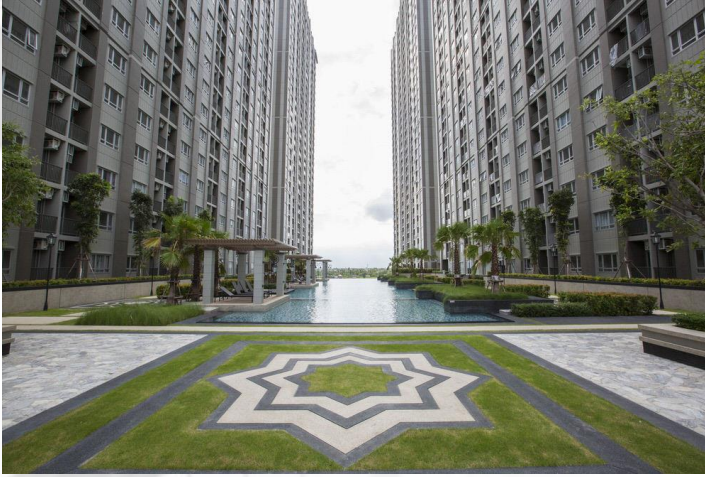


Annual Report 2016





High Rise Residential Building



Low Rise Residential Building



Storage and Warehouse



Railway Infrastructure

Contents

Message from Chairman of Board of Directors.....	2
Message from Chief Executive Officer.....	3
Financial Highlights	4
Board of Directors.....	6
Management Team	12
Organization Structure	13
General Information.....	14
Business Overview.....	17
Business Operation	19
Summary of Construction Work for the past year	23
Risk Factors.....	25
Market and Competition	28
Shareholders.....	30
Management Structure.....	31
Corporate Governance	42
Corporate Social Responsibility	49
Anti-Corruption	55
Internal Control and Risk Management.....	57
Connected Transactions	59
Management Discussion & Analysis	62
Report of the Board of Directors' Responsibilities for the Financial Statements.....	66
Report of the Audit Committee.....	67
Report of the independent certified public accountants.....	69
Financial Statement.....	76
Notes to the financial statements.....	85

Message from Chairman of Board of Directors



During 2016, the Company remained committed to devoting all its full efforts in actively operating our businesses, and revised our business strategy from previously bidding only for construction projects of high-rise buildings within the Private Sector, that presented various associated high risks, to now also participating in and including more bids for construction projects within the Government and Public Sectors since there are now numerous public utilities and infrastructure projects coming up for bidding. This will be implemented through registering joint business activities together with other construction companies, who have applied and registered to be construction companies in being able to bid for Government and Public Sector construction projects, in order to enable the Company to achieve recorded positive performance results with regards to completed Public Sector projects. In 2016, the Company completed and delivered a

Public Sector project (eg: Baan Laem to Mae Klong railway track improvement project) together with 6 other Private Sector projects that had total value of more than Baht 2,927.50 million.

Given this achieved operating results, it has facilitated in the Company to be able to establish confidence and trust in existing clients to have the Company undertake further ongoing projects for them, as well in now being better prepared financially by having more working capital available. This has also now resulted in the Company having less operational limitations together with being able to be more selective in choosing only viable projects and in reducing various risks relating to taking on potential problem projects. Further, this has also allowed the Company to undertake Government and Public Sector construction projects that require considerable working capital in having to give project performance guarantees upfront; and with its revised policy to become more active in the Public Sector projects, the Company now has both the increased capacity and opportunities to expand its businesses going forward.

Nevertheless, the Company is still committed to conduct its businesses within the framework of good governance principles and corporate social responsibility, as well as of attaching continuing to much importance to anti-corruption matters, in order to get rid of any possible conflicts of interests as well as to achieve fully transparency and accountability. As such, during 2016, the Company has revised its core operating policies, so that they reflect and correspond to these operating principles with the aim of achieving ongoing corporate development and sustainable growth.

On behalf of the Board of Directors, I would like to thank the Management Group, our supportive clients and business partners as well as each and every Shareholder; all of whom have always given their kind support to the Company's business. We sincerely hope that the Company will continue to receive your ongoing positive support, so that the Company will grow and further develop on sustainable basis.



Mr. Vichien Ratanabirabongse
Chairman of Board of Directors

KTech Construction Public Company Limited

Message from Chief Executive Officer

Ever since the start of the year, 2016 has been a year of change in many operating aspects for ongoing conduct of the Company's businesses. Subsequent to new joint venture parties joining our Company, our overall financial liquidity situation improved so as to enable the Company to have an adequate working capital base for our ongoing business operations. This enabled the Company to have the added potential in being able to accept more construction projects than previously through allowing the Company to more effectively consider and select only those projects that would help minimize various potential risks in undertaking projects, as well as to reduce any business restrictions on the Company and to increase the opportunity for the Company to further expand its range of businesses activities.



Since the Company now has a more adequate and stable working capital base, the Company has revised its strategy in now accepting an increased mix of construction projects within the Public Sector from previously undertaking only Private Sector construction projects. During 2016, the Company signed agreements to undertake various Government and Public Sector projects as well as received the trust from both existing and new clients - totaling 9 projects. Furthermore, the Company has applied to be a registered construction services company for various Government and State Enterprise projects; as well as has also undertaken actions to prepare itself with regards to its financial structure in having an adequate working capital base, sufficient human resources, and availability of various construction equipments and machinery. This is in order to increase the Company's overall potential capacity and capability to undertake various types of construction projects – especially Government projects, which will become an important client segment for the Company, together with additional projects within the Private Sector, for which overall prospects are expected to be brighter during 2017.

As such, the Company is still committed to devote all efforts to keeping in mind the overall safety of its workers together with its corporate social responsibility. This is in order to be able to deliver quality completed construction projects to our clients; as well as to conduct its businesses with the good corporate governance principles and practices and in being against corruption, so as not only to protect the overall benefits of the Company but also those of the country and society as a whole.

On behalf of the Management Group and our Staff, I would like to thank all our clients and customers, and our Shareholders, as well as our business partners and business alliances for all their continuous and positive support.

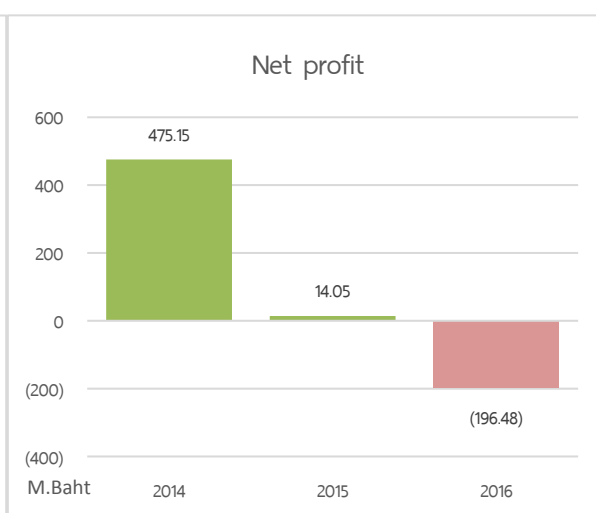
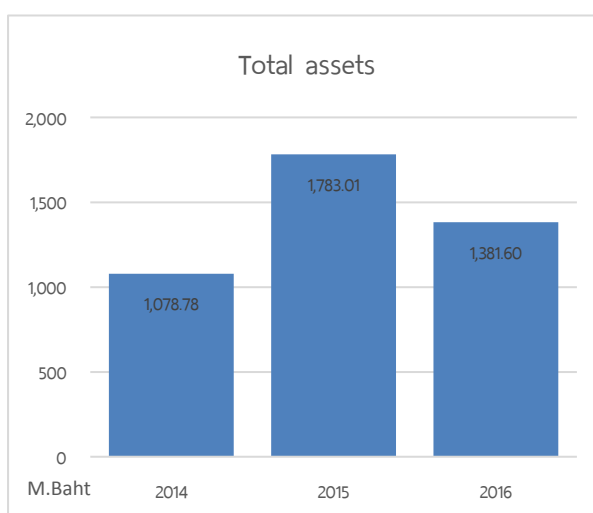
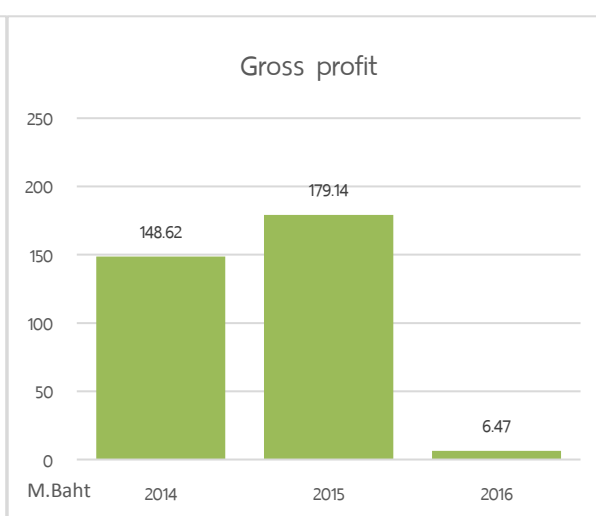
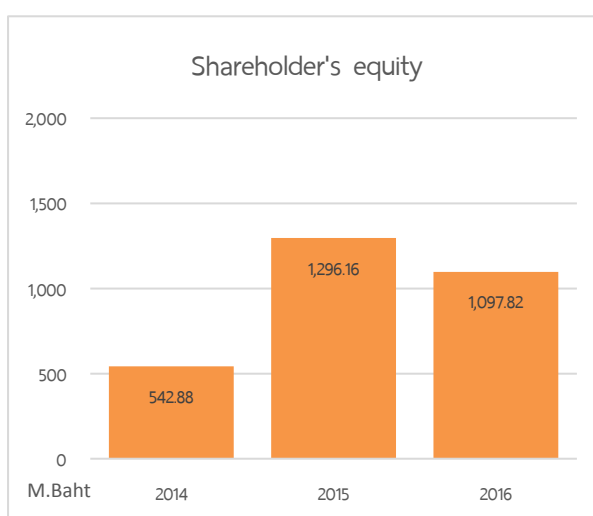
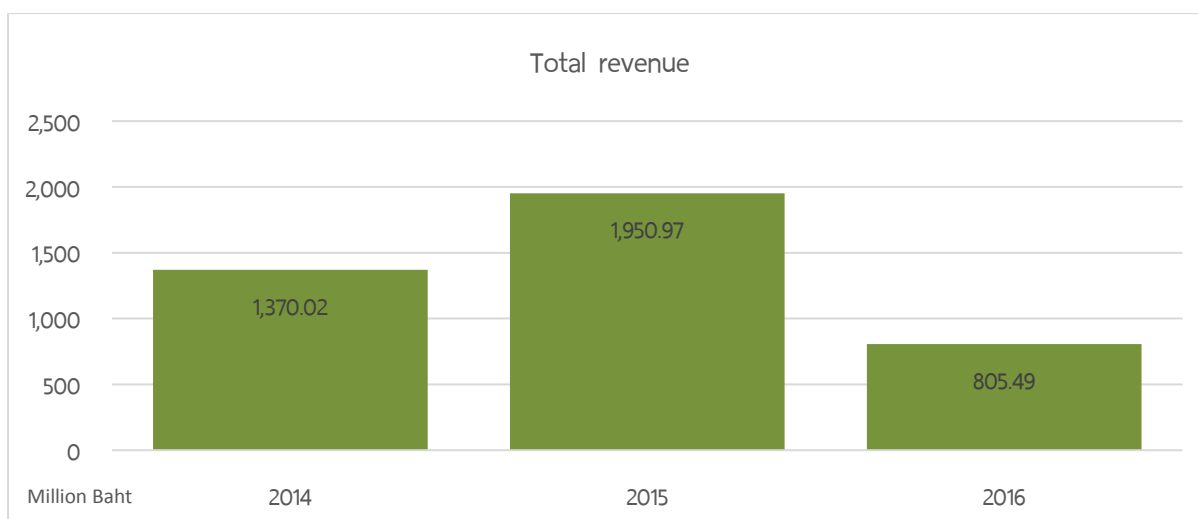
Mrs. Ayuporn Karnasuta
Chief Executive Officer

KTech Construction Public Company Limited

Financial Highlights

Unit : Million Baht

	2014	2015	2016
Balance Sheet			
Total assets	1,078.78	1,783.01	1,381.60
Current liabilities	373.69	457.75	263.66
Total liabilities	535.9	486.85	283.78
Shareholders' equity	542.88	1,296.16	1,097.82
Income statement			
Revenue from construction	1,367.56	1,947.52	777.75
Total revenue	1,370.02	1,950.97	805.49
Cost of construction	-1,221.40	-1,771.83	-799.02
General and administration expenses	-139.24	-176.41	-211.2
Gross profit	148.62	179.14	6.47
Net profit	475.15	14.05	-196.48
Financial ratios			
Current ratio	2.47	3.49	3.73
Debt to equity ratio	0.99	0.38	0.26
Gross profit margin	10.69%	9.02%	-2.74%
Net profit (loss) margin	26.64%	0.71%	-24.19%
Return on assets	63.88%	0.98%	-12.42%
Book value per share	0.35	0.61	0.28
Earning per share	0.31	0.003	-0.052



Board of Directors



Mr.Vichien Ratanabirabongse

Chairman of BOD

Positioned: 21st May 2012

Mr. Vichien Ratanabirabongse graduated with Master of Art (Political Science) from Ramkhamhaeng University. He used to be the governor of Uthai Thani province, Director of Land Department and Deputy Permanent-Secretary of Ministry of Interior. He completed the Corporate Governance for Capital Market Intermediaries (CGI) program, Director Accreditation Program, Role of Chairman Program and Audit Committee Program from Thai Institute of Directors (IOD). Currently, he holds the position of the Chairman of BOD and President of Audit Committee of SENA Development Public Company Limited.



Pol.Gen. Suthep Dhamaraks

Chairman of Audit Committee

And Director

Positioned: 21st May 2012

Pol.Gen. Suthep Dhamaraks graduated with Master of Administration from National Institute of Development Administration. He used to work for several important posts e.g. Member of the National Legislative Assembly, Deputy of Commissioner-General. He completed the Director Accreditation Program from Thai Institute of Directors (IOD). Currently, he holds the position of the President of Audit Committee of Thai Polycons Public Company Limited, Director of Thai Hua rubber Public Company Limited and Jalaprathan Cement Public Company Limited.

Board of Directors

Gen. Somchai Hiranyasthiti graduated with Master's Degree from George Washington University, USA, Bachelor's Degree from Pennsylvania Military College, USA. He held several important posts e.g. Chief of Staff, Royal Aide-de-Camp, Assistant Military Attache, Thai Embassy in London, Director of Intelligence, Royal Thai Army. He completed the National Defense College Thailand program and the intelligence course.

Currently, he holds the position of Deputy Chief Aide-de-Camp, Ministry of Defense



Gen.Somchai Hiranyasthiti

Director and Nomination & Remuneration
Committee

Positioned: 21st April 2015

Mr. Rapee Sukhyanga graduated with Bachelor's Degree in Financing & Banking, Thammasat University. He used to work for several important posts e.g. Chairman of Executive Committee of the Board of Eastern Wire Public Company Limited, Managing Director of Jalaprathan Cement Public Company Limited. He completed the Director Accreditation Program from Thai Institute of Directors (IOD). Currently, he holds the position of Director and Consultant to Management, Jalaprathan Cement Public Company Limited, Director and Consultant to Management, Asia Cement Public Company Limited and Vice Chairman of Thai Cement Manufacturers Association



Mr.Rapee Sukhyanga

Chairman of
Nomination and Remuneration Committee
Director and Audit Committee

Positioned: 21st April 2015

Board of Directors



Mr. Virun Lee

Director and Audit Committee
Nomination and Remuneration
Committee

Positioned: 22nd May 2013

Mr. Virun Lee graduated with Bachelor's Degree in Business Administration majoring in Finance with a minor in Real Estate Investment from University of Maryland and Georgia State University. He held the position of Chief Commercial Financial Officer, Haad Thip Public Company Limited, Commercial Operations Manager of Coca-Cola Asia Executive Group. Mr. Virun Lee completed the program Executive Finance Training – Wharton Business School - USA

Currently, he holds the position of Managing Director of Thoresen Shipping and Logistics Company limited.



