally due after the defected liability periods stated in the respective construction contracts are complete, which is between one to two years after construction work has been completed. However, the Company set up an allowance for doubtful accounts in full for the projects where the Company perceives that there would be the collection issues.

12. WITHHOLDING TAX DEDUCTED AT SOURCE

5) Withholding tax deducted at source as at December 31, consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Withholding tax deducted at source for 2012	-	938,216	-	424,088
Withholding tax deducted at source for 2013	7,813,421	7,832,569	-	19,148
Withholding tax deducted at source for 2014	26,511,255	28,446,254	-	1,676,354
Withholding tax deducted at source for 2015	44,274,285	-	1,416,311	-
Total	78,598,961	37,217,039	1,416,311	2,119,590

13. DEPOSIT AT FINANCIAL INSTITUTIONS USED AS COLLATERAL

As at December 31, 2015 and 2014, a subsidiary has letters of guarantee issued by the bank which deposit at bank of a subsidiary amounting to Baht 44.79 million and Baht 44.99 million, respectively has been used as collateral for letters of guarantee. Moreover, as at December 31, 2015 and 2014, another subsidiary has letter of guarantee issued by bank which deposit at bank of a subsidiary amounting to Baht 33.60 million and Baht 2.06 million, respectively has been used as collateral for letters of guarantee.

14. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, are as follows:

Name of subsidiaries	Ownership Interest		SEPARATE FINANCIAL STATEMENTS					
			Paid-up capital		Cost method		Dividend income	
	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)	Baht	Baht	Baht	Baht	Baht	Baht
KTech Building Contractors Co., Ltd.	99.99	99.99	100,000,000	1,000,000	99,999,985	999,985	-	-
KTech Innovations Co., Ltd.	99.99	99.99	25,000	25,000	24,996	24,996	-	-
Joint Venture KTech K Co., Ltd.	89.99	89.99	25,000	25,000	22,496	22,496	-	-
DR.K Joint Venture Co., Ltd.	99.99	-	50,000,000	20,000,000	49,999,800	-	-	-
					150,047,277	1,047,477	-	-

Acquisition of DR.K Joint Venture Co., Ltd.

On July 31, 2013, the Company entered into sale and purchases agreement with a shareholder of a subsidiary. Such shareholder of the subsidiary agreed to sell all shares and its project which won the bid tender with the State Railway of Thailand with the sales price amounting to Baht 60.56 million.

During the year 2014, the Company paid the share amounting to Baht 15 million, the remaining amount will be paid when the agreement with the State Railway of Thailand has completed. On November 12, 2013, the subsidiary signed agreement with the State Railway of Thailand.

However, on June 29, 2015, the Company has already paid the remaining amount to Baht 35 million to shareholders of such subsidiary and the Company has been transferred 99.99 % shares of subsidiary. The remaining amount by Baht 10.56 million will be paid at the end of the above project.

As at January 1, 2014 (the Company had control in the subsidiary), the book value and the best estimated fair value of each item of identified assets and liabilities of DR.K Joint Venture Co., Ltd. are as follows:

Unit : Baht	
	FINANCIAL STATEMENTS
	Book value and Fair value
Assets	
Cash and cash equivalents	969,765
Others current assets	2,172
Total	971,937
Liabilities	
Other payable	835,800
Total	835,800
Net assets	136,137
Share receivables	48,000,000
Intangible asset	1,863,863
Consideration paid	60,564,000
Purchase price adjustment	(10,564,000)
Cash paid to purchase investment in a subsidiary	50,000,000

However, on August 20, 2015, the Company entered into the addendum of reduction of share price from Baht 60.56 million to Baht 50 million. The Company has no obligation to repay the remaining amount of Baht 10.56 million. Therefore, the consolidated financial statements as at December 31, 2015 has the outstanding of intangible asset from business combination amounting to Baht 1.86 million.

15. INVESTMENT IN ASSOCIATE

Investment in associate as at December 31, consist of:

Associate	Business Type	Paid-up capital		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2015	2014	2015 Baht	2014 Baht	2015 Baht	2014 Baht
GLK-TECH Construction Co., Ltd.	Construction	5 billion Kyats	5 billion Kyats	213,004	213,004	213,004	213,004
				<u>213,004</u>	<u>213,004</u>	<u>213,004</u>	<u>213,004</u>

On June 16, 2014, the Company invested in GLK-TECH Construction Co., Ltd., which is a construction company registered in Myanmar, for 6,339 shares of 1,000 Kyats each or equivalent to 17.50% of paid-up share capital of such company. Such associate company has no significant operation during the years 2015 and 2014, thus there is no profit or loss sharing from associate company in the consolidated financial statements.

16. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, consist of:

As at December 31, 2015

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2015 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2015 Baht
Cost:				
Site office and labor camps	60,000,646	360,000	(56,321,110)	4,039,536
Leasehold improvements	5,828,024	727,998	-	6,556,022
Machinery and equipment	170,032,557	23,408,763	(40,169,093)	153,272,227
Furniture, fixtures and office equipment	48,638,181	4,219,312	(22,517,347)	30,340,146
Motor vehicles	31,466,544	513,084	-	31,979,628
Total cost	<u>315,965,952</u>	<u>29,229,157</u>	<u>(119,007,550)</u>	<u>226,187,559</u>
Accumulated depreciation:				
Site office and labor camps	(58,503,145)	(1,248,552)	56,321,061	(3,430,636)
Leasehold improvements	(3,423,314)	(613,739)	-	(4,037,053)
Machinery and equipment	(94,803,133)	(18,433,943)	31,917,177	(81,319,899)
Furniture, fixtures and office equipment	(36,652,195)	(4,763,569)	22,466,090	(18,949,674)
Motor vehicles	(25,317,018)	(1,844,235)	-	(27,161,253)
Total accumulated depreciation	<u>(218,698,805)</u>	<u>(26,904,038)</u>	<u>110,704,328</u>	<u>(134,898,515)</u>
Less Allowance for impairment	<u>(14,186,266)</u>	<u>-</u>	<u>369,398</u>	<u>(13,816,868)</u>
Property, plant and equipment	<u>83,080,881</u>			<u>77,472,176</u>

