



KTech Construction Public Company Limited

# Annual Report 2017



**I**ntegrity

**C**ommitment

**I**nnovation

**E**xcellence

**T**eamwork



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## MESSAGE FROM CHAIRMAN OF BOARD OF DIRECTOR



In the year of 2017, the whole of Thailand's construction industry gradually expanded, mainly due to government sector construction work which was extremely active in the years first quarter, but which however, slowed down in the second to fourth quarters of the year. Nonetheless, the government sector still carries out many infrastructure projects and public utility improvements and the company is entrusted with carrying out in total nine of these projects with a total worth of Baht 2,088 million.

The private sector business is still gradually growing. It is very evident that Bangkok real estate has been largely dominated by luxury developments in the past few years and our company, with its professional expertise and high level of technology is answering these demands and is currently entrusted by our real estate project

KTech Construction Public Company Limited is still committed to operate its business with good governance, giving importance to all groups of shareholders and totally against any form of corruption by setting a transparent system of examination and balance. This is to build the confidence of all shareholders and investors that the Company will further enhance sustainably development of the organization.

On behalf of the Board of Directors of KTech Construction Public Company Limited, I convey my thanks to the executives, staff, customers, trade partners and all shareholders who have supported us so well and put their trust in the Company. I hope that all of us will move the organization forward to achieve more prosperity.



Mr. Vichien Ratanabirabongse

Chairman of Board of Directors

KTech Construction Public Company Limited

## MESSAGE FROM CHIEF EXECUTIVE OFFICER

In the past year 2017, KTech Construction Public Company Limited carried out its business by getting construction work from both the government and the private sector. The Company was organized in accordance with the strategy continuously followed for a second year and in line with the policy of the government that has many construction projects for improvement of the country's public utility services, infrastructure works and transport networks. This enables the Company to be able to choose the work undertaken and select only from reliable private customers, with both a good image and financial stability, so as to reduce the risks incurred by bad debt and contract cancellation and to make the Company's financial balance stronger and make the company more stable

The Company realizes that constant and sustainable development must happen from within the organization and also to be conveyed to the community and society. We, consequently, give importance to personnel development, improvement and purchase of equipment, tools and machinery in a condition suitable and safe for utilization as well as supervising and enforcing rules and measures to keep our working standards high. This is because construction work carries a great deal of risk and can be dangerous to both body and company assets. The Company is therefore, very strict on safety matters for all parties. Furthermore, the Company is also responsible to the community around the work site, because, we realize our work might directly and indirectly affect them and the nearby areas.

We give importance to fairness and transparent administration where, customers, trade partners, employees and shareholders, are concerned. The Company's administration is based on good governance. We select the most experienced and reliable trade partners who have an anti-corruption policy which is in accordance with our Company's policy so that the final product is work of quality and satisfactory to our customers.

We believe our past work performance is a mirror reflecting our company self image and is a tangible advertising media in influencing customers' decision-making to employ us in the future.

Finally, on behalf of the executives and staff of KTech Construction Public Company Limited, I thank you all for your moral support, the shareholders who have always been supportive and the customers and business alliances who have trust in us and always collaborate with the Company. Please be assured we will perform our work to our full capability to develop the Company for further stability and sustainability.



Mrs. Ayuporn Karnasuta

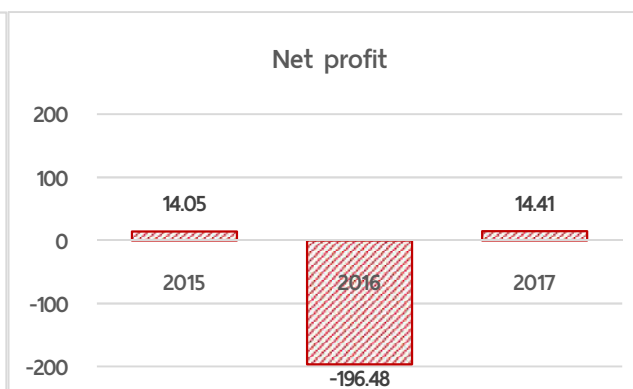
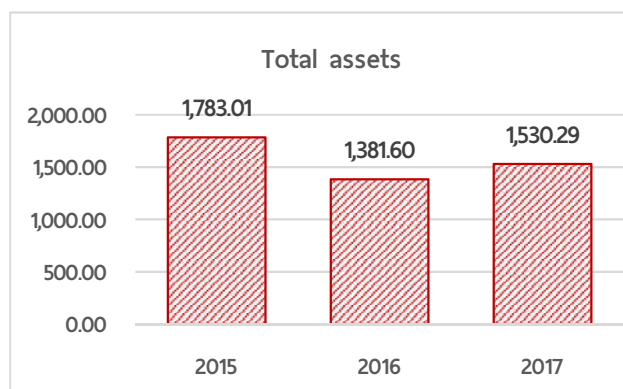
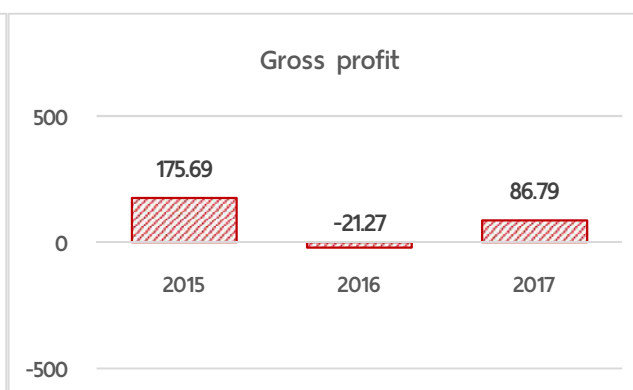
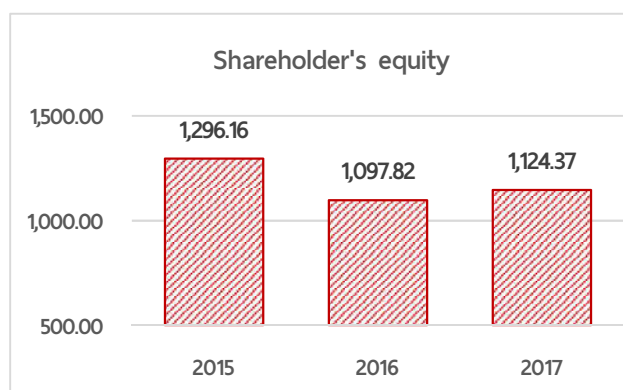
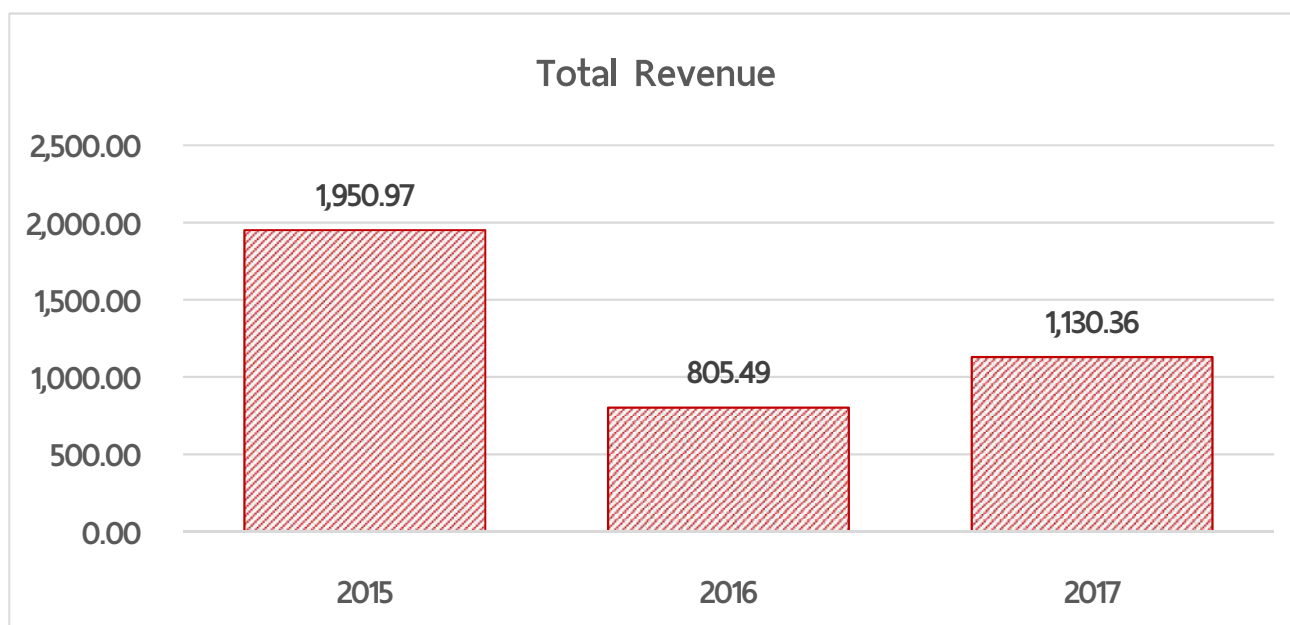
Chief Executive Officer

KTech Construction Public Company Limited

## FINANCIAL HIGHLIGHTS

Unit : Million Baht

|                                     | 2015      | 2016     | 2017      |
|-------------------------------------|-----------|----------|-----------|
| <b>Balance Sheet</b>                |           |          |           |
| Total assets                        | 1,783.01  | 1,381.60 | 1,530.29  |
| Current liabilities                 | 457.75    | 263.66   | 387.16    |
| Total liabilities                   | 486.85    | 283.78   | 405.92    |
| Shareholders' equity                | 1,296.16  | 1,097.82 | 1,124.37  |
| <b>Income statement</b>             |           |          |           |
| Revenue from construction           | 1,947.52  | 777.75   | 1,119.22  |
| Total revenue                       | 1,950.97  | 805.49   | 1,130.36  |
| Cost of construction                | -1,771.83 | -799.02  | -1,032.43 |
| General and administration expenses | -181.45   | -135.60  | -135.20   |
| Gross profit                        | 175.69    | -21.27   | 86.79     |
| Total Net profit                    | 14.05     | -196.48  | 14.41     |
| <b>Financial ratios</b>             |           |          |           |
| Current ratio                       | 3.49      | 2.88     | 2.77      |
| Debt to equity ratio                | 0.38      | 0.26     | 0.36      |
| Gross profit margin                 | 9.02%     | -2.74%   | 7.75%     |
| Net profit (loss) margin            | 0.72%     | -25.26%  | 1.28%     |
| Return on assets                    | 0.78%     | -14.22%  | 0.94%     |
| Book value per share                | 0.61      | 0.28     | 0.58      |
| Earing per share                    | 0.006     | -0.103   | 0.005     |



## BOARD OF DIRECTORS



Mr.Vichien  
Ratanabirabongse  
  
Chairman of BOD



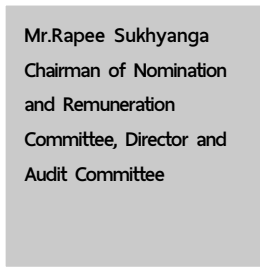
Pol.Gen. Suthep Dhamaraks  
Chairman of Audit  
Committee and Director



Gen.Somchai  
Hiranyasthiti  
Director and Nomination,  
Audit Committee and  
Remuneration Committee



Mr.Worawut Krairit  
Director and Chairman of  
Risk Management  
Committee



Mr.Rapee Sukhyanga  
Chairman of Nomination  
and Remuneration  
Committee, Director and  
Audit Committee



Mr.Virun Lee  
Director, Audit Committee  
Nomination and  
Remuneration Committee



Mrs.Ayuporn Karnasuta  
Director



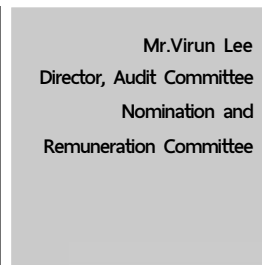
Ms.Rachanee Tripipatkul  
Director



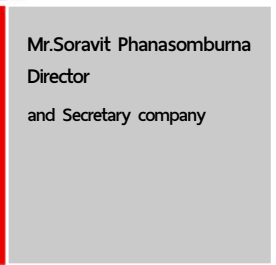
Mr.Petch Vijakkhana  
Director and Risk  
Management Committee



Mrs.Autchana Assarattana  
Director and Risk  
Management Committee



Mr.Soravit Phanasomburna  
Director  
and Secretary company





**Mr.Vichien Ratanabirabongse**

**Chairman of BOD**

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

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**Pol.Gen. Suthep Dhamaraks**

**Chairman of Audit Committee**

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 Jalapraphan Cement Public Company Limited.

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**Gen.Somchai Hiranyasthiti**

**Director and Nomination, Audit Committee and Remuneration Committee**

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 Director and Nomination & Remuneration Committee

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**Mr.Rapee Sukhyanga**

**Chairman of Nomination and Remuneration Committee, Director and Audit Committee**

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 Jalapraphan 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, Jalapraphan Cement Public Company Limited, Director and Consultant to Management, Asia Cement Public Company Limited and Vice Chairman of Thai Cement Manufacturers Association

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**Mr.Virun Lee**

**Director, Audit Committee Nomination and Remuneration Committee**

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 TSL Naxco (Thailand) Company Limited

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**Mr.Worawut Krairit**

**Director and Chairman of Risk Management Committee**

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

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**Mrs.Ayuporn Karnasuta**

**Director**

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, Knowledge and Learning Centre, Mae Fah Luang Foundation under Royal Patronage She completed the Director Certification Program (DCP) from Thai Institute of Directors (IOD). Currently, she is the Chief Executive Officer of KTech Construction Public Company Limited and Director of KTech Building Contractors Company Limited.

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**Mr.Petch Vijakkhana**

**Director and Risk Management Committee**

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). 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.

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**Ms.Rachanee Tripipatkul**

**Director**

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

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**Mr. Soravit Phanasomburna**

**Director**

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.

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**Mrs.Autchana Assarattana**

**Director and Risk Management Committee**

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

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**MANAGEMENT TEAM**

**Mrs. Ayuporn Karnasuta**

**Chief Executive Officer**

**Mr. Kris Kaewnark**

**Chief Engineer**

**Mr. Taweesak Kikuntod**

**Project Director**

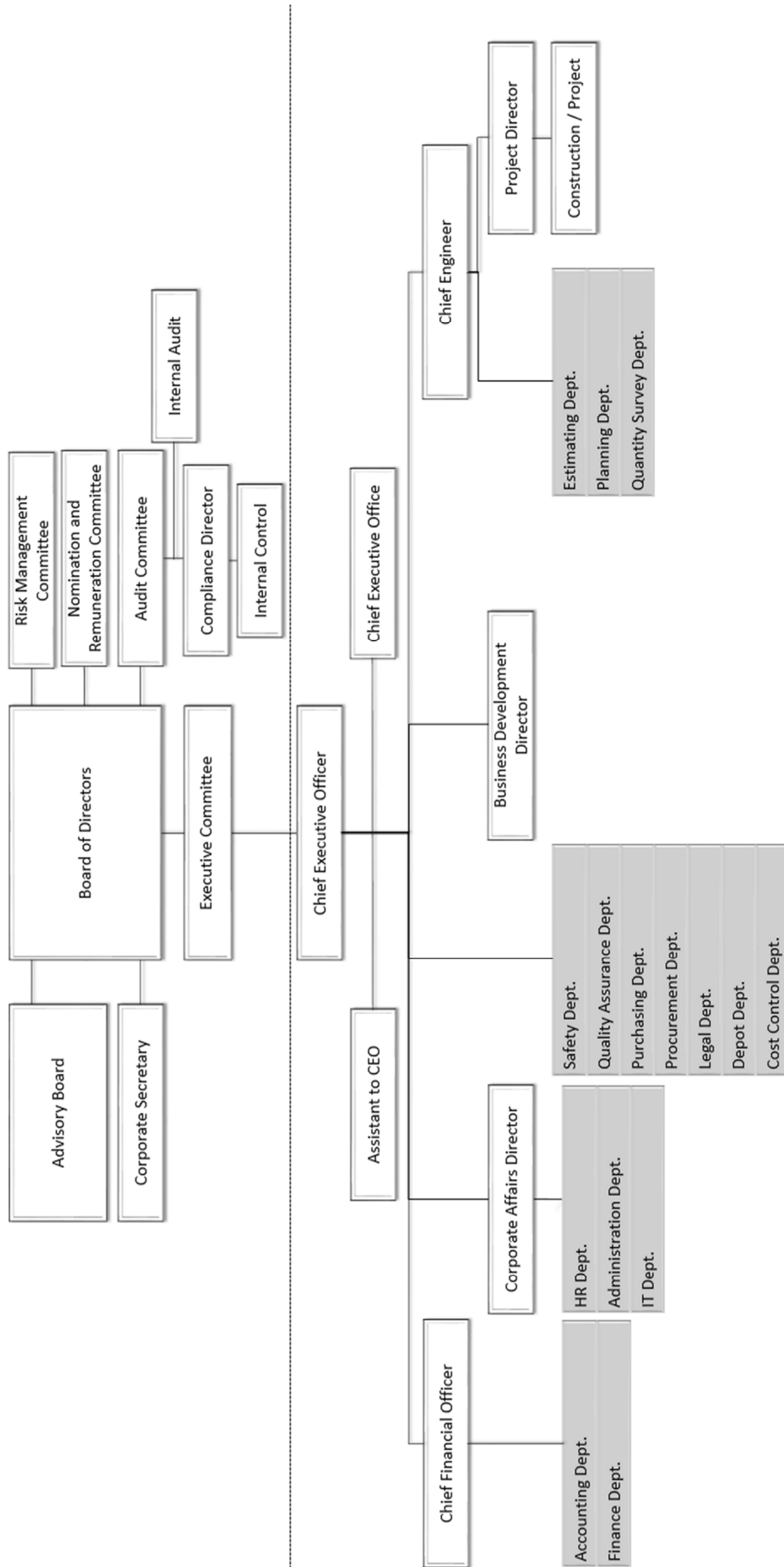
**Mr. Soravit Phanasomburna**

**Chief Financial Officer (Acting) and  
Corporate Affairs Director**

**Mr. Surachai Chonchirdsin**

**Compliance Director and  
Business Development Director (Acting)**

## ORGANIZATION STRUCTURE





# Part 1

## Business Operation

## 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,<br>Kwang Huaykwang, Khet Huaykwang, Bangkok 10310                                                                                                                                                                                                                                                                                   |
| Company Registration No | : | 0107547000087                                                                                                                                                                                                                                                                                                                                                                             |
| Telephone               | : | 0-2018-1688                                                                                                                                                                                                                                                                                                                                                                               |
| Fax                     | : | 0-2018-1689                                                                                                                                                                                                                                                                                                                                                                               |
| Website                 | : | <a href="http://www.ktech.co.th">www.ktech.co.th</a>                                                                                                                                                                                                                                                                                                                                      |
| Registered capital      | : | 3,927,156,902.00 Baht                                                                                                                                                                                                                                                                                                                                                                     |
| Paid up capital         | : | 3,927,156,902.00 Baht                                                                                                                                                                                                                                                                                                                                                                     |
| Ordinary shares         | : | 1,963,578,451 shares                                                                                                                                                                                                                                                                                                                                                                      |
| Par value               | : | 2 Baht                                                                                                                                                                                                                                                                                                                                                                                    |
| Investor relations      | : | 0-2018-1688 ext. 271<br>E-mail : <a href="mailto:ir@ktech.co.th">ir@ktech.co.th</a>                                                                                                                                                                                                                                                                                                       |
| Reference person        |   |                                                                                                                                                                                                                                                                                                                                                                                           |
| Registrar               | : | Thailand Securities Depository Co., Ltd.<br>93 Ratchadapisek Rd., Kwang Din Daeng, Khet Din Daeng,<br>Bangkok 10400<br>Tel : 0-2009-9000 Fax : 0-2009-9991<br>SET Contact center : 0-2009-9999<br>Website : <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a><br>E-mail : <a href="mailto:SETContactCenter@set.or.th">SETContactCenter@set.or.th</a>                        |
| Auditor                 | : | Dr. Suwatchai Meakhaamnouychai<br>Certified Public Accountant, Registration No. 6638<br>Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.<br>AIA Sathorn Tower, 23 <sup>rd</sup> – 27 <sup>th</sup> Floor, 11/1 South Sathorn Rd.,<br>Kwang Yannawa, Khet Sathorn, Bangkok 10120<br>Tel : 0-2034-0000 Fax : 0-2034-0100<br>Website : <a href="http://www.deloitte.com">www.deloitte.com</a> |



|                         |   |                                                                                                         |
|-------------------------|---|---------------------------------------------------------------------------------------------------------|
| <b>Subsidiaries</b>     | : | <b>KTech Building Contractor Company Limited</b>                                                        |
| Type of business        | : | Construction                                                                                            |
| Head office address     | : | Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,<br>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.              | : | 20,000,000 shares                                                                                       |
| Holder shares           | : | 99.99 %                                                                                                 |
| <b>Subsidiaries</b>     | : | <b>KTech Infrastructure Company Limited</b>                                                             |
| Type of business        | : | Construction, Railway Maintenance and etc.                                                              |
| Head office address     | : | Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,<br>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 %                                                                                                 |
| <b>Subsidiaries</b>     | : | <b>KTech Innovations Company Limited</b>                                                                |
| Type of business        | : | Construction                                                                                            |
| Head office address     | : | Level 18, The Ninth Tower, Tower B, 33/4 Rama 9 Road,<br>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      | : | 10,00,000 Baht                                                                                          |
| Shares No.              | : | 2,000,000 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,<br>Ward (10), Hlaing Township, Yangon, Myanmar |
| Telephone           | : | 0-2018-1688                                                                                         |
| Fax                 | : | 0-2018-1689                                                                                         |
| Website             | : | <a href="http://www.ktech.co.th">www.ktech.co.th</a>                                                |
| Registered capital  | : | 5,000,000,000 Kyats                                                                                 |
| Shares No.          | : | 36,225 shares                                                                                       |
| Holder shares       | : | 17.50 % (1,000 Kyats per Share)                                                                     |



## **BUSINESS OVERVIEW OF COMPANY AND SUBSIDIARIES**

KTech Construction Public Company Limited along with its subsidiaries (group of companies) is the company that carries out construction business professionally and in accordance with good governance method for more than 20 years. It has experience and is expert in construction e.g. construction of building, hotel, factory, condominium, residence, shopping center and department store as well as construction work in Myanmar. In addition, the Company has also developed its capability of personnel management including knowledge so that it can always compete with others. The Company manages construction work basing on effective cost management, handover of work on time with quality enabling the Company to gain trust from customers. The Company has readiness to accommodate construction work from government i.e. construction of hospital, rail system and railway station, BMA's waste water treatment plant, waste disposal center, landscape improvement, road, bridge including being the designing advisor etc. Resulting from the said business operation strategy, the Company received the income from construction from government and private sector enabling the Company to better manage the risk from receiving construction work as well as continuously sustainably grows.

At present, Company's business operation and service giving to the Employer is divided into 4 categories 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. Government's construction project

- Government's big building construction

Government's big building construction is the construction of government agencies' modern big buildings, government official's residential buildings, educational convention buildings and hospitals. The Company started to bid and is awarded construction of government buildings in 2016 up to present. Basing on the Company's experienced and expertised working team, the Company is qualified to receive the work from government.

- Government infrastructure work

The Company started to receive this group of government infrastructure works in 2014. They are rehabilitation of the State Railway of Thailand's railway between Baan Laem – Mae Klong stations. At present, the Company has readiness to take many types of government's infrastructure works e.g. construction and installation of railway, construction of station, construction highway, elevated road, bridge over the canal, drainage system, gas pipe and control station, and communication system installation. Apart from private sector's work, this group of work will be the Company's important target in future.