Mr. Worawut Krairit

Director

Positioned: 14th December 2015

Mr. Worawut Krairit graduated with Bachelor of Laws, Thammasat University (Extraordinary Member of The Thai Bar 1976). He used to be the attorney at SGV-Na Thalang & Co., Ltd. (a member firm of Arthur Anderson)

Currently, he is the Deputy Managing Director of Dej-Udom & Associates Attorneys-at-Law

Board of Directors

Mrs. Ayuporn Karnasuta graduated with Master's Degree in Business Administration from Universite Libré de Bruxelles, Belgium, Master's Degree of Laws, The American University and Bachelor of Laws, Chulalongkorn University. She used to work for several important posts e.g. Assistant Vice President, Executive Office, Sino-Thai Engineering & Construction Public Company Limited, Chief of Staff, Office of Deputy Minister, Ministry of Public Health, Knowledge and Learning Centre, Mae Fah Luang Foundation under Royal Patronage She completed the Director Certification Program (DCP) from Thai Institute of Directors (IOD).



Mrs. Ayuporn Karnasuta

Director

Positioned: 14th December 2015

Currently, she is the Chief Executive Officer of KTech Construction Public Company Limited and Director of KTech Building Contractors Company Limited.

Mr. Petch Vijakhana graduated with Master's Degree in Business Administration (Finance) from Aston University, England, Bachelor's Degree in Information System, Mahidol University International College. He used to be the Executive Board of Director of Shun Thai Rubber Gloves Industry Public Company Limited. He completed the Director Certification Program (DCP) from Thai Institute of Directors (IOD).



Mr. Petch Vijakhana

Director

Positioned: 14th December 2016

Currently, he holds the position of Chairman of Thai Best Engineering Company Limited, Director of Baby Sensory Company Limited and the Advisory Board of Shun Thai Rubber Gloves Industry Public Company Limited.

Board of Directors



Ms. Rachanee Tripipatkul

Director

Positioned: 22nd April 2016

Ms. Rachanee Tripipatkul graduated with Bachelor Degree in Laws, Faculty of Law, Ramkhamhaeng University, Honorary Degree in Auditing from Institute of Chartered Accountants in England & Wales) She is a fellow member of Institute of Chartered Accountants in England & Wales.

She held many important posts e.g. Chairman of Mass Rapid Transit Authority of Thailand, Managing Director of P.O.C. Concrete Company Limited and P Blue Lagoon James Co., Ltd, and Director and Chief Operating Officer, Director and Vice President (finance), Standard Chartered Bank (Thai) Public Company Limited

Currently, she is the Executive Director of P.O.C. Phoenix Gold Golf & Country Club Co., Ltd., Moyvalley Hotel & Golf Resort



Mr. Soravit Phanasomburna

Director

Positioned: 11th November 2016

Mr. Soravit Phanasomburna graduated with Master of Art (International Financing), University of Westminster, England. He used to work for several important posts e. g. Director of Mong Fah Company Limited, Management Advisor of D Seven Solution Company Limited.

Currently, he is the Corporate Affairs Director and Acting Chief Financial Officer of KTech Construction Public Company Limited, Director of KTech Infrastructure Co., Ltd. and KTech Building Contractors Co., Ltd.

Board of Directors



Mrs. Autchana Assarattana

Director

Positioned: 11th November 2016

Mrs. Atchana Assarattana graduated with Master of Science in Accounting, Thammasat University. She used to hold the position of Chief Financing Officer of Otis Elevator Company (Thailand) Limited. She completed the course of Chief Financial Officer, Certificate Program Thailand, Goods & Services Tax (GST) Implementation for Oil & Gas Industry, Malaysia.

Currently, she is the Director and Chief Financial Officer of Horizon Petroleum Limited, Labuan Malaysia

Management Team



01 Mrs. Ayuporn Karnasuta

Chief Executive Officer

02 Mr. Surachai Chonchirdsin

Compliance Director

03 Mr. Taweesak Kikuntod

Project Director

04 Mr. Preecha Lapbutr

Business Development Director

05 Mr. Chatchai Atthasathaworn

Planning and Project Control Director

06 Mr. Kris Kaewnark

Chief Engineer

07 Mr. Soravit Phanasomburna

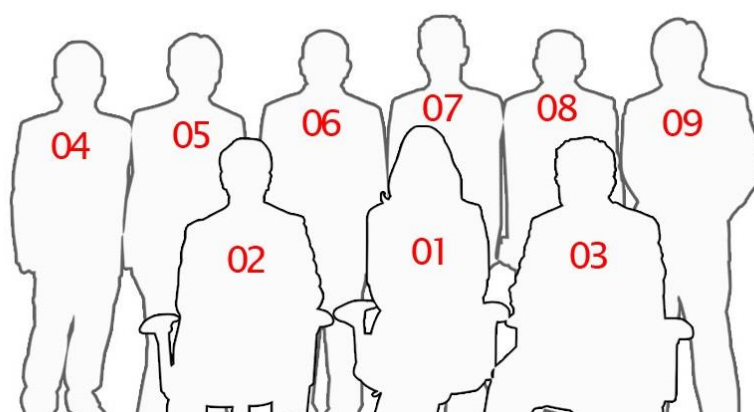
Chief Financial Officer (Acting) and
Corporate Affairs Director

08 Mr. Itthi Sintusarn

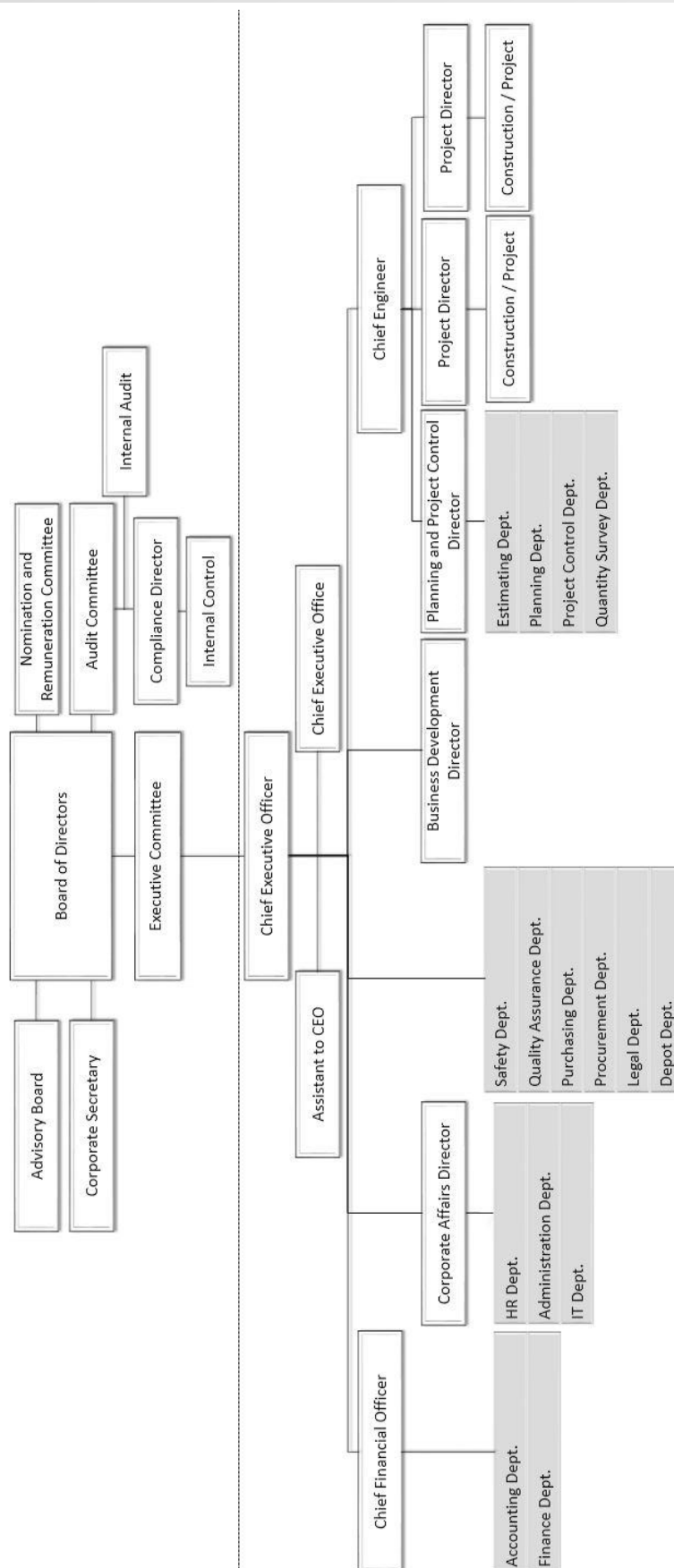
Advisor

09 Mr. Chatchon Karnasuta

Assistant to CEO



Organization Structure



General Information

Company name : KTech Construction Public Company Limited

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

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

Company Registration No : 0107547000087

Telephone : 0-2018-1688

Fax : 0-2018-1689

Website : www.ktech.co.th

Registered capital : 3,927,213,212.00 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

E-mail : 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.
AIA Sathorn Tower, 23rd – 27th Floor, 11/1 South Sathorn Rd.,
Kwang Yannawa, Khet Sathorn, Bangkok 10120
Tel. 0-2034-0000 Fax 0-2034-0100
Website : www.deloitte.com

Subsidiaries : KTech Building Contractor Company Limited
Type of business : Construction
Head office address : Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,
Kwang Huaykwang, Khet Huaykwang, Bangkok 10310
Company Registration No : 0105555106326
Telephone : 0-2018-1688
Fax : 0-2018-1689
Website : www.ktech.co.th
Registered capital : 100,000,000 Baht
Shares No. : 200,000 shares
Holder shares : 99.99 %

Subsidiaries : KTech Infrastructure Company Limited
Type of business : Construction, Railway Maintenance and etc.
Head office address : Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,
Kwang Huaykwang, Khet Huaykwang, Bangkok 10310
Company Registration No : 0105556066794
Telephone : 0-2018-1688
Fax : 0-2018-1689
Website : www.ktech.co.th
Registered capital : 50,000,000 Baht
Shares No. : 500,000 shares
Holder shares : 99.99 %

Subsidiaries : KTech Innovation Company Limited
Type of business : Construction
Head office address : Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,
Kwang Huaykwang, Khet Huaykwang, Bangkok 10310
Company Registration No : 0105556094321
Telephone : 0-2018-1688
Fax : 0-2018-1689
Website : www.ktech.co.th
Registered capital : 100,000 Baht
Shares No. : 20,000 shares
Holder shares : 99.99 %

Subsidiaries	:	GLK-TECH Construction Co., Ltd.
Type of business	:	Construction in Myanmar
Head office address	:	No.87 , 6th Floor, U Kunzaw Yeikmon, U Kunzaw Street , Ward(10), Hlaing Township, Yangon, Myanmar
Telephone	:	0-2018-1688
Fax	:	0-2018-1689
Website	:	www.ktech.co.th
Registered capital	:	5,000,000,000 Kyats
Shares No.	:	36,225 Shares
Holder shares	:	17.50 % (1,000 Kyats per Share)

Business Overview

The Company operates a construction projects design and implementation services on a turnkey bidding contracts basis, from the structural construction design stage until the building facilities are fully completed as a one-stop service. Additionally, the Company also undertakes engineering contracts for the installation of engineering systems, machinery and equipments.

The majority of the Company's clients are Private Sector organizations who are former clients together with new clients who contact the Company on a continuing basis. Most of the construction projects consist of commercial complexes and residential buildings as well as hotel facilities, which is an important customer segment that still has much potential business for the Company. Nevertheless, in 2015 the Company started to undertake work for Government and State Enterprise organizations. Additionally, apart from the Private Sector this enabled the Company to have the added opportunity to achieve its business growth on a more stable basis; whereby for 2016 80% of the Company's business were from the Private Sector and 20% from the Government and Public Sector. Currently, the Company operates its businesses and offers various services to its clients that is categorized into 3 main categories and undertaken by the current corporate structure of the KTECH Group of Companies, which has been established as appropriate for the various types of activities as follows;

1. Construction project structural engineering and architectural design

The Company offers services relating to project structural engineering and architectural designs for tall buildings or large building structures, and manufacturing facilities or factories. The Company has engineers in various fields together with architects, who are all experts and well-experienced so as to be able to provide a comprehensive range of services that include: site surveys, offering differing design choices, project site and facilities planning, developing draft project blue prints and plans to enable a project feasibility study to be undertaken, developing final detailed project plans together with associated architectural and construction activity plans, and developing project facilities perspectives and plans as well as associated engineering plans for clients to use as the project implementation activities plans.

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 Operation

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 2016 creased from 2015 in the amount of 1,170 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 6.44 million baht.

1 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 2016 the company already increased paid capital, so we can receive more work from new customers with the objective to expand customer base.

2 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.

3 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. The quality and number of core personnel for the construction services of the Company, especially Project Managers, Project Engineers, Site Engineers, Office Engineers and Project Architects

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

4 Sourcing of Construction Materials and Services

4.1 Sourcing of construction materials

The Company has a clear Policy on Procurement and Purchasing that is based on open and equal competition by allowing opportunities for all suppliers to compete in a bidding process; whereby prices are then compared as part of the overall construction costs management of the Company – namely: for various construction materials and equipments, so that the Company will purchase only those materials that correspond to the various types of projects' requirements.

4.2 Types of key construction materials and equipments

The purchase of key construction materials and equipments will be undertaken in accordance with the established procurement and purchasing procedures of the Company, taking into consideration price and characteristics/types of construction materials together with the financial terms and conditions offered.

(1) Core construction materials

For those essential construction materials required for all construction and public works projects that are specified in all project specifications and agreements - such as: gravel or aggregate, ready-mixed concrete, steel rods, sand, cement etc. the Company will purchase them from local suppliers who are carefully selected for their quality standards.

(2) Specialized or specifically required construction materials

Requirements for such specialized construction materials will largely depend upon the specific client project, whereby the client will also specify and inform the Company of the required quality, purchase price and suppliers. As such, the Company will then purchase such specialized materials for the specific client project on a case by case basis. Such items include: sanitary ware, floor tiles, and roof tiles.

(3) Other construction materials

Other construction materials such as: wood planks, scaffoldings, support beams, nails, steel wires etc.

(4) Consumables

Other types of construction materials that are consumed, such as welding rods, oil, gas, air, and garbage bags.

(5) Construction equipments and machinery

Construction equipments and machinery use for each project are categorized as small equipments and large equipments – such as: electric drills, electric welding machines, air compressors, and electric generators.

4.3 Sources of raw materials

Construction materials can be purchased from local suppliers or agents, or for some special materials they may be purchased directly from overseas suppliers if the offered terms and conditions are more favorable than those of local suppliers or agents. Currently, almost all of the construction materials and equipments are sourced from local suppliers and agents.

Depending upon the construction materials required, there are many, many suppliers available for such construction materials as cement, steel, and concrete. As such, the Company has operated a construction business for a long time and has built up good relationships with several construction materials producers and suppliers or agents, from whom the Company has purchased various construction materials for a long time. Therefore, there is no problem in sourcing the required materials.

The Company has many supply sources for the various respective construction materials and equipments; and, as such, there is no monopoly of supply. Additionally, the Company makes use of the policy of negotiating with suppliers without being subjected to a monopoly of supply; as well as negotiates pricing and terms for every purchase and for each respective project.

The Company's Policy on Procurement and Purchasing is based on not being attached or dependent upon any particular supplier or source of materials, but rather based on spreading out its specific supply sources for each respective type of construction materials. This is to facilitate reducing overall costs of construction and to enable improved overall competitiveness of the Company by focusing on improved services quality and competitive costs together with mainly making use of local materials.

4.4 Proportion or mix of construction materials purchased locally and from overseas suppliers

While the Company stresses on purchasing and using those construction materials and equipments that are produced and available locally in Thailand as well as that are of the required quality standards for use in its construction and installation projects; in the event that specialized materials or equipments are required by the client or project, or if the client has specified specific requirements, then the Company will purchase them from overseas. As such, the overall value of those items purchased from overseas

is not much; with more than 95% of the total purchased construction materials and equipments are sourced from local producers or suppliers of the materials produced locally

4.5 Associated problems relating to raw material supplies

At times there may be problems regarding the availability or temporary shortage of construction materials, or their prices may be increased. If the Company requires a fairly large amount of any one construction material, it will then order directly from the producer or importer of the material in question, since the Company has been in the construction business for a long time and enjoys good business relationships with both producers and suppliers or agents of the various construction materials or equipments required for our construction projects. As such, the Company is confident with regards to the quality and purchase price as well as of its ability to source the quantity of materials as required for the respective construction projects of the Company.

Summary of Construction Work for the past year

Throughout the past 2016, 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 2017 there will be more new construction projects, both from government and private sectors.

For the operation of the company in 2016, the consisting of private sector 80% and government sector 20%.