As at December 31, 2014

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at January 1, 2014 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2014 Baht
Cost:				
Land	101,600,000	-	(101,600,000)	-
Site office and labour camps	59,750,646	250,000	-	60,000,646
Leasehold improvements	3,354,414	2,473,610	-	5,828,024
Machinery and equipment	121,046,767	56,903,790	(7,918,000)	170,032,557
Furniture, fixtures and office equipment	39,256,604	9,381,577	-	48,638,181
Motor vehicles	31,466,544	-	-	31,466,544
Total cost	356,474,975	69,008,977	(109,518,000)	315,965,952
Accumulated depreciation:				
Site office and labour camps	(57,343,686)	(1,159,459)	-	(58,503,145)
Leasehold improvements	(3,354,414)	(68,900)	-	(3,423,314)
Machinery and equipment	(80,665,687)	(14,182,977)	45,531	(94,803,133)
Furniture, fixtures and office equipment	(33,384,962)	(3,267,233)	-	(36,652,195)
Motor vehicles	(22,607,427)	(2,709,591)	-	(25,317,018)
Total accumulated depreciation	(197,356,176)	(21,388,160)	45,531	(218,698,805)
<u>Less</u> Allowance for impairment	(70,141,391)	-	55,955,125	(14,186,266)
Property, plant and equipment	88,977,408			83,080,881
Depreciation for the years ended December 31,				
2015			Baht	26,904,038
2014			Baht	21,388,160

As at December 31, 2015

SEPARATE FINANCIAL STATEMENTS

	Balance as at January 1, 2015 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2015 Baht
Cost:				
Site office and labor camps	59,750,646	-	(56,321,110)	3,429,536
Leasehold improvements	5,828,024	727,998	-	6,556,022
Machinery and equipment	127,337,077	7,415,200	(32,369,093)	102,383,184
Furniture, fixtures and office equipment	43,765,963	1,598,020	(22,517,347)	22,846,636
Motor vehicles	22,467,544	-	-	22,467,544
Total cost	259,149,254	9,741,218	(111,207,550)	157,682,922
Accumulated depreciation:				
Site office and labor camps	(58,468,065)	(1,113,767)	56,321,061	(3,260,771)
Leasehold improvements	(3,423,314)	(613,739)	-	(4,037,053)
Machinery and equipment	(93,139,651)	(11,370,388)	31,641,657	(72,868,382)
Furniture, fixtures and office equipment	(36,226,040)	(3,335,685)	22,466,090	(17,095,635)
Motor vehicles	(22,016,734)	(34,871)	-	(22,051,605)
Total accumulated depreciation	(213,273,804)	(16,468,450)	110,428,808	(119,313,446)
<u>Less</u> Allowance for impairment	(14,186,266)	-	369,398	(13,816,868)
Property, plant and equipment	31,689,184			24,552,608

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Increase	Decrease	Balance
	as at			as at
	January 1, 2014 Baht	Baht	Baht	December 31, 2014 Baht
Cost:				
Land	101,600,000	-	(101,600,000)	-
Site office and labour camps	59,750,646	-	-	59,750,646
Leasehold improvements	3,354,414	2,473,610	-	5,828,024
Machinery and equipment	121,027,030	6,310,047	-	127,337,077
Furniture, fixtures and office equipment	39,245,976	4,519,987	-	43,765,963
Motor vehicles	22,467,544	-	-	22,467,544
Total cost	<u>347,445,610</u>	<u>13,303,644</u>	<u>(101,600,000)</u>	<u>259,149,254</u>
Accumulated depreciation:				
Site office and labour camps	(57,343,686)	(1,124,379)	-	(58,468,065)
Leasehold improvements	(3,354,414)	(68,900)	-	(3,423,314)
Machinery and equipment	(80,663,673)	(12,475,978)	-	(93,139,651)
Furniture, fixtures and office equipment	(33,383,299)	(2,842,741)	-	(36,226,040)
Motor vehicles	(21,107,035)	(909,699)	-	(22,016,734)
Total accumulated depreciation	<u>(195,852,107)</u>	<u>(17,421,697)</u>	<u>-</u>	<u>(213,273,804)</u>
<u>Less</u> Allowance for impairment	<u>(70,141,391)</u>	<u>-</u>	<u>55,955,125</u>	<u>(14,186,266)</u>
Property, plant and equipment	<u>81,452,112</u>			<u>31,689,184</u>
Depreciation for the years ended December 31,				
2015			Baht	<u>16,468,450</u>
2014			Baht	<u>17,421,697</u>

On June 19, 2014, the Company sold the vacant land with cost of baht 101.60 million and selling price of Baht 125 million to a third party and settles debts under the rehabilitation plan to Creditor Group 1. Such land has been provided an allowance for impairment amounting to Baht 55.60 million. As a result, allowance for impairment of land reduced by the whole amount as at December 31, 2014. The Company recognized such reversal of allowance by offsetting with administrative expenses in the statement of profit or loss and other comprehensive income for the year ended December 31, 2014. The Company recognized profit from land disposal amounting to Baht 23.40 million and profit from debt restructuring amounting to Baht 21.63 million in the statement of profit or loss and other comprehensive income for the year ended December 31, 2014.

As at December 31, 2015 and 2014, the gross carrying amounts of the fully depreciation of property, plant and equipment that are still in use are Baht 72.56 million and Baht 152.23 million, respectively.

As at December 31, 2015 and 2014, the Company and subsidiary sold machine and equipment and entered into the sale and leasing back contracts amounting to Baht 14.8 million and Baht 7.9 million, respectively. In this case, the Company and subsidiary have obligation to pay monthly lease payment of Baht 0.45 million and Baht 0.16 million, respectively (not included VAT) for 36 and 48 months bearing interest rates at 8.89% per annum. The Company and subsidiary have option to return machine and equipment and have right to purchase such assets at the prices specified in the contracts. The Company

and subsidiary must pay the final payment to exercise such rights to purchase in a total amount of Baht 6.47 million and Baht 1.74 million, respectively. The rights to the assets still belong to the lessor until the Company and subsidiary makes such payments according to the obligations in the contracts.

As at December 31, 2015 and 2014, the Company and subsidiary have vehicles, machinery and equipment under financial lease agreements which have the carrying value amounting to Baht 22.76 million and Baht 12.94 million, respectively.

As at December 31, 2015 and 2014, the Company has allowance for impairment of machinery and equipment and motor vehicles amounting to Baht 13.82 million and 14.19 million, respectively.