In summary of Company's 2017 operating result, the Company's completed and under construction projects are 17 projects: 56 % private sector and 44 % government work.

### 4. 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, lightening 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, temperature and humidity 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 goal

The Company aims to receive total work worth not less than Baht 6,500 million in 2018. Construction to be received can be divided into following types :

| Type of Work                                               | Work Value                      |
|------------------------------------------------------------|---------------------------------|
| 1. Construction of residential building for private sector | 2,000 Million Baht equal to 31% |
| 2. Commercial construction for private sector              | 500 Million Baht equal to 8%    |
| 3. Big construction work for government sector             | 1,500 Million Baht equal to 23% |
| 4. Construction of infrastructure for government sector    | 1,500 Million Baht equal to 38% |

### Company's overview operation

#### Vision

Adhere to mission, create satisfactory for customer, continuously develop

#### Mission

- Operate business with good government
- Continuously build quality work
- Responsible for society, community, environment and country
- Anti-Corruption

#### Value (I-C-I-E-T)

|            |                                 |
|------------|---------------------------------|
| Integrity  | Honest and profession ethically |
| Commitment | Cling to promise keeping        |
| Innovation | innovation creation             |
| Excellence | Aim to excellence               |
| Teamwork   | Work as a team                  |

## BUSINESS OPERATION

At present, the Company's business operation still clings to a form of Integrated Approach. That is, to receive both the work from government and private sector, structural work, architectural work, landscape architectural work and M & E work i.e. installation of electrical system, sanitary work and Building Automation.

Company's business operation is in accordance with main policy. The Company has performed in line with the strategy by conducting as per the process or modern construction method and technology. The Company also develops various knowledge to enhance capability of personnel. That is, to add optimum value to persons relevant to the Company which are shareholders, customers, business partners and those who live adjacent to the projects and all level of Company's staff.

1. Receipt of Work : There are 2 kinds : the customer directly contacts the Company itself or the Company contacts the customer who got information from various sources. Normally, receipt of construction work is agreed upon by two methods:

Negotiation: The Company negotiates from the beginning without bidding. In this case, may be because the customer directly contacts itself or the Company directly contacts the customers. Most of the time, the customer who contacts this way is old customer who has good relations with the Company or has seen the Company's work performance, or new customer who is advised by old customer.

Bidding : In this case, the Company receives bidding information from various sources and agreed to join the bidding. The process is as follows:

- Purchase of Drawing & specifications and bidding documents
- Cost Estimation Conduction
- Bidding: Contract signing will take place after the the price and conditions are agreed upon

2. Procurement of material or service : The Company will procure raw materials/materials from in and outside the country. The Company has set a clear purchasing policy basing on control of project's work cost. Price comparison is conducted for equal competition with transparent process that can be examined at every step. It can be certain that seller is appropriately selected, and quality of goods or service is of the expected standard.
3. Disposal of remaining materials : The Company gives much importance to environment and society development and operates the work with safety standard in line with relevant law and regulations. The Company sets a work safety and environmental standard relevant to rules, regulations, laws and international standard for every project. From the said activity, the project operation gives no affect to society and environment as well as reducing statistics on accident from work at acceptable level. Remaining materials e.g. steel, rebar, sanitary accessories will be taken back to keep at the Company's Depot for use in next projects, while scraps, e.g. rebar scraps, steel scraps, used tyres in good condition and used lubricant will be auctioned to those who want to modify them and improve their quality to reuse in suitable type of work. Therefore, trainings on safety and environment are organized continuously for the staff along with business operation.

## SUMMARY OF CONSTRUCTION WORK FOR THE PAST YEAR

Throughout the past 2017, 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 2018 there will be more new construction projects, both from government and private sectors.

For the operation of the company in 2017, the consisting of private sector 80% and government sector 20%.

Completed projects are;

| Project Name                                               | Project Owner                 | Value<br>(M. Baht) |
|------------------------------------------------------------|-------------------------------|--------------------|
| 1. Nara 9 Condominium Sathorn, Bangkok                     | Eastern Star Real Estate Pcl. | 607                |
| 2. The Niche ID RAMA 2                                     | Sena Development Pcl.         | 110                |
| 3. CCTV (Closed Circuit Television)<br>Provincial Police 5 | Sky ICT Pcl.                  | 79                 |
| Total                                                      |                               | 796                |

Projects under construction are;

| Project Name                                                                            | Project Owner                                                                  | Value<br>(M. Baht) | Remaining<br>(M. Baht) |
|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|------------------------|
| 1. Improve wastewater treatment and improvement Landscape Waste Disposal Center Bangkok | River Engineering Co., Ltd.                                                    | 334                | 91                     |
| 2. Amber Nonthaburi                                                                     | Eastern Star Real Estate Pcl.                                                  | 447                | 36                     |
| 3. Installation of double track, eastern route, (Bang Nam Prieu – Klong Sib Klao)       | Sino-Thai Engineering and Construction pcl.<br>(The State Railway of Thailand) | 114                | 92                     |
| 4. Project Energy Park, Krabi                                                           | Krabi Green Park, Co., Ltd                                                     | 80                 | 63                     |
| 5. Construction of high way 118 (Chieng Mai – Chieng Rai)                               | Chiangmai Civil United Engineering Co., Ltd for Highway Department             | 296                | 225                    |
| 6. Constrction of high way 1421 (Chieng Rai – Khun Tan)                                 | Chiangmai Civil United Engineering Co., Ltd for Highway Department             | 509                | 476                    |

| Project Name                                                      | Project Owner                                       | Value<br>(M. Baht) | Remaining<br>(M. Baht) |
|-------------------------------------------------------------------|-----------------------------------------------------|--------------------|------------------------|
| 7. Kid Village Chalerm Prakiat,<br>Nakhon Pathom                  | Thai Red Cross Children Home                        | 98                 | 80                     |
| 8. The Midd Codominium, Bang Yai                                  | Good Ville Land Co., Ltd.                           | 341                | 187                    |
| 9. Construction of substation for<br>double track Jira- Khon Kaen | Joint-Venture CKCH for State Railway of<br>Thailand | 141                | 105                    |
| 10. Nurses' Dominitory Building                                   | Nakhonping Hospital, Chieng Mai                     | 45                 | 41                     |
| 11. Supporting Service Building                                   | Nakhonping Hospital, Chieng Mai                     | 57                 | 55                     |
| 12. Maestro 07 Condominium                                        | Major Development Pcl.                              | 135                | 86                     |
| 13. RWE Myeik Biomass Plant                                       | Regal World Enterprise                              | 30                 | 24                     |
| <b>Total</b>                                                      |                                                     | <b>2,627</b>       | <b>1,561</b>           |

## **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 receiving construction work, it is necessary for the Company to purchase many construction and building materials and to absorb high labor cost. Therefore, the Company may face a cost control problem both from overuse of materials, purchasing of materials at the price higher than estimated price and use of labors at the number higher than the estimated number of labors. These may occur from the estimation process, purchasing price control and quantity of material use control or construction management. In this regard, the said damage can essentially affect operating result.

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 detail, 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 regard 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

The company procures work project by bidding or direct contract. The main factor that helps forge client's confidence is our reputation and past results, presenting high quality construction work. Our ultimate aim is to create excellent construction standard to support client's needs and to employ timely technology in the construction.

### 1. Clients Trend

Our target client group is owner of private projects throughout the country to whom we continue to provide service time after time as we earn trust and can prove with the quality of our work and past success. The company continues to show good result and forge strong relationship with clients to further the potential of new project from acquainted clients. The main clients of the company are Super Mall operator, Hotel property, Office property, and reputable project developers; who all have high financial stability and budget.

In 2014 the company began to receive projects from governmental sector starting from State Railway of Thailand. From then on, the company grows to be entrusted with more works from governmental sector whether for large building construction or infrastructure. On this note, the company aims to expand client base to governmental sector and state enterprise in the future to further promote growth sustainability.

### 2. Market and Competition Strategy

Construction industry is one of the important driving industry of the country's economic, amounting to 8.5% of the country's GDP and it interconnects with many other industries. In 2018, the construction industry in the east shows some promise trend after the slow pace from governmental project where by the investment became more clear and driven this year.

There is higher competition in the price of construction material both for direct and substitution material, Precast material continues to be produced and developed. Therefore, construction technique is still a major factor in competition in terms of time consumed and the cost of the operator whereby these factors are considered in the construction management.

In this circumstance, the company continues to develop its human resource aspect, organizing various training and skill development program, cooperating with skill development institution to increase the capability of employees and attain higher level of professionalism, ready to charge forward in Thailand 4.0 era with confidence.

### 3. Competitive advantage

#### - Creditability and experiences of the management engineer

Besides the experience in the management of company's operation, the directors of company group has accumulated knowledge and experience in construction industry for more than 20 years, being able to apply and adopt to various construction project with efficiency. The company is widely respected in the industry. The introduction of new innovation and technology, along with other engineer and technical frontier shall also be incorporated into work and available as offer to customer with appropriate execution.

- **Quality of work for the best interest of the customers**

The company aims to operate its work focusing on the quality in each and every process, due responsibility, and a guarantee of timely delivery. Through its policy, the company promotes teamwork and the incorporation of new tool and technology to procure the most effective and safe work operation. The company has Safety Department and Quality Assurance and Quality Control Department to carry such policy into tangible effective action so that our customer is fully satisfied and receive the most benefit.

- **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.

- **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

- **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

- **Quality labour**

As the company has the employment policy to hire able and experienced worker, our employee and labor are all of quality and high expertise in their field of duty. This stands the reason the company is able to deliver high standard result within the time determined, earning the trust of clients toward the delivered project.

Furthermore, in order to support the growing of work, the company has the policy to hire sub-contractors who are qualified with long years of experience in construction with good working history to certify the trustworthiness. And to further assure the quality, the company certifies the work by these sub-contractors as if a work managed by the company. By having quality workers and trusted sub-contractors, the company is able to attain high quality standard construction.

#### **4. Pricing Policy**

When proposing the price to clients, the company considers the cost of construction material, labor, equipment, and other cost based on careful construction planning which put into consideration the nature of each work, the process required, the time and season of work, and the environment of the site; all of which yield the accurate estimation of cost for such project. Over more, the company also considers the potential cost of late payment or changes in construction material price, labor cost, and other unforeseeable cost which may differ depending on the nature of project. All these factors and careful planning allow the company to estimate the context of competition to consider whether to take up the project or not. This led to varying profit from each project to one another.

However, the company does not focus on being able to offer the lowest price in order to procure work but the company will focus on appropriate price, the quality of our delivery, client's wishes, and appropriate return for the company.



## Part 2

### Management Structure and Corporate Governance

## SHAREHOLDERS STRUCTURE

### The Company's Shares

#### Registered and Paid Capital

As of 6th January 2017, the company had capital registered at 3,927,213,212 Baht with 3,927,156,902 called and paid for. Among these are 3,927,156,902 ordinary shares with designated nominal value of 1 Baht per share.

The resolution of the 2017 Company's Annual General Meeting of Shareholders held on 28th April 2017 decided to decrease the number of registered capital to the number paid, reducing by 56,310 shares from 3,927,213,212 to 3,927,156,902.

In addition, the nominal value of share was changed from 1 Baht per share previously to 2 Baht and reduced the number of registered share from 3,927,156,902 to standing at 1,963,578,451 with total registered capital of 3,927,156,902. The nominal value of the share at 2 Baht per share was then reduced to 0.65 Baht to make up the devaluation of the share and to rebalance the aggregate deficit of the company, causing the registered capital and paid capital of the company to decrease from 3,927,156,902 to 1,276,325,994 Baht.

In May 2017, the company reduced the registered capital from 56,310 shares with nominal value at 1 Baht per share. Later on 22nd May 2014, the company registered the decrease of registered capital by 56,310 share with nominal value at 1 Baht per share to match the paid capital of the company at 3,927,156,902 Baht as agreed and decided by the resolution of the 2017 Company's Annual General Meeting of Shareholders held on 28th April 2017.

On 23rd May 2017, the company changed the nominal value of share from 1 Baht to 2 Baht per share whereby the total number of share will be reduced from 3,927,156,902 to 1,963,578,451. Therefore, the original registered and paid capital were 3,927,156,902 Baht as decided by the Company's Annual General Meeting of Shareholders on 28th April 2017. On this note, the company had submitted a notice requesting the extension of amendment register period (reduce registered capital) to the Department of Business Development whereas the company shall finish the registration before 31st January 2018.

## Shareholders

11 shareholders that hold the highest stock as at 31 December 2017

| Shareholders                         | Total of Common      | Shareholding (%) |
|--------------------------------------|----------------------|------------------|
| 1. Mrs. Ayuporn Karnasuta            | 824,520,000          | 20.995           |
| 2. Mr. Pisits Laosiriratana          | 243,000,000          | 6.188            |
| 3. Miss Rattiporn Korasutisopon      | 185,000,000          | 4.711            |
| 4. P. Overseas Steel Public Co., Ltd | 112,231,666          | 2.858            |
| 5. Mr. Patchawat Khunachayangkorn    | 100,000,000          | 2.546            |
| 6. Mrs.Chanya Swangchitr             | 80,130,110           | 2.040            |
| 7. Dr. Adul Amatavivadhana           | 78,683,768           | 2.004            |
| 8. Mrs. Sunsanee Karnasuta           | 70,000,000           | 1.782            |
| 9. Mrs. Pranee Phaoenchoke           | 50,000,000           | 1.273            |
| 10. Mrs. Suneerat Ampornsuksakul     | 50,000,000           | 1.273            |
| 11. Others                           | 2,133,591,358        | 54.33            |
| <b>Total</b>                         | <b>3,927,156,902</b> | <b>100.00</b>    |

## MANAGEMENT STRUCTURE

The management structure of the company consists of;

### 1. Board of Directors

Board of directors consists of;

|     |                              |                                   |
|-----|------------------------------|-----------------------------------|
| 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) Evaluation of performance and remuneration of Chief Executive Officer
- (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.
- (16) The committees shall self-evaluate their own performance and evaluate the overall performance.
- (17) The committees shall evaluate risk and support the creation of appropriate anti-corruption measure.

#### 1.1 The balance of management directors

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.

#### The Scope of Duty and Responsibility of Company Secretary

The Company Secretary shall perform duty as highlighted under Article 89/15 and 89/16 of the Securities and Exchange Act (No. 4) B.E. 2551 which has been in effect since 31 st August 2008 with utter care, due diligent, and honesty, and shall perform according to the rule of law and objectives of the company, board's decision, and resolution of the general meeting. The duties and responsibilities are as follows.

- (1) to make and keep following documents
  - a) Director registry
  - b) Meeting notice and minute of the board's meeting and company annual report
  - c) Meeting notice and minute of the general meeting
- (2) Keep the stakeholder report as reported by the board or director



- (3) Submit the stakeholder report under Article 89/14 for the chair of the board to verify within 7 days from the day the company received such report. The company shall ensure document safekeeping, and all identifying document for information disclosure and shall keep them in appropriate and complete manner, prompt for check for at least the period of 10 years from the day such document is produced.
- (4) Perform other deed as asked by The Securities and Exchange Commission, Thailand

## 2. Audit Committee

Audit Committees consists of;

- |    |                           |                             |
|----|---------------------------|-----------------------------|
| 1. | Pol.Gen. Suthep Dhamaraks | Chairman of Audit Committee |
| 2. | Mr. Rapee Sukhyanga       | Director                    |
| 3. | Mr. Virun Lee             | Director                    |
| 4. | Gen.Somchai Hiranyasthiti | Director                    |

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

- *Appointed Gen.Somchai Hiranyasthiti as Audit Committee by the resolution of the Board of Directors Meeting No. 1/2560 held on 27<sup>th</sup> February 2017*

### 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) Verify the compliance with anti-corruption policies and measures and supervise the verification by internal auditor
- (5) 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.
- (6) Consider, select and appoint an internal auditor and the remuneration of the internal auditor.
- (7) Review to ensure that internal audit plan of the company meets the acceptable standard.
- (8) Consider compliance with all connected transaction disclosures or the conflict-of-interest disclosures.
- (9) Ensure that appropriate and effective risk management system is in place.
- (10) Report the performance of the Audit Committee to the Board of Directors at least once every three months.

- (11) Express the opinion on the performance appointment revocation and remuneration of the internal control staffs.
- (12) 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.
- (13) Have authority to employ consultant to provide suggestions, as according to the regulation of the company.
- (14) Report the activities of the Audit Committee in the company's annual report, which must be signed by the Chairman of the Audit Committee.
- (15) 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.
- (16) Perform other duties as assigned by the board of directors under the scope of duty and responsible of the audit committee. The 4 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

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

##### On Acquisition

- (1) Set the method and process for selection and recruitment process for Board of Directors that will fit the business by setting scope of qualification and expertise required of the position.
- (2) When required, select candidate for board director position to submit for the board's consideration. The recruitment and selection process may extend the term of the existing director, or open for the proposal of name from shareholders, or employ the third-party service in the acquisition, or to consider from the list of individual in the professional director list, or that each board member may propose the name of appropriate candidate.
- (3) Consider the proposed name and select the individual with matching required quality set.
- (4) Verify that the proposed candidate is qualified under law and relevant regulations.
- (5) Make contact the person who matches the qualification in order to ensure that such candidate is willing to take up the position of the company board director if appointed.

- (6) Propose the candidate for the board to consider and list the name in the invitation to shareholders' general meeting to decide upon the appointment at the meetin.
- (7) Select and acquire person for executive position as assigned by the board.

#### On Remuneration Consideration

- (8) Consider the remuneration scheme of the board director and chief executive officer by examining the current remuneration scheme and cross-compare to other companies in the same industry and set appropriate reward in order to encourage the attainment of objectives. The remuneration set shall be fair and act as reward for helping the company to achieve its goal.
- (9) Review all remuneration schemes such as regular payment, performance payment, meeting attendance fee, based on the common practice by others in the industry, the performance and size of the company, the scope of responsibility, knowledge, and capability of the board and chief executive officer as expected from the Company.
- (10) Consider the performance of the chief executive officer as tasked by the board.
- (11) Set the annual remuneration of the board and chief executive officer in accordance with the scheme considered and proposed to the board for approval of the chief executive officer remuneration. As for the board's remuneration, it will be decided at the general shareholders' meeting.
- (12) Consider the propriety and consent in the event that the company offers the sale of securities for the board and employee based on the principle of fairness towards the shareholders and to encourage the board and employee to perform better in order to create more value for the company in the long run and retain quality human resource.

#### **4. Risk Management Committee**

Risk Management Committee consists of;

- |                              |                             |
|------------------------------|-----------------------------|
| 1. Mr. Worawut Krairit       | Chairman of Risk Management |
| 2. Mr. Petch Vijakkhana      | Committee                   |
| 3. Mrs. Autchana Assarattana | Committee                   |

#### The scope of authority and responsibility of the Risk Management Committee

- (1) Set the policy and structure for risk management and propose to the board.
- (2) Set the strategy that synchronize with risk management policy in order that it allows the assessment, monitoring, and control of risk. Each department and division shall take its part in risk management.
- (3) Conduct organization level risk assessment and set the step for its management, along with enforcement of the risk management as set.

- (4) Review risk management policy and revise them for effectiveness from time to time so that it is sufficient to manage risk.
- (5) Have the authority to call upon related person or appoint employee at any level to take on risk management responsibility as seen fit and report to the risk management committee in order that risk management achieves its goal.
- (6) Report the result of risk management to the board in order to submit the report to other performance auditor related to risk management as appointed by the board.

## 5. Executive Committee

There are 5 executive committee members as follows;

1. Mrs. Ayuporn Karnasuta      Chief Executive Officer
2. Mr. Kris Kaewnark      Chief Engineer
3. Mr. Soravit Phanasomburna      Acting Chief Financial Officer and Corporate Affairs Director
4. Mr. Taweesak Kikuntod      Project Director
5. Mr. Surachai Chonchirdsin <sup>(1)</sup>      Compliance Director and Acting Business Development Director

**Note** (1) Mr. Surachai Chonchirdsin was appointed as Acting Business Development Director to replace Mr. Preecha Lapbud on 12<sup>th</sup> October 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.

The Executive Director will not be able to approve any transactions that may or may have conflicts of interest with the Company or its subsidiaries.

#### Remuneration of the board and the executives

- 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 2017 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 4 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.

- 1.4) The remuneration of the risk management committee is meeting allowance only. The remuneration of 4 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.

| Name                                         | Position                                                                                 | Number of Meeting in 2017  |                         |                                               |                                   |
|----------------------------------------------|------------------------------------------------------------------------------------------|----------------------------|-------------------------|-----------------------------------------------|-----------------------------------|
|                                              |                                                                                          | Board of Directors Meeting | Audit Committee Meeting | Nomination and Remuneration Committee Meeting | Risk Management Committee Meeting |
| 1.Mr.Vichien Ratanabirabongse                | Chairman of BOD                                                                          | 4/5                        | -                       | -                                             | -                                 |
| 2. Pol.Gen. Suthep Dhamaraks                 | Independent Director and Chairman of Audit Committee                                     | 0/5                        | 0/3                     | -                                             | -                                 |
| 3. Gen. Somchai Hiranyathiti                 | Independent Director and Nomination and Remuneration Committee                           | 5/5                        | 3/3                     | 1/1                                           | -                                 |
| 4. Mr. Rapee Sukhyanga                       | Independent Director, Audit Committee, Chairman of Nomination and Remuneration Committee | 3/5                        | 3/3                     | 1/1                                           | -                                 |
| 5. Mr. Virun Lee                             | Independent Director, Audit Committee, Nomination and Remuneration Committee             | 4/5                        | 3/3                     | 1/1                                           | -                                 |
| 6. Mrs. Ayuporn Karnasuta <sup>(1)</sup>     | Director, and CEO                                                                        | 5/5                        | -                       | -                                             | 1/1                               |
| 7. Mr. Worawut Krairit                       | Director and Chairman of Risk Management Committee                                       | 5/5                        | -                       | -                                             | 1/1                               |
| 8. Mr. Petch Vijakkhana                      | Director and Risk Management Committee                                                   | 5/5                        | -                       | -                                             | 1/1                               |
| 9. Ms. Rachanee Tripipatkul                  | Director                                                                                 | 5/5                        | -                       | -                                             | -                                 |
| 10. Mr. Soravit Phanasomburna <sup>(1)</sup> | Director                                                                                 | 5/5                        | -                       | -                                             | -                                 |
| 11. Mrs. Autchana Assarattana                | Director and Risk Management Committee                                                   | 5/5                        | -                       | -                                             | 1/1                               |
| <b>Total</b>                                 | <b>1,278,500 Baht</b>                                                                    |                            |                         |                                               |                                   |

Note: (1) The executive director may waive the right to receive the remuneration.