Completed projects are;

Project Name		Project Owner	Value (M.Baht)
1	CDC Distribution Center , Phuket Province	CP ALL Pcl.	96.50
2	Plus Project 4 Condominium Songkhla Province	Serene Property & Development Co., Ltd.	406
3	Plus Project 5 Condominium Suratthani Province	Serene Property & Development Co., Ltd.	256
4	Rail Replacement Railway Banlaem – Maeklong, Samutsongkhram Province	State Railway of Thailand	407
5	Centra Maris Resort Pattaya	Major Development Pcl.	452
6	The Niche ID Bangkhæ	Sena Development Pcl.	122
7	Manor Sanambinnam	Major Development Pcl.	1,188
Total			2,927.50

Projects under construction are;

Project Name		Project Owner	Value (M.Baht)	Remaining (M.Baht)
1	Mirage 27 Condominium Sukhumvit 27, Bangkok	Mirage Property	140	5
2	Nara 9 Condominium, Sathorn, Bangkok	Eastern Star Real Estate Pcl.	607	70
3	BMA Lanscape Improvements (Onnut – Nongkham – Saimai), Bangkok	River Engineering Co., Ltd.	334	296
4	Amber, Nonthaburi	Eastern Star Real Estate Pcl.	447	367
Total			1,528	768

Risk Factors

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

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.

Risks relating to acts of corruption

In operating a construction business, there are inherent risks of acts of corruption occurring throughout the various implementation phases of the projects – such as: the procurement and purchasing phase with regards to sub-contractors, the completed works inspection and acceptance processes - especially when a deviation from the agreement is involved, or facilitating various benefits for the contractor or seller. The Company recognizes the possible risks of corruption occurring, and has determined a Policy on Anti-Corruption together with various associated measures in overseeing and ensuring that the conduct of its business is undertaken in a transparent and accountable manner. Furthermore, the Company has also determined various regulations and operating procedures for effective and comprehensive internal controls as appropriate, in order to minimize the risks of corruption occurring.

Risk relating to workplace safety

In operating a construction business, there are inherent risks relating to work and workplace safety that will affect internal personnel and external parties in regards to their personal safety. There are also various risks relating to possible damages being caused to the Company's assets, risks of pollution or of damages affecting the environment as well as risks of possible damages to neighboring property plots during the construction project implementation. As such, the Company has given top priority to safety aspects, and has determined various measures to reduce the various possible associated risks and damages, together with establishing a special working group assigned with the responsibility relating to various aspects of safety management, as well as for overseeing safety issues through ensuring that all construction projects strictly comply with the involved policies and applicable measures or procedures of the Company. The Company also promotes and encourages all personnel to recognize the importance of work-related safety, by regularly undertaking various training programs on safety issues. Additionally, added protective measures are regularly implemented, as appropriated, in those project sites that have potentially high risks with regards to workplace safety, dangers from falling construction debris, and damages to the environment. This is to ensure that the implementation of the construction project is undertaken in a safe manner for its personnel, assets and neighboring property lots.

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.

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.

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.

Market 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

Competitor and Competition

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

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.

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

The Company's Shares

During 2016, the Company had a total registered capital of Baht 3,915,213,212 consisting 3,915,213,212 Ordinary Shares at a par value of Baht 1.00 per which is fully paid up. As such, the total amount of registered capital was amended, by a resolution of the Extraordinary Shareholders Meeting (EGM) 1/2016, held on November 11, 2016, with then following details: It was approved that a capital increase was to be made through an issue of 12,000,000 new Ordinary Shares at a par value of Baht 1.00 per share with the objective of giving these new Ordinary Shares to a group of professionals service providers and financial advisors (Creditor Group 9) in accordance with the verdict of the Central Bankruptcy Court as per Article 7.2.2 (chord-ching) of the Court approved Corporate Rehabilitation Plan dated September 13, 2011. As such this EGM resolution was approved by a unanimous 100% vote of those Shareholders present at the EGM and entitled to vote; whereby an amendment to Article 4 of the Company's Articles of Association was then also amended accordingly on December 1, 2016 to correspond to the amended registered capital of the Company.

On December 1, 2016, the Company then has a registered capital of Baht 3,927,213,212, with a fully paid up capital of Baht 3,915,213,212, consisting of a total of 3,915,213,212 Ordinary Shares at a par value of baht 1.00 per share

Shareholders

11 shareholders that hold the highest stock as at 31 December 2016

Shareholders		Total of Common	Shareholding (%)
1	Mrs. Ayuporn Karnasuta	824,520,000	21.06
2	Mr. Pisits Laosiriratana	243,000,000	6.21
3	Miss Rattiporn Korasutisopon	185,000,000	4.73
4	P.Overseas Steel Public Co., Ltd	112,231,666	2.87
5	Mrs.Chanya Swangchitr	80,130,110	2.05
6	Dr. Adul Amatavivadhana	78,683,768	2.01
7	Mr. Patchawat Khunachayangkom	100,000,000	2.55
8	Mrs. Sunsanee Karnasuta	70,000,000	1.79
9	Mr. Sombat Panithchiwa	50,000,000	1.28
10	Mrs. Pranee Paenchoke	50,000,000	1.28
	Others	2,121,647,668	54.19
Total		3,915,213,212	100.00

Management Structure

The management structure of the company consists of;

1 Board of Directors

There are 11 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	Director
7	Mr. Petch Vijakkhana	Director
8	Ms. Rachanee Tripipatkul	Director
9	Mrs. Ayuporn Karnasuta	Director
10	Mr. Soravit Phanasomburna	Director
11	Mrs. Autchana Assarattana	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.

1.1 The balance of management directors

There are 11 boards of directors consisting of;

- Directors who are management 2
- Directors who are not management 5
- Independent Directors 4

Therefore, 9 of 11 directors are independent and non-management directors.

1.2 Combined or Separate Position

The structure of the board of directors consists of 9 independent and non-management directors out of 11 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.

2 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.

3 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

4 Executive Committee

There are 7 executive committee members as follows;

- | | | |
|----|--------------------------------------|--|
| 1. | Mrs. Ayuporn Karnasuta | Chief Executive Officer |
| 2 | Mr. Kris Kaewnark ⁽¹⁾ | Chief Engineer |
| 3. | Mr. Soravit Phanasomburna | Acting Chief Financial Officer and Corporate Affairs |
| | | Director |
| 4. | Mr. Preecha Lapbud ⁽²⁾⁽³⁾ | Director of Business Development |
| 5. | Mr. Taweesak Kikuntod | Project Director |
| 6. | Mr. Chatchai Atthasathaworn | Planning and Project Control Director |
| 7. | Mr. Surachai Chonchirdsin | Compliance Director |

- Notes:
- (1) Mr. Kris Kaewnark was appointed to be the Chief Engineer as at August 1, 2016 and also appointed as an Executive Director by a resolution of the Board of Directors at the Board meeting No.1/2017 held on February 27, 2017
 - (2) Mr. Preecha Lapbud was appointed as the Business Development Director on September 26, 2016 by a resolution of the Board of Directors at the Board meeting No.1/2017 held on February 27, 2017
 - (3) Appointed to replace Mr. Chatchon Karnasuta, who was appointed to be the assistant to Chief Executive Officer on February 27, 2017.

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 9 directors are the meeting allowance of the chairman of the board of directors 50,000 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 is meeting allowance only. The remuneration of 3 committees is the meeting allowance of the chairman of the Nomination and Remuneration Committee 20,000 baht per meeting and the meeting allowance of nomination and Remuneration committee 10,000 baht per meeting.

Name	Position	Number of Meeting in 2016		
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting
1. Mr. Vichien Ratanabirabongse	Chairman of BOD	7/7	-	-
2. Pol.Gen. Suthep Dhamaraks	Independent Director and Chairman of Audit Committee	1/7	1/4	-
3. Gen. Somchai Hiranyathiti	Independent Director and Nomination and Remuneration Committee	7/7	-	3/3
4. Mr. Rapee Sukhyanga	Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee	6/7	4/4	3/3
5. Mr. Virun Lee	Independent Director, Audit Committee, Nomination and Remuneration Committee	6/7	4/4	3/3
6. Mrs. Ayuporn Karnasuta ⁽¹⁾	Director / CEO	7/7	-	-
7. Mr. Worawut Krairit	Director	4/7	-	-
8. Mr. Petch Vijakkhana	Director	5/7	-	-
9. Mr. Chaitaphat Laosirirat ⁽²⁾	Director	3/7	-	-
10. Mr. Chatchon Karnasuta ^{(1) (5)}	Director	6/7	-	-
11. Ms. Rachanee Tripipatkul	Director	3/7	-	-
12 Mr. Soravit Phanasomburna ^{(1) (4)}	Director	-	-	-
13. Mrs. Autchana Assarattana ⁽³⁾	Director	-	-	-
Total		15,520,000		

Note:

- (1) The executive director may waive the right to receive the remuneration.
- (2) Mr. Chaitaphat Laosirirat resigned from the position of director effective from 27 October 2016
- (3) Mrs. Autchana Assarattana has been appointed as the director due to Mr. Chaitaphat Laosirirat resigned from the position of director effective from 11 November 2016
- (4) Mr. Soravit Phanasomburna has been appointed as the director due to Mr. Chatchon Karnasuta resigned from the position of director on 11 November 2016
- (5) Mr. Chatchon Karnasuta resigned from the position of Director effective from 14 September 2016

2) Remuneration of the executives

The company paid 10 management of the company in the form of salary, bonus, contribution to provident fund and other benefits in total of 18.86 million baht in 2016. The details are as follows;

Remuneration	2016	
	Number of person	Total Remuneration (million baht)
Total salaries	10	17.02
Bonus	1	0.19
Contributions to provident fund	8	0.81
Others	8	0.84
Total	14	18.86

3) Other

- None -

5 Employees

1) Number of Employees of the company

There are 114 staffs of KTech Construction and 1,412 employees for subsidiaries as of 31 December 2016 consisting of ;

No.	Office	Number of Employees (KTech Construction Pcl.) 31 December 2016	Number of Employees (Subsidiaries) 31 December 2016
1.	Head Office		
	Executives	9	-
	Chief Executive Office	7	
	Accounting & Financial	10	-
	Business Development	-	-
	Planning & Project Control	21	4
	Coporate Affair	15	-
	Compliance	2	-
	Safety Office	1	1
	Purchase Department	7	-
	Depot	12	-
	Legal Department	3	1
	Others	1	2
	HO Total	88	8
2.	Construction sites		
	Full-time Employee	-	153
	Engineer	-	31
	Architect	-	4
	Foreman	-	59
	AutoCAD Operator	-	12
	Admin	-	39
	Partime Employee	26	1,251
	Total	114	1,412

2) Total remuneration of the employees

In 2016, 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 (Unit : Million Baht)	2016 KTech Construction pcl.	2016 Subsidiaries
Total salary and wages	29,481,850	163,731,517
Bonus	1,050,127	916,333
Contributions to provident fund	363,229	247,295
Overtime, allowances and other	3,664,591	125,666,490
Total	34,559,797	290,561,635

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 Governance

Corporate Good Governance Policy

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 2016, the company paid fee to the auditor as follows;

1. Audit Fee

The company paid Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for year 2014-2016

	2016	2015	2014
Auditor Fee (THB)	7,040,000	6,600,000	6,080,000

2. Non-audit Fee

- Due Diligence	THB 1,000,000
- Accounting Advisory	THB 600,000
Total	THB 1,600,000

Corporate Social Responsibility

KTech Construction Public Company Limited and its Subsidiary Companies conduct their businesses together with looking after society and by giving attention to the environment as well within the established principles of ensuring an anti-corruption policy and with positive moral ethics and also good corporate governance,. We have also adopted the philosophy of a 'sufficiency economy'; whereby these principles and the framework of behavior have been integrated together, so as to correspond with the Company's core businesses and to enable the achievement of business sustainability.

Overview: The Corporate Policy of Social Responsibility

KTech Construction Public Company Limited has established the policy of giving great importance to undertaking various activities relating to its Corporate Social Responsibility (CSR) and to being responsible towards the environment. This is an integral part of its business operations together with focusing on creating an awareness, on the part of its Staff, in participating in and being responsible towards society as a whole and especially in taking into consideration the potential impact on all involved Stakeholders, namely Shareholders, Clients and Customers, Staff and Employees, Local Communities and Public Sector Organizations. In order that our CSR related activities achieve their maximum effectiveness and benefit, the Company has determined various CSR policies for use as common operating guidelines, as follows:

1. Conducting our businesses in accordance with the principles of good Corporate Governance

The Company adheres to conducting its businesses in accordance with the principles of good corporate, or the good governance framework of the Stock Exchange of Thailand (SET). As such, the Company has prepared and published a Handbook detailing the Good Corporate Governance Policy; as well as has also defined the required business ethics and conduct in doing business which is to be adhered to, for uniform compliance by all its Executives, Management and Staff.

The Company gives equal importance to all Stakeholder groups, regardless of whether they are business partners, Shareholders, or Staff and employees. With regard to its Shareholders the Company has determined a policy to give equal treatment to all Shareholders and to arrange to hold Shareholders Meetings in an appropriate manner, so as to provide Shareholders with the opportunity to be informed of the progress of the Company's operations and activities on a regular basis.

2. Fighting corruption

The Company has a core policy to conduct its businesses in full accordance with all the laws and regulations and for the full benefit of society as a whole, as well as encourages its Staff to undertake all business activities within the framework of good moral ethics. The Company has declared its position on anti-corruption through joining the Private Sector Collective Coalition Against Corruption (CAC) initiative in 2016. The Company has also announced its anti-corruption position and policy to all Staff and involved outside parties, as well as will genuinely act in a practical manner according to such intent and policies.

3. Respecting Human Rights and treatment towards its Staff and Employees

In the construction services business, it is impossible to deny that 'human resources' is the most important factor in driving the Company's businesses forward. As such, the Company gives great importance to respecting human rights together with giving equitable treatment towards its Staff, by respecting the rights of our employees and not being prejudiced or biased in any way with regard to race, skin color, religious belief, gender, and physical disabilities. Everybody will be treated by the Company in a completely equitable and equal manner.

With regard to our Staff the Company offers compensation that is equitable together with various welfare benefits, such as internal and external training and skills development so as to develop all Staff members to be able to acquire additional knowledge and capabilities together with providing Social Security and a Provident Fund; etc.

4. Being responsible to Consumers and Clients

The construction business is highly competitive, with success being derived from our clients' full satisfaction with regard to the work undertaken and delivered. As such, we fully recognize as well as place priority and importance on our responsibility to our customers and business partners with regards to maintaining the overall quality standards in undertaking and delivering our work in full accordance with the agreed terms and conditions of the Contractual Agreement.

5. Looking after and protecting the environment

In conducting our businesses, the Company pays much attention to the environment, as well as places great value on the various resources used to avoid undertaking any activities that will harm the environment. The Company adopts and implements this core policy in all our projects in reducing

waste materials so as to ensure that all resources are used to the maximum benefit possible and also to minimize any environmental problems as much as possible.

6. Developing local communities and society and a whole

The Company is committed to promoting and creating awareness, among our Staff and other involved parties of our corporate social responsibility, as well as to allocate part of our operational budget to provide assistance to small local schools located in remote areas of the country. We have received close collaboration from our Staff members in actively participating in the 'creating from the heart, giving with love' and Ultimate sharing of children" CSR projects

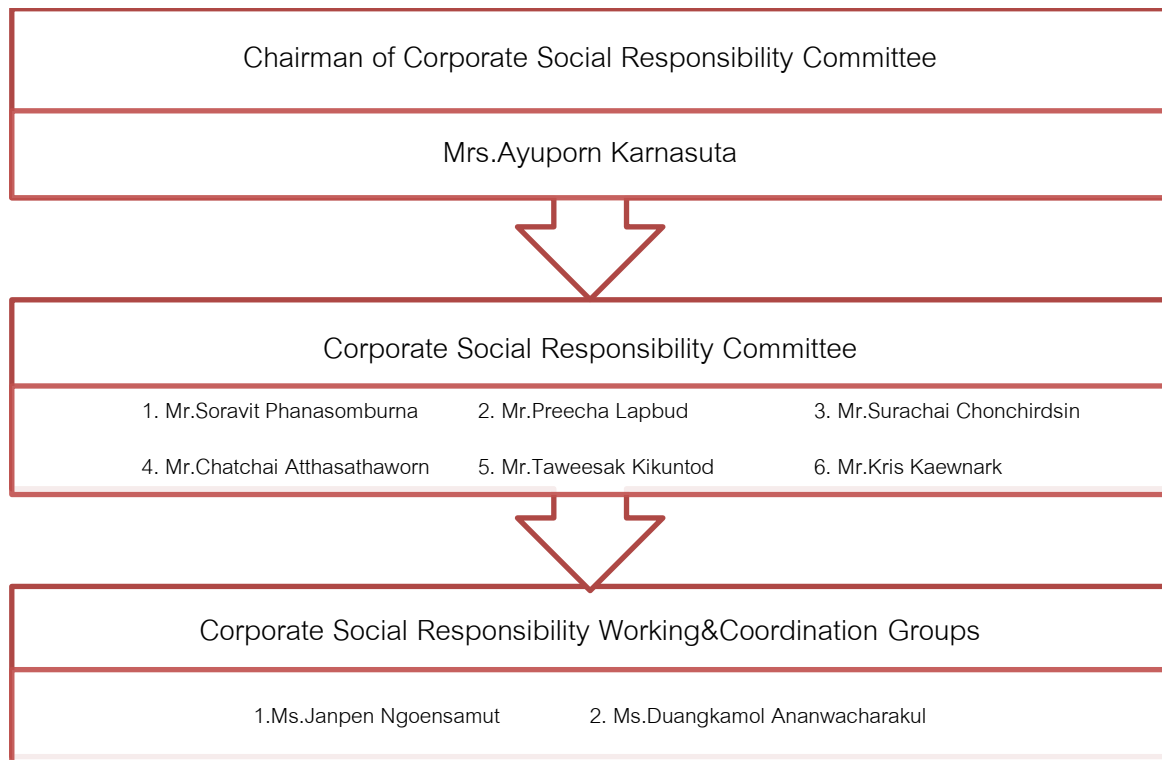
7 Preparing and disclosing a CSR Report

The Company prepares and publishes a CSR Report that serves to illustrate and showcase the Company's associated intent, goals and actual CSR activities or projects to our Shareholders and other interested parties. Such information is communicated through various media, such as: the Company Annual Report and the CSR Report as well as on the Company's website.