17. INTANGIBLE ASSETS

6) Intangible assets as at December 31, consist of:

As at December 31, 2015

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance A at January 1, 2015 Baht	Additions Baht	Disposals Baht	Transfer In (Out) Baht	Balance A at December 31, 2015 Baht
Cost:					
Computer softwares	8,755,060	1,016,200	-	-	9,771,260
Intangible asset from business combination	-	1,863,863	-	-	1,863,863
Total cost	<u>8,755,060</u>	<u>2,880,063</u>	<u>-</u>	<u>-</u>	<u>11,635,123</u>
Accumulated amortization:					
Computer softwares	(4,317,639)	(1,041,005)	-	-	(5,358,644)
Total accumulated amortization	<u>(4,317,639)</u>	<u>(1,041,005)</u>	<u>-</u>	<u>-</u>	<u>(5,358,644)</u>
Intangible assets	<u>4,437,421</u>				<u>6,276,479</u>

As at December 31, 2014

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance A at January 1, 2014 Baht	Additions Baht	Disposals Baht	Transfer In (Out) Baht	Balance A at December 31, 2014 Baht
Cost:					
Computer softwares	4,429,260	950,800	-	3,375,000	8,755,060
Total cost	<u>4,429,260</u>	<u>950,800</u>	<u>-</u>	<u>3,375,000</u>	<u>8,755,060</u>
Accumulated amortization:					
Computer softwares	(3,859,219)	(458,420)	-	-	(4,317,639)
Total accumulated amortization	<u>(3,859,219)</u>	<u>(458,420)</u>	<u>-</u>	<u>-</u>	<u>(4,317,639)</u>
Computer software under installation	1,889,000	1,486,000	-	(3,375,000)	-
Intangible assets	<u>2,459,041</u>				<u>4,437,421</u>
Amortization for the years ended December, 31					
2015				Baht	<u>1,041,005</u>
2014				Baht	<u>458,420</u>

As at December 31, 2015

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Additions	Disposals	Transfer
	A at			In (Out)
	January 1, 2015 Baht	Baht	Baht	Baht
Cost:				
Computer softwares	8,159,860	1,016,200	-	-
Total cost	8,159,860	1,016,200	-	-
Accumulated amortization:				
Computer softwares	(4,236,912)	(842,604)	-	-
Total accumulated amortization	(4,236,912)	(842,604)	-	-
Intangible assets	3,922,948			

As at December 31, 2014

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Additions	Disposals	Transfer
	A at			In (Out)
	January 1, 2014 Baht	Baht	Baht	Baht
Cost:				
Computer softwares	4,429,260	355,600	-	3,375,000
Total cost	4,429,260	355,600	-	3,375,000
Accumulated amortization:				
Computer softwares	(3,859,219)	(377,693)	-	-
Total accumulated amortization	(3,859,219)	(377,693)	-	-
Computer software under installation	1,889,000	1,486,000	-	(3,375,000)
Intangible assets	2,459,041			
Amortization for the years ended December, 31				
2015				Baht 842,604
2014				Baht 377,693

As at December 31, 2015 and 2014, the gross carrying amount of the fully amortization of intangible assets that are still in use are Baht 3.85 million and Baht 3.70 million, respectively.

18. OTHER NON CURRENT ASSETS

Other non-current assets as at December 31, consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Cash guaranteed for purchase of construction				
material	17,327,601	15,387,699	15,078,950	9,355,598
Other deposits	7,610,060	6,534,581	2,696,936	2,096,936
	24,937,661	21,922,280	17,775,886	11,452,534

19. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Trade payables	59,699,497	133,267,033	586,173	800,173
Factoring payables*	49,656,019	-	-	-
Other payables	69,433,961	53,868,978	53,821,483	52,520,015
Other payables- related company	-	-	-	1,100,000
Accrued salary and wage	3,136,235	3,185,048	3,135,840	3,185,048
Social security fund payable	1,544,298	1,449,340	128,394	124,304
Accrued provident fund	205,410	373,222	205,410	373,222
Withholding tax payable	17,925,625	17,733,358	15,982,124	15,941,479
Accrued interest expense	1,913,656	662,980	1,368,012	662,980
Value-added tax payable	46,325,306	56,789,008	31,362,289	34,912,879
Accrued planner expense	22,116,035	22,116,035	22,116,035	22,116,035
Other accrued expenses	20,652,582	23,875,439	788,150	3,129,151
	<u>292,608,624</u>	<u>313,320,441</u>	<u>129,493,910</u>	<u>134,865,286</u>

* The subsidiary signed the factoring agreement with the Accretive (Thailand) Co., Ltd., the subsidiary has received the approval for the factoring credit line amounting to Baht 10 million on February 26, 2015 and additional approval credit line amounting to Baht 100 million on April 22, 2015. In addition on July 28, 2015, the subsidiary signed the factoring agreement with Thanachart Bank Plc., The subsidiary received the approved credit line amounting to Baht 20 million on December 22, 2015.

20. SHORT-TERM BORROWINGS FROM RELATED PARTIES

7) Short-term borrowings from related parties as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Short-term borrowings from related parties	<u>880,047</u>	<u>5,974,430</u>	<u>880,047</u>	<u>893,600</u>
	<u>880,047</u>	<u>5,974,430</u>	<u>880,047</u>	<u>893,600</u>

Movements in short-term borrowings from related parties for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Beginning balance	5,974,429	32,258,195	893,600	32,258,195
Increase	61,133,565	90,910,829	37,000,000	37,000,000
Decrease	(66,227,947)	(117,194,594)	(37,013,553)	(68,364,595)
Ending balance	<u>880,047</u>	<u>5,974,430</u>	<u>880,047</u>	<u>893,600</u>

On December 17, 2010, the Company made a borrowing without collateral from a related person in the amount of Australian Dollars (AUD) 33,000 equivalent to Baht 1,058,195 pursuant to a loan agreement dated January 9, 2011. The borrowing was due on demand. Interest was charged quarterly at the rate of MRR plus 0.05% per annum. In the event that the Company does not settle accrued interest expenses more than one year, these accrued interest expenses will be compounded to the original principal.