## 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                    | 2017             |                                      |
|---------------------------------|------------------|--------------------------------------|
|                                 | Number of person | Total Remuneration<br>(million baht) |
| Total salaries                  | 10               | 17.58                                |
| Bonus                           | 1                | 0.19                                 |
| Contributions to provident fund | 8                | 0.67                                 |
| Others                          | 8                | 1.32                                 |
| <b>Total</b>                    |                  | <b>19.76</b>                         |

## 3) Other

- None -

## 6. Employees

### 1. Total remuneration of the employees

In 2017, 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 39,134,732 million baht and subsidiary company will give the compensation to the employees the total of 271,559,534 million baht as follows;

| Remuneration (Unit : Million Baht) | 2017<br>KTech Construction pcl. | 2017<br>Subsidiaries |
|------------------------------------|---------------------------------|----------------------|
|                                    |                                 |                      |
| Total salary and wages             | 32,871,864                      | 154,358,692          |
| Bonus                              | 831,651                         | 834,193              |
| Contributions to provident fund    | 358,496                         | 296,965              |
| Overtime, allowances and other     | 5,072,721                       | 116,069,684          |
| <b>Total</b>                       | <b>39,134,732</b>               | <b>271,559,534</b>   |

### 2. Number of engineers

| Field               | Number |              |           |
|---------------------|--------|--------------|-----------|
|                     | Senior | Professional | Associate |
| Civil Engineer      | 1      | 6            | 34        |
| Electrical Engineer | -      | 1            | 2         |
| Mechanical Engineer | -      | -            | -         |
| Safety Engineer     | -      | -            | -         |
| Architect           | -      | 1            | 4         |
| Others              | -      | -            | -         |

### 3. Number of Employees of the company

There are 105 staffs of KTech Construction and 927 employees for subsidiaries as of 31 December 2017 consisting of ;

| No. | Office             | Number of Employees<br>(KTech Construction Pcl.)<br>31 December 2017 | Number of<br>Employees<br>(Subsidiaries)<br>31 December 2017 |
|-----|--------------------|----------------------------------------------------------------------|--------------------------------------------------------------|
| 1.  | Head Office        | 76                                                                   | 14                                                           |
| 2.  | Construction sites |                                                                      |                                                              |
|     | Full-time Employee | -                                                                    | 139                                                          |
|     | Part-time Employee | 29                                                                   | 774                                                          |
|     | <b>Total</b>       | <b>105</b>                                                           | <b>927</b>                                                   |

Whereas the company believes that the treatment of its employee is one of company foremost responsibility whose care must be extended thoroughly, given great importance to equality, fairness, and open opportunity for anyone to show merit and ideas. And participate in sharing capability, ideas, and partake in event organization and the improvement of company's work process and structure. This is so that the company may achieve its goal effectively and the nurturing of human resource sustainably.

The policy and scheme governing the treatment and remuneration of the employee and company's benefit are made, reviewed, and improved frequently focusing on equality and transparency in the promotion and adjustment of remuneration of employee. The remuneration and benefit scheme are designed to attract employee with qualification as required by the company in each level of work, enabling the company to compete in the market and industry.

The assessment of company's performance also affects the annual remuneration adjustment. In this regard, the company employs the assessment tools and system that are accurate, transparent, fair, and based highly on the principle of righteousness. The assessment explains the details of performance to each head of division while also assess the performance against company's value in addition to regular work performance. This is because the company believes that it is vital to develop human resource to not only perform well in work but must also be the person whose quality matches what the company requires. Over more, after every assessment, the system also gives feedback to all employee and the report is signed in order to promote transparency and that any employee may know their result and that the assessment is able to explain and help receive feedback at the same time, creating true transparency and righteousness.

For the provision and improvement of benefit, apart from those required by the law, the company also organizes the election of benefit committee in the work place in accordance to the rule of law and entitle the employee to elect their representative to carry the duty of benefit committee in the work place at the principal office and branch office. This aims to improve to accessibility and quality of life of all employees. Thus, the provision and improvement of benefit is frequently reviewed and adjusted to match current context of human's needs which may vary such as:



- Annual employees' outing benefit which extends to all employees.
- Long-year service rewards for employee with employment of 5 years and above for employees' moral support and encouragement. The rewards are assessed based on years of employment where the longest serving year is 20 years according to the 20th year anniversary event on this past 11th March 2017.
- Child Birth benefit given to both female and male employee and child-welcoming present.
- Annual health check-up conducted by hospital with standard quality where the benefit is distributed by age group appropriately. This benefit covers not only the regular employees but also daily labors who reside in camp on worksite who need promotion of safety, health, and occupational health. The company assesses these benefits accordingly for promoting quality living and in turn extended to joy at work place.
- Provident fund depending on scheme chosen by each employee.

#### **4. Employee Development Policy**

Human resource is one of the vital organs in the construction business which can affect the management of cost and profit. In turn, the employee must be encouraged, stimulated, supported, and developed in the aspect of knowledge, capability, skill, and potential. Thus, the company takes great importance in the development of its human resource as human is the main factor that drives the company forward.

The company focuses on the building of work perspective from the day each employee starts working with the company. Each employee received orientation training, given with information so that they understand the vision and value of the company, the goal and direction, and company main policy. These are such as safety policy, anti-corruption policy, and other direction in management.

The company continues to improve its employee potential by the creation of personnel training and set the annual portion of budget toward the cause. The budget is set fittingly to the needs of each work performance and responsibility required of each department. The training opportunity is equal in accessibility between regular and daily employee, improving work efficiency. The training is not limited to engineering but offer also other branch of work. The company also set a period for annual training so that the development of employee is truly in accord with company's needs and equal in accessibility to match its business policy.

Internal training is provided and supervised by expert and skilled trainer such as in the area of basic construction safety which is supervised by the safety committee and head safety personnel or the Morning Talk program that features professional level safety personnel. This is to create the culture of safety as company's

value and to reduce the risk of accident. As such, the company in turn able to provide the best quality project under best safety precaution.

In addition, employee is further promoted in terms of knowledge of various system, information technology, and company's working system such as SAP which is dubbed one of the best system currently, or Microsoft Office skill. This is to improve the effectiveness at work. Trainings are also offered in the form of coaching and on the job training within any department so that the employee became a skilled expert at their work and able to capitalize their full potential to further the development of organization. It will also reinforce the harmonious understanding within each department as achievable by the opportunity to share experience and understanding. These operational training is related to budget plan course. This will help company to rise above the problems of deficit and able to plan budget effectively. The course will use real case or real problem to present opportunity to brainstorm and provide solution.

The company also offers skill development project in various technical field that is important and required in the business, join with the Department of Skill Development office 13 to provide training in vary courses such as brick and white-wash, applying tile, and to promote the certification of skilled labor of the electrical technician under law standard in order to promote the confidence and safety at work for the electrical work of the project for the clients.

The company assessed appropriate budget for external training program that will improve the need in area of work and the requirement of each department; for construction side and other department in the principal office that supports the business in other area. This includes other training that the law requires in order to comply with applicable regulations. These training are such as mandatory training with Stock Exchange of Thailand. The employee is to bring back the knowledge, apply, and dissipate the lesson learned to further promote the company sustainability.

## CORPORATE GOVERNANCE

### Corporate Good Governance Policy

KTech Construction Public Company Limited and subsidiaries put priority in corporate good governance. This is to strive for excellence at work and management system, promoting an effective operation that is transparent and benefit and fair to all stakeholders. As such, the board, executive, and employee shall hold the company 5 principles when they carry company business.

#### 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;

1. The company shall conduct and provide facilities to all shareholders equally.
2. One shareholder has vote equivalent to one vote per one share
3. Currently the company has single common stock so the right to cast the vote is according to the right of the common stock.
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.
5. The chairman shall announce the meeting regulation.
6. The chairman shall allow appropriate time and support the shareholders to freely express their opinions and ask the questions regarding the company.
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.
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.
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.
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.

### 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.

### 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.

### Social Community and Environment

The Company has a policy to conduct business that is responsible for social, community and environment, it therefore has a policy to support projects and activities related to such matters. The Board encourages directors, executives and employees to participate in CSR activities and community development.

## **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, 18<sup>th</sup> Floor  
Rama 9 Road, Huaykwang, Huaykwang, Bangkok 10310

Email address: [ir@ktech.co.th](mailto:ir@ktech.co.th)

Telephone: 0-2018-1688 ext. 271

#### **Financial statements and auditors**

The Company has the policy to appoint independent and qualified auditors approved by the Office of Securities and Exchange Commission (SEC).

#### **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.

#### **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 4 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. 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.

### **Business Ethic and Work Guideline**

KTech Construction Public Company Limited shall operate its operation whereas its board, executive, and employee at all level shall follow the principle of good business ethic and that every part of the company shall know

the treatment standard that is expected by the company and shareholders alike and to apply it as guideline for action when operating business.

## **Business Ethic**

### **1. Virtue**

The company must base its action on virtue and shall corporate virtue into all dealings with stakeholders in order to foster good relation. All stakeholders are treated equally without regard of personal relations and conflict of interest whether the stakeholder is the employee, shareholder, trade partner, payable, receivable, and to give equal access to opportunity without discrimination of race, ethnicity, religion, and sex.

### **2. Customer's Importance**

The executives and employee shall treat clients with care and attention by controlling the quality of service and goods provided, procuring clients' satisfaction.

### **3. Transparency**

All decision produced must be transparent, all stakeholder is accessible to disclosed information and information can be traced and verified under rule of law and applicable regulations, and company's code of conduct while protect confidential information from leaking to competitor.

### **4. Responsibility**

Each personnel take responsibility as their duty requires and take into consideration of virtue into decision making at all times, complying to all rule, regulations, and code of conduct applicable.

### **5. Social Responsibility**

The company acknowledges the importance of its responsibility toward society and community as one of its main mission. Create and promote project that ensure the development of society and community.

### **6. Safety and Good health at Work Place**

The company shall comply with all the rule and regulations applicable to the standard of conduct relating to the benefit and promote good health.

### **7. Avoid Conflict of Interest**

Conflict of interest means partaking in any undertaking which one's interest is vested in the decision making or the conduct in which might antagonize against company's best benefit. To avoid such scenario, systems are put into place to ensure that executive, employee of all level shall perform their duty with care and honesty while protect the interest of the company. This is such as having appropriate quota portion of the board member between internal and external member, having disclosure of information of responsibility, or having independent auditor to certify company's financial statement.

### **8. Remain Politically Neutral**

The company respects each and every stakeholder to exercise their rights entitled under the constitution without infringing those of others. Over more, the company shall take neutral stance in politics and remain impartial.



**Policy on Complaint and Voicing Issues**

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

1. By Post : 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  
  
Email address: [ir@ktech.co.th](mailto:ir@ktech.co.th)
2. E-mail : [auditcommittee@ktech.co.th](mailto:auditcommittee@ktech.co.th)

Operation Supervision Department shall be responsible for the reception of all complaint and suggestion so that it may investigate, gather further information, and report to the board. The company realizes the importance of the sensitive nature of the information and shall take such information as confidential. The company has the structure for receiving information and investigation whereas the complaint shall only be known by the relevant person with responsibility. The company has the policy in receiving the complaint and to protect the identity those who file complaint so that the submitting person can be without fear of effect of the act.

**Punishment**

In the event that the executive or the employee had carried themselves in the way that cause conflict of interest with the company, the case shall be investigated accordingly to the structure process set. Each of the department where the incident occurs shall have primary judgment and decision to submit the incident to their direct superior. However, if the conflict of interest is severe and cause irreparable damage and is beyond the decision of the department, the case shall be submitted to the executive of the company for the determination of punishment.

**Auditor Fee**

The company paid Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for year 2015-2017

|                   | 2017      | 2016      | 2015      |
|-------------------|-----------|-----------|-----------|
| Auditor Fee (THB) | 7,340,000 | 7,040,000 | 6,600,000 |

## 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 and subsidiaries commit to conduct its business with responsibility toward all stakeholders whether it be the client, trade partner, receivable, payable, contractor, the community, or governmental office. We acknowledge the place for environment and shall commit fully to reduce our impact on nature, society, and community in order to attain the level of business sustainability. In order that our social responsibility aspect is conduct with efficacy, the company has a policy on corporate social responsibility whether in normal business conduct and beyond (in and after process). The details are as follow.

#### 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). Be responsible of the work assigned and respect the rights and equality of all stakeholders which are shareholders, client, trade partner, competitor, along with the community and environment.

The Company has determined a policy to give equal treatment to all Shareholders and to arrange to hold Shareholders Meetings in an appropriate manner, The company shall also promote the involvement of all stakeholders in order to promote confidence among shareholders, investors, and all stakeholders.

#### 2. Fighting corruption

The company commits to become a corruption free organization as it acknowledges that bribing and corruption cause grave damage to the development of the economy and society of our country. The company has anti-corruption policy which is tangible and organize training for anti-corruption for the 2017 where all employees attend the training in order to receive the policy and measure against corruption. The company wishes to take part in building of our society toward corruption free environment.

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

Our employee is at the heart of driving company forward. As such, the company set policy regarding the human rights of employee and comply to labor and applicable law strictly. The company set the process for selection, acquisition, setting remuneration and benefits, and open opportunities for all employees to improve their merit and advance in career equally and fairly through the work assessment system that has standard and does not discriminate against difference of race, ethic, religion, sex, or disability.

- Developing Personnel

The company set annual budget and plan for training of each personnel at all level from labor worker to executive where each shall attend the training require of their duty and responsibility in order to improve efficiency and develop potential to the best of their benefit.

In 2017, the company organized for personnel training which consist of training by third party such as Skill Development Institute for brick and white-wash and applying tile, Training for Microsoft Office program for office worker, safety staff work place safety, and cost budget accounting class, along with seminar arranged by the Stock Exchange of Thailand. For internal training program, the company has arranged the program regularly depending on the requirement of each department such as the orientation training, work place training, and other tools use to assist employee to perform better in real work supervised by expert and professional on one on or in group. This is so that the employees know how to operate their work and relevant code of conduct or new technology and in turn pass on know-how and retain and improve work standard.

- Benefit Committee in Work Place

The company organizes the election of Benefit Committee at Work Place whose terms are 2 years, who will act as representative of the worker in the promotion organizational relation and benefit of employee. In 2017, the Benefit Committee proposed and drove certain changes in employee benefits such as adjustment of provident fund, coverage for clinic visit, and reward for long serving employee. These benefits encourage and promote the livelihood of the employee.

### 4. Being responsible to Consumers and Clients

Construction business may affect positively and negatively toward consumers, economy, society, and environment. The company has policy and clear responsible department to support the consumers' or community's complaint whose lives were affected by the construction project. The policy and the department are also responsible for the quality control and project standard to attain highest quality in order to foster confidence for both current and potential clients.

- Complaint Procedure

The company set clear system for complaint reception and deal with all complaint regarding the effect of the project promptly while also pay recent visit to the community residing close to the project to create good relations and to listen to the actual voice of those affected.

**5. Looking after and protecting the environment**

As the company regards the importance of nature and environment and the worthy and efficient use of natural resource, the company cooperates with environmental effect analysis office and comply to the rule of law closely in order to take responsibility for consumer and overall society in taking care of environment.

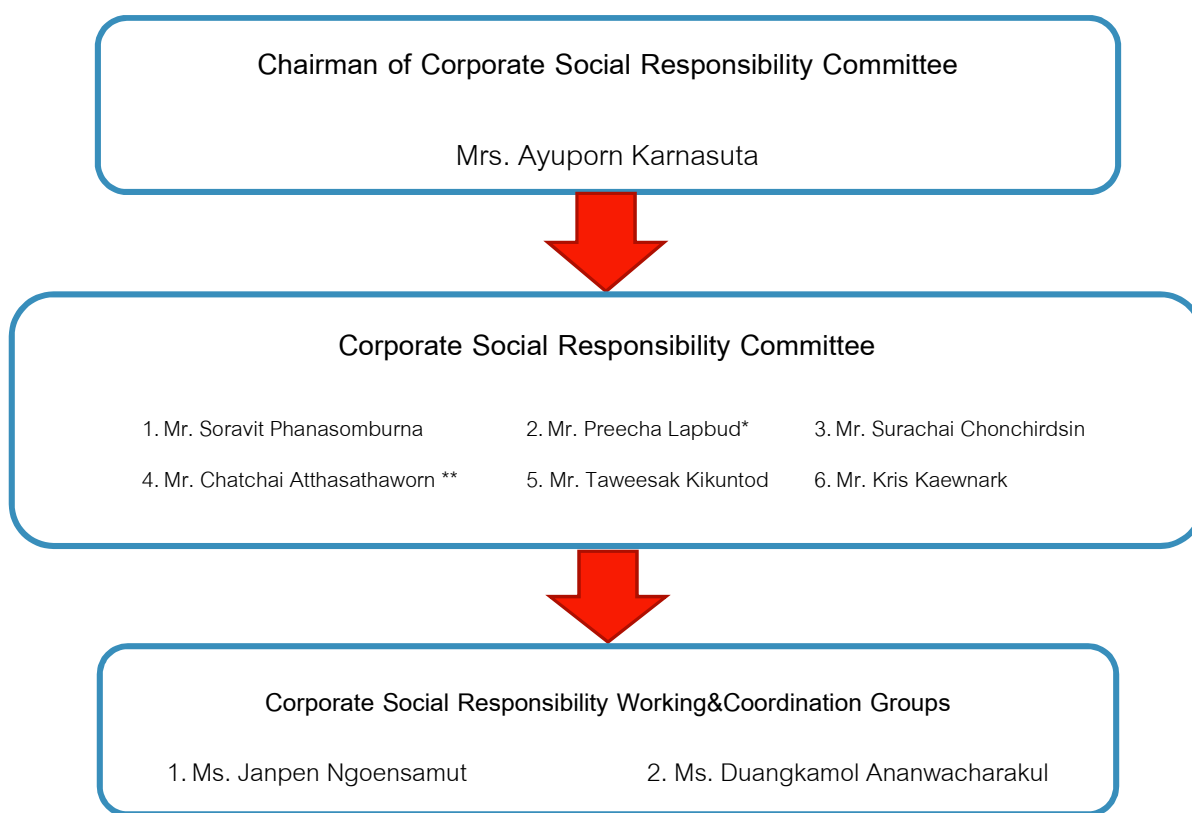
**6. Developing local communities and society and a whole**

The company continues the community and society project while open the opportunity for all department to partake in each activity. This is to foster good value and promote public service attitude. The company set annual budget for community development to see the project continue to grow and show clear progress. This is to attain the best benefit of the community and society at large as shall be presented under 10.2 the social responsibility beyond sphere of regular business.

**7. Preparing and disclosing a CSR Report**

In the past 20 years in construction business, our company commits to improvement by corporation of new technology and management process to improve our service and work resulting an impression and giveback to all stakeholders. Meanwhile, we want to help foster the sense of social responsibility so that the business may grow sustainably.

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



Notes

\* Mr. Preecha Lapbud resigned from the Company on 12<sup>th</sup> October 2017

\*\* Mr. Chatchai Atthasathaworn resigned from the Company on 31<sup>st</sup> August 2017

## Corporate Social Responsibility Management

The Company and its subsidiaries carry on corporate social responsible projects both in- process and after - process by brainstorming ideas from employees who are willing to be part of the Company to create better community, to build shared value and to take pride in the Company

### 1. CSR-in-Process

#### 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.

## 2. CSR-after-Process

In 2017, the company continued to organize various community activities. Short-term ones are such as campaign for donation to various foundations and through government organization that work to coordinate the help in disaster area such as donation for those under flood disaster in the south. The company also helps with the construction of foundation and school whose funding are lacking. The details are as follows.

- **Built by Heart, Given by Love 2017 Project**

The company continues with the project Built by Heart, Given by Love where this is the 3rd year consecutively for this program which seek to provide construction assistance to school-in-need that lacks funding to improve their school. In 2017, the company had built sport field and road surrounding the school for the Chula-Thammasat Border School, Mae La Sub-district, Tha Song Yang District, Tak Province. The company hopes that by such project the student may have space to do sport activity that is safe and strong in which shall promote their health.

And on 23rd July 2017, Khun Ayuporn Karnasuta, the chief executive officer of the company along with the volunteer employees joint the project handover ceremony to the school and donated some stationary, sport equipments and other things for students.

- **Waterway for Foundation for Slum Child Care**

The company had constructed waterway and adjusted the area for the Foundation for Slum Child Care from Ban Sri Nakarin as the foundation had problems with obstructed sewage, causing the area to overflown with waste water, damaging the health of the child in foundation care. The project is finished and delivered on 26th July 2017.

These corporate social responsibility activities are created from the unity and heart of the executive and employees of KTech Construction Public Company Limited and subsidiaries in hope to develop the business along with the community so the two grow together sustainably.

## 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's Board of Directors and the Management shall adequately and appropriately support the operation, resources and manpower to implement the anti-corruption policies and measures.
- (4) 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.
- (5) 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.
- (6) 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) 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 2017 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

| Related company                                                     | Relationship                   | Type of the transaction                  | Background/Reason                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------|--------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company's subsidiaries                                              | Subsidiary                     | Short-term loan                          | As at 31 <sup>st</sup> December 2015 and 2017 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 <sup>st</sup> 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. |
| GLK-TECH Construction Co., Ltd.                                     | Subsidiary<br>Joint company    | Operating income                         | As at 31 <sup>st</sup> December 2016, the Company's income from management was THB 1.05 Million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| P. Overseas Steel Pcl.<br>P. Overseas International Group Co., Ltd. | Shareholder<br>Related company | Purchasing Materials                     | As at 31 <sup>st</sup> December 2017, the Company bought raw materials from the said company worth THB 34.88 Million.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| SEA Business Advisory Services Co., Ltd.                            | Related company                | Financial cost                           | Valuing THB 0.6 Million as at 31 <sup>st</sup> December 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| KTech Construction Co., Ltd.                                        | VIP<br>Executives              | Financial cost                           | Valuing THB 17.58 Million as at 31 <sup>st</sup> December 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| GLK-TECH Construction Co., Ltd.                                     | Joint company                  | Debtor of Company and outstanding amount | As at 31 <sup>st</sup> December 2017, the Company had outstanding debtor of THB 6.76 Million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| P. Overseas Steel Pcl.                                              | Shareholder                    | Non - Current Asset, Deposit             | As at 31 <sup>st</sup> December 2017, 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 2.15 Million as at 31 <sup>st</sup> December 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| P. Overseas Steel Pcl.<br>P. Overseas International Group Co., Ltd. | Shareholder<br>Related company | Trade creditor                           | As at 31 <sup>st</sup> December 2017, the Company still had outstanding debt of THB 9.58 Million                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

Please see additional details regarding related transaction in Note to Financial Statement ended 31<sup>st</sup> December 2017, 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 2017, 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 2.86% 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.



# Part 3

## Financial Position And Performance

## MANAGEMENT DISCUSSION & ANALYSIS

The Company's operating performance results and financial status for 2017 and the key reasons for the year-on-year changes are as follows:-

### Operating performance results

#### (a) Overview of full year 2017 operating performance results

In 2017, the Company and its subsidiaries' net profit was THB 14.41 Million. Comparing to the year 2016 in which the Company's net loss was THB 196.48 Million, in 2017 the Company's gross profit was THB 86.79 Million from 2016 in which the Company grossloss was THB 21.27 million. In addition, the Company had a profit from reversal of other estimated non-current liability of THB 3.92 million.

Total Consolidated Revenues of the Company and Subsidiary Companies, for full year 2017, was Baht 1,119.22 million, an increase of Baht 341.46 million from the previous year, with the core revenues from increased construction works and installation of equipments from the project agreements.

Total Consolidated Cost of Construction of the Company and Subsidiary Companies, for the full year 2017, for construction works and installation of equipments from the project agreements was Baht 1,032.43 million, an increase of Baht 233.40 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 2017, was Baht 83.32 million, a decrease of Baht 128.03 million from 2016, with the major decrease in these expenses being provisions for doubtful debts.

As at December 31, 2017, the assets of the Company and Subsidiary Companies consisted of Total Assets of Baht 1,530.29 million, an increase of Baht 148.69 million, or 10.76%, from the end of 2016, which comprised of the following changes:

|                                     |           |                     |
|-------------------------------------|-----------|---------------------|
| Cash or Cash equivalent             | Decreased | Baht 56.20 Million  |
| Trade Current Receivable / Unbilled |           |                     |
| Contract Revenues                   | Increased | Baht 319.65 Million |
| Other Current Receivables           | Increased | Baht 74.94 Million  |
| Inventory on hand                   | Decreased | Baht 31.49 Million  |
| Pre-paid income taxes               | Decreased | Baht 11.12 Million  |

As at December 31<sup>st</sup>, 2017, the liabilities of the Company and Subsidiary Companies consisted of Total Liabilities of Baht 405.92 million, an increase of Baht 122.15 million from the end of 2016.