Management of CSR-related Activities

In order that the Company's Corporate Social Responsibility (CSR) activities are undertaken on a continuing basis and in a fully effective manner, the Company has established a CSR Committee together with an associated CSR Working Group, that is comprised of the Company's Senior Executives together with members of Staff, who are involved in overseeing and undertaking such activities. This CSR Committee (as shown below) is responsible for overseeing and managing the various CSR projects and associated activities undertaken by the Company, with a focus on the potential impacts and outcomes for the involved Stakeholders of the Company.

**Organization Chart : Corporate Social Responsibility Committee
of KTech Construction Pcl and Group of Companies**



Undertaking CSR - related Activities

KTech Construction Public Company Limited and Group of Companies have a policy in being fully committed to developing its staff, who are a critically important resource, so as to enhance their potential capabilities in undertaking their assigned work that will then result in the most effective outcome possible within the value supply chain. Additionally the Company is committed to allowing its Staff to collaborate in developing involved local communities and society as a whole through actively participating in various CSR projects and activities that are initiated by them in wishing to help and look after communities and society so as to provide underprivileged persons within Thai society to have positive opportunities. This is an integral part of the sustainable development of the Company's businesses.

1 CSR-in-Process

1.1 Staff Development

The Company recognizes the value of its "Staff", who are a critical resource of the Company as well as a key factor for driving the Company forward towards achieving its key targeted objective of "Staff development". As such, the Company has established and wants to implement its core policy to continuously develop the capabilities and the skills of its Staff, at all levels throughout

the Company, in undertaking their assigned work and also to provide opportunities for career advancement.

The Company views that all its Staff members are like members of the corporate family, who are ready to grow and development together with the Company.

The Company has established various Staff development and training programs together with allocating an appropriate specific annual Staff development budget that corresponds to the job functions to be undertaken, in order to enable and facilitate more effective work output. The Human Resources Department is responsible for managing all the Company's human resources, which is not limited to Engineers but also includes Staff members undertaking other work functions so as to achieve a maximum outcome for the Company.

Internal training is undertaken within the Company by those Staff members possessing specific experience and extensive expertise or skill sets such as, for construction work promote Staff to gain additional knowledge and understanding about various work-related systems and procedures based on the Company's information and technology systems. This is to support and facilitate an overall improved effectiveness of the business activities of the Company.

Additionally continuous staff-coaching and on-the-job-training are undertaken within each operating Department, so as to enhance working experiences in each operating unit as well to draw out the inherent potential skills of Staff members at all levels within the organization and make use of them in the overall development of the organization. This also promotes a better understanding within each respective operating unit by providing opportunities to share experiences of past actual situations or issues as well as gaining the knowhow, together with facilitating brainstorming of various ideas to solve any current work-related problems.

The Company has allocated and established the appropriate budget to meet the Staff requirements in being responsible for and specifically undertaking their respective work activities within each operating unit – namely: the Construction Department and in all other key support functions within the Head Office, such as Human Resources Management, Finance & Accounting, Purchasing, Legal Affairs, and other required departments. Additionally importance is also given to providing training on compliance with all legal and applicable regulatory

requirements, such as involved persons attending seminars and training courses given by the Stock Exchange of Thailand and then disseminating the key learning points to other involved Staff members within the Company, so as to support and facilitate the Company, as a listed Company, to further develop its businesses in a sustainable manner.

As such, the Company's Management has the intention to upgrade the overall standard of its human resources development program during the coming year as well as to continually improve the standard of developments in future years so as to correspond to the overall growth and development of the Company's businesses, for the long term, in a stable and sustainable manner.

1.2 Develop and improve the overall quality of life for the families of the Company's Staff through the KTECH Nursery Camp

The Company sees the importance of having a safe area for the children of its labourers working on the various respective construction project sites. As such, the Company established the KTECH Nursery Camp program that enables the children of its labour staff to undertake various activities in a specific area that is safe from any accidents or dangers. Based on this initiative the Company has designated a safe area in the Labour Camp living zone within the Manor Project construction site at the Sanam Bin Nam location, which the labourer's children can use to undertake various educational and play activities as well as make use of the various toys or tools that are provided with the aim of promoting their learning skills and initial development.

2 CSR-after-Process

Agricultural Plot for Health Project This project has adopted and adapted the principles according to the Royal Project Initiative that is based on the 'sufficiency economy' philosophy of His Majesty the late King Bhumibol Adulyadej, King Rama 9, with the aim of instilling into the minds of children at the Thong Sirasdomnornnusorn School, Buriram Province, a greater interest in eating more healthy food, especially fresh vegetables and fruit, together with easily being able to plant and produce such fresh organic produce for their own consumption that will also reduce the overall cost of their lunch meals. Additionally they can sell what they do not eat so as to promote an agricultural lifestyle. As such, the Company provides the school with seeds for the vegetables and fruits to be planted together with various required gardening tools.

Anti-Corruption

The Company attaches great importance to its position on anti-corruption, together with encourages and promotes its personnel at all levels in being mindful and fully aware of the importance of being against all forms of corruption through determining a Corporate Policy on Anti Corruption; whereby all Board Directors, Members of the Management Group and Staff at all levels are required to adhere to these established anti-corruption measures. The Company has also reviewed the operating guidelines for the associated responsibilities relating to risk management procedures, the system of internal controls and internal audit procedures, with the aim of preventing any acts of corruption from occurring within the Company.

Operating Guidelines

1) The Company's Board of Directors and Staff at all levels are required to comply with and adhere to the established corporate Policy on Anti-Corruption through not being involved, in any way, with any form of corruption - whether in a direct or indirect manner.

2) The Company's Board of Directors and Staff at all levels must not be negligent or must not fail to take any action when coming across any alleged acts of corruption; whereby it is considered to be their duty and responsibility to report any such incidents to their immediate superior or the person directly responsible for taking actions relating to acts of corruption, as well as to cooperate with any subsequent investigation of the actual true facts.

3) The Company will treat any informants in an equitable manner, as well as will provide full protection to bona fide informants of any alleged acts of corruption involving the Company. Further, the Company will protect those who refuse to participate in or undertake any acts of corruption, through use of the established informant (or whistle blower) protection procedures, as well as will not discipline, demote or punish, or treat such persons in any negative manner even if such acts of refusal may result in a loss of business opportunities for the Company.

4) The Company supports and encourages all external parties, who are involved with the Company, to understand and recognize the importance of participating and closely cooperating with the Company in also complying with its corporate Policy on Anti-Corruption and in fighting corruption.

5) Any persons found involved with any acts of corruption or are in breach of or to be non-compliant with the established anti-corruption measures and procedures will be strictly disciplined according to the Company's rules and regulations, as well as may also be subject to further legal proceedings if any laws have been broken.

Internal Audit and Internal Controls

The Company has established an Internal Audit Unit that is fully independent and reports directly to the Audit Committee, responsible for evaluating the various internal controls procedures and processes together with the established good governance practices of the Company. This is to assess whether these procedures and practices are fully adequate, appropriate, and effective in accordance with their required objectives, together with assessing the degree of compliance, internally, with the established Policy on Anti-Corruption policy and the associated procedures as well as with all applicable legal and regulatory requirements specified by the involved Government authorities.

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 2016 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 Professional Internal Audit Service Company Limited by Mr. Surapong Shurangsadit Certified Professional Internal Auditor (CPIA) No. 7050 , audit partner, to be the internal auditor of the company under the resolution of the audit committee meeting No. 2/2016 held on 13 May 2016. The audit committee has considered the qualification of Professional Internal Audit Service Company Limited and Mr. Surapong Shurangsadit, 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 2016

Related company	Relationship	Type of the transaction	Background/Reason
Compnay's subsidiaries	Subsidiary	Short-term loan	As at 31 st December 2015 and 2016, the Company gave a short-term loan without collateral with interest at 2% per annum to one of its subsidiaries in the amount of THB 753 Million and THB 311.39 Million respectively. The repayment will be upon demand. Additionally, as at 31 st December 2016 and 2015, the Company gave a short-term loan without collateral with interest at 2% per annum to another one of its subsidiaries in the amount of THB 77.29 Million and THB 174.42 Million respectively. The repayment will be upon demand.
KTech Building Contractors Co., Ltd	Subsidiary	Operating income	As at 31 st December 2016, the Company's income from management was THB 1.05 Million.
GLK-TECH Construction Co., Ltd.	Joint company		
P. Overseas Steel Pcl.	Shareholder	Purchasing Materials	As at 31 st December 2016, the Company bought raw materials from the said company worth THB 70.37 Million.
P. Overseas International Group Co., Ltd.	Related company		
SEA Business Advisory Services Co., Ltd.	Related company	Financial cost	Valuing THB 0.6 Million as at 31 st December 2016
KTech Construction Co., Ltd.	VIP Executives	Remuneration, short-term benefits	Valuing THB 16.88 Million as at 31 st December 2016

Related company	Relationship	Type of the transaction	Background/Reason
GLK-TECH Construction Co., Ltd. P. Overseas International Group Co., Ltd. P. Overseas Steel Pcl.	Joint company Connected company Shareholder	Debtor of Company and outstanding amount	As at 31 st December 2016, the Company had outstanding debtor of THB 43.17 Million.
P. Overseas Steel Pcl.	Shareholder	Non - Current Asset, Deposit	As at 31 st December 2016, the Company and P. Overseas Steel Co., Ltd. still had deposit between them in the amount of THB 14.02 Million
SEA Business Advisory Services Co., Ltd.	Related company	Accrued interest payable	Valuing THB 1.55 Million as at 31 st December 2016
P. Overseas Steel Pcl. P. Overseas International Group Co., Ltd.	Shareholder Related company	Trade creditor	As at 31 st December 2016, the Company still had outstanding debt of THB 19.45 Million

Remark: Please see additional details regarding related transaction in Note to Financial Statement ended 31st December 2016, clause 1.

Established procedures in approving proposed Connected Transactions

The Company has determined various procedures measures for approving proposed Connected Transactions, whereby such transactions are required to be proposed for consideration by the Board of Directors. As such, the Audit Committee must also be present in reviewing and concurring to any proposed Connected Transactions. All such transactions must be undertaken in full accordance with the laws on securities and exchange as well as with all applicable regulations, announcements and specified procedures of the Stock Exchange of Thailand, whereby those Parties who may have a conflict of interest or a vested interest with the proposed Connected Transaction will not be entitled to cast a vote on the transaction in question.

Policy or Guidelines on undertaking Connected Transactions between Parties that may have a conflict of interest in the future

During 2016, the Company undertook various Connected Transactions with P Overseas Steel Pcl., a supplier of construction raw materials, which has also become a Shareholder of the Company with a 2.87% shareholding

With regards to information disclosures regarding the various Connected Transactions undertaken by the Company, these disclosures are made in full accordance with the legal and regulatory requirements specified by the Office of the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as according to standards relating to connected accounts between the Company or related persons as specified by the Association of Accounting Professionals and Certified Auditors of Thailand.

Management Discussion & Analysis

The Company's operating performance results and financial status for 2016 and the key reasons for the year-on-year (YoY) changes are as follows:-

Operating performance results**(a) Overview of full year 2016 operating performance results**

The Company and Subsidiary Companies achieved a Net Loss of Baht 196.48 million, a decrease of Baht 210.53 million or 1,498.25%YoY from 2015, in which a Net Profit of Baht 14.05 million was achieved. This was primarily due to the Company having achieved a gross operating loss of Baht 21.27 million, an increase of Baht 196.96 million from 2015, in which a gross operating profit of Baht 175.69 million was achieved. Additionally, the Company had a gain from the debt restructuring exercise of Baht 6.44 million during 2016.

Total Consolidated Revenues of the Company and Subsidiary Companies, for full year 2016, was Baht 777.75 million, a decrease of Baht 1,169.77 million from the previous year, with the core revenues from construction works and installation of equipments from the project agreements decreasing from the previous year.

Total Consolidated Cost of Construction of the Company and Subsidiary Companies, for the full year 2016, for construction works and installation of equipments from the project agreements was Baht 799.02 million, a decrease of Baht 972.81 million from the previous year, with the key costs being both construction materials costs and labor costs.

Total General and Administrative Expenses for the Company and Subsidiary Companies, for full year 2016, was Baht 211.35 million, an increase of Baht 29.90 million from 2015, in which Total General and Administrative Expenses was Baht 181.45 million, with the major increase in these expenses being provisions for doubtful debts.

As at December 31, 2016, the assets of the Company and Subsidiary Companies consisted of Total Assets of Baht 1,381.60 million, a decrease of Baht 704.23 million, or 22.51%YoY, from the end of 2015, which comprised of the following changes:

Cash or Cash equivalent	decreased	Baht 489.76 Million
Trade Accounts Receivables	decreased	Baht 178.31 Million
Other Receivables/Temporary investments	increased	Baht 11.01 Million
Inventory on hand	increased	Baht 64.98 Million
Performance Guarantees/Pre-paid taxes	Decreased	Baht 11.24 Million

As at December 31st, 2016, the liabilities of the Company and Subsidiary Companies consisted of Total Liabilities of Baht 283.78 million, a decrease of Baht 202.07 million from the end of 2015.

As such, the decrease in Total Liabilities was mainly from reductions in Trade Accounts and Other Payables together with Loans Repayments made according to the debt restructuring exercise and corporate rehabilitation plan of Baht 106.73 million and Baht 72.23 million respectively, as a result of the Company having already paid Trade Accounts and Other Payables together with loans repayment due according to the debt restructuring exercise and rehabilitation plans as required during the year.

As at December 31st, 2016, Total Shareholders Equity was Baht 1,097.82 million, compared to Baht 1,296.16 million as at the end of 2015, as a result of the capital increase through a private placement of 800,000,000 shares together with the Net Loss from operations, gain from the debt restructuring exercise, and a decrease in the income received from disposal of some assets.

(b) Analysis of Financial Status and Operating Performance Results

Operating Performance Results

1) Revenues

- **Total Consolidated Revenues from construction works and installation of equipments from the projects agreements**

For full year 2016, Total Consolidated Revenues of the Company and Subsidiary Companies from the core construction works revenues that were booked in the accounts during the year was Baht 777.75 million, a decrease of Baht 1,169.77 million from 2015, as a result of the decreased total core revenues recognized during 2016 compared to 2015.

2) Costs of Construction and Expenses

For full year 2016, Total Consolidated Costs of Construction and Expenses of the Company and Subsidiary Companies relating to the construction works and installation of equipments undertaken during the year was Baht 779.03 million, which was mainly due to the overall decrease in the costs of construction works and associated labor costs during 2016. This resulted in a Gross Operating Loss of Baht 21.27 million, an increase of Baht 187.96 million, or equal to 106.98%YoY, compared to 2015; while Total Consolidated Expenses was Baht 211.19 million, an increase of Baht 34.78 million compared to the previous year that was mainly due to the increased provisions for doubtful debts.

3) Loss

- **Gross operating loss**

For full year 2016, the Company and Subsidiary Companies has a gross operating loss of Baht 21.27 million. an increase of Baht 2,189.69 million from 2015, resulting from the Company having booked reduced revenues from construction projects works when compared to 2015.

- **Extraordinary gain from debt restructuring**

For full year 2016, the Company and Subsidiary Companies was able to repay outstanding loans as per the debts repayment schedule in accordance with the corporate rehabilitation plan, which resulted in the Company achieving a special gain from the debt restructuring exercise of Baht 6.44 million due to the capital increase in 2015 that enabled the Company to have sufficient working capital to repay the debt payment due in accordance with the corporate rehabilitation plan.