The Company made a borrowing from another related person as follows:

- On September 18, 2013, the Company made a borrowing without collateral in the amount of Baht 5 million. Interest was charged at the rate of 5% per annum. The borrowing was due on October 31, 2013. However, on October 31, 2013, the Company rollovered the borrowing and issued a new promissory note which will be due on April 1, 2014. On April 18, 2014, the Company already made repayment of such borrowing from a related person in full amount.
- On December 26, 2013, the Company made a borrowing without collateral in the amount of Baht 15 million. Interest was charged at the rate of 5% per annum. The borrowing was due on January 31, 2014 or when the Company receives proceeds from the capital increase, whichever is sooner. However, on May 2, 2014, the Company already made repayment of such borrowing from a related person in full amount.

The Company made a borrowing from another related person as follows:

- On December 3, 2013, the Company made a borrowing without collateral in the amount of Baht 11.2 million. Interest was charged at the rate of 2% per annum. The borrowing was due on December 31, 2013. However, on December 31, 2013, the Company rollovered the borrowing and issued a new promissory note which will be due on April 1, 2014. However, on June 9, 2014, the Company already made repayment of such borrowing from a related person in full amount.
- On March 28, 2014, the Company made a borrowing without collateral in the amount of Baht 2 million. Interest was charged at the rate of 2% per annum. The borrowing was due on demand. However, on April 11, 2014, the Company already made repayment of such borrowing from a related person in full amount.
- On September 29, 2014, the Company made a borrowing without collateral in the amount of Baht 35 million. Interest was charged at the rate of 2% per annum. The borrowing was due on September 30, 2014. On October 2014, the Company already made repayment of such borrowing from related person in full amount.

8) During January - February 2015, the Company made a borrowing without collateral in the amount of Baht 27 million. Interest was charged at the rate of 2% per annum. The borrowing was due on demand. On March 2015, the Company already made repayment of such borrowing from related person in full amount.

- During December 2015, the Company made a borrowing without collateral in the amount of Baht 10 million. Interest was charged at the rate of 2% per annum. The borrowing was due on demand. On December 2015, the Company already made repayment of such borrowing from related person in full amount.

The subsidiary made a borrowing from another related person as follows:

- During the year ended December 31, 2014, a subsidiary made a borrowing without agreement and collateral from a director of the Company in the amount of Baht 53.91 million. There was no interest charged. The borrowing was due on demand. However, during the year ended December 31, 2014, the subsidiary made repayment of such borrowing from a director amounting to Baht 48.83 million and during the period ended June 30, 2015 the subsidiary made repayment of such borrowing from a director amounting to Baht 5.08 million.
- During the year ended December 31, 2015, a subsidiary made a borrowing without agreement and collateral from a director of the Company in the amount of Baht 24.13 million. There was no interest charged. The borrowing was due on demand. However, the subsidiary made repayment of such borrowing from a director in full amount.

21. OBLIGATION UNDER FINANCIAL LEASE AGREEMENTS

Obligation under financial lease agreements as at December 31, consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS			
	Minimum future lease payments		Present value of minimum future lease payments	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	6,889,472	3,145,464	5,559,392	2,300,743
1 - 5 years	13,376,740	9,574,018	12,494,780	8,608,797
	20,266,212	12,719,482	18,054,172	10,909,540
<u>Less</u> Future finance charges	(2,212,040)	(1,809,942)	-	-
	18,054,172	10,909,540	18,054,172	10,909,540

	SEPARATE FINANCIAL STATEMENTS			
	Minimum future lease payments		Present value of minimum future lease payments	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Within 1 year	1,999,342	-	1,671,432	-
1 - 5 years	3,165,625	-	2,952,807	-
	5,164,967	-	4,624,239	-
<u>Less</u> Future finance charges	(540,728)	-	-	-
	4,624,239	-	4,624,239	-

22. CREDITORS UNDER DEBT RESTRUCTURING PLAN

Creditors under debt restructuring plan as at December 31, consist of:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
	Baht	Baht
Creditors under debt restructuring plan	<u>88,499,364</u>	<u>141,325,996</u>

Creditors under debt restructuring plan as at December 31, 2015 are creditors group 8 and group 9 which will pay the debts within 5 years from the approval date of the plan by the Court. The maturity date of such debt repayment is within the year 2016 (see Note 4).

Movements of creditors under restructuring plan are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
	Baht	Baht
Beginning balance	141,325,996	849,985,600
(Decrease) - Debt repayment in cash	(22,670,000)	(332,720,349)
- Debt forgiveness	<u>(30,156,632)</u>	<u>(375,939,255)</u>
Ending balance	<u>88,499,364</u>	<u>141,325,996</u>

Gain on debt restructuring plan for the years ended December 31, are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
	Baht	Baht
Gain on debt remission	30,156,632	375,939,255
Gain on accrued interest expenses remission	<u>-</u>	<u>6,272,798</u>
Total gain on debt restructuring plan	<u>30,156,632</u>	<u>382,212,053</u>

23. LONG-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

Long-term borrowings from a financial institution as at December 31, consists of the following:

	Credit Limit Million Baht	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
		2015 Baht	2014 Baht
Long-term borrowing	9.67	7,182,500	-
<u>Less</u> Current portion		<u>(2,487,500)</u>	<u>-</u>
		<u>4,695,000</u>	<u>-</u>

On March 9, 2015, the Company made a long-term borrowings from a financial institution without collateral. Interest was charged at the rate of MLR per annum. The repayment is made on a quarterly basis amounting to Baht 621,875 and is due within September 2018.

24. EMPLOYEE BENEFIT OBLIGATIONS

The Company estimated employee benefit obligations which consist of post-employment benefits upon retirement under the Thai Labor Protection Act by using Projected Unit Credit Method based on actuarial assumptions.

Amounts of employee benefit obligations recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Current service cost	4,833,012	2,909,951	1,471,867	1,578,954
Interest cost	<u>215,984</u>	<u>127,876</u>	<u>167,192</u>	<u>120,468</u>
	<u>5,048,996</u>	<u>3,037,827</u>	<u>1,639,059</u>	<u>1,699,422</u>

Movements in the present value of post-employment benefit obligations as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Beginning balances	7,657,037	6,358,220	6,079,947	6,358,220
Current service cost	4,833,012	2,909,951	1,471,867	1,578,954
Interest cost	215,984	127,876	167,192	120,468
Actuarial (gain) / loss from				
- Experience adjustments	(5,593,814)	(1,739,010)	(3,646,647)	(1,977,695)
- Demographic assumption changes	(9,847)	-	31,199	-
- Financial assumption changes	178,236	-	25,314	-
Ending balance	<u>7,280,608</u>	<u>7,657,037</u>	<u>4,128,872</u>	<u>6,079,947</u>