Most of the increased liabilities are trade creditors and other current payables, short-term loan from financial institutions increased THB 120.10 Million and THB 12.23 Million respectively. The increase was from the increased number of projects in 2017.

As at 31 December 2017, shareholders' equity was in a positive of THB 1,124.37 million comparing to a positive of THB 1,097.82 million for 2016 due to the profit from operation.

## **(b) Analysis of Financial Status and Operating Performance Results**

### **Operating Performance Results**

#### **1) Revenues**

##### **■ Income from contractual construction and installation**

In 2017, the Company and its subsidiaries' income was from construction realized during the year in the amount of THB 1,119.22 Million which was from project construction as follows:

|                          |        |                 |              |
|--------------------------|--------|-----------------|--------------|
| ❖ Private sector project | Amount | 995.89          | Million Baht |
| ❖ Government project     | Amount | <u>123.33</u>   | Million Baht |
| Total                    | Amount | <u>1,119.22</u> | Million Baht |

Increased THB 341.47 Million from 2016 due to the receipt of more projects from private sector projects

#### **2) Costs of Construction and Expenses**

In 2017, the Company and subsidiaries' cost of contractual construction and installation was THB 1,032.43 Million baht, most of which was the cost of contractual construction and installation. In addition, in 2017, the Company had a reversal of estimated doubtful accounts set in 2017 amounting to THB 51.88 million resulting in a decrease in Company's administrative expenses.

#### **3) Profit**

##### **■ Gross profit**

In 2017, the Company and subsidiaries' gross profit was THB 86.79 Million due to the more projects received in 2017.

## ■ Net profit

In 2017, the Company and subsidiaries' net profit was THB 10.52 Million due to the more projects received. In addition, there was a reversal of estimated doubtful accounts of THB 51.88 million.

## Company's financial position from statement of financial position, consolidated financial statement

### 1. Assets

As at 31 December 2017, the Company and subsidiaries' total assets was 1,530.29 million, increasing THB 148.69 Million from 2016 or decreasing 10.76 per cent.

#### ■ Account receivable and other receivable

As at 31 December 2017, the Company's account receivable and other current receivable was THB 495.54 Million while in 2016 account receivable and other receivable was THB 289.77 Million, increasing THB 205.77 Million or increasing 70.01 per cent. In this regard, as at 31 December 2017, the Company and subsidiaries' account receivables was THB 291.02 Million and other receivables i.e. advance payment for materials, advance for subcontractors and advance payment for staff in the amount of THB 204.52 Million.

#### ■ Retention

As at 31 December 2017, the Company and its subsidiaries's retention was THB 170.84 Million, decreasing THB 55.37 Million from 31 December 2016, because, the Company received the more retention back from account receivables resulting the decreased in retention.

#### ■ Plant and equipment

As at 31 December 2017, the Company and its subsidiaries' plant and equipments was THB 79.66 Million, increasing from 2017 THB 5.99 Million, because, in 2017 the Company bought more machine and equipments.

### 2. Shareholders Equity

As at December 31<sup>st</sup>, 2017, the Company and Subsidiary Companies had Total Shareholders Equity of Baht 1,124.35 million, an increase of Baht 26.55 million compared to December 31<sup>st</sup>, 2016, which was primarily due to the total comprehensive profit of 2017 of BHT 14.41 million. As such, the main components of the Total Shareholders Equity are: Paid Up Capital of Baht 3,927.16 million, comprising of 1,963.58 ordinary shares at a par value of Baht 2.00 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 1,214.57 million.



### 3. Liabilities

As at December 31<sup>st</sup>, 2017, the Company and Subsidiary Companies had Total Liabilities of Baht 405.92 million, an increase of Baht 122.15 million, or 43.04% compared to December 31<sup>st</sup>, 2016, as a result of the Company and Subsidiary Companies having more trade creditors and other current payables in accordance with the Company's operation of 2017. There were also the loans from financial institutions for the Company's working capital BHT 120.09 million and BHT 12.23 million accordingly.

## 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 4 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 abovementioned 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, Gen. Somchai Hiranyathiti, 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 2017, there were 3 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 2017 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 2017. 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.

A handwritten signature in blue ink, appearing to read 'Rapee Sukhyanga'.

**Mr. Rapee Sukhyanga**

Chairman of Audit Committee (For)

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, 2017, and the related consolidated and separate statements of comprehensive income, changes in shareholders’ 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, 2017, and its financial performance and its 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 Federation of Accounting Professions’ Code of Ethics for Professional Accountants 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><b>Recognition of revenue and attributable profit or losses on contracts</b></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 significant disclosure of construction contracts were disclosed in Note 3.12 and Note 35 to the financial statements, respectively.</p> | <p>Key audit procedures included:</p> <p>Selecting contracts and critically assessing and challenging the content of the contract.</p> <p>Substantively testing the revenue to the contracts made during the year.</p> <p>Testing the operating effectiveness of controls governing the system of payroll, subcontractor and purchasing.</p> <p>Assessing the percentage of completion adopted by management as compared to external evidences such as customers' certification of work done or other relevant correspondence.</p> <p>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 managers about the progress of projects.</p> <p>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 which appeared inconsistent with actual performance at year end.</p> <p>Assessing the reliability of management estimates in light of the positions adopted in previous years compared to actual out turn.</p> <p>Reviewing legal and experts' reports on contentious issues and content of contracts.</p> |

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Audit Responses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Cost of construction</b></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.</p> <p>Accounting policies of revenue and expenses recognition and the significant disclosure of construction contracts were disclosed in Note 3.12 and Note 35 to the financial statements, respectively.</p>                                                                                                                                                                                                                                                            | <p>Key audit procedures included:</p> <p>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.</p> <p>Performing a test of details by vouching to invoices and hours incurred to assess the status of the project.</p> <p>Discussing with management about the status of legal proceedings in respect of construction contracts.</p> <p>Examining various claims and variation orders between the Group, subcontractors and client and obtaining lawyer letter.</p> <p>Evaluating the forecasted costs for reasonableness by reviewing the basis of their calculation, which included supplier quotes, forecast estimates and supplier contracts.</p> <p>Challenging senior management where there were differences to identify forecast errors, including inappropriate assumptions based on historical performance and industry knowledge.</p> |
| <p><b>Allowance for doubtful accounts</b></p> <p>Allowance for doubtful accounts 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 current receivables, the Group has significant amount of long outstanding retention balances which the recoverable amount requires management's estimation.</p> <p>Accounting policies of allowance for doubtful accounts and the disclosures of trade current receivables and retention balances were disclosed in Note 3.3, Note 6 and Note 10 to the financial statements, respectively.</p> | <p>Key audit procedures included:</p> <p>Identifying the individual trade current receivable balances which were considered to have the greatest risk of exposure either by size or by age and taking samples to</p> <ul style="list-style-type: none"> <li>- Confirm account balance at year end.</li> <li>- Test post year end payments and customer remittances.</li> <li>- If payment had not been received, inspect the correspondence with the customer, including customer certifications of work done and customer payment history.</li> <li>- Corroborate the value of the retention receivables to customer correspondence and confirmed when the retention was due.</li> </ul> <p>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.</p>                                                                                              |

## **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 Company.

## **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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 and the Company'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's and the Company's 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. Suwatchai Meakhaamnouychai

Certified Public Accountant (Thailand)

BANGKOK

Registration No. 6638

March 29, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

# FINANCIAL STATEMENT

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

UNIT: BAHT

|                                                       | Notes | CONSOLIDATED<br>FINANCIAL STATEMENTS |                             | SEPARATE<br>FINANCIAL STATEMENTS |                             |
|-------------------------------------------------------|-------|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|
|                                                       |       | 2017                                 | 2016                        | 2017                             | 2016                        |
| <b>ASSETS</b>                                         |       |                                      |                             |                                  |                             |
| <b>CURRENT ASSETS</b>                                 |       |                                      |                             |                                  |                             |
| Cash and cash equivalents                             | 5.1   | 41,405,682                           | 97,607,465                  | 13,472,646                       | 23,351,319                  |
| Trade and other current receivables                   |       |                                      |                             |                                  |                             |
| Trade current receivables                             | 6     | 291,023,954                          | 160,187,465                 | 46,511,249                       | 16,050,000                  |
| Other current receivables                             | 7     | 204,518,364                          | 129,578,509                 | 484,169,913                      | 330,467,973                 |
| Unbilled contract revenues                            | 35    | 203,057,089                          | 14,239,819                  | 48,987,047                       | -                           |
| Short-term loan to related companies                  | 8     | -                                    | -                           | 725,733,270                      | 830,285,395                 |
| Inventories                                           | 9     | 215,762,408                          | 247,255,938                 | 32,599,728                       | -                           |
| Current tax assets                                    |       | 24,747,015                           | 25,078,279                  | 2,154,077                        | 1,544,691                   |
| Withholding tax deducted at source                    | 11    | 66,389,732                           | 77,180,821                  | -                                | -                           |
| Other current assets                                  |       | 25,014,718                           | 7,410,133                   | 3,074,867                        | 717,524                     |
| Total Current Assets                                  |       | <u>1,071,918,962</u>                 | <u>758,538,429</u>          | <u>1,356,702,797</u>             | <u>1,202,416,902</u>        |
| <b>NON-CURRENT ASSETS</b>                             |       |                                      |                             |                                  |                             |
| Deposits at financial institutions used as collateral | 12    | 180,917,661                          | 289,392,756                 | -                                | -                           |
| Investment in associate                               | 13    | 213,004                              | 213,004                     | 213,004                          | 213,004                     |
| Investments in subsidiaries                           | 14    | -                                    | -                           | 159,999,780                      | 150,047,277                 |
| Plant and equipment                                   | 15    | 79,661,409                           | 73,666,163                  | 16,399,975                       | 17,840,344                  |
| Intangible assets                                     | 16    | 2,788,168                            | 3,635,864                   | 2,729,446                        | 3,419,926                   |
| Retention receivables                                 | 10    | 170,840,017                          | 226,210,934                 | -                                | -                           |
| Other non-current assets                              | 17    | 23,953,632                           | 29,941,250                  | 18,340,867                       | 18,307,227                  |
| Total Non-current Assets                              |       | <u>458,373,891</u>                   | <u>623,059,971</u>          | <u>197,683,072</u>               | <u>189,827,778</u>          |
| <b>TOTAL ASSETS</b>                                   |       | <u><u>1,530,292,853</u></u>          | <u><u>1,381,598,400</u></u> | <u><u>1,554,385,869</u></u>      | <u><u>1,392,244,680</u></u> |

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
AS AT DECEMBER 31, 2017

UNIT: BAHT

|                                                                      | Notes | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |                    |
|----------------------------------------------------------------------|-------|--------------------------------------|--------------------|----------------------------------|--------------------|
|                                                                      |       | 2017                                 | 2016               | 2017                             | 2016               |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                          |       |                                      |                    |                                  |                    |
| <b>CURRENT LIABILITIES</b>                                           |       |                                      |                    |                                  |                    |
| Short-term borrowings from a financial institution                   | 18    | 12,234,000                           | -                  | -                                | -                  |
| Trade and other current payables                                     | 19    | 305,977,276                          | 185,881,281        | 168,757,162                      | 85,418,861         |
| Advances received from customers                                     |       | 13,682,564                           | 12,432,564         | 1,250,000                        | -                  |
| Retention payables to subcontractors                                 |       | 38,971,620                           | 32,700,348         | 829,543                          | 184,503            |
| Current portion of finance lease liabilities                         | 22    | 7,279,524                            | 10,375,739         | 1,437,393                        | 3,967,367          |
| Current portion of long-term borrowings from a financial institution | 23    | 2,207,500                            | 2,487,500          | 2,207,500                        | 2,487,500          |
| Short-term borrowings from related parties                           | 20    | -                                    | -                  | 95,000                           | -                  |
| Creditors under debt restructuring plan                              | 21    | 3,976,006                            | 16,269,990         | 3,976,006                        | 16,269,990         |
| Other current liabilities                                            |       | 2,837,365                            | 3,515,808          | 1,299,198                        | 3,513,708          |
| <b>Total Current Liabilities</b>                                     |       | <b>387,165,855</b>                   | <b>263,663,230</b> | <b>179,851,802</b>               | <b>111,841,929</b> |
| <b>NON-CURRENT LIABILITIES</b>                                       |       |                                      |                    |                                  |                    |
| Finance lease liabilities                                            | 22    | 8,338,011                            | 5,002,010          | 1,354,738                        | 1,134,044          |
| Long-term borrowing from a financial institution                     | 23    | -                                    | 2,207,500          | -                                | 2,207,500          |
| Non-current provisions for employee benefits                         | 24    | 9,719,744                            | 8,282,289          | 5,578,171                        | 4,796,910          |
| Other non-current provisions                                         | 25    | 700,000                              | 4,623,046          | 700,000                          | 4,623,046          |
| <b>Total Non-current Liabilities</b>                                 |       | <b>18,757,755</b>                    | <b>20,114,845</b>  | <b>7,632,909</b>                 | <b>12,761,500</b>  |
| <b>TOTAL LIABILITIES</b>                                             |       | <b>405,923,610</b>                   | <b>283,778,075</b> | <b>187,484,711</b>               | <b>124,603,429</b> |

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
AS AT DECEMBER 31, 2017

UNIT: BAHT

|                                                   | Notes | CONSOLIDATED<br>FINANCIAL STATEMENTS |                      | SEPARATE<br>FINANCIAL STATEMENTS |                      |
|---------------------------------------------------|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
|                                                   |       | 2017                                 | 2016                 | 2017                             | 2016                 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |       |                                      |                      |                                  |                      |
| (CONTINUED)                                       |       |                                      |                      |                                  |                      |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                                      |                      |                                  |                      |
| SHARE CAPITAL                                     | 26    |                                      |                      |                                  |                      |
| Authorized share capital                          |       |                                      |                      |                                  |                      |
| 1,963,578,451 ordinary shares of                  |       |                                      |                      |                                  |                      |
| Baht 2 each                                       |       | 3,927,156,902                        |                      | 3,927,156,902                    |                      |
| 3,927,213,212 ordinary shares of                  |       |                                      |                      |                                  |                      |
| Baht 1 each                                       |       |                                      | 3,927,213,212        |                                  | 3,927,213,212        |
| Issued and paid-up share capital                  |       |                                      |                      |                                  |                      |
| 1,963,578,451 ordinary shares of                  |       |                                      |                      |                                  |                      |
| Baht 2 each, fully paid                           |       | 3,927,156,902                        |                      | 3,927,156,902                    |                      |
| 3,927,213,212 ordinary shares of                  |       |                                      |                      |                                  |                      |
| Baht 1 each, fully paid                           |       |                                      | 3,915,213,212        |                                  | 3,915,213,212        |
| SHARE PREMIUM (DISCOUNT)                          |       |                                      |                      |                                  |                      |
| Share premium on ordinary shares                  |       | 410,882,500                          | 410,882,500          | 410,882,500                      | 410,882,500          |
| Share discount on ordinary shares                 |       | (2,005,640,421)                      | (2,005,640,421)      | (2,005,640,421)                  | (2,005,640,421)      |
| SHARE SUBSCRIPTION RECEIVABLES                    |       | -                                    | (171,861)            | -                                | (171,861)            |
| RETAINED EARNINGS (DEFICIT)                       |       |                                      |                      |                                  |                      |
| Appropriated                                      |       |                                      |                      |                                  |                      |
| Legal reserve                                     |       | 6,519,775                            | 6,519,775            | 6,519,775                        | 6,519,775            |
| Unappropriated (deficit)                          |       | (1,214,567,669)                      | (1,228,978,752)      | (972,017,598)                    | (1,059,161,954)      |
| <b>TOTAL OWNERS OF THE PARENT</b>                 |       | <b>1,124,351,087</b>                 | <b>1,097,824,453</b> | <b>1,366,901,158</b>             | <b>1,267,641,251</b> |
| NON-CONTROLLING INTERESTS                         |       | 18,156                               | (4,128)              | -                                | -                    |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |       | <b>1,124,369,243</b>                 | <b>1,097,820,325</b> | <b>1,366,901,158</b>             | <b>1,267,641,251</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |       | <b>1,530,292,853</b>                 | <b>1,381,598,400</b> | <b>1,554,385,869</b>             | <b>1,392,244,680</b> |

**KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

UNIT: BAHT

|                                                                                          | Notes | CONSOLIDATED<br>FINANCIAL STATEMENTS |                      | SEPARATE<br>FINANCIAL STATEMENTS |                    |
|------------------------------------------------------------------------------------------|-------|--------------------------------------|----------------------|----------------------------------|--------------------|
|                                                                                          |       | 2017                                 | 2016                 | 2017                             | 2016               |
| Revenue from construction contracts                                                      |       | 1,119,217,917                        | 777,754,015          | 117,023,776                      | 15,000,000         |
| Cost of construction contracts                                                           |       | 1,032,430,741                        | (799,027,700)        | (75,073,70)                      | (4,125,000)        |
| <b>Gross (loss) profit</b>                                                               |       | <b>86,787,176</b>                    | <b>(21,273,685)</b>  | <b>41,950,072</b>                | <b>10,875,000</b>  |
| Interest income                                                                          |       | 1,781,454                            | 4,340,755            | 15,880,615                       | 16,738,094         |
| Gain on debt restructuring                                                               | 21    | 77,301                               | 6,437,934            | 77,301                           | 6,437,934          |
| Gain on sale and write off fixed assets                                                  |       | 154,401                              | 160,520              | 131,095                          | 159,746            |
| Net loss on foreign exchange rate                                                        |       | (2,201,206)                          | (363,923)            | (2,201,206)                      | (363,923)          |
| Management income                                                                        |       | -                                    | -                    | 105,569,952                      | 62,270,353         |
| Other income                                                                             |       | 9,362,031                            | 23,398,651           | 8,610,032                        | 23,068,440         |
| Bad debt expenses (reversal)                                                             |       | 51,877,959                           | (75,748,114)         | 43,292,417                       | 445,915            |
| Reversal of other non-current provisions                                                 | 25    | 3,923,046                            | -                    | 3,923,046                        | -                  |
| Reversal of allowance for impairment of assets                                           |       | -                                    | 415,938              | -                                | 415,938            |
| Administrative expenses                                                                  | 31    | (131,779,920)                        | (135,446,52)         | (129,372,787)                    | (120,115,305)      |
| Other expenses                                                                           |       | (3,422,731)                          | (151,473)            | (8,667)                          | (2,221)            |
| Finance costs                                                                            | 33    | (3,201,406)                          | (3,209,268)          | (1,235,813)                      | (2,074,820)        |
| <b>Profit (loss) before income tax expenses</b>                                          |       | <b>13,358,105</b>                    | <b>(201,439,194)</b> | <b>86,616,057</b>                | <b>(2,144,849)</b> |
| Income tax expenses                                                                      | 34    | (2,835,321)                          | -                    | -                                | -                  |
| <b>PROFIT (LOSS) FOR THE YEARS</b>                                                       |       | <b>10,522,784</b>                    | <b>(201,439,194)</b> | <b>86,616,057</b>                | <b>(2,144,849)</b> |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                        |       |                                      |                      |                                  |                    |
| Components of other comprehensive income that will not be reclassified to profit or loss |       |                                      |                      |                                  |                    |
| Gains on remeasurements of defined benefit plans                                         |       | 3,888,307                            | 4,960,351            | 528,299                          | 998,399            |
| <b>TOTAL OTHER COMPREHENSIVE INCOME</b>                                                  |       | <b>3,888,307</b>                     | <b>4,960,351</b>     | <b>528,299</b>                   | <b>998,399</b>     |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS</b>                                   |       | <b>14,411,091</b>                    | <b>(196,478,84)</b>  | <b>87,144,356</b>                | <b>(1,146,450)</b> |
| Owners of the parent                                                                     |       | 10,522,776                           | (201,439,02)         | 86,616,057                       | (2,144,849)        |
| Non-controlling interests                                                                |       | 8                                    | (171)                | -                                | -                  |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>                                                 |       | <b>10,522,784</b>                    | <b>(201,439,194)</b> | <b>86,616,057</b>                | <b>(2,144,849)</b> |
| <b>ATTRIBUTABLE TO:</b>                                                                  |       |                                      |                      |                                  |                    |
| Owners of the parent                                                                     |       | 14,411,083                           | (196,478,67)         | 87,144,356                       | (1,146,450)        |
| Non-controlling interests                                                                |       | 8                                    | (171)                | -                                | -                  |
| <b>EARNINGS (LOSS) PER SHARE</b>                                                         |       | <b>14,411,091</b>                    | <b>(196,478,843)</b> | <b>87,144,356</b>                | <b>(1,146,450)</b> |
| Basic earnings (loss) per share (Baht)                                                   | 27    | 0.005                                | (0.103)              | 0.044                            | (0.001)            |
| Weighted average number of ordinary shares (Thousand shares)                             | 27    | 1,963,481                            | 1,957,607            | 1,963,481                        | 1,957,607          |

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, 2017

UNIT: BAHT

|                                                                            | Note | Attributions to Owners of the Parent   |                                        |                                         |                                      |                                                 |                               |                             | Non -<br>Controlling<br>Interests | Total<br>Shareholders'<br>Equity |                                                     |
|----------------------------------------------------------------------------|------|----------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------|-------------------------------------------------|-------------------------------|-----------------------------|-----------------------------------|----------------------------------|-----------------------------------------------------|
|                                                                            |      | Issued and<br>Paid-up<br>Share Capital | Share premium<br>On ordinary<br>Shares | Share discount<br>On ordinary<br>Shares | Share<br>Subscription<br>Receivables | Share<br>Subscription<br>Received<br>in Advance | Retained Earnings (Deficit)   |                             |                                   |                                  | Total<br>Attributions to<br>Owners of<br>the parent |
|                                                                            |      |                                        |                                        |                                         |                                      |                                                 | Appropriated<br>Legal Reserve | Unappropriated<br>(Deficit) |                                   |                                  |                                                     |
|                                                                            |      |                                        |                                        |                                         |                                      |                                                 |                               |                             |                                   |                                  |                                                     |
| 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                     | (3,957)                          | 1,296,163,031                                       |
| Changes in shareholders' equity<br>for the year ended December 31,<br>2016 |      |                                        |                                        |                                         |                                      |                                                 |                               |                             |                                   |                                  |                                                     |
| Increasing of ordinary shares                                              | 26   | 250,000,000                            | -                                      | (50,000,000)                            | -                                    | (200,000,000)                                   | -                             | -                           | -                                 | -                                | -                                                   |
| Adjustment of decrease of<br>non-controlling interests in subsidiary       |      | -                                      | -                                      | -                                       | -                                    | -                                               | -                             | (1,863,863)                 | (1,863,863)                       | -                                | (1,863,863)                                         |
| Total comprehensive loss for the year                                      |      | -                                      | -                                      | -                                       | -                                    | -                                               | -                             | (196,478,672)               | (196,478,672)                     | (171)                            | (196,478,843)                                       |
| Ending balances as at December 31, 2016                                    |      | <u>3,915,213,212</u>                   | <u>410,882,500</u>                     | <u>(2,005,640,421)</u>                  | <u>(171,861)</u>                     | <u>-</u>                                        | <u>6,519,775</u>              | <u>(1,228,978,752)</u>      | <u>1,097,824,453</u>              | <u>(4,128)</u>                   | <u>1,097,820,325</u>                                |
| Beginning balances as at January 1, 2017                                   |      | 3,915,213,212                          | 410,882,500                            | (2,005,640,421)                         | (171,861)                            | -                                               | 6,519,775                     | (1,228,978,752)             | 1,097,824,453                     | (4,128)                          | 1,097,820,325                                       |
| Changes in shareholders' equity<br>for the year ended December 31,<br>2017 |      |                                        |                                        |                                         |                                      |                                                 |                               |                             |                                   |                                  |                                                     |
| Increasing of ordinary shares                                              | 26   | 11,943,690                             | -                                      | -                                       | 171,861                              | -                                               | -                             | -                           | 12,115,551                        | -                                | 12,115,551                                          |
| Adjustment of decrease of<br>non-controlling interests in subsidiary       |      | -                                      | -                                      | -                                       | -                                    | -                                               | -                             | -                           | -                                 | 22,276                           | 22,276                                              |
| Total comprehensive income for the year                                    |      | -                                      | -                                      | -                                       | -                                    | -                                               | -                             | 14,411,083                  | 14,411,083                        | 8                                | 14,411,091                                          |
| Ending balances as at December 31, 2017                                    |      | <u>3,927,156,902</u>                   | <u>410,882,500</u>                     | <u>(2,005,640,421)</u>                  | <u>-</u>                             | <u>-</u>                                        | <u>6,519,775</u>              | <u>(1,214,567,669)</u>      | <u>1,124,351,087</u>              | <u>18,156</u>                    | <u>1,124,369,243</u>                                |

KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)  
SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT: BAHT

|                                                                      | Note | Issued and           | Share premium      | Share discount        | Share           | Share               | Retained Earnings (Deficit) |                       | Total                |
|----------------------------------------------------------------------|------|----------------------|--------------------|-----------------------|-----------------|---------------------|-----------------------------|-----------------------|----------------------|
|                                                                      |      | Paid-up              | On ordinary        | On ordinary           | Subscription    | Subscription        | Appropriated                | Unappropriated        | Shareholders'        |
|                                                                      |      | Share Capital        | Shares             | Shares                | Receivables     | Received in Advance | Legal Reserve               | (Deficit)             | Equity               |
| 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        |
| Changes in shareholders' equity for the year ended December 31, 2016 |      |                      |                    |                       |                 |                     |                             |                       |                      |
| Increasing of ordinary shares                                        | 26   | 250,000,000          | -                  | (50,000,000)          | -               | (200,000,000)       | -                           | -                     | -                    |
| Total comprehensive loss for the year                                |      | -                    | -                  | -                     | -               | -                   | -                           | (1,146,450)           | (1,146,450)          |
| Ending balances as at December 31, 2016                              |      | <u>3,915,213,212</u> | <u>410,882,500</u> | <u>-2,005,640,421</u> | <u>-171,861</u> | <u>-</u>            | <u>6,519,775</u>            | <u>-1,059,161,954</u> | <u>1,267,641,251</u> |
| Beginning balances as at January 1, 2017                             |      | 3,915,213,212        | 410,882,500        | (2,005,640,421)       | (171,861)       | -                   | 6,519,775                   | (1,059,161,954)       | 1,267,641,251        |
| Changes in shareholders' equity for the year ended December 31, 2017 |      |                      |                    |                       |                 |                     |                             |                       |                      |
| Increasing of ordinary shares                                        | 26   | 11,943,690           | -                  | -                     | -               | -                   | -                           | -                     | 11,943,690           |
| Share subscription receivables received                              |      | -                    | -                  | -                     | 171,861         | -                   | -                           | -                     | 171,861              |
| Total comprehensive income for the year                              |      | -                    | -                  | -                     | -               | -                   | -                           | 87,144,356            | 87,144,356           |
| Ending balances as at December 31, 2017                              |      | <u>3,927,156,902</u> | <u>410,882,500</u> | <u>-2,005,640,421</u> | <u>-</u>        | <u>-</u>            | <u>6,519,775</u>            | <u>-972,017,598</u>   | <u>1,366,901,158</u> |



KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT: BAHT

|                                                          | Note          | CONSOLIDATED |               | SEPARATE      |              |
|----------------------------------------------------------|---------------|--------------|---------------|---------------|--------------|
|                                                          |               | FINANCIAL    | STATEMENTS    | FINANCIAL     | STATEMENTS   |
|                                                          |               | 2017         | 2016          | 2017          | 2016         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |               |              |               |               |              |
| Profit (loss) before income tax expenses                 |               | 13,358,105   | (201,439,194) | 86,616,057    | (2,144,849)  |
| Adjustments by                                           |               |              |               |               |              |
| Depreciation and amortization                            | 21,624,768    |              | 23,540,987    | 7,425,727     | 11,193,685   |
| Bad debt expenses (reversal)                             | (51,877,959)  |              | 75,748,114    | (43,292,417)  | (445,915)    |
| Reversal of other non-current provisions                 | (3,923,046)   |              | -             | (3,923,046)   | -            |
| Reversal of loss on impairment of assets                 | -             |              | (415,938)     | -             | (415,938)    |
| Unrealized loss on foreign exchange rate                 | 2,859,992     |              | 2,196,831     | 2,859,992     | 2,196,831    |
| Gain on debt restructuring                               | (77,301)      |              | (6,437,934)   | (77,301)      | (6,437,934)  |
| Loss on liquidation of a subsidiary                      | -             |              | -             | 22,496        | -            |
| Employee benefit expenses                                | 5,547,762     |              | 6,010,032     | 1,531,560     | 1,714,437    |
| Interest income                                          | (1,781,454)   |              | (4,340,755)   | (15,880,615)  | (16,738,094) |
| Interest expenses                                        | 3,201,406     |              | 3,209,268     | 1,235,813     | 2,074,820    |
| Gain on sale and write-off of fixed assets               | (154,401)     |              | (160,520)     | (131,095)     | (159,746)    |
| Gain on sales and lease back                             | (2,328,469)   |              | (2,214,511)   | (2,214,510)   | (2,214,511)  |
| Loss from written-off withholding tax deducted at source | 1,544,691     |              | 1,416,311     | 1,544,691     | 1,416,311    |
|                                                          |               | (12,005,906) | (102,887,309) | 35,717,352    | (9,960,903)  |
| (Increase) decrease in operating assets                  |               |              |               |               |              |
| Trade and other current receivables                      | (156,424,393) |              | (54,327,311)  | (127,897,294) | (41,229,297) |
| Unbilled contract revenues                               | (188,817,270) |              | 194,275,272   | (48,987,047)  | -            |
| Inventories                                              | 31,493,530    |              | (64,977,685)  | (32,599,728)  | -            |
| Retention receivables                                    | 55,370,917    |              | (15,691,276)  | -             | -            |
| Other current assets                                     | 16,720,092    |              | 7,659,980     | (2,357,343)   | 242,734      |
| Deposit at financial institutions used as collateral     | 108,475,095   |              | (211,008,251) | -             | -            |
| Other non-current assets                                 | 5,987,618     |              | (5,003,589)   | (33,640)      | (531,341)    |
| Increase (decrease) in operating liabilities             |               |              |               |               |              |
| Trade and other current payables                         | 110,545,868   |              | (104,827,669) | 77,774,541    | (43,773,966) |
| Advance received from customers                          | 1,250,000     |              | (20,214,953)  | 1,250,000     | -            |
| Retention payable to subcontractors                      | 6,271,272     |              | 3,356,780     | 645,040       | -            |
| Non-current provisions for employee benefits             | (222,000)     |              | (48,000)      | (222,000)     | (48,000)     |
| Cash paid from operations                                | (21,355,177)  |              | (373,694,011) | (96,710,119)  | (95,300,773) |
| Cash received from interest                              | 1,447,471     |              | 4,339,238     | 47,145        | 1,216,229    |
| Cash paid for interest                                   | (2,597,600)   |              | (3,428,317)   | (598,929)     | (1,748,225)  |
| Cash paid for income tax                                 | (24,747,015)  |              | (25,076,450)  | (2,154,077)   | (1,544,691)  |
| Cash flows used in operating activities                  |               | (47,252,321) | (397,859,540) | (99,415,980)  | (97,377,460) |

**KTECH CONSTRUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

UNIT: BAHT

|                                                                       | Note | CONSOLIDATED<br>FINANCIAL STATEMENTS |               | SEPARATE<br>FINANCIAL STATEMENTS |               |
|-----------------------------------------------------------------------|------|--------------------------------------|---------------|----------------------------------|---------------|
|                                                                       |      | 2017                                 | 2016          | 2017                             | 2016          |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                       |      |                                      |               |                                  |               |
| Cash received from loan to related companies                          |      | -                                    | -             | 326,655,000                      | 279,000,000   |
| Cash paid for loan to related companies                               |      | -                                    | -             | (222,102,875)                    | (623,473,340) |
| Cash paid for investment in subsidiaries                              |      | -                                    | -             | (9,900,000)                      | -             |
| Cash received from disposal of fixed assets                           |      | -                                    | 194,125       | 30,000                           | 191,125       |
| Cash paid for purchase of fixed assets and intangible assets          | 5.2  | (10,149,492)                         | (15,360,314)  | (383,916)                        | (1,139,409)   |
| Cash received from sale and leaseback                                 |      | 730,000                              | -             | -                                | -             |
| Cash flows provide by (used in) investing activities                  |      | (9,419,492)                          | (15,166,189)  | 94,298,209                       | (345,421,624) |
| <b>CASH FLOWS FROM FINANCING<br/>ACTIVITIES</b>                       |      |                                      |               |                                  |               |
| Cash received from short-term borrowings from a financial institution |      | 121,636,000                          | -             | -                                | -             |
| Cash received from short-term borrowings from related parties         |      | -                                    | -             | 9,795,000                        | -             |
| Cash paid from short-term borrowings from related parties             |      | -                                    | (880,047)     | (9,700,000)                      | (880,047)     |
| Cash received from short-term borrowings from others                  |      | 9,000,000                            | -             | 9,000,000                        | -             |
| Cash paid for short-term borrowings from others                       |      | (9,000,000)                          | -             | (9,000,000)                      | -             |
| Cash paid for short-term borrowings from a financial institution      |      | (109,402,000)                        | -             | -                                | -             |
| Cash received from share subscription receiveables                    |      | 171,861                              | -             | 171,861                          | -             |
| Cash paid for creditors under debt restructuring plan                 |      | (272,993)                            | (65,791,440)  | (272,993)                        | (65,791,440)  |
| 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                             | 5.3  | (9,197,614)                          | (7,570,523)   | (2,267,270)                      | (2,431,342)   |
| Non-controlling interest from additional investing in subsidiary      |      | 22,276                               | -             | -                                | -             |
| Cash flows provided by (used in) financing activities                 |      | 470,030                              | (76,729,510)  | (4,760,902)                      | (71,590,329)  |
| Net decrease in cash and cash equivalents                             |      | (56,201,783)                         | (489,755,239) | (9,878,673)                      | (514,389,413) |
| Cash and cash equivalents as at beginning of the year                 |      | 97,607,465                           | 587,362,704   | 23,351,319                       | 537,740,732   |
| Cash and cash equivalents as at ending of the year                    | 5.1  | 41,405,682                           | 97,607,465    | 13,472,646                       | 23,351,319    |

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, 2017

## 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, 2017 and 2016, the Company has 3 and 4 subsidiaries, respectively, 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.       | April 22, 2013        | Construction                                    | 33/4 level 18, The Ninth Tower, Tower B, Rama 9 Road, Huaykwang, Bangkok |

\* On January 11, 2017, Joint Venture KTech-K Co., Ltd. has completed the liquidation process.

The structure of the first 5 major shareholders as of December 31, 2017 are as follows:

| No. | Name of shareholders         | % of shares holding |
|-----|------------------------------|---------------------|
| 1.  | Mrs. Ayuporn Karnasuta       | 21.00               |
| 2.  | Mr. Pisit Laosirirat         | 6.19                |
| 3.  | Miss Rattiporn Kornsutisopol | 4.71                |
| 4.  | P.Overseas Steel PCL.        | 2.86                |
| 5.  | Mrs. Janya Sawangjit         | 2.04                |

On June 7, 2010, the Central Bankruptcy Court ordered as per the red case No.For 15/2553 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.

On March 19, 2015, the Company submitted the application to the Stock Exchange of Thailand (the “SET”) to resume trade in the Market for Alternative Investment.

On January 26, 2016 the 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 periods to avoid delisting until March 31, 2017.

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

On March 31, 2017, 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, 2018.

On April 4, 2017, the SET had a letter to the Company regarding extension periods process to avoid delisting until April 24, 2017. Subsequently, the Company had submitted a letter with supporting documents to the SET to request for the extension periods to avoid delisting.

On June 6, 2017, the SET had a letter to the Company regarding extension periods until March 31, 2018 which the Company is required to sign the letter and agree to comply with the conditions of the SET within June 20, 2017. Subsequently, the Company had submitted a letter to agree with the conditions of the SET.

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

- 2.1 The Company and its subsidiaries 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.
- 2.2 The Company and its subsidiaries' financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of the SET dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Basis for preparation of the consolidated financial statements

The consolidated financial statements for the years ended December 31, 2017 and 2016 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,         |       |
|                                      |                |                          | 2017               | 2016       | 2017                       | 2016  |
| Subsidiaries                         |                |                          |                    |            |                            |       |
| KTech Building Contractors Co., Ltd. | Construction   | Thailand                 | 19,999,998         | 19,999,997 | 99.99                      | 99.99 |
| KTech Innovations Co., Ltd.          | Construction   | Thailand                 | 1,999,998          | 19,997     | 99.99                      | 99.99 |
| Joint Venture KTech-K Co., Ltd.      | Construction   | Thailand                 | -                  | 17,997     | -                          | 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, 2017 and 2016 have included the subsidiaries' financial statements for the years ended December 31, 2017 and 2016 which were audited.

The consolidated financial statements for the year ended December 31, 2016 included financial statements of its subsidiary which is KTech Innovations Co., Ltd. which was audited by another auditor.

The consolidated financial statements for the year ended December 31, 2016, included financial statements of Joint Venture KTech-K Co., Ltd. (2017: Such company has completed the liquidation process.)

On February 16, 2017, KTech Innovations Co., Ltd increased the authorized share capital from 20,000 shares of Baht 5 each to 2,000,000 shares of Baht 5 each. The Company increased the shareholding in KTech Innovations Co., Ltd. from 19,997 shares to 1,999,998 shares.

## 2.5 Thai Financial Reporting Standards (“TFRSs”) affecting the presentation and disclosure in the current period financial statements

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

## 2.6 TFRSs announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding 56 TFRSs that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

In addition, the Federation of accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No. 15 “Revenue from contracts with Customers” which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Company and its subsidiaries’ management will adopt such TFRSs in the preparation of the Company and its subsidiaries’ financial statements when it becomes effective. The Company and its subsidiaries’ management has assessed the impact of these TFRSs and considered that the adoption of these financial

reporting standards does not have any significant impact on the financial statements of the Company and its subsidiaries in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Cash and cash equivalents

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

#### 3.2 Temporary investment

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

#### 3.3 Trade and other current receivables

Trade and other current 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

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.

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 comprehensive income.

### 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 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 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 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

Non-current provisions for employee benefits are benefit obligations for employees who are entitled to receive it upon retirement under the Company's regulation and under the Labor Protection Act. The Non-current provisions 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 comprehensive income for the accounting period they incur. Expenses related to employee benefits are recognized in the statement of 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 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 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 comprehensive income on the straight-line basis over lease term.

#### Finance lease

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

Sale and leaseback transaction results in finance lease

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

#### 3.14 Troubled debt restructurings

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

For debt repayment through asset transfer or debt-equity conversion according to debt restructuring contract, the Company recognizes the transferred asset or equity conservatively at the difference between transferred asset fair value and book value of debts as gain or loss on transfer of assets for the year. The Company recognizes difference between the lower of equity's fair value and book value of debts to gain on debt restructuring in the statement of 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 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 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 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 are 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. 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. In addition, the Company and subsidiaries have continue to receive the number of projects and that cause their profit from operation continue increase. However, when the Company can obtain more projects, the Company and subsidiaries may have the significant insufficient cash flow from operating activities which need the financial support from the financial institutions or capital increase to make the Company and subsidiaries have sufficient cash flow from operating activities as a going concern basis. Currently, the Company and subsidiaries have increase capital in significant amount and shareholders have committed to provide financial support which is sufficient for the Company and subsidiaries 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 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 appropriate.

### 3) Debt restructuring

#### A) Payment made by cash

- (1) The creditors will receive the payment in one time or installments of cash flows from operation present to the term and period of time specified in the plan.
- (2) The creditors will receive the payment from cash flows from operations pursuant to the terms specified in the agreement or the original agreement between the Company and the creditors.

#### B) Payment made by issuing new ordinary shares

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

#### C) Discharge from debts

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

### 4) Payments under the rehabilitation plan

#### 4.1) Classifications of creditors



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

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

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.

During the year 2017, the Company made the repayment to the creditors under debt restructuring plan group 8 amounting to Baht 0.27 million and made the repayment to the creditors under debt restructuring plan group 9 by the increased new ordinary shares of the Company of 11,943,690 shares of Baht 1 par value each totalling Baht 11,943,690. As at December 31, 2017, the Company has creditors under debt restructuring plan amounting to Baht 3.98 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<br>FINANCIAL STATEMENTS |                   | SEPARATE<br>FINANCIAL STATEMENTS |                   |
|----------------------------------|--------------------------------------|-------------------|----------------------------------|-------------------|
|                                  | 2017<br>Baht                         | 2016<br>Baht      | 2017<br>Baht                     | 2016<br>Baht      |
| Cash on hand                     | 1,884,908                            | 1,344,915         | 518,909                          | 619,091           |
| Cash at banks - current accounts | 6,923,095                            | (6,149,773)       | 140,478                          | 240,804           |
| Cash at banks - savings accounts | 31,598,259                           | 102,411,274       | 12,813,259                       | 22,491,424        |
| Short-term investments           | 999,420                              | 1,049             | -                                | -                 |
|                                  | <u>41,405,682</u>                    | <u>97,607,465</u> | <u>13,472,646</u>                | <u>23,351,319</u> |

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

|                                                                               | CONSOLIDATED         |                    | SEPARATE             |                    |
|-------------------------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                                               | FINANCIAL STATEMENTS |                    | FINANCIAL STATEMENTS |                    |
|                                                                               | 2017                 | 2016               | 2017                 | 2016               |
|                                                                               | Baht                 | Baht               | Baht                 | Baht               |
| Payable for purchase of fixed assets and intangible assets as at January 1,   | 77,568               | 205,993            | 28,000               | 4,200              |
| <u>Add</u> Purchases during the year                                          | 29,579,458           | 18,913,657         | 7,338,458            | 3,758,209          |
| <u>Less</u> Cash payments during the year                                     | (10,149,492)         | (15,360,314)       | (383,916)            | (1,139,409)        |
| Purchases of fixed assets under finance lease agreements                      | <u>(14,882,560)</u>  | <u>(3,681,768)</u> | <u>(2,357,568)</u>   | <u>(2,595,000)</u> |
| Payable for purchase of fixed assets and intangible assets as at December 31, | <u>4,624,974</u>     | <u>77,568</u>      | <u>4,624,974</u>     | <u>28,000</u>      |

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

|                                                                                      | CONSOLIDATED         |                    | SEPARATE             |                    |
|--------------------------------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                                                      | FINANCIAL STATEMENTS |                    | FINANCIAL STATEMENTS |                    |
|                                                                                      | 2017                 | 2016               | 2017                 | 2016               |
|                                                                                      | Baht                 | Baht               | Baht                 | Baht               |
| Liabilities under finance lease agreement as at January 1,                           | 16,377,457           | 20,266,212         | 5,328,625            | 5,164,967          |
| <u>Add</u> Purchases of fixed assets under finance lease agreements during the years | 14,882,560           | 3,681,768          | 2,357,568            | 2,595,000          |
| <u>Less</u> Sale of fixed assets under finance lease agreements                      | (4,542,650)          | -                  | (2,163,000)          | -                  |
| <u>Less</u> Cash payments during the years                                           | <u>(9,197,614)</u>   | <u>(7,570,523)</u> | <u>(2,267,270)</u>   | <u>(2,431,342)</u> |
| Liabilities under finance lease agreement as at December 31,                         | <u>17,519,753</u>    | <u>16,377,457</u>  | <u>3,255,923</u>     | <u>5,328,625</u>   |

5.4 For the year ended December 31, 2017, the Company convert principal and interest of debts under restructuring plan to be equity in the amount of Baht 11.94 million (2016: Nil) (see Note 21).

## 6. TRADE CURRENT RECEIVABLES

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

|                                             | CONSOLIDATED FINANCIAL STATEMENTS |                      |                      |                   |                      |                      |
|---------------------------------------------|-----------------------------------|----------------------|----------------------|-------------------|----------------------|----------------------|
|                                             | 2017                              |                      |                      | 2016              |                      |                      |
|                                             | Related Companies                 | Others               | Total                | Related Companies | Others               | Total                |
|                                             | Baht                              | Baht                 | Baht                 | Baht              | Baht                 | Baht                 |
| Current                                     | -                                 | 163,885,783          | 163,885,783          | -                 | 39,082,102           | 39,082,102           |
| Overdue                                     |                                   |                      |                      |                   |                      |                      |
| Less than or up to 3 months                 | -                                 | 86,168,113           | 86,168,113           | -                 | 82,693,313           | 82,693,313           |
| Over 3 months up to 6 months                | -                                 | 1,532,508            | 1,532,508            | -                 | 28,269,498           | 28,269,498           |
| Over 6 months up to 12 months               | -                                 | 17,795,646           | 17,795,646           | -                 | 6,082,595            | 6,082,595            |
| Over 12 months                              | -                                 | <u>427,761,429</u>   | <u>427,761,429</u>   | -                 | <u>480,456,587</u>   | <u>480,456,587</u>   |
| Total                                       | -                                 | 697,143,479          | 697,143,479          | -                 | 636,584,095          | 636,584,095          |
| <u>Less</u> Allowance for doubtful accounts | -                                 | <u>(406,119,525)</u> | <u>(406,119,525)</u> | -                 | <u>(476,396,630)</u> | <u>(476,396,630)</u> |
|                                             | -                                 | <u>291,023,954</u>   | <u>291,023,954</u>   | -                 | <u>160,187,465</u>   | <u>160,187,465</u>   |



SEPARATE FINANCIAL STATEMENTS

|                                             | 2017                 |               |               | 2016                 |               |               |
|---------------------------------------------|----------------------|---------------|---------------|----------------------|---------------|---------------|
|                                             | Related<br>Companies | Others        | Total         | Related<br>Companies | Others        | Total         |
|                                             | Baht                 | Baht          | Baht          | Baht                 | Baht          | Baht          |
| Current                                     | -                    | 19,035,983    | 19,035,983    | -                    | -             | -             |
| Overdue                                     |                      |               |               |                      |               |               |
| Less than or up to 3 months                 | -                    | 4,834,066     | 4,834,066     | -                    | 16,050,000    | 16,050,000    |
| Over 3 months up to 6 months                | -                    | -             | -             | -                    | -             | -             |
| Over 6 months up to 12 months               | -                    | 7,661,200     | 7,661,200     | -                    | -             | -             |
| Over 12 months                              | -                    | 394,082,063   | 394,082,063   | -                    | 440,679,885   | 440,679,885   |
| Total                                       | -                    | 425,613,312   | 425,613,312   | -                    | 456,729,885   | 456,729,885   |
| <u>Less</u> Allowance for doubtful accounts | -                    | (379,102,063) | (379,102,063) | -                    | (440,679,885) | (440,679,885) |
|                                             | -                    | 46,511,249    | 46,511,249    | -                    | 16,050,000    | 16,050,000    |

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

As at December 31, 2017 and 2016, overdue trade current receivables over 12 months are Baht 427.76 million and Baht 480.46 million, respectively. The Company and subsidiaries set up an allowance for doubtful account of Baht 406.12 million and Baht 476.40 million, respectively. The Company and subsidiaries expect to receive the remaining amount later on.