- **Net Loss**

For full year 2016, the Company and Subsidiary Companies achieved a Total Consolidated Net Loss of Baht 201.44 million, an increase of Baht 210.07 million from 2015, due to the fact that in 2015 Company benefited from a gain from the debt restructuring plan and a gain from the disposal of some assets totaling Baht 30.06 million.

As such, in 2016 the Company had an increase in Gross Operating Loss compared to 2015, due to the amount of booked revenues from the decreased total number of construction projects works. However, in 2016, the Company had an increased Net Loss compared to 2015, resulting from the fact that in 2015 the Company had gains from the debt restructuring exercised together with gains from sales of some assets. It is expected that for 2017, the Company will achieve both increased total revenues and profits.

Financial Status of the Company as stated in the Consolidated Financial Statements

1) Assets

As at December 31st, 2016, the Company and Subsidiary Companies had Total **Assets of Baht** 1,381.60 million, a decrease of Baht 401.41 million, or 22.51%YoY, compared to the end of last year

- **Trade Accounts and Other Receivables**

As at December 31st, 2016, the Company and Subsidiary Companies had Total Trade Accounts and Other Receivables of Baht 289.77 million, compared to Total Trade Accounts and Other Receivables as at the end of 2015 of Baht 262.80 million, or equal to an increase of Baht 26.97 million or 10.26%. As such, as at December 31, 2016, the Company and Subsidiary Companies had Total Trade Accounts Receivables of Baht 160.19 million, together with Other Receivables totaling Baht 129.58 million comprising of advance payments for construction materials, advance payments for land rental or leasing costs.

- **Performance Guarantees for Project Agreements**

As at December 31st, 2016, the Company and Subsidiary Companies had outstanding paid Performance Guarantees for projects agreements totaling Baht 226.21 million, a decrease of Baht 34.90 million from December 31, 2015 as a result of the increase in Trade Accounts Receivables that than also reduced the total amount of Performance Guarantees outstanding.

■ **Plants, Buildings and Equipments**

As at December 31st, 2016, the Company and Subsidiary Companies had a total value of plants, building and equipments assets of Baht 73.67 million, a decrease of Baht 3.80 million compared to the end of 2015, resulting from the disposal of some machinery and equipments, construction site offices, and workers' housing units that exceeded the total amount of investments for new assets during 2016 that then resulted in the total fixed assets value (net) decreasing from the end of 2015

2) Shareholders Equity

As at December 31st, 2016, the Company and Subsidiary Companies had Total Shareholders Equity of Baht 1,097.82 million, a decrease of Baht 198.35 million compared to December 31st, 2015, which was primarily due to the decreased in the value of investments in a non-controlling interest in a Subsidiary Company totaling Baht 1.86 million, together with a Consolidated Net Loss of Baht 196.48 million for full year 2016. As such, the main components of the Total Shareholders Equity are: Paid Up Capital of Baht 3,915.21 million, comprising of 3,915.21 ordinary shares at a par value of Baht 1.00 per share, together with the premium on the share value totaling Baht 410.88 million and the negative value on the par value of the ordinary shares totaling Baht 2,005.64 million, advance on shares issued totaling Baht 0, the appropriated amount for required Legal Reserve totaling Baht 6.52 million, and the un-appropriated accumulated Net Loss totaling Baht 1,228.98 million.

3) Liabilities

As at December 31st, 2016, the Company and Subsidiary Companies had Total Liabilities of Baht 283.78 million, a decrease of Baht 203.07 million, or 41.71% YoY compared to December 31st, 2015, as a result of the Company and Subsidiary Companies having repaid its creditors for the loans repayments due in accordance with the debt restructuring schedule as per the debts restructuring exercise plans plan that lead to a reduction in the debts owed to this creditor totaling Baht 72.23 million. Additionally there was a decrease in the total amount of Trade Payables owed totaling Baht 106.73 million.

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors attaches the greatest importance to its duties and responsibilities in overseeing and ensuring that the conduct of the Company's businesses is in full compliance with the policy and practices on good corporate governance. As such, the Board of Directors is responsible for the Consolidated Financial Statements together with the financial information disclosures and annual financial reports of the Company and Subsidiary Companies, that are to be prepared according to the appropriate standards for financial reporting through careful recording of all accounts that accurately reflect the business operations of the Company during the past year.

The Board of Directors also recognizes the importance of the quality of the Financial Statements together with the adequate disclosure of key information through the accompanying Notes to the Financial Statements as well as in the Management Analysis for the overall benefit of all Shareholders and general investors being able to make use of the financial information.. As such, the Audit Committee was established, comprising of 3 Independent Directors who are Non Executives, responsible for overseeing the quality of all financial reports, for reviewing as well as evaluating the internal controls system and internal audit procedures together with for reviewing and disclosing connected transactions, and ensuring that corporate governance practices are both effective and adequate to preserve and protect the assets of the Company and Subsidiary Companies. The opinion of the Audit Committee on these matters is already included in this Annual Report.

Therefore, from the above mentioned measures, the Board of Directors was able to be confident that the Financial Statement of the Company and Subsidiary Companies, for the financial period ended December 31, 2016, has stated the information of any material significance regarding the financial status, the operating

performance results and cash flows in an appropriate and accurate manner based on generally accepted accounting standards.



Mr. Vichien Ratanabirabongse

Chairman of the Board of Directors

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 2016, there were 4 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 2016 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 2016. The consideration was made based on the satisfactory performance, independent, and the financial audit report of previous year that were thorough and accurate. Professional Internal Audit Service Company Limited 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

Opinion

We have audited the consolidated financial statements of KTech Construction Public Company Limited and its subsidiaries (“the Group”) and the separate financial statements of KTech Construction Public Company Limited (“the Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2016, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Audit Responses
<p>Recognition of revenue and attributable profit (or losses) on contracts</p> <p>Revenue and attributable profit (or loss) is recognized on the stage of completion of individual contracts, calculated on the proportion of total costs incurred at the reporting date as compared to the projected total costs at completion.</p> <p>The extent of revenue to recognize on percentage of completion contract represents a key audit matter which has significant judgment and assumption within the financial statements, because it involves an assessment of both current and future contract performance.</p> <p>Accounting policies of revenue and expenses recognition and the detail of construction contract are presented in Note 3.12 and Note 34 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Selecting contracts and critically assessing and challenging the content of the contract. • Substantively testing the revenue to the contracts made during the year. • Testing the operating effectiveness of controls governing the system of payroll, subcontractor and purchasing. • Assessing the percentage of completion adopted by management as compared to external evidence such as customers' certification of work done or other relevant correspondence. • Performing site visits to physically inspect the stage of completion of certain individual projects and identifying areas of complexity through observation and discussion with site personnel. In addition, discussing with project leaders about the progress of projects. • Carrying out a detailed examination of the up to date performance of the contracts to corroborate estimates in respect of cost expected to be incurred and challenging the management's assumptions

	<p>which appeared inconsistent with actual performance at year end.</p> <ul style="list-style-type: none"> • Assessing the reliability of management estimates in light of the positions adopted in previous years compared to actual out turn. • Reviewing legal and experts' reports on contentious issues and content of contracts.
<p>Cost of construction</p> <p>Judgement is involved in estimating the cost to complete, including the assessment of the remaining contingencies that a project is or could be facing until delivery. Management is placing additional focus on the performance stream with significant improvement in execution and control.</p> <p>Accounting policies of revenue and expenses recognition and the detail of construction contract are presented in Note 3.12 and Note 34 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> • Testing the Group's design and implementation of controls over its process to record contract costs and contract revenues and the calculation of percentage of completion. • Performing a test of details by vouching to invoices and hours incurred to assess the status of the project. • Discussing with management about the status of legal proceedings in respect of construction contracts. • Examining various claims and variation orders between the Group, subcontractors and client and obtaining lawyer letter. • Evaluating the forecasted costs for reasonableness by reviewing the basis of their calculation, which included supplier quotes, forecast estimates and supplier contracts. • Challenging senior management where there were differences to identify forecast errors, including inappropriate assumptions based on historical performance and industry knowledge.

<p>Allowance for doubtful accounts</p> <p>Allowance for doubtful is a key audit matter as a result of requirement of management judgment and assumption, knowledge of the sector and the characteristics of the contracting environment.</p> <p>In addition to account receivables, the Group has significant amount of long outstanding retention balances which the recoverable amount requires management estimation.</p> <p>Allowance for doubtful accounts and retention balances are presented in Note 6 and Note 10 to the financial statements, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> Identifying the individual trade receivable balances which were considered to have the greatest risk of exposure either by size or by age and taking samples to. <ul style="list-style-type: none"> Confirm account balance at year end. Test post year end payments and customer remittances. If payment had not been received, inspect the correspondence with the customer, including customer certifications of work done and customer payment history. Corroborate the value of the retention to customer correspondence and confirmed when the retention was due. For all retentions that were due, reviewing the status of the project and forming a conclusion on the recoverability of the balance in light of the evidence presented.
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Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

BANGKOK

Registration No. 3356

February 27th, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Financial Statement

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

Unit : Baht

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5.1	97,607,465	587,362,704	23,351,319	537,740,732
Trade and other receivables					
Trade receivables	6	160,187,465	144,226,449	16,050,000	15,000,000
Other receivables	7	129,578,509	118,568,742	330,467,973	276,517,726
Unbilled contract revenues	34	14,239,819	208,515,091	-	-
Short-term loan to related companies	8	-	-	830,285,395	485,812,055
Inventories	9	247,255,938	182,278,253	-	-
Retention receivables	10	226,210,934	261,106,558	-	-
Withholding tax deducted at source	11	102,259,100	78,598,961	1,544,691	1,416,311
Other current assets		7,410,133	15,070,113	717,524	960,258
Total Current Assets		984,749,363	1,595,726,871	1,202,416,902	1,317,447,082
NON-CURRENT ASSETS					
Deposits at financial institutions used as collateral	12	289,392,756	78,384,505	-	-
Investments in subsidiaries	13	-	-	150,047,277	150,047,277
Investment in associate	14	213,004	213,004	213,004	213,004
Property, plant and equipment	15	73,666,163	77,472,176	17,840,344	24,552,608
Intangible assets	16	3,635,864	6,276,479	3,419,926	4,096,544
Other non-current assets	17	29,941,250	24,937,661	18,307,227	17,775,886
Total Non-Current Assets		396,849,037	187,283,825	189,827,778	196,685,319
TOTAL ASSETS		1,381,598,400	1,783,010,696	1,392,244,680	1,514,132,401

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, 2016

Unit : Baht

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Trade and other payables	18	185,881,281	292,608,624	85,418,861	129,493,910
Advances received from customers		12,432,564	32,647,517	-	-
Retention payables to subcontractors		32,700,348	29,343,568	184,503	184,503
Short-term borrowings from related parties	19	-	880,047	-	880,047
Current portion of finance lease liabilities	20	10,375,739	5,559,392	3,967,367	1,671,432
Creditors under debt restructuring plan	21	16,269,990	88,499,364	16,269,990	88,499,364
Current portion of long-term borrowings from a financial institution	22	2,487,500	2,487,500	2,487,500	2,487,500
Other current liabilities		3,515,808	5,728,219	3,513,708	5,728,219
Total Current Liabilities		263,663,230	457,754,231	111,841,929	228,944,975
NON-CURRENT LIABILITIES					
Finance lease liabilities	20	5,002,010	12,494,780	1,134,044	2,952,807
Long-term borrowing from a financial institution	22	2,207,500	4,695,000	2,207,500	4,695,000
Employee benefit obligations	23	8,282,289	7,280,608	4,796,910	4,128,872
Other long-term provisions	24	4,623,046	4,623,046	4,623,046	4,623,046
Total Non-Current Liabilities		20,114,845	29,093,434	12,761,500	16,399,725
TOTAL LIABILITIES		283,778,075	486,847,665	124,603,429	245,344,700

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2016

Unit : Baht

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	25				
Authorized share capital					
3,927,213,212 ordinary shares of Baht 1 each		3,927,213,212		3,927,213,212	
3,915,213,212 ordinary shares of Baht 1 each			3,915,213,212		3,915,213,212
Issued and paid-up share capital					
3,915,213,212 ordinary shares of Baht 1 each, fully paid		3,915,213,212		3,915,213,212	
3,665,213,212 ordinary shares of Baht 1 each, fully paid			3,665,213,212		3,665,213,212
PREMIUM ON ORDINARY SHARES		410,882,500	410,882,500	410,882,500	410,882,500
DISCOUNT ON ORDINARY SHARES		(2,005,640,421)	(1,955,640,421)	(2,005,640,421)	(1,955,640,421)
SHARE SUBSCRIPTION RECEIVABLES		(171,861)	(171,861)	(171,861)	(171,861)
SHARE SUBSCRIPTION RECEIVED IN ADVANCE	25	-	200,000,000	-	200,000,000
RETAINED EARNINGS (DEFICIT)					
Appropriated					
Legal reserve		6,519,775	6,519,775	6,519,775	6,519,775
Unappropriated (deficit)		(1,228,978,752)	(1,030,636,217)	(1,059,161,954)	(1,058,015,504)
TOTAL OWNERS OF THE PARENT		1,097,824,453	1,296,166,988	1,267,641,251	1,268,787,701
NON-CONTROLLING INTERESTS		(4,128)	(3,957)	-	-
TOTAL SHAREHOLDERS' EQUITY		1,097,820,325	1,296,163,031	1,267,641,251	1,268,787,701
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,381,598,400	1,783,010,696	1,392,244,680	1,514,132,401

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, 2016

Unit : Baht

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Revenue from construction contracts		777,754,015	1,947,519,562	15,000,000	-
Cost of construction contracts		(799,027,700)	(1,771,833,288)	(4,125,000)	-
Gross (Loss) profit		(21,273,685)	175,686,274	10,875,000	-
Interest income		4,340,755	872,630	16,738,094	9,398,132
Gain on debt restructuring	21	6,437,934	30,156,632	6,437,934	30,156,632
Gain (loss) on sale of fixed assets		160,520	(92,376)	159,746	(367,896)
Gain on exchange rate		(363,923)	2,066,357	(363,923)	4,899,719
Management income		-	-	62,270,353	53,369,833
Other income		23,398,651	2,574,092	23,068,440	1,280,666
Reversal of allowance for impairment of assets	15	415,938	369,398	415,938	369,398
Administrative expenses	30	(211,194,643)	(176,406,288)	(119,669,390)	(160,669,348)
Other operating expenses		(151,473)	(5,046,584)	(2,221)	(8,775)
Finance costs	32	(3,209,268)	(5,927,468)	(2,074,820)	(1,553,210)
Profit (loss) before income tax expenses		(201,439,194)	24,252,667	(2,144,849)	(63,124,849)
Income tax expenses	33	-	(15,626,331)	-	-
PROFIT (LOSS) FOR THE YEARS		(201,439,194)	8,626,336	(2,144,849)	(63,124,849)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain on employee benefit plan to profit or loss		4,960,351	5,425,425	998,399	3,590,134
Total other comprehensive income		4,960,351	5,425,425	998,399	3,590,134
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS		(196,478,843)	14,051,761	(1,146,450)	(59,534,715)

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, 2016

Unit : Baht

	Note	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
PROFIT (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		(201,439,023)	8,626,288	(2,144,849)	(63,124,849)
Non-controlling interests		(171)	48	-	-
		<u>(201,439,194)</u>	<u>8,626,336</u>	<u>(2,144,849)</u>	<u>(63,124,849)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)					
ATTRIBUTABLE TO:					
Owners of the parent		(196,478,672)	14,051,713	(1,146,450)	(59,534,715)
Non-controlling interests		(171)	48	-	-
		<u>(196,478,843)</u>	<u>14,051,761</u>	<u>(1,146,450)</u>	<u>(59,534,715)</u>
EARNINGS (LOSS) PER SHARE					
Basic earnings (loss) per share (Baht)	26	(0.0515)	0.0028	(0.0005)	(0.0206)
Weighted average number of ordinary shares(Thousand shares)	26	3,911,115	3,068,968	3,911,115	3,068,968