The significant actuarial assumptions used to calculate provision for employee benefit obligations as at December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	% p.a.	% p.a.	% p.a.	% p.a.
Discount rate	2.59 - 2.70	2.76	2.70	2.76
Salary increase rate	3.00 - 5.00	3.00 - 5.00	3.00 - 5.00	3.00 - 5.00
Staff turnover rate	0 - 46.00	0 - 69.00	0 - 41.00	26.00 - 69.00

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligation as at December 31, 2015 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	SEPARATE FINANCIAL STATEMENTS
	2015	2015
Discount rate - 1% increase	(680,938)	(395,523)
Discount rate - 1% decrease	783,642	455,052
Salary increase rate - 1% increase	741,807	428,914
Salary increase rate - 1% decrease	(658,166)	(380,398)

25. OTHER LONG-TERM PROVISIONS

As at December 31, 2015 and 2014, the Company has a pending litigation being sued in tort case relating to the construction. The Court of first instance and the Court of Appeal has made the judgment that the Company is subject to pay the damages to the plaintiff. Such case is presently under the consideration of the Supreme Court and the ultimate outcome of this case is still unknown. However, the Company has already provided provision for liabilities from lawsuit as at December 30, 2015 and 2014 of Baht 3.92 million.

As at December 31, 2015 and 2014, the Company has the dismantling and removing cost amounting to Baht 0.70 million.

26. SHARE CAPITAL AND BASIC EARNINGS (LOSS) PER SHARE

On December 20, 2013, the Company received the payment on increased shares in the amount of Baht 70,000,000 by offering new shares capital by private placement of 70,000,000 shares of Baht 1 par value each in the sell price at Baht 1 per share. On January 14, 2014, the Company registered the changing of paid-up capital of the Company with the Ministry of Commerce. The number of paid-up share amounted to Baht 879,934,464.

On January 27-28, 2014, the Company received the payment on increased shares in the amount of Baht 70,000,000 by offering new shares capital by private placement of 70,000,000 shares of Baht 1 par value in the sell price at Baht 1 per share. The Company registered the paid-up share capital with the Ministry of Commerce on April 30, 2014.

During April 2014, the Company has offered new shares capital by private placement to increase the paid-up share capital of 9,000,000 shares of Baht 1 par value each in the sell price at Baht 1 per share totally Baht 9,000,000. The Company registered the paid-up share capital with the Ministry of Commerce on April 30, 2014.

During April-June 2014, the Company received the payment on increase shares in the amount of Baht 175,000,000 by offering newly shares capital by private placement of 700,000,000 shares of Baht 1 par value each in the sell price at Baht 0.25 per share and had the discount on shares amounting to Baht 525,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on June 2014.

On August 20, 2014, the Company received the payment on increase shares in the amount of Baht 8,000,000 by offering new shares capital by private placement of 32,000,000 shares of Baht 1 par value each in the sell price at Baht 0.25 per share and had the discount on shares amounting to Baht 24,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on August 26, 2014.

On August 18, 2014, the Central Bankruptcy Court approved the Company to increase the authorized share capital from Baht 2,318,613,400 to Baht 3,120,000,000 by the issuing of 801,386,600 new ordinary shares of Baht 1 par value each to support the company working capital and investment. On September 16, 2014, the Company registered the increase of authorized share capital with the Ministry of Commerce.

During June 2014, the Company received the payment on increase shares in the amount of Baht 82,000,000 by offering new shares capital by private placement of 328,000,000 shares of Baht 1 par value each in the sell price at Baht 0.25 per share and during July 2014, the Company received the payment on increased shares in the amount of Baht 68,000,000 by offering new shares capital by private placement of 272,000,000 shares of Baht 1 par value each in the sell price at Baht 0.25 per share and had the discount on shares amounting to Baht 450,000,000. The Company registered the changing of paid-up capital of 600,000,000 shares of the Company with the Ministry of Commerce on September 23, 2014.

During September 2014, the Company converted the expired convertible bonds which issued to a scheme creditor Group 2 under the rehabilitation plan to ordinary share for 24,278,748 shares of Baht 1 par value each. The Company registered the changing of paid-up capital with the Ministry of Commerce on September 30, 2014.

During September 2014, the Company received the payment on increase shares in the amount of Baht 77,575,000 by offering new shares capital by private placement of 155,150,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 77,575,000.

During December 2014, the Company received the payment on increased shares in the amount of Baht 185,000,000 by offering new share capital by private placement of 370,000,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 185,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce in December 2014 and the number of paid-up share amounted to Baht 2,840,363,212.

On December 29 and 30, 2014, the Company received the payment on increased shares in the amount of Baht 20,000,000 by offering new share capital by private placement of 40,000,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 20,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on January 16, 2015.

On January 20, 2015, the Company received the payment on increased shares in the amount of Baht 5,000,000 by offering new share capital by private placement of 10,000,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 5,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on February 2, 2015.

On February 13, 2015, the Company received the payment on increased shares in the amount of Baht 5,000,000 by offering new share capital by private placement of 10,000,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 5,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on February 24, 2015.

On March 2 and 3, 2015, the Company received the payment on increased shares in the amount of Baht 15,150,000 by offering new share capital by private placement of 30,300,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 15,150,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on March 12, 2015.

On March 16 and 18, 2015, the Company received the payment on increased shares in the amount of Baht 92,275,000 by offering new share capital by private placement of 184,550,000 shares of Baht 1 par value each in the sell price at Baht 0.50 per share and had the discount on shares amounting to Baht 92,275,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on March 23, 2015 and the number of paid-up share amounted to Baht 3,115,213,212.

On December 4, 2015, the Extraordinary Shareholders' Meeting No.1/2015 passed resolutions to reduce the authorized share capital from the original amount of Baht 3,120,000,000 to Baht 3,115,213,212 by reducing 4,786,788 unissued ordinary shares and to increase the authorized share capital from Baht 3,115,213,212 to Baht 3,915,213,212 by issuing additional private placement of 800,000,000 shares of Baht 1 par value each in the sell price at Baht 0.80 per share and had the discount on shares amounting to Baht 160,000,000. The Company registered the reduction and the increase in share capital with the Ministry of Commerce on December 14, 2015 and December 15, 2015, respectively.