## 7. OTHER CURRENT RECEIVABLES

Other current receivables as at December 31, consist of:

|                                             | CONSOLIDATED<br>FINANCIAL STATEMENTS |              | SEPARATE<br>FINANCIAL STATEMENTS |              |
|---------------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
|                                             | 2017<br>Baht                         | 2016<br>Baht | 2017<br>Baht                     | 2016<br>Baht |
| Other current receivables                   |                                      |              |                                  |              |
| - related companies                         | 6,759,392                            | 6,618,906    | 340,341,792                      | 272,368,939  |
| Other current receivables                   |                                      |              |                                  |              |
| - other companies                           | 1,435,817                            | 3,797,218    | 425,475                          | -            |
| Advance payments for purchases              |                                      |              |                                  |              |
| of materials                                | 65,579,517                           | 60,845,925   | 8,547,045                        | 8,481,796    |
| Advance payments for subcontractors         | 36,485,197                           | 21,882,218   | 7,969,789                        | -            |
| Advance payments for pre-contract           | -                                    | 14,723,050   | -                                | 6,953,050    |
| Advance for employees                       | 99,164,925                           | 26,543,223   | 88,983,482                       | 21,819,794   |
| Other advance payments                      | 489,000                              | 2,019,000    | -                                | -            |
| Prepaid expenses                            | 3,099,794                            | 1,314,483    | 2,377,175                        | 1,152,709    |
| Advance payment for land rental             | -                                    | 84,211       | -                                | -            |
| Accrued interest income                     |                                      |              |                                  |              |
| - related companies                         | -                                    | -            | 43,774,880                       | 27,941,410   |
| <u>Less</u> Allowance for doubtful accounts | (8,495,278)                          | (8,249,725)  | (8,249,725)                      | (8,249,725)  |
|                                             | 204,518,364                          | 129,578,509  | 484,169,913                      | 330,467,973  |

## 8. SHORT-TERM LOAN TO RELATED COMPANIES

As at December 31, 2017 and 2016, the Company had short-term loan to a subsidiary amounting to Baht 663.22 million and Baht 753.00 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call. Moreover, as at December 31, 2017 and 2016, the Company had short-term loan to another subsidiary amounting to Baht 62.51 million and Baht 77.29 million, respectively, without collateral. Interest was charged at the rate of 2% per annum and repayment at call.

Movements in short-term loans to subsidiaries for the years ended December 31, are as follows:

|                    | CONSOLIDATED<br>FINANCIAL STATEMENTS |              | SEPARATE<br>FINANCIAL STATEMENTS |                    |
|--------------------|--------------------------------------|--------------|----------------------------------|--------------------|
|                    | 2017<br>Baht                         | 2016<br>Baht | 2017<br>Baht                     | 2016<br>Baht       |
| Beginning balances | -                                    | -            | 830,285,395                      | 485,812,055        |
| Increase           | -                                    | -            | 222,102,875                      | 623,473,340        |
| Decrease           | -                                    | -            | (326,655,000)                    | (279,000,000)      |
| Ending balances    | <u>-</u>                             | <u>-</u>     | <u>725,733,270</u>               | <u>830,285,395</u> |

## 9. INVENTORIES

Inventories as at December 31, consist of:

|                              | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |              |
|------------------------------|--------------------------------------|--------------------|----------------------------------|--------------|
|                              | 2017<br>Baht                         | 2016<br>Baht       | 2017<br>Baht                     | 2016<br>Baht |
| Spare part and raw materials | 40,732,803                           | 64,490,302         | -                                | -            |
| Work in process              | <u>175,029,605</u>                   | <u>182,765,636</u> | <u>32,599,728</u>                | <u>-</u>     |
|                              | <u>215,762,408</u>                   | <u>247,255,938</u> | <u>32,599,728</u>                | <u>-</u>     |

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

|                                             | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |              |
|---------------------------------------------|--------------------------------------|--------------------|----------------------------------|--------------|
|                                             | 2017<br>Baht                         | 2016<br>Baht       | 2017<br>Baht                     | 2016<br>Baht |
| The cost of inventories recorded as expense | <u>271,685,382</u>                   | <u>239,351,397</u> | <u>4,357,766</u>                 | <u>-</u>     |
|                                             | <u>271,685,382</u>                   | <u>239,351,397</u> | <u>4,357,766</u>                 | <u>-</u>     |

## 10. RETENTION RECEIVABLES

Retention receivables as at December 31, consist of:

|                                             | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |               |
|---------------------------------------------|--------------------------------------|--------------------|----------------------------------|---------------|
|                                             | 2017                                 | 2016               | 2017                             | 2016          |
|                                             | Baht                                 | Baht               | Baht                             | Baht          |
| Other parties                               | 412,413,490                          | 501,242,370        | 189,431,309                      | 221,828,105   |
| <u>Less</u> Allowance for doubtful accounts | (241,573,473)                        | (275,031,436)      | (189,431,309)                    | (221,828,105) |
|                                             | <u>170,840,017</u>                   | <u>226,210,934</u> | <u>-</u>                         | <u>-</u>      |

Aging analyses for retention receivables are as follows:

|                                             | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |               |
|---------------------------------------------|--------------------------------------|--------------------|----------------------------------|---------------|
|                                             | 2017                                 | 2016               | 2017                             | 2016          |
|                                             | Baht                                 | Baht               | Baht                             | Baht          |
| Within credit term                          | 221,920,510                          | 278,414,265        | -                                | -             |
| Overdue :                                   |                                      |                    |                                  |               |
| Less than and up to one year                | -                                    | 1,000,000          | -                                | -             |
| Overdue more than one year                  | 190,492,980                          | 221,828,105        | 189,431,309                      | 221,828,105   |
| Total                                       | 412,413,490                          | 501,242,370        | 189,431,309                      | 221,828,105   |
| <u>Less</u> Allowance for doubtful accounts | (241,573,473)                        | (275,031,436)      | (189,431,309)                    | (221,828,105) |
|                                             | <u>170,840,017</u>                   | <u>226,210,934</u> | <u>-</u>                         | <u>-</u>      |

Retention receivables are normally due after the defected liability periods stated in the respective construction contracts are complete, which is 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<br>FINANCIAL STATEMENTS |                   | SEPARATE<br>FINANCIAL STATEMENTS |          |
|---------------------------------------------|--------------------------------------|-------------------|----------------------------------|----------|
|                                             | 2017                                 | 2016              | 2017                             | 2016     |
|                                             | Baht                                 | Baht              | Baht                             | Baht     |
| Withholding tax deducted at source for 2013 | -                                    | 7,813,421         | -                                | -        |
| Withholding tax deducted at source for 2014 | 772,772                              | 26,511,255        | -                                | -        |
| Withholding tax deducted at source for 2015 | 42,083,373                           | 42,856,145        | -                                | -        |
| Withholding tax deducted at source for 2016 | 23,533,587                           | -                 | -                                | -        |
| Total                                       | <u>66,389,732</u>                    | <u>77,180,821</u> | <u>-</u>                         | <u>-</u> |

## 12. DEPOSIT AT FINANCIAL INSTITUTIONS USED AS COLLATERAL

As at December 31, 2017 and 2016, a subsidiary has letters of guarantee issued by the bank amounting to Baht 102.46 million and Baht 244.22 million, respectively which deposit at bank of a subsidiary has been used as collateral for letters of guarantee. Moreover, as at December 31, 2017 and 2016, another subsidiary has letter of guarantee issued by bank which deposit at bank of a subsidiary amounting to Baht 78.46 million and Baht 45.17 million, respectively, has been used as collateral for letters of guarantee.

## 13. INVESTMENT IN ASSOCIATE

Investment in associate as at December 31, consist of:

| Associate                       | Business Type | Paid-up capital |                 | CONSOLIDATED FINANCIAL STATEMENTS |                | SEPARATE FINANCIAL STATEMENTS |                |
|---------------------------------|---------------|-----------------|-----------------|-----------------------------------|----------------|-------------------------------|----------------|
|                                 |               | 2017            | 2016            | 2017<br>Baht                      | 2016<br>Baht   | 2017<br>Baht                  | 2016<br>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 ended December 31, 2017 and 2016, thus there is no profit or loss sharing from associate company in the consolidated financial statements.

## 14. INVESTMENTS IN SUBSIDIARIES

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

| Name of subsidiaries                | Ownership Interest |             | SEPARATE FINANCIAL STATEMENTS |              |                    |                    | Dividend income |              |
|-------------------------------------|--------------------|-------------|-------------------------------|--------------|--------------------|--------------------|-----------------|--------------|
|                                     |                    |             | Paid-up capital               |              | Cost method        |                    |                 |              |
|                                     | 2017<br>(%)        | 2016<br>(%) | 2017<br>Baht                  | 2016<br>Baht | 2017<br>Baht       | 2016<br>Baht       | 2017<br>Baht    | 2016<br>Baht |
| KTech Building Contractors Co., Ltd | 99.99              | 99.99       | 100,000,000                   | 100,000,000  | 99,999,990         | 99,999,985         | -               | -            |
| KTech Innovations Co., Ltd.         | 99.99              | 99.99       | 10,000,000                    | 25,000       | 9,999,990          | 24,996             | -               | -            |
| Joint Venture KTech K Co., Ltd.     | -                  | 89.99       | -                             | 25,000       | -                  | 22,496             | -               | -            |
| KTech Infrastructure Co., Ltd.      | 99.99              | 99.99       | 50,000,000                    | 50,000,000   | 49,999,800         | 49,999,800         | -               | -            |
|                                     |                    |             |                               |              | <u>159,999,780</u> | <u>150,047,277</u> | <u>-</u>        | <u>-</u>     |

## 15. PLANT AND EQUIPMENT

Plant and equipment as at December 31, consist of:

As at December 31, 2017

|                                          | CONSOLIDATED FINANCIAL STATEMENTS |                     |                     |                   |                              |
|------------------------------------------|-----------------------------------|---------------------|---------------------|-------------------|------------------------------|
|                                          | Balance                           | Increase            | Decrease            | Transfer in (out) | Balance                      |
|                                          | as at                             |                     |                     |                   | as at                        |
|                                          | January 1,<br>2017<br>Baht        | Baht                | Baht                | Baht              | December 31,<br>2017<br>Baht |
| <b>Cost:</b>                             |                                   |                     |                     |                   |                              |
| Site office and labor camps              | 610,000                           | -                   | (234,000)           | -                 | 376,000                      |
| Leasehold improvements                   | 6,572,913                         | -                   | -                   | -                 | 6,572,913                    |
| Machinery and equipment                  | 149,897,832                       | 14,954,323          | (25,375,673)        | 14,015,104*       | 153,491,586                  |
| Furniture, fixtures and office equipment | 30,850,782                        | 3,438,345           | (10,029,253)        | -                 | 24,259,874                   |
| Vehicles                                 | 25,824,900                        | 1,805,916           | (2,700,935)         | -                 | 24,929,881                   |
| Total cost                               | <u>213,756,427</u>                | <u>20,198,584</u>   | <u>(38,339,861)</u> | <u>14,015,104</u> | <u>209,630,254</u>           |
| <b>Accumulated depreciation:</b>         |                                   |                     |                     |                   |                              |
| Site office and labor camps              | (373,755)                         | (168,011)           | 233,987             | -                 | (307,779)                    |
| Leasehold improvements                   | (4,641,826)                       | (606,029)           | -                   | -                 | (5,247,855)                  |
| Machinery and equipment                  | (78,766,238)                      | (13,775,872)        | 13,105,621          | -                 | (79,436,489)                 |
| Furniture, fixtures and office equipment | (23,044,940)                      | (3,631,225)         | 9,853,301           | -                 | (16,822,864)                 |
| Vehicles                                 | (19,862,575)                      | (2,510,935)         | 567,995             | -                 | (21,805,515)                 |
| Total accumulated depreciation           | <u>(126,689,334)</u>              | <u>(20,692,072)</u> | <u>23,760,904</u>   | <u>-</u>          | <u>(123,620,502)</u>         |
| Assets under installation                | -                                 | 9,295,875           | (630,900)           | (1,989,836)       | 6,675,139                    |
| <u>Less</u> Allowance for impairment     | <u>(13,400,930)</u>               | <u>-</u>            | <u>377,448</u>      | <u>-</u>          | <u>(13,023,482)</u>          |
| Plant and equipment                      | <u>73,666,163</u>                 |                     |                     |                   | <u>79,661,409</u>            |

\* As at December 31, 2017, the Company adjusted equipment which was recorded in inventory account in the amount of Baht 12,025,268 to be presented as plant and equipment account.

As at December 31, 2016

| CONSOLIDATED FINANCIAL STATEMENTS        |                                                |                     |                     |                                                  |
|------------------------------------------|------------------------------------------------|---------------------|---------------------|--------------------------------------------------|
|                                          | Balance<br>as at<br>January 1,<br>2016<br>Baht | Increase<br>Baht    | Decrease<br>Baht    | Balance<br>as at<br>December 31,<br>2016<br>Baht |
| <b>Cost:</b>                             |                                                |                     |                     |                                                  |
| 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                               | <u>226,187,559</u>                             | <u>18,569,457</u>   | <u>(31,000,589)</u> | <u>213,756,427</u>                               |
| <b>Accumulated depreciation:</b>         |                                                |                     |                     |                                                  |
| 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           | <u>(134,898,515)</u>                           | <u>(22,420,035)</u> | <u>30,629,216</u>   | <u>(126,689,334)</u>                             |
| <b>Less: Allowance for impairment</b>    | <u>(13,816,868)</u>                            | <u>-</u>            | <u>415,938</u>      | <u>(13,400,930)</u>                              |
| <b>Plant and equipment</b>               | <u>77,472,176</u>                              |                     |                     | <u>73,666,163</u>                                |

**Depreciation for the years ended December 31,**

|      |      |                   |
|------|------|-------------------|
| 2017 | Baht | <u>20,692,072</u> |
| 2016 | Baht | <u>22,420,035</u> |

During the year ended December 31, 2017, the subsidiary sold machinery and equipment and entered into the sale and lease back agreement amounting to Baht 12.40 million. In this case, the subsidiary has an obligation to pay monthly lease payment by Baht 0.24 million (not included VAT) for 48 months and bearing interest rates at 6.97% per annum. The subsidiary has rights to return machinery and equipment or purchase such assets at the prices that specified in the contract. The subsidiary must pay the final payment to exercise such right to purchase in a total amount of Baht 2.72 million. The rights of these assets still belong to the lessor until the subsidiary makes such payments according to the obligations in the contract completely (2016: Nil).

During the year ended December 31, 2017, the Company has an obligation to pay monthly lease payment under finance lease agreements by Baht 0.03 million (not included VAT) for 48 months and bearing interest rates at 6.97% per annum. The Company has rights to return machinery and equipment or purchase such assets at the prices that specified in the contract. The Company must pay the final payment to exercise such right to purchase in a total amount of Baht 0.75 million. The rights of these still belong to the lessor until the Company makes such payments according to the obligations in the contract completely (2016: Nil).

As at December 31, 2017 and 2016, the Company recorded the cost of dismantling of Baht 0.70 million as a part of cost of leasehold improvements.

As at December 31, 2017 and 2016, the carrying amounts of the fully depreciation of plant and equipment that are still in use are Baht 75.77 million and Baht 63.70 million, respectively.

As at December 31, 2017 and 2016, the Company and its subsidiaries have vehicles, machinery and equipment under finance lease agreements which have the carrying value amounting to Baht 24.45 million and Baht 20.04 million, respectively.

As at December 31, 2017 and 2016, the Company and its subsidiaries have the allowance for impairment of machinery and equipment amounting to Baht 13.02 million and Baht 13.40 million, respectively.

As at December 31, 2017

|                                          | SEPARATE FINANCIAL STATEMENTS |                    |                     | Balance<br>as at<br>December 31,<br>2017<br>Baht |
|------------------------------------------|-------------------------------|--------------------|---------------------|--------------------------------------------------|
|                                          | Balance                       | Increase           | Decrease            |                                                  |
|                                          | as at                         |                    |                     |                                                  |
|                                          | January 1,<br>2017<br>Baht    | Baht               | Baht                |                                                  |
| <b>Cost:</b>                             |                               |                    |                     |                                                  |
| Leasehold improvements                   | 6,572,913                     | -                  | -                   | 6,572,913                                        |
| Machinery and equipment                  | 85,933,578                    | 50,908             | (12,085,687)        | 73,898,799                                       |
| Furniture, fixtures and office equipment | 22,803,484                    | 893,576            | (9,846,650)         | 13,850,410                                       |
| Vehicles                                 | 14,910,947                    | 1,769,000          | (2,700,935)         | 13,979,012                                       |
| Total cost                               | <u>130,220,922</u>            | <u>2,713,484</u>   | <u>(24,633,272)</u> | <u>108,301,134</u>                               |
| <b>Accumulated depreciation:</b>         |                               |                    |                     |                                                  |
| Leasehold improvements                   | (4,641,826)                   | (606,029)          | -                   | (5,247,855)                                      |
| Machinery and equipment                  | (62,221,960)                  | (4,303,594)        | 11,958,430          | (54,567,124)                                     |
| Furniture, fixtures and office equipment | (19,439,837)                  | (1,415,451)        | 9,685,818           | (11,169,470)                                     |
| Vehicles                                 | (12,676,025)                  | (325,173)          | 567,995             | (12,433,203)                                     |
| Total accumulated depreciation           | <u>(98,979,648)</u>           | <u>(6,650,247)</u> | <u>22,212,243</u>   | <u>(83,417,652)</u>                              |
| Assets under installation                | <u>-</u>                      | <u>4,539,975</u>   | <u>-</u>            | <u>4,539,975</u>                                 |
| <u>Less</u> Allowance for impairment     | <u>(13,400,930)</u>           | <u>-</u>           | <u>377,448</u>      | <u>(13,023,482)</u>                              |
| Plant and equipment                      | <u>17,840,344</u>             |                    |                     | <u>16,399,975</u>                                |

As at December 31, 2016

|                                          | SEPARATE FINANCIAL STATEMENTS |                     |                     |                              |
|------------------------------------------|-------------------------------|---------------------|---------------------|------------------------------|
|                                          | Balance                       | Increase            | Decrease            | Balance                      |
|                                          | as at                         |                     |                     | as at                        |
|                                          | January 1,<br>2016<br>Baht    | Baht                | Baht                | December 31,<br>2016<br>Baht |
| <b>Cost:</b>                             |                               |                     |                     |                              |
| 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                               | <u>157,682,922</u>            | <u>3,534,389</u>    | <u>(30,996,389)</u> | <u>130,220,922</u>           |
| <b>Accumulated depreciation:</b>         |                               |                     |                     |                              |
| 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           | <u>(119,313,446)</u>          | <u>(10,293,247)</u> | <u>30,627,045</u>   | <u>(98,979,648)</u>          |
| <b>Less: Allowance for impairment</b>    | <u>(13,816,868)</u>           | <u>-</u>            | <u>415,938</u>      | <u>(13,400,930)</u>          |
| Plant and equipment                      | <u>24,552,608</u>             |                     |                     | <u>17,840,344</u>            |

**Depreciation for the years ended December 31,**

|      |             |                   |
|------|-------------|-------------------|
| 2017 | <b>Baht</b> | <u>6,650,247</u>  |
| 2016 | <b>Baht</b> | <u>10,293,247</u> |

During the year ended December 31, 2017, the Company has an obligation to pay monthly lease payment under finance lease agreement by Baht 0.03 million (not included VAT) for 48 months and bearing interest rates at 6.97% per annum. The Company has rights to return machine and equipment or purchase such assets at the prices that specified in the contract. The Company must pay the final payment to exercise such right to purchase in a total amount of Baht 0.75 million. The rights of these assets still belong to the lessor until the Company makes such payments according to the obligations in the contract completely (2016: Nil).

As at December 31, 2017 and 2016, the Company recorded the cost of dismantling of Baht 0.70 million as a part of cost of leasehold improvements.

As at December 31, 2017 and 2016, the carrying amounts of the fully depreciation of plant and equipment that are still in use are Baht 74.95 million and Baht 63.70 million, respectively.

As at December 31, 2017 and 2016, the Company has vehicles, machinery and equipment under finance lease agreements which have the carrying value amounting to Baht 4.98 million and Baht 7.19 million, respectively.

As at December 31, 2017 and 2016, the Company has allowance for impairment of machinery and equipment amounting to Baht 13.02 million and Baht 13.40 million, respectively.



## 16. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of:

As at December 31, 2017

|                                | CONSOLIDATED FINANCIAL STATEMENTS              |                   |                   |                    |                                                  |
|--------------------------------|------------------------------------------------|-------------------|-------------------|--------------------|--------------------------------------------------|
|                                | Balance<br>as at<br>January 1,<br>2017<br>Baht | Additions<br>Baht | Disposals<br>Baht | Adjustment<br>Baht | Balance<br>as at<br>December 31,<br>2017<br>Baht |
| Cost:                          |                                                |                   |                   |                    |                                                  |
| Software licenses              | 10,115,460                                     | 85,000            | -                 | -                  | 10,200,460                                       |
| Total cost                     | 10,115,460                                     | 85,000            | -                 | -                  | 10,200,460                                       |
| Accumulated amortization:      |                                                |                   |                   |                    |                                                  |
| Software licenses              | (6,479,596)                                    | (932,696)         | -                 | -                  | (7,412,292)                                      |
| Total accumulated amortization | (6,479,596)                                    | (932,696)         | -                 | -                  | (7,412,292)                                      |
| Intangible assets              | 3,635,864                                      |                   |                   |                    | 2,788,168                                        |

As at December 31, 2016

| CONSOLIDATED FINANCIAL STATEMENTS          |                                                |                   |                   |                    |                                                  |
|--------------------------------------------|------------------------------------------------|-------------------|-------------------|--------------------|--------------------------------------------------|
|                                            | Balance<br>as at<br>January 1,<br>2016<br>Baht | Additions<br>Baht | Disposals<br>Baht | Adjustment<br>Baht | Balance<br>as at<br>December 31,<br>2016<br>Baht |
| Cost:                                      |                                                |                   |                   |                    |                                                  |
| Software licenses                          | 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:                  |                                                |                   |                   |                    |                                                  |
| Software licenses                          | (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                                        |

Amortization for the years ended December, 31

2017

Baht 932,696

2016

Baht 1,120,952

As at December 31, 2017

|                                  | SEPARATE FINANCIAL STATEMENTS |           |           |            |                              |
|----------------------------------|-------------------------------|-----------|-----------|------------|------------------------------|
|                                  | Balance                       | Additions | Disposals | Adjustment | Balance                      |
|                                  | as at                         |           |           |            | as at                        |
|                                  | January 1,<br>2017<br>Baht    | Baht      | Baht      | Baht       | December 31,<br>2017<br>Baht |
| <b>Cost:</b>                     |                               |           |           |            |                              |
| Software licenses                | 9,399,880                     | 85,000    | -         | -          | 9,484,880                    |
| Total cost                       | 9,399,880                     | 85,000    | -         | -          | 9,484,880                    |
| <b>Accumulated amortization:</b> |                               |           |           |            |                              |
| Software licenses                | (5,979,954)                   | (775,480) | -         | -          | (6,755,434)                  |
| Total accumulated amortization   | (5,979,954)                   | (775,480) | -         | -          | (6,755,434)                  |
| Intangible assets                | 3,419,926                     |           |           |            | 2,729,446                    |

As at December 31, 2016

|                                  | SEPARATE FINANCIAL STATEMENTS |           |           |            |                              |
|----------------------------------|-------------------------------|-----------|-----------|------------|------------------------------|
|                                  | Balance                       | Additions | Disposals | Adjustment | Balance                      |
|                                  | as at                         |           |           |            | as at                        |
|                                  | January 1,<br>2016<br>Baht    | Baht      | Baht      | Baht       | December 31,<br>2016<br>Baht |
| <b>Cost:</b>                     |                               |           |           |            |                              |
| Software licenses                | 9,176,060                     | 223,820   | -         | -          | 9,399,880                    |
| Total cost                       | 9,176,060                     | 223,820   | -         | -          | 9,399,880                    |
| <b>Accumulated amortization:</b> |                               |           |           |            |                              |
| Software licenses                | (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                    |

Amortization for the years ended December, 31

|      |      |         |
|------|------|---------|
| 2017 | Baht | 775,480 |
| 2016 | Baht | 900,438 |

As at December 31, 2017 and 2016, the gross carrying amount of the fully amortization of intangible assets that are still in use are Baht 4.78 million and Baht 4.43 million, respectively.