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, 2016

Unit : Baht

Note	Attributions to Owners of the Parent							Non-Controlling Interests	Shareholders' Equity (Capital Deficiency)
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Discount on Ordinary Shares	Share Subscription Receivables	Share Subscription Received in Advance	Retained Earnings (Deficit) Appropriated Legal Reserve	Unappropriated (Deficit)	Total Attributions to Owners of the parent	
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	542,875,102
Capital increase	25 824,850,000	-	(247,425,000)	-	(20,000,000)	-	-	557,425,000	557,425,000
Share subscription received in advance	25 -	-	-	-	200,000,000	-	-	200,000,000	200,000,000
Adjustment of decrease of non-controlling interests in subsidiary	-	-	-	-	-	-	(5,771,104)	(5,771,104)	(18,188,832)
Total comprehensive income for the year	-	-	-	-	-	-	14,051,713	14,051,713	14,051,761
Ending balances as at December 31, 2015	3,665,213,212	410,882,500	(1,955,640,421)	(171,861)	200,000,000	6,519,775	(1,030,636,217)	1,296,166,988	1,296,163,031
Beginning balances as at January 1, 2016	3,665,213,212	410,882,500	(1,955,640,421)	(171,861)	200,000,000	6,519,775	(1,030,636,217)	1,296,166,988	1,296,163,031
Capital increase	25 250,000,000	-	(50,000,000)	-	(200,000,000)	-	-	-	-
Share subscription received in advance	25 -	-	-	-	-	-	-	-	-
Adjustment of decrease of non-controlling interests in subsidiary	-	-	-	-	-	-	(1,863,863)	(1,863,863)	(1,863,863)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	(196,478,672)	(196,478,672)	(196,478,843)
Ending balances as at December 31, 2016	3,915,213,212	410,882,500	((2,005,640,421)	(171,861)	-	6,519,775	(1,228,978,752)	1,097,824,453	1,097,820,325

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Note	Issued and	Premium on	Discount on	Share	Share	Retained Earnings (Deficit)		Shareholders'
		Paid-up	Ordinary	Ordinary	Subscription	Subscription	Appropriated	Unappropriated	Equity (Capital
		Share Capital	Shares	Shares	Receivables	Received in Advance	Legal Reserve	(Deficit)	Deficiency)
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	25	824,850,000	-	(247,425,000)	-	(20,000,000)	-	-	557,425,000
Share subscription received in advance	25	-	-	-	-	200,000,000	-	-	200,000,000
Total comprehensive income for the year		-	-	-	-	-	-	(59,534,715)	(59,534,715)
Ending balances as at December 31, 2015		3,665,213,212	410,882,500	(1,955,640,421)	(171,861)	200,000,000	6,519,775	(1,058,015,504)	1,268,787,701
Beginning balances as at January 1, 2016		3,665,213,212	410,882,500	(1,955,640,421)	(171,861)	200,000,000	6,519,775	(1,058,015,504)	1,268,787,701
Capital increase	25	250,000,000	-	(50,000,000)	-	(200,000,000)	-	-	-
Share subscription received in advance	25	-	-	-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	-	(1,146,450)	(1,146,450)
Ending balances as at December 31, 2016		3,915,213,212	410,882,500	(2,005,640,421)	(171,861)	-	6,519,775	(1,059,161,954)	1,267,641,251

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, 2016

Unit : Baht

Note	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax expenses	(201,439,194)	24,252,667	(2,144,849)	(63,124,849)
Adjustments by				
Depreciation and amortization	23,540,987	27,945,043	11,193,685	17,311,054
Bad debt expenses (Reversal)	75,748,114	35,469,442	(445,915)	25,359,827
Reversal of loss on impairment of assets	(415,938)	(369,398)	(415,938)	(369,398)
Unrealized gain (loss) on exchange rate	2,196,831	(5,278,801)	2,196,831	(5,278,801)
Gain on debt restructuring	(6,437,934)	5,048,996	(6,437,934)	1,639,059
Employment benefit obligation expenses	6,010,032	(30,156,632)	1,714,437	(30,156,632)
Interest income	(4,340,755)	(872,630)	(16,738,094)	(9,398,132)
Interest expenses	3,209,268	5,927,468	2,074,820	1,553,210
Gain (loss) on sale and written-off of fixed assets	(160,521)	92,376	(159,746)	367,896
Gain on sales and lease back	(2,214,511)	(922,713)	(2,214,511)	(922,713)
Loss from written-off withholding tax deducted at source	1,416,311	2,119,590	1,416,311	2,119,590
	(102,887,310)	63,255,408	(9,960,903)	(60,899,889)
(Increase) decrease in operating assets				
Trade and other receivables	(54,327,311)	196,954,258	(41,229,297)	67,802,719
Unbilled contract revenues	194,275,272	(42,161,746)	-	-
Inventories	(64,977,685)	(111,750,748)	-	-
Retention receivables	(15,691,276)	(181,628,965)	-	-
Other current assets	7,659,980	8,953,963	242,734	4,493,255
Deposit at financial institutions used as collateral	(211,008,251)	(31,330,325)	-	-
Other non-current assets	(5,003,589)	(3,015,381)	(531,341)	(6,323,352)
Increase (decrease) in operating liabilities				
Trade and other payables	(104,030,113)	(11,241,398)	(43,327,571)	(1,476,338)
Advance received from customers	(20,214,953)	(7,200,938)	-	-
Retention payable to subcontractors	3,356,780	17,108,047	-	32,696
Paid for employee benefit obligations	(48,000)	-	(48,000)	-
Cash received (paid) from operations	(372,896,456)	(102,057,825)	(94,854,378)	3,629,091
Cash received from interest	4,339,238	3,410,472	1,216,229	2,638,728
Cash paid for interest	(3,428,317)	(4,676,649)	(1,748,225)	(848,177)
Cash paid for income tax	(25,076,450)	(59,127,843)	(1,544,691)	(1,416,311)
Net cash provided by (used in) operating activities	(397,061,985)	(162,451,845)	(96,931,065)	4,003,331

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2016

Unit : Baht

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash received for temporary investments		-	7,686,642	-	-
Cash received from loan to subsidiaries		-	-	279,000,000	240,086,910
Cash paid for loan to subsidiaries		-	-	(623,473,340)	(316,894,513)
Cash paid for investment in subsidiaries		-	-	-	(148,999,800)
Cash received from disposal of fixed assets		194,125	41,448	191,125	41,448
Cash paid for purchase of fixed assets and intangible assets	5.2	(16,157,877)	(26,538,634)	(1,585,804)	(8,143,814)
Cash received from sale and leaseback		-	11,085,200	-	5,243,000
Net cash provided by (used in) investing activities		(15,963,752)	(7,725,344)	(345,868,019)	(228,666,769)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash received from short-term borrowings from related party		-	61,133,565	-	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)	-	(37,000,000)
Cash paid for short-term borrowings from others		(880,047)	(43,000,000)	(880,047)	(43,000,000)
Cash received from capital increase		-	757,425,000	-	757,425,000
Cash paid for creditors under debt restructuring plan		(65,791,440)	(22,670,000)	(65,791,440)	(22,670,000)
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)	(2,487,500)	(2,487,500)
Cash paid for financial lease liabilities		(7,570,515)	(5,433,015)	(2,431,342)	(833,059)
Non-controlling interest from additional investing in subsidiary		-	(18,188,832)	-	-
Net cash provided by financing activities		(76,729,502)	713,234,824	(71,590,329)	741,104,441
Net increase (decrease) in cash and cash equivalents		(489,755,239)	543,057,635	(514,389,413)	516,441,003
Cash and cash equivalents as at January 1,		587,362,704	44,305,069	537,740,732	21,299,729
Cash and cash equivalents as at December 31,	5.1	97,607,465	587,362,704	23,351,319	537,740,732

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, 2016

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, 2016 and 2015, 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.	KTech Infrastructure Co., Ltd. (Formerly “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.

** During September 2016, the Board of Director's meeting No. 6/2016 passed a resolution to change the subsidiary name from Dr.K Joint Venture Co., Ltd. to KTech Infrastructure Co., Ltd. The subsidiary registered the change of its name with the Register of Partnerships and Companies on September 13, 2016.

The structure of the first 5 major shareholders as of December 31, 2016 are as follows:

No.	Name of shareholders	% of shares holding
1.	Mrs. Ayuporn Karnasuta	21.06
2.	Mr. Pisit Laosirirat	6.21
3.	Miss Rattiporn Kornsutisopol	4.73
4.	P.Overseas Steel Pcl.	2.87
5.	Mrs. Janya Sawangjit	2.05

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.

On January 26, 2016 the Stock Exchange of Thailand (SET) had a letter to notify that the Company's status have been categorized as possible delisting in stage 3, to expedite their rehabilitation by March 2016. Subsequently, on April 8, 2016, the SET had a letter to notify that the Company's operations or financial status have been categorized as possible delisting. The Company must seek exemption from being delisted by submission of a written request giving clarification, reasons, or any other supporting information, showing that the Company's financial status and performance have met the criteria for removal from being delisted and on April 28, 2016, the Company submitted the clarification letter to the SET to clarify the financial status and request an extension period to avoid delisting until March 31, 2017.

On June 20, 2016, the SET had a letter to notify the Company for an extension period to avoid delisting until March 31, 2017.

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 2015) "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, 2016 and 2015 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,		As at December 31,	
			2016	2015	2016	2015
Subsidiaries						
KTech Building Contractors Co., Ltd.	Construction	Thailand	19,999,997	19,999,997	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
KTech Infrastructure Co., Ltd.	Construction	Thailand	499,998	499,998	99.99	99.99

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, 2016 and 2015 have included the subsidiary's financial statements for the years ended December 31, 2016 and 2015 which were audited.

The consolidated financial statements for the year ended December 31, 2016 included the financial statements of KTech Innovations Co., Ltd. for the operation period from January 1, 2016 to December 31, 2016. The consolidated financial statements for the year ended December 31, 2015 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. Those 2 subsidiaries have no operation during the years 2016 and 2015 which the deficit are as follows:

No.	Company name	Deficit	
		2016 Baht	2015 Baht
1.	KTech Innovations Co., Ltd.	39,900	30,400
2.	Joint Venture KTech-K Co., Ltd.	25,000	25,000

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

Since January 1, 2016, the Company and its subsidiaries has adopted the new and revised Thai Financial Reporting Standards (“TFRSs”) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2016 onwards, in the preparation of financial statements. Such TFRSs have no significant impact on the Company and its subsidiaries’ financial statements.

2.3 Below is a summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding TFRSs which are effective for the financial statements for the period 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

Thai Accounting Standards (“TAS”) (Continued)

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

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 Resources
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 - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
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 TAS 29 (Revised 2015) 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 for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

Above TFRSs have no material impact on these financial statements.

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

The Federation of Accounting Professions has issued the Notifications regarding TFRSs which are effective for the financial statements for the periods beginning on or after January 1, 2017 onwards, as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standard Interpretations (“TSIC”)

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes -Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Thai Financial Reporting Standard Interpretations ("TFRIC") (Continued)

TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline of Accounting

Guideline of accounting for derecognition of financial assets and financial liabilities

The management of the Company and subsidiaries will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective.

The management of the Company and subsidiaries have assessed the impact of this TFRS and believes that it will not have material impact on the financial statements for the period in which it is initially applied.

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 that 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 Plant and equipment

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 plant and equipment have different useful lives, they are accounted for as separate items for major components of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of 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 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 plant and equipment are recognized in the statement of profit or loss and other 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 profit or loss and other 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 judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with TFRSs requires the Group's management to exercise various 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 year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Significant judgments in applying accounting policies are as follows:

3.17.1 Allowance for doubtful accounts

The Group has provided allowance for doubtful accounts by assessment primarily on analysis of payment histories and review accrued receivables' status as at year-end date.

3.17.2 Revenue recognition

The Group 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.

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, 2016, the Company and subsidiaries still 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:

		Number of creditors	The amount of claim as at June 7, 2010		
			Principal	Interest	Total
Group of Creditors		(in million Baht)			
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, total 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 (in million Baht)	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)
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 Interest 56 <hr/> 271	215 56 <hr/> 271	- - <hr/> -
Group 2	Unsecured scheme creditors - financial institutions	Principal 852 Interest 149 <hr/> 1,001	589 139 <hr/> 728	- - <hr/> -

			Debts per respective claims for payment as at June 7, 2010 (in million Baht)	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)
Group 3	Unsecured scheme creditors	Principal	161	150	-
	- tax creditors	Interest	126	135	-
			<u>287</u>	<u>285</u>	<u>-</u>
Group 4	Unsecured scheme creditors	Principal	40	36	-
	- Government agency creditors	Interest	18	18	-
			<u>58</u>	<u>54</u>	<u>-</u>
Group 5	Unsecured scheme creditors	Principal	31	31	-
	- hire purchase creditors	Interest	8	8	-
			<u>39</u>	<u>39</u>	<u>-</u>
Group 6	Unsecured scheme creditors	Principal	952	855	-
	- trade creditors	Interest	196	186	-
			<u>1,148</u>	<u>1,041</u>	<u>-</u>
Group 7	Unsecured scheme creditors	Principal	972	268	-
	- Project owner creditors	Interest	172	14	-
			<u>1,144</u>	<u>282</u>	<u>-</u>
Group 8	Unsecured scheme creditors	Principal	74	68	-
	- labor creditors	Interest	6	4	-
			<u>80</u>	<u>72</u>	<u>-</u>
Group 9	Unsecured scheme creditors	Principal	12	12	-
	- consulting and professional Creditors	Interest	-	-	-
			<u>12</u>	<u>12</u>	<u>-</u>
	Total		<u>4,040</u>	<u>2,784</u>	<u>-</u>

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.

During the year 2015, the Company made the repayment to the creditors under debt restructuring plan group 5 amounting to Baht 22.67 million

During the year 2016, the Company made the repayment to the creditors under debt restructuring plan group 8 amounting to Baht 65.79 million. As at December 31, 2016, the Company has creditors under debt restructuring plan amounting to Baht 16.27 million that are creditor group 8 and group 9 (see Note 21).

5. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash on hand	1,344,915	1,379,421	619,091	64,871
Cash at banks - current accounts	(6,149,773)	23,268,693	240,804	113,229
Cash at banks - savings accounts	102,411,274	562,713,554	22,491,424	537,562,632
Short-term investments	1,049	1,036	-	-
	<u>97,607,465</u>	<u>587,362,704</u>	<u>23,351,319</u>	<u>537,740,732</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Payable for purchase of fixed assets and intangible assets as at January 1,	205,993	5,936,307	4,200	2,014,835
<u>Add</u> Purchases during the year	18,913,657	30,245,357	3,758,209	10,757,418
<u>Less</u> Cash payments during the year	(16,157,877)	(26,538,634)	(1,585,804)	(8,143,814)
Purchases of fixed assets under finance lease agreements	<u>(2,884,205)</u>	<u>(9,437,037)</u>	<u>(2,148,605)</u>	<u>(4,624,239)</u>
Payable for purchase of fixed assets and intangible assets as at December 31,	<u>77,568</u>	<u>205,993</u>	<u>28,000</u>	<u>4,200</u>

6. TRADE RECEIVABLES

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

CONSOLIDATED FINANCIAL STATEMENTS						
	2016			2015		
	Related	Others	Total	Related	Others	Total
	Companies			Companies		
	Baht	Baht	Baht	Baht	Baht	Baht
Current	-	39,082,102	39,082,102	-	52,978,187	52,978,187
Overdue						
Less than or up to 3 months	-	82,693,313	82,693,313	-	47,075,946	47,075,946
Over 3 months up to 6 months	-	28,269,498	28,269,498	-	6,546,388	6,546,388
Over 6 months up to 12 months	-	6,082,595	6,082,595	-	32,735,543	32,735,543
Over 12 months	-	480,456,587	480,456,587	-	456,125,800	456,125,800
Total	-	636,584,095	636,584,095	-	595,461,864	595,461,864
<u>Less</u> Allowance for doubtful						
Accounts	-	(476,396,630)	(476,396,630)	-	(451,235,415)	(451,235,415)
	-	160,187,465	160,187,465	-	144,226,449	144,226,449

SEPARATE FINANCIAL STATEMENTS						
	2016			2015		
	Related	Others	Total	Related	Others	Total
	Companies			Companies		
	Baht	Baht	Baht	Baht	Baht	Baht
Current	-	-	-	-	-	-
Overdue						
Less than or up to 3 months	-	16,050,000	16,050,000	-	-	-
Over 3 months up to 6 months	-	-	-	-	-	-
Over 6 months up to 12 months	-	-	-	-	-	-
Over 12 months	-	440,679,885	440,679,885	-	456,125,800	456,125,800
Total	-	456,729,885	456,729,885	-	456,125,800	456,125,800
<u>Less</u> Allowance for doubtful						
accounts	-	(440,679,885)	(440,679,885)	-	(441,125,800)	(441,125,800)
	-	16,050,000	16,050,000	-	15,000,000	15,000,000

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

As at December 31, 2016 and 2015, overdue trade receivables over 12 months are Baht 480.46 million and Baht 456.13 million, respectively. The Company and subsidiary set up an allowance for doubtful account of Baht 476.40 million and Baht 451.24 million, respectively. 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 was transferred to Accretive (Thailand) Co., Ltd. and Thanachart Bank Plc. for 2 customers amounted to Baht 62.07 million (2016: 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. 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, 2016 and 2015, the Company has not yet received such amount.