During December 2015, the Company received the payment on increased shares in the amount of Baht 640,000,000 by offering new share capital by private placement of 800,000,000 shares of Baht 1 par value each in the sell price at Baht 0.80 per share. The Company registered the changing of paid-up capital amount 550,000,000 shares of Baht 1 par value each in the sell price at Baht 0.80 per share and had the discount on shares amounting to Baht 110,000,000. The Company registered the changing of paid-up capital of the Company with the Ministry of Commerce on December 29, 2015 and the number of paid-up share amounted to Baht 3,665,213,212.

On January 7, 2016, the Company registered the changing of paid-up capital with the Ministry of Commerce for 250,000,000 shares of Baht 1 par value each in the sell price at Baht 0.80 per share and had the discount on shares amounting to Baht 50,000,000. The number of paid-up share amounted to Baht 3,915,213,212.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Share discount

Section 52 of the Public Companies Act B.E. 2535 requires that if a company which has been in operation for not less than one year suffers a loss, it may offer its shares for sale at a price lower than the registered par value, provided that approval is granted at the meeting of shareholders, the fixed discount rate shall be definitely determined and specified in the prospectus.

Legal reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of net profit after deducting accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered shares capital and the reserve is not available for distribution as dividends.

Capital management

Management's policy is maintain a stable level of capital as planned to preserve investor, creditor and market confidence (For the Company's securities return to traded on the Stock Exchange of Thailand again) and contributes to development of business in the future and achievements of the restructuring plan. On December 26, 2014 the Central Bankruptcy Court grant on the criteria based on the successful and ordered the cancellation of the restructuring plan. So objective of the Company in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

27. EARNINGS (LOSS) PER SHARE**Basic earnings (loss) per share**

The calculations of basic earnings (loss) per share for the years ended December 31, 2015 and 2014, were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of weighted ordinary shares outstanding during the years as follows:

For the years ended December 31,

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	<i>(in thousand Baht/thousand shares)</i>			
Basic earnings (loss) per share				
Profit (loss) attributable to ordinary shareholders of the Company	<u>8,626</u>	<u>479,129</u>	<u>(63,125)</u>	<u>425,082</u>
Number of weighted ordinary shares				
outstanding basic earnings per share	<u>3,068,968</u>	<u>1,543,161</u>	<u>3,068,968</u>	<u>1,543,161</u>
Basic earnings (loss) per share (Baht)	<u>0.003</u>	<u>0.310</u>	<u>(0.021)</u>	<u>0.275</u>

Weighted average number of ordinary shares

For the years ended December 31, the weighted average numbers of ordinary shares are calculated as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
	<i>thousand shares</i>	<i>thousand shares</i>
Number of ordinary shares outstanding		
as at January 1,	2,840,363	809,934
<u>Add</u> Weighted average additional ordinary		
shares issued during the year	228,605	733,227
Weighted average number shares of ordinary		
outstanding as at December 31,	<u>3,068,968</u>	<u>1,543,161</u>

28. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties with the Company and its subsidiaries represent individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the common control with the Company and its subsidiaries. Furthermore, the related parties also represent the associates and the parties who hold the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or employees of the Company and its subsidiaries who have power to plan and control the operations of the Company and its subsidiaries, including the close family members who can persuade or have power to persuade to act in compliance with said persons and business that said persons who have control power or significant influence, either directly or indirectly.

The pricing policies for particular types of transactions are explained further below:

	Pricing policy
Management income	Contract price
Interest income	2% per annum
Purchase of raw material	Invoice price
Rent and service expenses	Contract price
Default interest expense	15% per annum
Interest expense	MRR + 0.05% per annum
Directors' and managements remuneration	The amounts are approved by the Company's director:
represent director bonus, meeting allowance,	and shareholders and the Planner / Plan Administrator
salary and bonus	

Significant related party transactions or related persons or key managements for the years ended December 31, are as follows:

Accounting transaction	Relationship	Unit : Million Baht			
		CONSOLIDATE		SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		2015	2014	2015	2014
Management income					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	53.37	93.30
Interest income					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	6.76	2.43
Dr.K Joint Venture Co., Ltd	Subsidiary	-	-	2.61	-
		-	-	9.37	2.43
Purchase of raw material					
P.Oversea Steel Pcl.	Shareholder	78.14	95.50	-	-
Rental and service expenses					
S.E.A Business Advisory Services Company Limited	Related Company	-	4.04	-	4.04
Finance Cost					
S.E.A Business Advisory Services Company Limited	Related Company	0.70	-	0.70	-
Related persons	Related Persons	0.09	-	0.09	-
		0.79	-	0.79	-
Key management					
Key management remuneration short-term benefit	Key Management	17.56	20.01	17.56	20.01

Significant balances with the related companies or related persons or key management as at December 31, are as follows:

Unit : Million Baht					
Accounting transaction	Relationship	CONSOLIDATE		SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		2015	2014	2015	2014
Other receivables					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	243.12	233.11
GLK-TECH Construction Co., Ltd..	Associate	5.89	-	4.20	-
P.Overseas International Group Co.,Ltd.	Related Company	3.47	5.47	-	-
P.Overseas Steel Pcl.	Shareholder	34.14	1.43	-	-
		<u>43.50</u>	<u>6.90</u>	<u>247.32</u>	<u>233.11</u>
Short-term loan to a related company					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	311.39	331.39
Dr.K Joint Venture Co., Ltd	Subsidiary	-	-	174.42	77.61
		<u>-</u>	<u>-</u>	<u>485.81</u>	<u>409.00</u>
Other current assets - Accrued interest receivables					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	9.81	3.05
Dr.K Joint Venture Co., Ltd	Subsidiary	-	-	2.61	-
		<u>-</u>	<u>-</u>	<u>12.42</u>	<u>3.05</u>
Other non-current assets - Deposit					
P.Oversea Steel Pcl.	Shareholder	<u>14.02</u>	<u>14.02</u>	<u>14.02</u>	<u>14.02</u>
Short-term borrowings from related persons					
Related persons	Related Persons	<u>0.88</u>	<u>5.97</u>	<u>0.88</u>	<u>0.89</u>
Accrued interest expenses					
S.E.A Business Advisory Services Company Limited	Related Company	0.95	0.14	0.95	0.14
Related persons	Related Persons	<u>0.28</u>	<u>0.28</u>	<u>0.28</u>	<u>0.28</u>
		<u>1.23</u>	<u>0.42</u>	<u>1.23</u>	<u>0.42</u>
Other current liability -					
Accrued management benefit expenses					
Key management personnel*	Key Management	<u>-</u>	<u>22.03</u>	<u>-</u>	<u>22.03</u>
Trade payables					
P.Oversea Steel Pcl.	Shareholder	<u>-</u>	<u>28.36</u>	<u>-</u>	<u>-</u>
Creditors under debt restructuring plan					
Creditor group 8 - Directors and Managements	Related Persons	8.01	12.41	8.01	12.41

* Key management personnel resigned during the year 2015.