## 17. OTHER NON-CURRENT ASSETS

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

|                                 | CONSOLIDATED         |                   | SEPARATE             |                   |
|---------------------------------|----------------------|-------------------|----------------------|-------------------|
|                                 | FINANCIAL STATEMENTS |                   | FINANCIAL STATEMENTS |                   |
|                                 | 2017                 | 2016              | 2017                 | 2016              |
|                                 | Baht                 | Baht              | Baht                 | Baht              |
| Cash guaranteed for purchase of |                      |                   |                      |                   |
| construction material           | 15,879,392           | 17,920,754        | 15,879,392           | 15,610,292        |
| Other deposits                  | 8,074,240            | 12,020,496        | 2,461,475            | 2,696,935         |
|                                 | <u>23,953,632</u>    | <u>29,941,250</u> | <u>18,340,867</u>    | <u>18,307,227</u> |

## 18. SHORT-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

As at December 31, 2017, a subsidiary had a promissory note that issued to a financial institution amounting to Baht 12.23 million with interest rate 6.65% per annum. The subsidiary has entered into the assignment of proceed agreement from a trade current receivable for repayment the borrowings to a financial institution. The subsidiary made the repayment in full amount on January 30, 2018 (2016: Nil).

## 19. TRADE AND OTHER CURRENT PAYABLES

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

|                              | CONSOLIDATED         |                    | SEPARATE             |                   |
|------------------------------|----------------------|--------------------|----------------------|-------------------|
|                              | FINANCIAL STATEMENTS |                    | FINANCIAL STATEMENTS |                   |
|                              | 2017                 | 2016               | 2017                 | 2016              |
|                              | Baht                 | Baht               | Baht                 | Baht              |
| Trade current payables       | 97,253,394           | 62,763,248         | 24,365,208           | 2,382,451         |
| Accrued management fee       | -                    | -                  | 16,968,587           | -                 |
| Other current payables       | 26,218,069           | 6,096,433          | 5,962,737            | 201,270           |
| Accrued salary and wage      | 3,343,254            | 3,136,235          | 3,185,840            | 3,135,840         |
| Social security fund payable | 864,326              | 1,179,456          | 139,918              | 147,058           |
| Accrued provident fund       | 15,070               | -                  | -                    | -                 |
| Withholding tax payable      | 15,562,390           | 15,517,350         | 14,775,881           | 14,805,619        |
| Accrued interest expense     | 2,298,413            | 1,694,607          | 2,331,491            | 1,694,607         |
| Value-added tax payable      | 66,658,342           | 48,815,776         | 42,074,279           | 34,660,136        |
| Accrued planner expense      | 22,116,035           | 22,116,035         | 22,116,035           | 22,116,035        |
| Other accrued expenses       | 71,647,983           | 24,562,141         | 36,837,186           | 6,275,845         |
|                              | <u>305,977,276</u>   | <u>185,881,281</u> | <u>168,757,162</u>   | <u>85,418,861</u> |

## 20. SHORT-TERM BORROWINGS FROM RELATED PARTIES

As at December 31, 2017, the Company had short-term borrowings from related parties without collateral. Interest was charged at the rate of 2% per annum and repayment at call as follows:

|                                            | CONSOLIDATED<br>FINANCIAL STATEMENTS |          | SEPARATE<br>FINANCIAL STATEMENTS |          |
|--------------------------------------------|--------------------------------------|----------|----------------------------------|----------|
|                                            | 2017                                 | 2016     | 2017                             | 2016     |
|                                            | Baht                                 | Baht     | Baht                             | Baht     |
| Short-term borrowings from related parties | -                                    | -        | 95,000                           | -        |
|                                            | <u>-</u>                             | <u>-</u> | <u>95,000</u>                    | <u>-</u> |

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

|                    | CONSOLIDATED<br>FINANCIAL STATEMENTS |           | SEPARATE<br>FINANCIAL STATEMENTS |           |
|--------------------|--------------------------------------|-----------|----------------------------------|-----------|
|                    | 2017                                 | 2016      | 2017                             | 2016      |
|                    | Baht                                 | Baht      | Baht                             | Baht      |
| Beginning balances | -                                    | 880,047   | -                                | 880,047   |
| Increase           | -                                    | -         | 9,795,000                        | -         |
| Decrease           | -                                    | (880,047) | (9,700,000)                      | (880,047) |
| Ending balances    | <u>-</u>                             | <u>-</u>  | <u>95,000</u>                    | <u>-</u>  |

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.

## 21. CREDITORS UNDER DEBT RESTRUCTURING PLAN

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

|                                         | CONSOLIDATED AND SEPARATE<br>FINANCIAL STATEMENTS |                   |
|-----------------------------------------|---------------------------------------------------|-------------------|
|                                         | 2017                                              | 2016              |
|                                         | Baht                                              | Baht              |
| Creditors under debt restructuring plan | <u>3,976,006</u>                                  | <u>16,269,990</u> |

Creditors under debt restructuring plan as at December 31, 2017 and 2016 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.

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 totalling Baht 11,943,690 (see Note 4).

Movements of creditors under restructuring plan are as follows:

|                                     | CONSOLIDATED AND SEPARATE<br>FINANCIAL STATEMENTS |                   |
|-------------------------------------|---------------------------------------------------|-------------------|
|                                     | 2017                                              | 2016              |
|                                     | Baht                                              | Baht              |
| Beginning balances                  | 16,269,990                                        | 88,499,364        |
| (Decrease) - Debt repayment in cash | (272,993)                                         | (65,791,440)      |
| - Conversion of debts to equity     | (11,943,690)                                      | -                 |
| - Debt forgiveness                  | (77,301)                                          | (6,437,934)       |
| Ending balances                     | <u>3,976,006</u>                                  | <u>16,269,990</u> |

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

|                                       | CONSOLIDATED AND SEPARATE<br>FINANCIAL STATEMENTS |                  |
|---------------------------------------|---------------------------------------------------|------------------|
|                                       | 2017                                              | 2016             |
|                                       | Baht                                              | Baht             |
| Gain on debt remission                | 77,301                                            | 6,437,934        |
| Total gain on debt restructuring plan | <u>77,301</u>                                     | <u>6,437,934</u> |

## 22. FINANCE LEASE LIABILITIES

Finance lease liabilities as at December 31, consist of the following:

|                             | CONSOLIDATED FINANCIAL STATEMENTS |                   |                                                   |                   |
|-----------------------------|-----------------------------------|-------------------|---------------------------------------------------|-------------------|
|                             | Minimum future<br>lease payments  |                   | Present value of minimum<br>future lease payments |                   |
|                             | 2017<br>Baht                      | 2016<br>Baht      | 2017<br>Baht                                      | 2016<br>Baht      |
| Within 1 year               | 8,269,183                         | 11,123,254        | 7,279,524                                         | 10,375,739        |
| 1 - 5 years                 | <u>9,250,570</u>                  | <u>5,254,203</u>  | <u>8,338,011</u>                                  | <u>5,002,010</u>  |
|                             | 17,519,753                        | 16,377,457        | 15,617,535                                        | 15,377,749        |
| Less Future finance charges | <u>(1,902,218)</u>                | <u>(999,708)</u>  | <u>-</u>                                          | <u>-</u>          |
|                             | <u>15,617,535</u>                 | <u>15,377,749</u> | <u>15,617,535</u>                                 | <u>15,377,749</u> |

|                             | SEPARATE FINANCIAL STATEMENTS    |                  |                                                   |                  |
|-----------------------------|----------------------------------|------------------|---------------------------------------------------|------------------|
|                             | Minimum future<br>lease payments |                  | Present value of minimum<br>future lease payments |                  |
|                             | 2017<br>Baht                     | 2016<br>Baht     | 2017<br>Baht                                      | 2016<br>Baht     |
| Within 1 year               | 1,635,157                        | 4,162,342        | 1,437,393                                         | 3,967,367        |
| 1 - 5 years                 | <u>1,620,766</u>                 | <u>1,166,283</u> | <u>1,354,738</u>                                  | <u>1,134,044</u> |
|                             | 3,255,923                        | 5,328,625        | 2,792,131                                         | 5,101,411        |
| Less Future finance charges | <u>(463,792)</u>                 | <u>(227,214)</u> | <u>-</u>                                          | <u>-</u>         |
|                             | <u>2,792,131</u>                 | <u>5,101,411</u> | <u>2,792,131</u>                                  | <u>5,101,411</u> |

## 23. LONG-TERM BORROWINGS FROM A FINANCIAL INSTITUTION

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

|                             | Credit Limit<br>Million Baht | CONSOLIDATED AND SEPARATE<br>FINANCIAL STATEMENTS |                    |
|-----------------------------|------------------------------|---------------------------------------------------|--------------------|
|                             |                              | 2017<br>Baht                                      | 2016<br>Baht       |
| Long-term borrowings        | 9.67                         | 2,207,500                                         | 4,695,000          |
| <u>Less</u> Current portion |                              | <u>(2,207,500)</u>                                | <u>(2,487,500)</u> |
|                             |                              | <u>-</u>                                          | <u>2,207,500</u>   |

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

## 24. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

The Company estimated employee non-current provisions for employee benefits 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 non-current provisions for employee benefits recognized in the statements of comprehensive income for the years ended December 31, are as follows:

|                           | CONSOLIDATED<br>FINANCIAL STATEMENTS |                  | SEPARATE<br>FINANCIAL STATEMENTS |                  |
|---------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                           | 2017<br>Baht                         | 2016<br>Baht     | 2017<br>Baht                     | 2016<br>Baht     |
| Current service cost      | 5,463,142                            | 5,769,084        | 1,542,552                        | 1,554,993        |
| Interest cost             | 231,860                              | 192,972          | 136,248                          | 111,468          |
| (Gain) loss on settlement | (147,240)                            | 47,976           | (147,240)                        | 47,976           |
|                           | <u>5,547,762</u>                     | <u>6,010,032</u> | <u>1,531,560</u>                 | <u>1,714,437</u> |

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

|                                                           | CONSOLIDATED         |             | SEPARATE             |             |
|-----------------------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                                           | FINANCIAL STATEMENTS |             | FINANCIAL STATEMENTS |             |
|                                                           | 2017                 | 2016        | 2017                 | 2016        |
|                                                           | Baht                 | Baht        | Baht                 | Baht        |
| Beginning balances                                        | 8,282,289            | 7,280,608   | 4,796,910            | 4,128,872   |
| Current service cost                                      | 5,463,142            | 5,769,084   | 1,542,552            | 1,554,993   |
| Interest cost                                             | 231,860              | 192,972     | 136,248              | 111,468     |
| (Gain) loss on settlement                                 | (147,240)            | 47,976      | (147,240)            | 47,976      |
| (Gains) losses on remeasurements of defined benefit plans |                      |             |                      |             |
| - Experience adjustments                                  | (3,899,217)          | (3,236,497) | (843,050)            | (260,612)   |
| - Demographic assumption changes                          | (299,355)            | (21,275)    | 84,627               | 323,956     |
| - Financial assumption changes                            | 310,265              | (1,702,579) | 230,124              | (1,061,743) |
| Payment during the years                                  | (222,000)            | (48,000)    | (222,000)            | (48,000)    |
| Ending balances                                           | 9,719,744            | 8,282,289   | 5,578,171            | 4,796,910   |

The significant actuarial assumptions used to calculate provision for non-current provisions for employee benefits as at December 31, are as follows:

|                      | CONSOLIDATED         |             | SEPARATE             |             |
|----------------------|----------------------|-------------|----------------------|-------------|
|                      | FINANCIAL STATEMENTS |             | FINANCIAL STATEMENTS |             |
|                      | 2017                 | 2016        | 2017                 | 2016        |
|                      | % p.a.               | % p.a.      | % p.a.               | % p.a.      |
| Discount rate        | 2.16 - 2.57          | 2.51 - 2.84 | 2.41                 | 2.84        |
| Salary increase rate | 1.00 - 2.00          | 1.00 - 2.00 | 1.00 - 2.00          | 1.00 - 2.00 |
| Staff turnover rate  | 0 - 73.00            | 0 - 46.00   | 0 - 52.00            | 0 - 45.00   |

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of non-current provisions for employee benefits as at December 31, 2017 and 2016 are as follows:

|                             | CONSOLIDATED         |           | SEPARATE             |           |
|-----------------------------|----------------------|-----------|----------------------|-----------|
|                             | FINANCIAL STATEMENTS |           | FINANCIAL STATEMENTS |           |
|                             | 2017                 | 2016      | 2017                 | 2016      |
|                             | Baht                 | Baht      | Baht                 | Baht      |
| Discount rate - 1% increase | (750,977)            | (648,781) | (456,636)            | (409,694) |
| Discount rate - 1% decrease | 849,399              | 736,232   | 517,885              | 468,704   |
| Salary rate - 1% increase   | 847,177              | 737,290   | 518,145              | 471,099   |
| Salary rate - 1% decrease   | (763,178)            | (661,598) | (465,362)            | (419,144) |

## 25. OTHER NON-CURRENT PROVISIONS

As at December 31, 2017 and 2016, the Company has the dismantling and removing cost amounting to Baht 0.70 million.

As at December 31, 2016, 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. However, the Company has already provided provision for liabilities from lawsuit of Baht 3.92 million. On March 24, 2017, the Company and the project owner company who was the defendant in the tort case as mentioned above have signed the memorandum of understanding to jointly negotiate, examine the liabilities and obligations of each party in the various projects and agreed to offset the amount of liabilities and any obligations. In this regards, both parties agreed to enter into the compromise agreement later on May 11, 2017. Therefore, as at December 31, 2017, the Company has already reversed provision for liabilities from lawsuit in the amount of Baht 3.92 million to be presented as revenue from reversal of other non-current provisions in the statement of comprehensive income for the year ended December 31, 2017.

## 26. SHARE CAPITAL

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 selling 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 selling 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. The outstanding of share subscription received in advance was Baht 200,000,000.

On January 7, 2016, the Company also 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 selling price at Baht 0.80 per share and had the discount on shares amounting to Baht 50,000,000. As at December 31, 2016, the Company has paid-up share capital amounting to Baht 3,915,213,212.

On November 11, 2016, the Extraordinary General Meeting of Shareholders No.1/2016 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 each for the conversion of debt to capital to creditor group 9. On December 1, 2016, the Company registered the changing of registered share capital with the Ministry of Commerce by allocated shares to creditors Group 9 of 11,943,690 shares and on January 6, 2017, the Company registered the changing of paid-up share capital with the Ministry of Commerce.



On May 22, 2017, the Company decreased its authorized share capital by 56,310 shares at Baht 1 par value each from 3,927,213,212 shares to 3,927,156,902 shares, to be equal to the Company's paid-up share capital at Baht 3,927,156,902 according to the resolution of the Annual General Meeting of Shareholders on April 28, 2017.

On May 23, 2017, the Company changed its par value from Baht 1 to Baht 2. The number of shares decreased from 3,927,156,902 shares to 1,963,578,451 shares. Therefore, the authorized and paid-up share capital will remain at Baht 3,927,156,902 according to the resolution of the Annual General Meeting of Shareholders on April 28, 2017. As at December 31, 2017, the Company has paid-up share capital amounting to Baht 3,927,156,902.

#### 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. Therefore, objective of the Company in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

## 27. EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share for the years ended December 31, 2017 and 2016, 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<br>FINANCIAL STATEMENTS      |           | SEPARATE<br>FINANCIAL STATEMENTS |           |
|--------------------------------------------------------------------|-------------------------------------------|-----------|----------------------------------|-----------|
|                                                                    | 2017                                      | 2016      | 2017                             | 2016      |
|                                                                    | <i>(in thousand Baht/thousand shares)</i> |           |                                  |           |
| <b>Basic earnings (loss) per share</b>                             |                                           |           |                                  |           |
| Profit (loss) attributable to ordinary shareholders of the Company | 10,523                                    | (201,439) | 86,616                           | (2,145)   |
| Number of weighted average of ordinary shares outstanding          | 1,963,481                                 | 1,957,607 | 1,963,481                        | 1,957,607 |
| <b>Basic earnings (loss) per share (Baht)</b>                      | 0.005                                     | (0.103)   | 0.044                            | (0.001)   |

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<br>FINANCIAL STATEMENTS |                 |
|----------------------------------------------------------------------------------|---------------------------------------------------|-----------------|
|                                                                                  | 2017                                              | 2016            |
|                                                                                  | thousand shares                                   | thousand shares |
| Number of ordinary shares outstanding as at January 1,                           | 1,957,607                                         | 1,832,607       |
| <u>Add</u> Weighted average ordinary shares issued and paid up during the year   | 5,874                                             | 125,000         |
| Weighted average number shares of ordinary shares outstanding as at December 31, | 1,963,481                                         | 1,957,607       |

## 28. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

|                                                | Pricing policy                                      |
|------------------------------------------------|-----------------------------------------------------|
| Management income                              | Contract price                                      |
| Interest income                                | 2% per annum                                        |
| Purchase of raw material                       | Invoice price                                       |
| Rent and service expenses                      | Contract price                                      |
| Default interest expense                       | 15% per annum                                       |
| Finance cost                                   | MRR + 0.05% per annum                               |
| Directors and managements' remuneration        | The amounts are approved by the Company's directors |
| represent director pension, meeting allowance, | and shareholders                                    |
| 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 |              |
|                                                  |                 | 2017                 | 2016         | 2017                 | 2016         |
| <b>Management income</b>                         |                 |                      |              |                      |              |
| KTech Building Contractors Co., Ltd.             | Subsidiary      | -                    | -            | 74.82                | 61.22        |
| GLK-TECH Construction Co., Ltd.                  | Associate       | -                    | 1.05         | -                    | 1.05         |
| KTech Infrastructure Co., Ltd.                   | Subsidiary      | -                    | -            | 11.62                | -            |
| KTech Innovations Co., Ltd.                      | Subsidiary      | -                    | -            | 19.13                | -            |
|                                                  |                 | <u>-</u>             | <u>1.05</u>  | <u>105.57</u>        | <u>62.27</u> |
| <b>Interest income</b>                           |                 |                      |              |                      |              |
| KTech Building Contractors Co., Ltd.             | Subsidiary      | -                    | -            | 14.71                | 11.43        |
| KTech Infrastructure Co., Ltd.                   | Subsidiary      | -                    | -            | 1.08                 | 4.09         |
| KTech Innovations Co., Ltd.                      | Subsidiary      | -                    | -            | 0.05                 | -            |
|                                                  |                 | <u>-</u>             | <u>-</u>     | <u>15.84</u>         | <u>15.52</u> |
| <b>Purchase of raw material</b>                  |                 |                      |              |                      |              |
| P.Overseas Steel PCL.                            | Shareholder     | 23.00                | 40.38        | -                    | -            |
| P.Overseas International Group Co.,Ltd           | Related Company | 11.88                | 29.99        | 2.40                 | -            |
|                                                  |                 | <u>34.88</u>         | <u>70.37</u> | <u>2.40</u>          | <u>-</u>     |
| <b>Finance Cost</b>                              |                 |                      |              |                      |              |
| S.E.A Business Advisory Services Company Limited | Related Company | 0.60                 | 0.60         | 0.60                 | 0.60         |
| KTech Innovations Co., Ltd.                      | Subsidiary      | -                    | -            | 0.03                 | -            |
|                                                  |                 | <u>0.60</u>          | <u>0.60</u>  | <u>0.63</u>          | <u>0.60</u>  |
| <b>Key management remuneration</b>               |                 |                      |              |                      |              |
| Short-term benefit                               | Key Management  | <u>17.58</u>         | <u>16.88</u> | <u>17.58</u>         | <u>16.88</u> |
| <b>Management fee</b>                            |                 |                      |              |                      |              |
| KTech Building Contractors Co., Ltd.             | Subsidiary      | -                    | -            | 17.15                | 4.13         |
| KTech Infrastructure Co., Ltd.                   | Subsidiary      | -                    | -            | 3.95                 | -            |
|                                                  |                 | <u>-</u>             | <u>-</u>     | <u>21.10</u>         | <u>4.13</u>  |

Significant balances with the related companies or related persons or key management

as at December 31, are as follows:

|                                                   |                 | Unit: Million Baht   |                      |                      |                      |
|---------------------------------------------------|-----------------|----------------------|----------------------|----------------------|----------------------|
| Accounting transaction                            | Relationship    | CONSOLIDATE          |                      | SEPARATE             |                      |
|                                                   |                 | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
|                                                   |                 | 2017                 | 2016                 | 2017                 | 2016                 |
| <b>Other current receivables</b>                  |                 |                      |                      |                      |                      |
| KTech Building Contractors Co., Ltd.              | Subsidiary      | -                    | -                    | 311.99               | 267.89               |
| KTech Infrastructure Co., Ltd.                    | Subsidiary      | -                    | -                    | 8.21                 | -                    |
| KTech Innovations Co., Ltd.                       | Subsidiary      | -                    | -                    | 15.20                | -                    |
| GLK-TECH Construction Co., Ltd.                   | Associate       | 6.76                 | 6.62                 | 4.94                 | 4.48                 |
| P.Overseas International Group Co., Ltd.          | Related Company | -                    | 0.35                 | -                    | -                    |
| P.Overseas Steel PCL.                             | Shareholder     | -                    | 36.56                | -                    | -                    |
|                                                   |                 | <u>6.76</u>          | <u>43.53</u>         | <u>340.34</u>        | <u>272.37</u>        |
| <b>Short-term loan to a related company</b>       |                 |                      |                      |                      |                      |
| KTech Building Contractors Co., Ltd.              | Subsidiary      | -                    | -                    | 663.22               | 753.00               |
| KTech Infrastructure Co., Ltd.                    | Subsidiary      | -                    | -                    | 62.51                | 77.29                |
|                                                   |                 | <u>-</u>             | <u>-</u>             | <u>725.73</u>        | <u>830.29</u>        |
| <b>Other current receivable</b>                   |                 |                      |                      |                      |                      |
| <b>- Accrued interest receivables</b>             |                 |                      |                      |                      |                      |
| KTech Building Contractors Co., Ltd.              | Subsidiary      | -                    | -                    | 35.95                | 21.24                |
| KTech Infrastructure Co., Ltd.                    | Subsidiary      | -                    | -                    | 7.77                 | 6.70                 |
| KTech Innovations Co., Ltd.                       | Subsidiary      | -                    | -                    | 0.05                 | -                    |
|                                                   |                 | <u>-</u>             | <u>-</u>             | <u>43.77</u>         | <u>27.94</u>         |
| <b>Other non-current assets - Deposit</b>         |                 |                      |                      |                      |                      |
| P.Overseas Steel PCL.                             | Shareholder     | <u>14.02</u>         | <u>14.02</u>         | <u>14.02</u>         | <u>14.02</u>         |
| <b>Short-term borrowings from related parties</b> |                 |                      |                      |                      |                      |
| KTech Innovations Co., Ltd.                       | Subsidiary      | <u>-</u>             | <u>-</u>             | <u>0.10</u>          | <u>-</u>             |
| <b>Accrued interest expenses</b>                  |                 |                      |                      |                      |                      |
| S.E.A Business Advisory Services Company Limited  | Related Company | 2.15                 | 1.55                 | 2.15                 | 1.55                 |
| KTech Innovations Co., Ltd.                       | Subsidiary      | <u>-</u>             | <u>-</u>             | <u>0.03</u>          | <u>-</u>             |
|                                                   |                 | <u>2.15</u>          | <u>1.55</u>          | <u>2.18</u>          | <u>1.55</u>          |
| <b>Trade current payables</b>                     |                 |                      |                      |                      |                      |
| P.Overseas Steel PCL.                             | Shareholder     | 6.26                 | 13.10                | -                    | -                    |
| P.Overseas International Group Co., Ltd.          | Related Company | 3.32                 | 6.35                 | 2.30                 | -                    |
|                                                   |                 | <u>9.58</u>          | <u>19.45</u>         | <u>2.30</u>          | <u>-</u>             |
| <b>Management fee</b>                             |                 |                      |                      |                      |                      |
| KTech Building Contractors Co., Ltd.              | Subsidiary      | -                    | -                    | 12.75                | -                    |
| KTech Innovations Co., Ltd.                       | Subsidiary      | <u>-</u>             | <u>-</u>             | <u>4.22</u>          | <u>-</u>             |
|                                                   |                 | <u>-</u>             | <u>-</u>             | <u>16.97</u>         | <u>-</u>             |

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 which the monthly rental rate is according to monthly the usage of machinery and equipment. The agreement was effective starting from January 1, 2013 without term of termination the agreement.