7. OTHER RECEIVABLES

Other receivables as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Other receivables - related companies	2,140,273	1,690,850	267,890,306	243,122,471
Other receivables - other companies	3,797,218	2,420,515	-	-
Advance payments for purchases				
of materials	60,845,925	59,899,467	8,481,796	8,543,796
Advance payments for subcontractors	21,882,218	31,599,570	-	12,230,299
Advance payments for pre-contract	14,723,050	17,583,064	6,953,050	10,383,064
Advance for employees	26,543,223	6,516,273	21,819,794	6,516,273
Other advance payments	6,497,633	15,076,272	4,478,633	4,200,874
Prepaid expenses	1,314,483	5,783,755	1,152,709	1,351,428
Advance payment for land rental	84,211	479,000	-	230,000
Accrued interest income				
- related companies	-	-	27,941,410	12,419,545
<u>Less</u> Allowance for doubtful accounts	(8,249,725)	(22,480,024)	(8,249,725)	(22,480,024)
	<u>129,578,509</u>	<u>118,568,742</u>	<u>330,467,973</u>	<u>276,517,726</u>

8. SHORT-TERM LOAN TO RELATED COMPANIES

As at December 31, 2016 and 2015, the Company had short-term loan to a subsidiary amounting to Baht 753 million and Baht 311.39 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call. Moreover, as at December 31, 2016 and 2015, the Company had short-term loan to another subsidiary amounting to Baht 77.29 million and Baht 174.42 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call.

9. INVENTORIES

Inventories as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Spare part and raw materials	64,490,302	49,286,532	-	-
Work in process	182,765,636	132,991,721	-	-
	<u>247,255,938</u>	<u>182,278,253</u>	<u>-</u>	<u>-</u>

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	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
The cost of inventories recorded as expense	275,618,605	862,344,005	-	-
	<u>275,618,605</u>	<u>862,344,005</u>	<u>-</u>	<u>-</u>

10. RETENTION RECEIVABLES

Retention receivables as at December 31, consist of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Other parties	501,242,370	485,551,095	221,828,105	221,828,105
<u>Less</u> Allowance for doubtful accounts	(275,031,436)	(224,444,537)	(221,828,105)	(221,828,105)
	<u>226,210,934</u>	<u>261,106,558</u>	<u>-</u>	<u>-</u>

Aging analyses for retention receivables are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Within credit term	278,414,265	263,722,990	-	-
Overdue :				
Less than and up to one year	1,000,000	-	-	-
Overdue more than one year	221,828,105	221,828,105	221,828,105	221,828,105
Total	501,242,370	485,551,095	221,828,105	221,828,105
<u>Less</u> Allowance for doubtful accounts	(275,031,436)	(224,444,537)	(221,828,105)	(221,828,105)
	226,210,934	261,106,558	-	-

Retention receivables are normally due after the defected liability periods stated in the respective construction contracts are complete, which is from 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 considers that there would be the collection issues.

11. WITHHOLDING TAX DEDUCTED AT SOURCE

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Withholding tax deducted at source for 2013	7,813,421	7,813,421	-	-
Withholding tax deducted at source for 2014	26,511,255	26,511,255	-	-
Withholding tax deducted at source for 2015	42,856,145	44,274,285	-	1,416,311
Withholding tax deducted at source for 2016	25,078,279	-	1,544,691	-
Total	102,259,100	78,598,961	1,544,691	1,416,311

12. DEPOSIT AT FINANCIAL INSTITUTIONS USED AS COLLATERAL

As at December 31, 2016 and 2015, a subsidiary has letters of guarantee issued by the bank amounting to Baht 244.22 million and Baht 44.79 million, respectively which deposit at bank of a subsidiary has been used as collateral for letters of guarantee. Moreover, as at December 31, 2016 and 2015, another subsidiary has letter of

guarantee issued by bank which deposit at bank of a subsidiary amounting to Baht 45.17 million and Baht 33.60 million, respectively has been used as collateral for letters of guarantee.

13. INVESTMENTS IN SUBSIDIARIES

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

Name of subsidiaries	SEPARATE FINANCIAL STATEMENTS							
	Ownership Interest		Paid-up capital		Cost method		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)	Baht	Baht	Baht	Baht	Baht	Baht
KTech Building Contractors Co., Ltd.	99.99	99.99	100,000,000	100,000,000	99,999,985	99,999,985	-	-
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	-	-
KTech Infrastructure Co., Ltd. (Formerly "Dr.K Joint Venture Co., Ltd.")	99.99	99.99	50,000,000	50,000,000	49,999,800	49,999,800	-	-
					<u>150,047,277</u>	<u>150,047,277</u>	<u>-</u>	<u>-</u>

Acquisition of KTech Infrastructure Co., Ltd. (formerly "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 to the company 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 for the shares 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 of 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 identifiable 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 had the outstanding of intangible asset from business combination amounting to Baht 1.86 million. Subsequently, such project has been completed during the year 2016. Therefore, such intangible asset was fully written off.

14. INVESTMENT IN ASSOCIATE

Investment in associate as at December 31, consist of:

Associate	Business Type	Paid-up capital		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016 Baht	2015 Baht	2016 Baht	2015 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 2016 and 2015, thus there is no profit or loss sharing from associate company in the consolidated financial statements.

15. PLANT AND EQUIPMENT

Plant and equipment as at December 31, consist of:

As at December 31, 2016

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2016 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2016 Baht
Cost:				
Site office and labor camps	4,039,536	-	(3,429,536)	610,000
Leasehold improvements	6,556,022	16,891	-	6,572,913
Machinery and equipment	153,272,227	13,392,711	(16,767,106)	149,897,832
Furniture, fixtures and office equipment	30,340,146	1,057,051	(546,415)	30,850,782
Vehicles	31,979,628	4,102,804	(10,257,532)	25,824,900
Total cost	226,187,559	18,569,457	(31,000,589)	213,756,427
Accumulated depreciation:				
Site office and labor camps	(3,430,636)	(368,546)	3,425,427	(373,755)
Leasehold improvements	(4,037,053)	(604,773)	-	(4,641,826)
Machinery and equipment	(81,319,899)	(14,140,332)	16,693,993	(78,766,238)
Furniture, fixtures and office equipment	(18,949,674)	(4,600,063)	504,797	(23,044,940)
Vehicles	(27,161,253)	(2,706,321)	10,004,999	(19,862,575)
Total accumulated depreciation	(134,898,515)	(22,420,035)	30,629,216	(126,689,334)
<u>Less</u> Allowance for impairment	(13,816,868)	-	415,938	(13,400,930)
Plant and equipment	77,472,176			73,666,163

As at December 31, 2015

CONSOLIDATED FINANCIAL STATEMENTS				
	Balance	Increase	Decrease	Balance
	as at			as at
	January 1,			December 31,
	2015			2015
	Baht	Baht	Baht	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
Vehicles	31,466,544	513,084	-	31,979,628
Total cost	315,965,952	29,229,157	(119,007,550)	226,187,559
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)
Vehicles	(25,317,018)	(1,844,235)	-	(27,161,253)
Total accumulated depreciation	(218,698,805)	(26,904,038)	110,704,328	(134,898,515)
<u>Less</u> Allowance for impairment	(14,186,266)	-	369,398	(13,816,868)
Plant and equipment	83,080,881			77,472,176
Depreciation for the years ended December 31,				
2016			Baht	22,420,035
2015			Baht	26,904,038

As at December 31, 2016 and 2015, the gross carrying amounts of the fully depreciation of plant and equipment that are still in use are Baht 63.70 million and Baht 72.56 million, respectively.

During to December 31, 2015, the Company and subsidiary sold machine and equipment and entered into the sale and leasing back contracts amounting to Baht 14.80 million. In this case, the Company and subsidiary have obligation to pay monthly lease payment of Baht 0.45 million, (not included VAT) for 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. 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. (2016: Nil)

As at December 31, 2016 and 2015, the Company and subsidiary have vehicles, machinery and equipment under financial lease agreements which have the carrying value amounting to Baht 20.04 million and Baht 22.76 million, respectively.

As at December 31, 2016 and 2015, the Company has allowance for impairment of machinery and equipment and motor vehicles amounting to Baht 13.40 million and Baht 13.82 million, respectively.

As at December 31, 2016

	SEPARATE FINANCIAL STATEMENTS			
	Balance	Increase	Decrease	Balance
	as at			as at
	January 1, 2016 Baht	Baht	Baht	December 31, 2016 Baht
Cost:				
Site office and labor camps	3,429,536	-	(3,429,536)	-
Leasehold improvements	6,556,022	16,891	-	6,572,913
Machinery and equipment	102,383,184	313,300	(16,762,906)	85,933,578
Furniture, fixtures and office equipment	22,846,636	503,263	(546,415)	22,803,484
Vehicles	22,467,544	2,700,935	(10,257,532)	14,910,947
Total cost	157,682,922	3,534,389	(30,996,389)	130,220,922
Accumulated depreciation:				
Site office and labor camps	(3,260,771)	(164,656)	3,425,427	-
Leasehold improvements	(4,037,053)	(604,773)	-	(4,641,826)
Machinery and equipment	(72,868,382)	(6,045,400)	16,691,822	(62,221,960)
Furniture, fixtures and office equipment	(17,095,635)	(2,848,999)	504,797	(19,439,837)
Vehicles	(22,051,605)	(629,419)	10,004,999	(12,676,025)
Total accumulated depreciation	(119,313,446)	(10,293,247)	30,627,045	(98,979,648)
<u>Less</u> Allowance for impairment	(13,816,868)	-	415,938	(13,400,930)
Plant and equipment	24,552,608			17,840,344

As at December 31, 2015

SEPARATE FINANCIAL STATEMENTS				
	Balance	Increase	Decrease	Balance
	as at			as at
	January 1,			December 31,
	2015			2015
	Baht	Baht	Baht	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
Vehicles	22,467,544	-	-	22,467,544
			(111,207,55	
Total cost	259,149,254	9,741,218	0)	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)
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)
Plant and equipment	31,689,184			24,552,608
Depreciation for the years ended December 31,				
	2016		Baht	10,293,247
	2015		Baht	16,468,450

As at December 31, 2016 and 2015, the gross carrying amounts of the fully depreciation of plant and equipment that are still in use are Baht 63.70 million and Baht 72.56 million, respectively.

During the year ended December 31, 2015, the Company sold machinery and equipment and entered into the sale and leasing back contracts amounting to Baht 7.00 million. In this case, the Company has obligation to pay monthly lease payment of Baht 0.16 million (not included VAT) for 36 months bearing interest rates at 7.13% per annum. The Company has option to return machine and equipment and have right to purchase such assets at the prices specified in the contracts. The Company must pay the final payment to exercise such rights to purchase in

a total amount of Baht 2.26 million. The rights to the assets still belong to the lessor until the Company makes such payments according to the obligations in the contracts. (2016: Nil)

As at December 31, 2016 and 2015, the Company has vehicles, machinery and equipment under financial lease agreements which have the carrying value amounting to Baht 7.19 million and Baht 6.43 million, respectively.

As at December 31, 2016 and 2015, the Company has allowance for impairment of machinery and equipment and motor vehicles amounting to Baht 13.40 million and 13.82 million, respectively.

16. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of:

As at December 31, 2016

CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Adjustment Baht	Balance as at December 31, 2016 Baht
Cost:					
Computer softwares	9,771,260	344,200	-	-	10,115,460
Intangible asset from business combination	1,863,863	-	-	(1,863,863)	-
Total cost	11,635,123	344,200	-	(1,863,863)	10,115,460
Accumulated amortization:					
Computer softwares	(5,358,644)	(1,120,952)	-	-	(6,479,596)
Total accumulated amortization	(5,358,644)	(1,120,952)	-	-	(6,479,596)
Intangible assets	6,276,479				3,635,864

As at December 31, 2015

CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Adjustment Baht	Balance as 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	8,755,060	2,880,063	-	-	11,635,123
Accumulated amortization:					
Computer softwares	(4,317,639)	(1,041,005)	-	-	(5,358,644)
Total accumulated amortization	(4,317,639)	(1,041,005)	-	-	(5,358,644)
Intangible assets	4,437,421				6,276,479
Amortization for the years ended December, 31					
2016				Baht	1,120,952
2015				Baht	1,041,005

As at December 31, 2016

SEPARATE FINANCIAL STATEMENTS					
	Balance A at January 1, 2016 Baht	Additions Baht	Disposals Baht	Adjustment Baht	Balance A at December 31, 2016 Baht
Cost:					
Computer softwares	9,176,060	223,820	-	-	9,399,880
Total cost	9,176,060	223,820	-	-	9,399,880
Accumulated amortization:					
Computer softwares	(5,079,516)	(900,438)	-	-	(5,979,954)
Total accumulated amortization	(5,079,516)	(900,438)	-	-	(5,979,954)
Intangible assets	4,096,544				3,419,926

As at December 31, 2015

	SEPARATE FINANCIAL STATEMENTS				
	Balance	Additions	Disposals	Adjustment	Balance
	A at				A at
	January 1,				December 31,
	2015				2015
	Baht	Baht	Baht	Baht	Baht
Cost:					
Computer softwares	8,159,860	1,016,200	-	-	9,176,060
Total cost	8,159,860	1,016,200	-	-	9,176,060
Accumulated amortization:					
Computer softwares	(4,236,912)	(842,604)	-	-	(5,079,516)
Total accumulated amortization	(4,236,912)	(842,604)	-	-	(5,079,516)
Intangible assets	3,922,948				4,096,544
Amortization for the years ended December, 31					
2016				Baht	900,438
2015				Baht	842,604

As at December 31, 2016 and 2015, the gross carrying amount of the fully amortization of intangible assets that are still in use are Baht 4.43 million and Baht 3.85 million, respectively.

17. OTHER NON-CURRENT ASSETS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash guaranteed for purchase of				
construction material	17,920,754	17,327,601	15,610,292	15,078,950
Other deposits	12,020,496	7,610,060	2,696,935	2,696,936
	29,941,250	24,937,661	18,307,227	17,775,886

18. TRADE AND OTHER PAYABLES

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Trade payables	60,916,970	59,699,497	536,173	586,173
Factoring payables*	-	49,656,019	-	-
Other payables	7,942,711	69,433,961	2,047,548	53,821,483
Accrued salary and wage	3,136,235	3,136,235	3,135,840	3,135,840
Social security fund payable	1,179,456	1,544,298	147,058	128,394
Accrued provident fund	-	205,410	-	205,410
Withholding tax payable	15,517,350	17,925,625	14,805,619	15,982,124
Accrued interest expense	1,694,607	1,913,656	1,694,607	1,368,012
Value-added tax payable	48,815,776	46,325,306	34,660,136	31,362,289
Accrued planner expense	22,116,035	22,116,035	22,116,035	22,116,035
Other accrued expenses	24,562,141	20,652,582	6,275,845	788,150
	<u>185,881,281</u>	<u>292,608,624</u>	<u>85,418,861</u>	<u>129,493,910</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.

19. SHORT-TERM BORROWINGS FROM RELATED PARTIES

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Short-term borrowings from related parties	-	880,047	-	880,047
	<u>-</u>	<u>880,047</u>	<u>-</u>	<u>880,047</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Beginning balances	880,047	5,974,429	880,047	893,600
Increase	-	61,133,565	-	37,000,000
Decrease	(880,047)	(66,227,947)	(880,047)	(37,013,553)
Ending balances	-	880,047	-	880,047

The Company made a borrowing without collateral from a related person pursuant to a loan agreement dated January 9, 2011. During August 2016, the Company already made the repayment of such borrowing in the amount of Baht 880,047.

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

- 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. In 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. In 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 years 2014 and 2015, the subsidiary made repayment of such borrowing from a director amounting to Baht 48.83 million and Baht 5.08 million, respectively.
- 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 in 2015.

20. OBLIGATION UNDER FINANCIAL LEASE AGREEMENTS

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	Minimum future		Present value of minimum	
	lease payments		future lease payments	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Within 1 year	11,123,254	6,889,472	10,375,739	5,559,392
1 - 5 years	5,254,203	13,376,740	5,002,010	12,494,780
	16,377,457	20,266,212	15,377,749	18,054,172
<u>Less</u> Future finance charges	(999,708)	(2,212,040)	-	-
	15,377,749	18,054,172	15,377,749	18,054,172

	SEPARATE FINANCIAL STATEMENTS			
	Minimum future		Present value of minimum	
	lease payments		future lease payments	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Within 1 year	4,162,342	1,999,342	3,967,367	1,671,432
1 - 5 years	1,166,283	3,165,625	1,134,044	2,952,807
	5,328,625	5,164,967	5,101,411	4,624,239
<u>Less</u> Future finance charges	(227,214)	(540,728)	-	-
	5,101,411	4,624,239	5,101,411	4,624,239

21. CREDITORS UNDER DEBT RESTRUCTURING PLAN

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
	Baht	Baht
Creditors under debt restructuring plan	16,269,990	88,499,364

Creditors under debt restructuring plan as at December 31, 2016 and 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 September, 2016.