Significant agreements with related parties

Building suit owned by Haidoun Holdings Limited was mortgaged as collateral for short-term borrowing credit line from a financial institution. However, this building suit has been redeemed on March 9, 2015.

On April 1, 2013, the Company entered into the Service Agreement with a subsidiary for which the Company provides the services relating to administration affairs, accounting and tax, finance, marketing, selling, construction management, legal affair and other consulting to the subsidiary. The agreement was in effect from April 1, 2013 to December 31, 2013. On January 1, 2014, the Company renewed the Service Agreement with the subsidiary. The agreement will be terminated by giving a written notice.

On January 1, 2014, the Company entered into a machinery and equipment lease agreement with a subsidiary by the monthly rental rate according to the machinery and equipment used in each month. The agreement was effective starting from January 1, 2013 and without term to terminate the agreement.

29. PROVIDENT FUND

The Company has established contributory provident funds for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates of 5% of their basic salaries and by the Company at rate 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

However, during the year 2012, the Company has terminated provident funds by returning the Company's contributions at rate of 5% of basic salaries to members.

On November 2013, the Company re-established provident fund to current employees and new employees who apply to join after pass the probation period 3 months. Each employee contribute 2% from their monthly salary and the Company contributes 2% on the employees' monthly salary. The fund was registered as the provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2015 and 2014, the Company's contributions included in selling and administrative expenses in the statement of comprehensive income amounting to Baht 910,994 and Baht 694,859, respectively.

30. SEGMENT REPORTING

Segment report is presented in respect of the Company's business and geographical segments. The primary format, business segments/geographical segments, is based on the Company's management and internal reporting structure.

Business segments

The management consider that the Company operates in a single line of business, namely construction business, and has, therefore, only one major business segment.

Geographical segments

The Managements consider that the Company operates in a single geographical area, namely in Thailand, and has, therefore, only one major geographical segment.

Information about transactions with major customers

The Company and subsidiaries have revenues over 10% of total revenues from an external customer. Such segment is construction project in domestic which recognized revenue.

For the year ended December 31, 2015 and 2014, revenue from 4 major customers amounting to Baht 1,653.78 million and revenue from 3 major customers amounting to Baht 968.27 million, respectively.

31. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Rental	21,913,825	27,486,065	20,736,860	26,684,937
Depreciation and amortization	19,071,792	19,526,770	17,311,054	17,799,390
Consulting and fees	25,218,778	27,844,145	11,854,844	21,643,680
Personnel expenses	39,091,380	26,602,466	59,532,905	89,303,501
Non tax-deductible expenses	13,095,934	1,566,020	6,230,109	493,377
Transportation expenses	2,280,639	3,333,407	1,664,152	3,001,825
Commission	-	6,275,773	-	6,275,773
Other tax expenses	297,872	4,370,892	46,658	4,245,990
Donation expenses	15,000	1,222,014	10,000	1,172,014
Bad debt expenses	35,469,440	-	25,359,826	-
Others	19,951,628	21,009,626	17,922,940	13,676,077
	<u>176,406,288</u>	<u>139,237,178</u>	<u>160,669,348</u>	<u>184,296,564</u>

32. EXPENSES BY NATURE

Significant expenses by nature for years ended December 31, consist of the following items:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Rental	88	65	21	27
Depreciation and amortization	28	22	17	18
Consulting and fees	58	101	12	22
Employee and workers benefits expenses	797	411	60	89
Allowance for impairment loss (reversal)	-	(56)	-	(56)
Raw material and consumable equipment	863	632	-	-
Other expenses	175	90	42	14

33. FINANCE COSTS

Finance costs for the years ended December 31, consist of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	Baht	Baht	Baht	Baht
Related party	798,683	432,165	798,540	432,165
Financial institutions and other parties	5,128,785	4,054,847	754,670	3,442,211
	<u>5,927,468</u>	<u>4,487,012</u>	<u>1,553,210</u>	<u>3,874,376</u>

34. INCOME TAX EXPENSES

The Company use tax rate of 20% for calculation of income tax expenses for the years ended December 31, 2015 and 2014.

However, the Company and subsidiary has net profit shown in the statements of profit or loss and other comprehensive income for the years ended December 31, 2015 and 2014 but there is no income tax expenses because the Company has accumulated taxable losses brought forward from previous year which has been utilized during the year to set-off against the current year's tax charge for the year.

The Company and its subsidiaries have no deferred tax assets because the Company and its subsidiaries expect no certain future taxable profit to be utilized.

35. SUPPLEMENTARY DISCLOSURE FOR CONSTRUCTION CONTRACT

Supplementary disclosure for construction contract for the years ended December 31, are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2015 Baht	2014 Baht	2015 Baht	2014 Baht
Contract revenues recognized as revenues in the year	1,947,519,562	1,367,556,088	-	59,285,150
Contract costs incurred and recognized as expense in the year	(1,771,833,288)	(1,221,403,422)	-	(12,443,703)
Recognized profit in the period	<u>175,686,274</u>	<u>146,152,666</u>	<u>-</u>	<u>46,841,447</u>
Contract costs incurred in the year	1,954,111,541	1,291,930,927	-	12,443,703
Contact costs incurred and recognized as contract expenses in the year	(1,771,833,288)	(1,221,403,422)	-	(12,443,703)
Contract cost related to future activity recognized as assets	<u>182,278,253</u>	<u>70,527,505</u>	<u>-</u>	<u>-</u>
Contract revenues recognized as revenues in the year	1,947,519,562	1,367,556,088	-	59,285,150
Progress billings	(1,739,004,471)	(1,201,202,743)	-	(59,285,150)
Unbilled contract revenues	<u>208,515,091</u>	<u>166,353,345</u>	<u>-</u>	<u>-</u>

36. FINANCIAL INSTRUMENTS

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue or purchase derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk comprises the interest price risk that results from borrowing at fixed rates and the interest cash flow risk that results from borrowing at variable rates.