## 29. PROVIDENT FUND

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

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

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, 2017 and 2016, the Company's contributions included in selling and administrative expenses in the statement of comprehensive income amounting to Baht 1.00 million and Baht 1.06 million, respectively.

## 30. SEGMENT REPORTING

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

### Business segments

The management consider that the Company operates in a single line of business, namely construction projects, design and installation, 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, 2017, the Company has revenue from 3 major customers amounting to Baht 656.61 million and revenue from 3 major customers for the year ended December 31, 2016 amounting to Baht 666.47 million, respectively.

### 31. ADMINISTRATIVE EXPENSES

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

|                                        | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | SEPARATE<br>FINANCIAL STATEMENTS |                    |
|----------------------------------------|--------------------------------------|--------------------|----------------------------------|--------------------|
|                                        | 2017                                 | 2016               | 2017                             | 2016               |
|                                        | Baht                                 | Baht               | Baht                             | Baht               |
| Rental expenses                        | 2,411,544                            | 7,102,686          | 8,875,063                        | 8,532,923          |
| Depreciation and amortization expenses | 5,348,728                            | 6,427,163          | 3,089,521                        | 4,531,205          |
| Consulting and fees                    | 28,312,815                           | 26,126,127         | 15,519,368                       | 16,417,007         |
| Personnel expenses                     | 34,273,325                           | 48,299,278         | 56,566,360                       | 51,101,672         |
| Non tax-deductible expenses            | 6,598,202                            | 8,187,713          | 1,650,892                        | 3,945,932          |
| Transportation expenses                | 3,523,098                            | 2,069,412          | 2,732,230                        | 1,637,856          |
| Other tax expenses                     | 89,906                               | 150,645            | 80,388                           | 129,063            |
| Bad debt and Allowance for doubtful    | 9,747,380                            | -                  | 6,064,750                        | -                  |
| Other expenses                         | 41,474,922                           | 37,083,505         | 34,794,215                       | 33,819,647         |
|                                        | <u>131,779,920</u>                   | <u>135,446,529</u> | <u>129,372,787</u>               | <u>120,115,305</u> |

### 32. EXPENSES BY NATURE

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

|                                        | CONSOLIDATED<br>FINANCIAL STATEMENTS |      | SEPARATE<br>FINANCIAL STATEMENTS |      |
|----------------------------------------|--------------------------------------|------|----------------------------------|------|
|                                        | 2017                                 | 2016 | 2017                             | 2016 |
| Rental expenses                        | 44                                   | 47   | 17                               | 12   |
| Depreciation and amortization expenses | 22                                   | 24   | 7                                | 11   |
| Consulting and fees                    | 38                                   | 47   | 37                               | 17   |
| Employee and workers benefits expenses | 530                                  | 521  | 113                              | 59   |
| Raw material and consumable equipment  | 243                                  | 251  | 10                               | -    |
| Other expenses                         | 134                                  | 147  | 28                               | 11   |

Unit : Million Baht

### 33. FINANCE COSTS

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

|                                          | CONSOLIDATED<br>FINANCIAL STATEMENTS |                  | SEPARATE<br>FINANCIAL STATEMENTS |                  |
|------------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                                          | 2017                                 | 2016             | 2017                             | 2016             |
|                                          | Baht                                 | Baht             | Baht                             | Baht             |
| Related parties                          | 603,586                              | 603,586          | 636,883                          | 603,586          |
| Financial institutions and other parties | 2,597,820                            | 2,605,682        | 598,930                          | 1,471,234        |
|                                          | <u>3,201,406</u>                     | <u>3,209,268</u> | <u>1,235,813</u>                 | <u>2,074,820</u> |

### 34. INCOME TAX EXPENSES

For the year ended December 31, 2017 and 2016, the Company and subsidiaries have no income tax expenses because the Company and subsidiaries have 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. However, for the year ended December 31, 2017 a subsidiary has income tax expenses due to having taxable profit.

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

### 35. SIGNIFICANT DISCLOSURE FOR CONSTRUCTION CONTRACTS

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

|                                                                             | CONSOLIDATED<br>FINANCIAL STATEMENTS |                      | SEPARATE<br>FINANCIAL STATEMENTS |                     |
|-----------------------------------------------------------------------------|--------------------------------------|----------------------|----------------------------------|---------------------|
|                                                                             | 2017                                 | 2016                 | 2017                             | 2016                |
|                                                                             | Baht                                 | Baht                 | Baht                             | Baht                |
| Contract revenues recognized as revenues during the years                   | 1,119,217,917                        | 777,754,015          | 117,023,776                      | 15,000,000          |
| Contract costs incurred and recognized as expenses during the years         | (1,032,430,741)                      | (799,027,700)        | (75,073,704)                     | (4,125,000)         |
| Recognized profit (loss) in the years                                       | <u>86,787,176</u>                    | <u>(21,273,685)</u>  | <u>41,950,072</u>                | <u>10,875,000</u>   |
| Contract costs incurred during the years                                    | 1,207,460,346                        | 981,793,336          | 107,673,432                      | 4,125,000           |
| Contact costs incurred and recognized as contract expenses during the years | <u>(1,032,430,741)</u>               | <u>(799,027,700)</u> | <u>(75,073,704)</u>              | <u>(4,125,000)</u>  |
| Contract cost related to future activity recognized as assets               | 175,029,605                          | 182,765,636          | 32,599,728                       | -                   |
| Contract revenues recognized as revenues during the years                   | 1,119,217,917                        | 777,754,015          | 117,023,776                      | 15,000,000          |
| Progress billings                                                           | <u>(916,160,828)</u>                 | <u>(763,514,196)</u> | <u>(68,036,729)</u>              | <u>(15,000,000)</u> |
| Unbilled contract revenues                                                  | <u>203,057,089</u>                   | <u>14,239,819</u>    | <u>48,987,047</u>                | <u>-</u>            |

## 36. FINANCIAL INSTRUMENTS

### Financial risk management policies

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

### Interest rate risk

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

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

### Credit risk

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

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

### Liquidity risk

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

### Fair value measurement

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



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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value of financial assets and financial liabilities which are not measured at fair value.

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

|                                                                            | Consolidated<br>financial statement<br>As at December 31, 2017 |             | Fair value<br>hierarchy | Valuation techniques<br>and key inputs     |
|----------------------------------------------------------------------------|----------------------------------------------------------------|-------------|-------------------------|--------------------------------------------|
|                                                                            | Carrying<br>Amount                                             | Fair Value  |                         |                                            |
|                                                                            | Baht                                                           | Baht        |                         |                                            |
| <b>Current assets</b>                                                      |                                                                |             |                         |                                            |
| Trade current receivables                                                  | 291,023,954                                                    | 291,023,954 | 3                       | Net present value of expected cash inflow  |
| Other current receivables                                                  | 204,518,364                                                    | 204,518,364 | 3                       | Net present value of expected cash inflow  |
| Other current assets                                                       | 25,014,718                                                     | 25,014,718  | 3                       | Net present value of expected cash inflow  |
| <b>Non-current assets</b>                                                  |                                                                |             |                         |                                            |
| Retention receivables                                                      | 170,840,017                                                    | 151,243,354 | 3                       | Net present value of expected cash inflow  |
| Other non-current assets                                                   | 23,953,632                                                     | 19,952,688  | 3                       | Net present value of expected cash inflow  |
| <b>Current liabilities</b>                                                 |                                                                |             |                         |                                            |
| Short-term borrowings from<br>a financial institution                      | 12,234,000                                                     | 12,234,000  | 3                       | Net present value of expected cash outflow |
| Trade and other current<br>payables                                        | 305,977,276                                                    | 305,977,276 | 3                       | Net present value of expected cash outflow |
| Advances received from<br>customers                                        | 13,682,564                                                     | 13,682,564  | 3                       | Net present value of expected cash outflow |
| Retention payables to<br>subcontractors                                    | 38,971,620                                                     | 38,971,620  | 3                       | Net present value of expected cash outflow |
| Current portion of long-term<br>borrowings from<br>a financial institution | 2,207,500                                                      | 2,207,500   | 3                       | Net present value of expected cash outflow |
| Creditors under debt<br>restructuring plan                                 | 3,976,006                                                      | 3,976,006   | 3                       | Net present value of expected cash outflow |
| Other current liabilities                                                  | 2,837,365                                                      | 2,837,365   | 3                       | Net present value of expected cash outflow |
| <b>Non-current liabilities</b>                                             |                                                                |             |                         |                                            |
| Other non-current provisions                                               | 700,000                                                        | 700,000     | 3                       | Net present value of expected cash outflow |

|                                                                            | Separate<br>financial statement<br>As at December 31, 2017 |                    | Fair value<br>hierarchy | Valuation techniques<br>and key inputs     |
|----------------------------------------------------------------------------|------------------------------------------------------------|--------------------|-------------------------|--------------------------------------------|
|                                                                            | Carrying<br>Amount<br>Baht                                 | Fair Value<br>Baht |                         |                                            |
| <b>Current assets</b>                                                      |                                                            |                    |                         |                                            |
| Trade current receivables                                                  | 46,511,249                                                 | 46,511,249         | 3                       | Net present value of expected cash inflow  |
| Other current receivables                                                  | 484,169,913                                                | 484,169,913        | 3                       | Net present value of expected cash inflow  |
| Short-term loan to related<br>companies                                    | 725,733,270                                                | 725,733,270        | 3                       | Net present value of expected cash inflow  |
| Other current assets                                                       | 3,074,867                                                  | 3,074,867          | 3                       | Net present value of expected cash inflow  |
| <b>Non-current assets</b>                                                  |                                                            |                    |                         |                                            |
| Other non-current assets                                                   | 18,340,867                                                 | 15,277,416         | 3                       | Net present value of expected cash inflow  |
| <b>Current liabilities</b>                                                 |                                                            |                    |                         |                                            |
| Trade and other current<br>payables                                        | 168,757,162                                                | 168,757,162        | 3                       | Net present value of expected cash outflow |
| Advances received from<br>customers                                        | 1,250,000                                                  | 1,250,000          | 3                       | Net present value of expected cash outflow |
| Retention payables to<br>subcontractors                                    | 829,543                                                    | 829,543            | 3                       | Net present value of expected cash outflow |
| Current portion of long-term<br>borrowings from<br>a financial institution | 2,207,500                                                  | 2,207,500          | 3                       | Net present value of expected cash outflow |
| Short-term borrowings from<br>related parties                              | 95,000                                                     | 95,000             | 3                       | Net present value of expected cash outflow |
| Creditors under debt<br>restructuring plan                                 | 3,976,006                                                  | 3,976,006          | 3                       | Net present value of expected cash outflow |
| Other current liabilities                                                  | 1,299,198                                                  | 1,299,198          | 3                       | Net present value of expected cash outflow |
| <b>Non-current liabilities</b>                                             |                                                            |                    |                         |                                            |
| Other non-current provisions                                               | 700,000                                                    | 700,000            | 3                       | Net present value of expected cash outflow |

|                                                                      | Consolidated<br>financial statement<br>As at December 31, 2016 |             | Fair value<br>hierarchy | Valuation techniques<br>and key inputs     |
|----------------------------------------------------------------------|----------------------------------------------------------------|-------------|-------------------------|--------------------------------------------|
|                                                                      | Carrying<br>Amount                                             | Fair Value  |                         |                                            |
|                                                                      | Baht                                                           | Baht        |                         |                                            |
| <b>Current Assets</b>                                                |                                                                |             |                         |                                            |
| Trade current receivables                                            | 160,187,465                                                    | 160,187,465 | 3                       | Net present value of expected cash inflow  |
| Other current receivables                                            | 129,578,509                                                    | 129,578,509 | 3                       | Net present value of expected cash inflow  |
| Other current assets                                                 | 7,410,133                                                      | 7,410,133   | 3                       | Net present value of expected cash inflow  |
| <b>Non-current Assets</b>                                            |                                                                |             |                         |                                            |
| Retention receivables                                                | 226,210,934                                                    | 226,210,934 | 3                       | Net present value of expected cash inflow  |
| Other non-current assets                                             | 29,941,250                                                     | 24,896,255  | 3                       | Net present value of expected cash inflow  |
| <b>Current liabilities</b>                                           |                                                                |             |                         |                                            |
| Trade and other current payables                                     | 185,881,281                                                    | 185,881,281 | 3                       | Net present value of expected cash outflow |
| Advances received from customers                                     | 12,432,564                                                     | 12,432,564  | 3                       | Net present value of expected cash outflow |
| Retention payables to subcontractors                                 | 32,700,348                                                     | 32,700,348  | 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 |
| Creditors under debt restructuring plan                              | 16,269,990                                                     | 16,269,990  | 3                       | Net present value of expected cash outflow |
| Other current liabilities                                            | 3,515,808                                                      | 3,515,808   | 3                       | Net present value of expected cash outflow |
| <b>Non-current liabilities</b>                                       |                                                                |             |                         |                                            |
| Long-term borrowings from a financial institution                    | 2,207,500                                                      | 2,207,500   | 3                       | Net present value of expected cash outflow |
| Other non-current provisions                                         | 4,623,046                                                      | 4,623,046   | 3                       | Net present value of expected cash outflow |

|                                                                            | Separate<br>financial statement<br>As at December 31, 2016 |                    | Fair value<br>hierarchy | Valuation techniques<br>and key inputs     |
|----------------------------------------------------------------------------|------------------------------------------------------------|--------------------|-------------------------|--------------------------------------------|
|                                                                            | Carrying<br>Amount<br>Baht                                 | Fair Value<br>Baht |                         |                                            |
| <b>Current assets</b>                                                      |                                                            |                    |                         |                                            |
| Trade current receivables                                                  | 16,050,000                                                 | 16,050,000         | 3                       | Net present value of expected cash inflow  |
| Other current receivables                                                  | 330,467,973                                                | 330,467,973        | 3                       | Net present value of expected cash inflow  |
| Short-term loan to related<br>companies                                    | 830,285,395                                                | 830,285,395        | 3                       | Net present value of expected cash inflow  |
| Other current assets                                                       | 717,524                                                    | 717,524            | 3                       | Net present value of expected cash inflow  |
| <b>Non-current assets</b>                                                  |                                                            |                    |                         |                                            |
| Other non-current assets                                                   | 18,307,227                                                 | 15,222,524         | 3                       | Net present value of expected cash inflow  |
| <b>Current liabilities</b>                                                 |                                                            |                    |                         |                                            |
| Trade and other current<br>payables                                        | 85,418,861                                                 | 85,418,861         | 3                       | Net present value of expected cash outflow |
| Retention payables to<br>subcontractors                                    | 184,503                                                    | 184,503            | 3                       | Net present value of expected cash outflow |
| Current portion of long-term<br>borrowings from<br>a financial institution | 2,487,500                                                  | 2,487,500          | 3                       | Net present value of expected cash outflow |
| Creditors under debt<br>restructuring plan                                 | 16,269,990                                                 | 16,269,990         | 3                       | Net present value of expected cash outflow |
| Other current liabilities                                                  | 3,513,708                                                  | 3,513,708          | 3                       | Net present value of expected cash outflow |
| <b>Non-current liabilities</b>                                             |                                                            |                    |                         |                                            |
| Long-term borrowings from<br>a financial institution                       | 2,207,500                                                  | 2,207,500          | 3                       | Net present value of expected cash outflow |

### 37. SIGNIFICANT AGREEMENTS

A subsidiary has the project of railway maintenance for the State Railway of Thailand according to the contract dated November 12, 2013. The project will be completed and delivered within 600 days from the date of the area has been cleared and received. In case the subsidiary cannot deliver it within 600 days from the start date of the project, there will be a penalty from delayed delivery of the contract in amounting Baht 432,600 per day. The above project may be delayed as the State Railway delayed on the approval of key and conjunction blue print. On July 24, 2015, the subsidiary issued the letter to extend date to deliver the project within 459 days from original deadline.

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.

### 38. COMMITMENTS AND CONTINGENT LIABILITIES

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

|                                    | Unit : Million Baht                  |             |                                  |             |
|------------------------------------|--------------------------------------|-------------|----------------------------------|-------------|
|                                    | CONSOLIDATED<br>FINANCIAL STATEMENTS |             | SEPARATE<br>FINANCIAL STATEMENTS |             |
|                                    | 2017                                 | 2016        | 2017                             | 2016        |
| <b>Operating lease commitments</b> |                                      |             |                                  |             |
| Within one year                    | 14.86                                | 7.69        | 12.56                            | 7.69        |
| Within one year up to five years   | 36.70                                | -           | 32.29                            | -           |
|                                    | <u>51.56</u>                         | <u>7.69</u> | <u>44.85</u>                     | <u>7.69</u> |

For the years ended December 31, 2017 and 2016, the Company recorded long-term operating lease as expense in the statement of comprehensive income in the amount of Baht 8.49 million and Baht 8.39 million, respectively.

|                                | Unit : Million Baht                  |               |                                  |             |
|--------------------------------|--------------------------------------|---------------|----------------------------------|-------------|
|                                | CONSOLIDATED<br>FINANCIAL STATEMENTS |               | SEPARATE<br>FINANCIAL STATEMENTS |             |
|                                | 2017                                 | 2016          | 2017                             | 2016        |
| <b>Other commitments</b>       |                                      |               |                                  |             |
| Bank guarantee                 | 227.18                               | 366.57        | 1.00                             | 1.14        |
| Financial consulting contracts | 1.50                                 | 1.50          | 1.50                             | 1.50        |
| <b>Total</b>                   | <u>228.68</u>                        | <u>368.07</u> | <u>2.50</u>                      | <u>2.64</u> |

As at December 31, 2017 and 2016, the Company and subsidiaries had commitment under bank guarantee in the amount of Baht 227.18 million and Baht 366.57 million, respectively. Such bank guarantees are performance bond and bond of creditors group 2 which such creditors filed their respective claims for payment from the Company to the Official Receiver which was approved by the Central Bankruptcy Court.

On 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 with a period from December 11, 2012 to the date of completion. The fee is payable in three installments, outstanding commitments as of December 31, 2017, 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 August 1, 2014, the Company entered into the building lease and service agreement with Grand Cannel Land Public Company Limited for a period of 3 years commencing from December 1, 2014 to November 30, 2017 with monthly rental of Baht 349,489 and deposit of Baht 1,048,468 and with monthly service of Baht 349,489 and deposit of Baht 1,048,468. If the Company defaults on the rental and service payment, its penalty will be charged by interest rate at 15% per annum.

In 2014, the Company had been filed a petition as a codefendant at Civil Court and Labor 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.

On October 20, 2017, the Company entered into the building lease and service agreement with GLAND Office Leasehold Real Estate Investment Trust (GLANDRT) for a period of 3 years commencing from December 1, 2017 to November 30, 2020 with monthly rental of Baht 441,627 and deposit of Baht 1,324,482 and with monthly service of Baht 362,198 and deposit of Baht 1,086,594. If the Company defaults on the rental and service payment, its penalty will be charged by interest rate at 15% annum.

### 39. EVENT AFTER THE REPORTING PERIOD

On March 28, 2018, the Company registered the change of par value of the Company's ordinary shares from Baht 2.00 to Baht 0.65 and the change of the Company's issued and paid-up share capital from Baht 3,927,156,902 to Baht 1,276,325,994 as well as amending Clause 4 of the Memorandum of Association to be in compliance with the change of par value and the Company's decreased issued and paid-up share capital with the Department of Business Development of the Ministry of Commerce. The said operation was conducted as per the resolution of the Annual General Meeting of Shareholders No. 1/2017 held on April 28, 2017. As at March 28, 2018, the Company's issued and paid-up share capital being Baht 1,276,325,994 and the number of issued and paid-up ordinary shares amounting to 1,963,578,451 shares at a par value of Baht 0.65.

### 40. APPROVAL OF THE FINANCIAL STATEMENTS

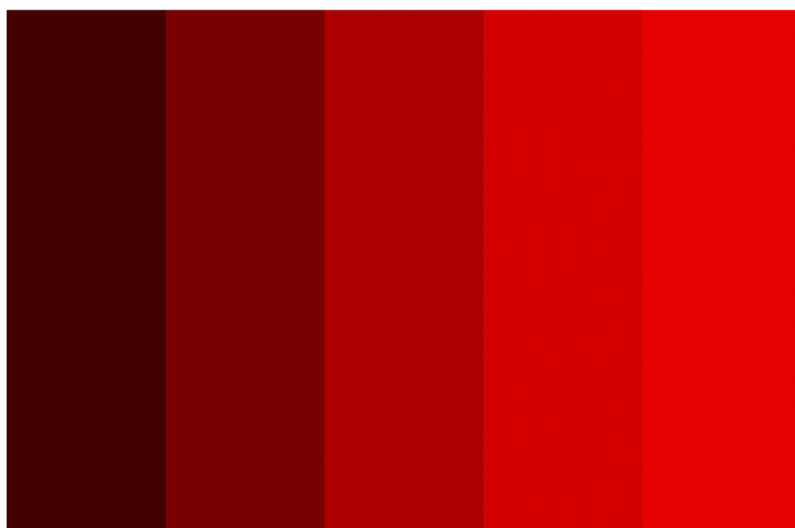
These financial statements have been approved for issuance by the authorized director of the Company on March 29, 2018.

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Our covenant is to strive for  
Stakeholders' satisfaction and  
for our constant development

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KTech Construction Public Company Limited

No. 33/4 The Ninth Tower, Tower B, Level 18 Rama 9 Road,  
Kwang Huaykwang, Khet Huaykwang Bangkok 10310

Tel : 0-2018-1688 Fax : 0-2018-1689

Info@ktech.co.th www.ktech.co.th