Creditors under debt restructuring plan as at December 31, 2016 consist of creditor group 8 amounting to Baht 1.98 million and creditor group 9 amounting to Baht 11.94 million which during the year 2016, the Company made the repayment to the creditors under debt restructuring plan group 8 amounting to Baht 65.79 million (see Note 4).

Subsequently, on January 6, 2017, the Company settled debt to creditor group 9 by the Company's ordinary shares of 11,943,690 shares at Baht 1 per share or Baht 11,943,690.

Movements of creditors under restructuring plan are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
	Baht	Baht
Beginning balances	88,499,364	141,325,996
(Decrease) - Debt repayment in cash	(65,791,440)	(22,670,000)
- Debt forgiveness	(6,437,934)	(30,156,632)
Ending balances	16,269,990	88,499,364

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
	Baht	Baht
Gain on debt remission	6,437,934	30,156,632
Total gain on debt restructuring plan	6,437,934	30,156,632

22. 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	
		2016	2015
		Baht	Baht
Long-term borrowing	9.67	4,695,000	7,182,500
<u>Less</u> Current portion		(2,487,500)	(2,487,500)
		2,207,500	4,695,000

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.

23. 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		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current service cost	5,769,084	4,833,012	1,554,993	1,471,867
Interest cost	192,972	215,984	111,468	167,192
Loss on settlement	47,976	-	47,976	-
	<u>6,010,032</u>	<u>5,048,996</u>	<u>1,714,437</u>	<u>1,639,059</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Beginning balances	7,280,608	7,657,037	4,128,872	6,079,947
Current service cost	5,769,084	4,833,012	1,554,993	1,471,867
Interest cost	192,972	215,984	111,468	167,192
Loss on settlement	47,976	-	47,976	-
Actuarial (gain) / loss from				
- Experience adjustments	(3,236,497)	(5,593,814)	(260,612)	(3,646,647)
- Demographic assumption changes	(21,275)	(9,847)	323,956	31,199
- Financial assumption changes	(1,702,579)	178,236	(1,061,743)	25,314
Payment during the year	(48,000)	-	(48,000)	-
Ending balances	<u>8,282,289</u>	<u>7,280,608</u>	<u>4,796,910</u>	<u>4,128,872</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	% p.a.	% p.a.	% p.a.	% p.a.

Discount rate	2.51 - 2.84	2.59 - 2.70	2.84	2.70
Salary increase rate	1.00 - 2.00	3.00 - 5.00	1.00 - 2.00	3.00 - 5.00
Staff turnover rate	0 - 46.00	0 - 46.00	0 - 45.00	0 - 41.00

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligation as at December 31, 2016 and 2015 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Discount rate - 1% increase	(648,781)	(680,938)	(409,694)	(395,523)
Discount rate - 1% decrease	736,232	783,642	468,704	455,052
Salary increase rate - 1% increase	737,290	741,807	471,099	428,914
Salary increase rate - 1% decrease	(661,598)	(658,166)	(419,144)	(380,398)

24. OTHER LONG-TERM PROVISIONS

As at December 31, 2016 and 2015, 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 31, 2016 and 2015 of Baht 3.92 million.

As at December 31, 2016 and 2015, the Company has the dismantling and removing cost amounting to Baht 0.70 million.

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

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 General Meeting of Shareholders 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.

The Extraordinary General Meeting of Shareholders No. 1/2016 on November 11, 2016 passed a resolution to increase of the Company's registered share capital by issuing 12,000,000 ordinary shares with a par value of Baht 1.00 each for the conversion of debt to equity to creditor group 9. On December 1, 2016, the Company registered the changing of registered share capital. The Company allocated shares to creditors Group 9 of 11,943,690 shares and the paid up share capital was registered with Ministry of Commerce on January 6, 2017.

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.

26. EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share for the years ended December 31, 2016 and 2015, were based on the profit (loss) for the years 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	
	2016	2015	2016	2015
	<i>(in thousand Baht/thousand shares)</i>			
Basic earnings (loss) per share				
Profit (loss) attributable to ordinary shareholders of the Company	<u>(201,439)</u>	<u>8,626</u>	<u>(2,145)</u>	<u>(63,125)</u>
Number of weighted average of ordinary shares outstanding	<u>3,911,115</u>	<u>3,068,968</u>	<u>3,911,115</u>	<u>3,068,968</u>
Basic earnings (loss) per share (Baht)	<u>(0.0515)</u>	<u>0.0028</u>	<u>(0.0005)</u>	<u>(0.0206)</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	
	2016	2015
	thousand shares	thousand shares
Number of ordinary shares outstanding as at January 1,	3,665,213	2,840,363
<u>Add</u> Weighted average ordinary shares issued and paid up during the year	<u>245,902</u>	<u>228,605</u>
Weighted average number shares of ordinary shares outstanding as at December 31,	<u>3,911,115</u>	<u>3,068,968</u>

27. 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 directors
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:

		Unit: Million Baht			
Accounting transaction	Relationship	CONSOLIDATE		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Management income					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	61.07	53.37
GLK-TECH Construction Co., Ltd.	Associate	1.05	-	1.05	-
		<u>1.05</u>	<u>-</u>	<u>62.12</u>	<u>53.37</u>
Interest income					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	11.43	6.76
KTech Infrastructure Co., Ltd	Subsidiary	-	-	4.09	2.61
		<u>-</u>	<u>-</u>	<u>15.52</u>	<u>9.37</u>
Purchase of raw material					
P.Overseas Steel Pcl.	Shareholder	40.38	78.14	-	-
P.Overseas International					
Group Co.,Ltd	Related Company	29.99	-	-	-
		<u>70.37</u>	<u>78.14</u>	<u>-</u>	<u>-</u>
Finance Cost					
S.E.A Business Advisory					
Services Company Limited	Related Company	0.60	0.80	0.60	0.80
Key management remuneration					
Short-term benefit	Key Management	16.88	17.56	16.88	17.56
Management fee					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	4.13	-

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

Accounting transaction	Relationship	Unit: Million Baht			
		CONSOLIDATE		SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		2016	2015	2016	2015
Other receivables					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	267.89	243.12
GLK-TECH Construction Co., Ltd.	Associate	6.26	5.89	4.48	4.20
P.Overseas International Group Co., Ltd.	Related Company	0.35	3.47	-	-
P.Overseas Steel Pcl.	Shareholder	36.56	34.14	-	-
		<u>43.17</u>	<u>43.50</u>	<u>272.37</u>	<u>247.32</u>
Short-term loan to a related company					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	753.00	311.39
KTech Infrastructure Co., Ltd	Subsidiary	-	-	77.29	174.42
		<u>-</u>	<u>-</u>	<u>830.29</u>	<u>485.81</u>
Other receivable - Accrued interest receivables					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	21.24	9.81
KTech Infrastructure Co., Ltd	Subsidiary	-	-	6.70	2.61
		<u>-</u>	<u>-</u>	<u>27.94</u>	<u>12.42</u>
Other non-current assets - Deposit					
P.Overseas Steel Pcl.	Shareholder	14.02	14.02	14.02	14.02
Short-term borrowings from related persons					
Related persons	Related Persons	-	0.88	-	0.88
Accrued interest expenses					
S.E.A Business Advisory Services Company Limited	Related Company	1.55	0.95	1.55	0.95
Related persons	Related Persons	-	0.28	-	0.28
		<u>1.55</u>	<u>1.23</u>	<u>1.55</u>	<u>1.23</u>
Trade payables					
P.Overseas Steel Pcl.	Shareholder	13.10	-	-	-
P.Overseas International Group Co., Ltd.	Related Company	6.35	2.84	-	-
		<u>19.45</u>	<u>2.84</u>	<u>-</u>	<u>-</u>
Creditors under debt restructuring plan					
Creditor group 8 - Directors and Managements	Related Persons	-	8.01	-	8.01
Management fee					
KTech Building Contractors Co., Ltd.	Subsidiary	-	-	4.41	-

Significant agreements with related parties

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.

28. 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.

In 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, 2016 and 2015, the Company's contributions included in selling and administrative expenses in the statement of profit or loss and other comprehensive income amounting to Baht 1.06 million and Baht 0.91 million, respectively.

29. 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 external customers. All are construction projects in domestic.

For the year ended December 31, 2016, the Company has revenue from 3 major customers amounting to Baht 666.47 million and revenue from 4 major customers for the year ended December 31, 2015 amounting to Baht 1,653.78 million.

30. ADMINISTRATIVE EXPENSES

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Rental expenses	10,646,314	21,913,825	12,076,550	20,736,860
Depreciation and amortization expenses	13,089,642	19,071,792	11,193,685	17,311,054
Consulting and fees	26,129,035	25,218,778	16,419,915	11,854,844
Personnel expenses	52,150,775	37,256,089	59,014,369	59,532,905
Non tax-deductible expenses	8,046,459	13,095,934	3,945,932	6,230,109
Transportation expenses	1,562,074	2,280,639	1,122,551	1,664,152
Other tax expenses	411,617	297,872	381,728	46,658
Doubtful debt (reversal)	75,748,114	35,469,440	(445,915)	25,359,826
Other expenses	23,410,613	21,801,919	15,960,575	17,922,940
	<u>211,194,643</u>	<u>176,406,288</u>	<u>119,669,390</u>	<u>160,669,348</u>

31. EXPENSES BY NATURE

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Rental expenses	49	92	12	21
Depreciation and amortization expenses	24	28	11	17
Consulting and fees	47	58	16	12
Employee and workers benefits expenses	547	811	59	60
Raw material and consumable equipment	253	864	-	-
Other expenses	117	115	13	42

32. FINANCE COSTS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Related parties	603,586	798,683	603,586	798,540
Financial institutions and other parties	2,605,682	5,128,785	1,471,234	754,670
	<u>3,209,268</u>	<u>5,927,468</u>	<u>2,074,820</u>	<u>1,553,210</u>

33. INCOME TAX EXPENSES

For the year ended December 31, 2016 the Company has 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.

34. SIGNIFICANT DISCLOSURE FOR CONSTRUCTION CONTRACTS

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Contract revenues recognized as revenues in the year	777,754,015	1,947,519,562	15,000,000	-
Contract costs incurred and recognized as expenses in the year	(799,027,700)	(1,771,833,288)	(4,125,000)	-
Recognized profit (loss) in the year	<u>(21,273,685)</u>	<u>175,686,274</u>	<u>10,875,000</u>	<u>-</u>
Contract costs incurred during the year	981,793,336	1,904,825,009	4,125,000	-
Contact costs incurred and recognized as contract expenses during the year	<u>(799,027,700)</u>	<u>(1,771,833,288)</u>	<u>(4,125,000)</u>	<u>-</u>
Contract cost related to future activity recognized as assets	<u>182,765,636</u>	<u>132,991,721</u>	<u>-</u>	<u>-</u>
Contract revenues recognized as revenues during the year	777,754,015	1,947,519,562	15,000,000	-
Progress billings	<u>(763,514,196)</u>	<u>(1,739,004,471)</u>	<u>(15,000,000)</u>	<u>-</u>
Unbilled contract revenues	<u>14,239,819</u>	<u>208,515,091</u>	<u>-</u>	<u>-</u>

35. 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.

Financial assets and financial liabilities which are not measured at fair value and their fair value hierarchy level are summarized as follows:

	Consolidated financial statement		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2016			
	Carrying Amount Baht	Fair Value Baht		
Current Assets				
Trade receivables	160,187,465	160,187,465	3	Net present value of expected cash inflow
Other receivables	129,578,509	129,578,509	3	Net present value of expected cash inflow
Retention receivables	226,210,934	188,095,186	3	Net present value of expected cash inflow
Non-current Assets				
Other non-current assets	29,941,250	24,896,255	3	Net present value of expected cash inflow
Current liabilities				
Creditors under debt				
restructuring plan	16,269,990	16,269,990	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	2,207,500	2,207,500	3	Net present value of expected cash outflow

	Separate financial statement		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2016			
	Carrying Amount	Fair Value		
	Baht	Baht		
Current assets				
Accounts receivable	16,050,000	16,050,000	3	Net present value of expected cash inflow
Other receivables	330,467,973	330,467,973	3	Net present value of expected cash inflow
Short-term loan to related companies	830,285,395	830,285,395	3	Net present value of expected cash inflow
Non-current assets				
Other non-current assets	18,307,227	15,222,524	3	Net present value of expected cash inflow
Current liabilities				
Creditors under debt restructuring plan	16,269,990	16,269,990	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	2,207,500	2,207,500	3	Net present value of expected cash outflow

	Consolidated financial statement		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2015			
	Carrying Amount	Fair Value		
	Baht	Baht		
Current Assets				
Trade receivables	144,226,449	144,226,449	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	4,695,000	4,732,197	3	Net present value of expected cash outflow
a financial institution				

	Separate financial statement		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2015			
	Carrying Amount	Fair Value		
	Baht	Baht		
Current assets				
Trade receivables	15,000,000	15,000,000	3	Net present value of expected cash inflow
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
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

36. 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.

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.

On March 28, 2016, the subsidiary has made a notification to the State Railway of Thailand to deliver such railway maintenance work for route opening to the State Railway of Thailand.

However, on July 27, 2016, the Board of State Railway of Thailand submitted the memorandum to the Governor of State Railway of Thailand to inform the resolution of the Board of State Railway of Thailand for approval an extension period and exemption of any fines for the work which was completed and delivered since May 30, 2016, which total delay periods of 293 days.

The subsidiary received the letter of certificate from the Governor of State Railway of Thailand on October 6, 2016.

37. COMMITMENTS AND CONTINGENT LIABILITIES

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

Unit : Million Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Operating lease commitments				
Within one year	7.69	11.99	7.69	11.99
Within one year up to five years	-	7.69	-	7.69
	<u>7.69</u>	<u>19.68</u>	<u>7.69</u>	<u>19.68</u>

For the years ended December 31, 2016 and 2015, the Company recorded long-term operating lease as expense in the statement of profit or loss and other comprehensive income in the amount of Baht 8.39 million and Baht 8.07 million, respectively.

Unit : Million Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Other commitments				
Bank guarantee	366.57	132.20	1.14	1.14
Financial consulting contracts	1.50	1.50	1.50	1.50
Total	<u>368.07</u>	<u>133.70</u>	<u>2.64</u>	<u>2.64</u>

As at December 31, 2016 and 2015, the Company and subsidiaries had commitment under bank guarantee in the amount of Baht 366.57 million and Baht 132.20 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 with monthly service of Baht 349,489. 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. The fee is payable in three installments. As of December 31, 2016, outstanding commitments is the last installment amounting to Baht 1.5 million due within 5 days of the approval date of the Market for Alternative Investment Securities could be traded normally.

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 3.91 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.

38. EVENTS AFTER THE REPORTING PERIOD

- 38.1 On January 13, 2017, the Company received the money from MSIG Insurance (Thailand) Pcl. for the compensation which the Company was filed in the amount of Baht 4,875,000.
- 38.2 On February 27, 2017, the Board of Directors' meeting passed a resolution to propose to the Annual General Meeting of Shareholder to approve the reduction of the authorized shares capital and paid up shares capital by merging the shares in proportion of 2 shares: 1 share which made the par value to be Baht 2.00 per share and reduce the par value from Baht 2.00 to Baht 0.65 to decrease the deficit.

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the authorized director of the Company on February 27, 2017.

๑ โครงการแปลงเกษตรเพื่อสุขภาพ ณ โรงเรียนตงศรีราษฎร์อนุสรณ์ จังหวัดบุรีรัมย์ ๑



๑ โครงการพัฒนาฝีมือแรงงาน ประจำปี 2559 ๑



เคเทคร่วมมือกับบริษัท ทีโอเอ เพ้นท์ (ประเทศไทย) จำกัด ในการอบรมสัมมนา "ความรู้งานสี TOA"



เคเทคส่งเสริมการพัฒนาฝีมือแรงงาน และการทดสอบมาตรฐานฝีมือแรงงานแห่งชาติ (สาขาช่างไฟฟ้าภายในอาคาร)



เคเทคส่งเสริมการพัฒนาฝีมือแรงงาน ณ สถาบันพัฒนาฝีมือแรงงาน กรุงเทพมหานคร (สาขาช่างก่ออิฐฉาบปูน)

๑ โครงการ KTECH Nursery Camp ณ หน่วยงาน Manor Sanambinnam ๑





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