Possible risks may arise from adjustments to the interest rates of local commercial banks. However, under the current circumstances, the default interest rates do not materially affect the business.

Credit risk

The Managements have a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. To mitigate credit risks, the Company enters into a contract with the project owners with strict terms of payments of receivables to the Company for each project. In addition, the Company evaluates the financial viability of potential clients prior to accepting projects.

The Managements believes that the Company's maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful accounts as stated in the statement of financial position.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and success of rehabilitation of the Company.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of financial assets and financial liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

	Consolidated financial statement As at December 31, 2015		Fair value hierarchy	Valuation techniques and key inputs
	Carrying Amount	Fair Value		
	Baht	Baht		
Current Assets				
Trade receivables	129,226,449	129,226,449	3	Net present value of expected cash inflow
Other receivables	118,568,742	118,568,742	3	Net present value of expected cash inflow
Retention receivables	261,106,558	215,586,994	3	Net present value of expected cash inflow
Non-current Assets				
Other non-current assets	24,937,660	20,590,197	3	Net present value of expected cash inflow
Current liabilities				
Short-term borrowings from related parties	880,047	880,047	3	Net present value of expected cash outflow
Creditors under debt restructuring plan	88,499,364	82,393,012	3	Net present value of expected cash outflow
Current portion of long-term borrowings from a financial institution	2,487,500	2,487,500	3	Net present value of expected cash outflow
Non-current liabilities				
Long-term borrowings from a financial institution	4,695,000	4,732,197	3	Net present value of expected cash outflow

	Separate financial statement As at December 31, 2015		Fair value hierarchy	Valuation techniques and key inputs
	Carrying Amount Baht	Fair Value Baht		
Current assets				
Other receivables	276,517,726	276,517,726	3	Net present value of expected cash inflow
Short-term loan to related companies	485,812,055	485,812,055	3	Net present value of expected cash inflow
Retention receivables	261,106,558	215,586,994	3	Net present value of expected cash inflow
Non-current assets				
Other non-current assets	17,775,886	14,676,957	3	Net present value of expected cash inflow
Current liabilities				
Short-term borrowings from related parties	880,047	880,047	3	Net present value of expected cash outflow
Creditors under debt restructuring plan	88,499,364	82,393,012	3	Net present value of expected cash outflow
Current portion of long-term borrowings from a financial institution	2,487,500	2,487,500	3	Net present value of expected cash outflow
Non-current liabilities				
Long-term borrowings from a financial institution	4,695,000	4,732,197	3	Net present value of expected cash outflow

37. SIGNIFICANT AGREEMENTS

A subsidiary has the project of railway maintenance for the State Railway of Thailand according to the contract dated November 12, 2013. The project will be completed and delivered within 600 days from the date of the area has been cleared and received. In case the subsidiary cannot deliver it within 600 days from the start date of the project, there will be a penalty from delayed delivery of the contract in amounting Baht 432,600 per day. The above project may be delayed as the State Railway delayed on the approval of key and conjunction blue print. On July 24, 2015, the subsidiary issued the letter to extend date to deliver the

project within 459 days from original deadline. Currently, this is pending approval from the State Railway of Thailand.

On November 5, 2015, the subsidiary issued the letter asking for the approval to extend date another 143 days for closing railway from November 8, 2015 to March 31, 2016. On November 12, 2015, Governor of the State Railway of Thailand approved this letter.

38. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments and contingent liabilities as at December 31, consist of:

	Unit : Million Baht			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Operating lease commitments				
Within one year	11.99	8.39	11.99	8.39
Within one year up to five years	7.69	16.07	7.69	16.07
	<u>19.68</u>	<u>24.46</u>	<u>19.68</u>	<u>24.46</u>
Other commitments				
Bank guarantee	132.20	1.57	1.14	1.57
Financial consulting contracts	1.50	3.00	1.50	3.00
Total	<u>133.70</u>	<u>4.57</u>	<u>2.64</u>	<u>4.57</u>

As at December 31, 2015 and 2014, the Company and subsidiaries had commitment under bank guarantee in the amount of Baht 132.20 million and Baht 1.57 million, respectively. Such bank guarantees are performance bond and bond of creditors group 2 which such creditors filed their respective claims for payment from the Company to the Official Receiver which was approved by the Central Bankruptcy Court.

On August 1, 2014, the Company entered into the building lease and service agreement with Grand Cannel Land Public Company Limited for a period of 3 years commencing from December 1, 2014 to November 30, 2017 with monthly rental of Baht 349,489 and deposit of Baht 1,048,468 and with monthly service of Baht 349,489 and deposit of Baht 1,048,468. If the Company defaults on the payment, the rental and service charge will bear interest rate of 15% per year.

On January 15, 2013, the Company entered into a financial advisory agreement with a company to file a requisition to resolve the delisting grounds and move its shares to trading category in the Market for Alternative Investment. The advisory service fee is Baht 4.5 million for a period from December 11, 2012 to the date of completion.

On November 5, 2015, the Company entered into a financial advisory agreement with another company to prepare a valuation report of the company's shares. The advisory service fee amounted to Baht 1.5 million.

The Company had been filed a petition as a codefendant at Civil Court and Labour Court with total claims amounting to Baht 3.89 million, plus interest. The case is currently being reviewed by the Court, the outcome is not yet judged. However, the management believes that the outcome will not impact significantly to the Company's financial position and performance.

39. EVENT AFTER THE REPORTING PERIOD

During December 2015, the Company received subscriptions on increased capital in the amount of Baht 200,000,000. The Company registered the changing of paid-up capital with the Ministry of Commerce on January 7, 2016 for 250,000,000 shares of Baht 1 par value each in the selling price at Baht 0.80 per share and had the discount on shares amounting to Baht 50,000,000.

40. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Chief Executive Officer on February 29, 2016.



บริษัท เคเทค คอนสตรัคชั่น จำกัด (มหาชน)

KTech Construction Public Company Limited



• Integrity

• Commitment

• Innovation





• Excellence

• Teamwork





๑ โครงการ : สร้างด้วยใจ ให้ด้วยรัก ปี2 ๑



๑ โครงการ : **ปั่นน้ำใจให้น้อง** ๑

๑ โครงการ : **Go Together** ๑

๑ โครงการ : **บริจาคอุปกรณ์** ๑



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