

**Part 3****Financial Position and Operational Results****13. Financial Highlights**

Summary of Financial Information under the Consolidated Financial Statements

Item	Amount (Million Baht)		
	2016	2017	2018
Total assets	94,928.37	79,274.46	83,500.54
Total liabilities	73,074.05	55,401.38	57,671.82
Shareholders' equity	21,854.32	23,873.08	25,828.72
Total revenues	47,019.54	37,730.68	31,175.57
Gross profit (loss)	3,238.23	2,834.73	2,320.28
Net profit (loss)	2,002.40	1,810.01	2,494.31
Earnings (loss) per share (Baht)	1.18	1.07	1.47

Summary of Financial Information under the Separate Financial Statements

Item	Amount (Million Baht)		
	2016	2017	2018
Total assets	89,873.25	76,055.49	77,443.27
Total liabilities	67,096.39	52,303.80	53,489.80
Shareholders' equity	22,776.86	23,751.69	23,953.47
Total revenues	22,335.52	21,498.90	24,454.30
Gross profit (loss)	1,436.24	1,418.97	1,699.32
Net profit (loss)	983.58	779.23	1,240.04
Earnings (loss) per share (Baht)	0.58	0.46	0.73

**Financial statements for the accounting year ended December 31, 2016**

The auditor audited the consolidated financial statements of CH. Karnchang Public Company Limited and its subsidiaries (Company Group), comprising the consolidated statement of financial position as at December 31, 2016, the consolidated statement of comprehensive income, the consolidated statement of change in shareholders' equity, and the consolidated statement of cash flows for year then ended, and notes to the consolidated financial statements, as well as summary of significant accounting policies, and also audited the separate financial statements of CH. Karnchang Public Company Limited, and was of the opinion that the aforesaid financial statements presented fairly, in all material respects, the financial position of CH. Karnchang Public Company Limited and its subsidiaries, and of CH. Karnchang Public Company Limited, as at December 31, 2016, their operational results and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Financial statements for the accounting year ended December 31, 2017

The auditor audited the consolidated financial statements of CH. Karnchang Public Company Limited and its subsidiaries (Company Group), comprising the consolidated statement of financial position as at December 31, 2017, the consolidated statement of comprehensive income, the consolidated statement of change in shareholders' equity, and the consolidated statement of cash flows for year then ended, and notes to the consolidated financial statements, as well as summary of significant accounting policies, and also audited the separate financial statements of CH. Karnchang Public Company Limited, and was of the opinion that the aforesaid financial statements presented fairly, in all material respects, the financial position of CH. Karnchang Public Company Limited and its subsidiaries, and of CH. Karnchang Public Company Limited, as at December 31, 2017, their operational results and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Financial statements for the accounting year ended December 31, 2018

The auditor audited the consolidated financial statements of CH. Karnchang Public Company Limited and its subsidiaries (Company Group), comprising the consolidated statement of financial position as at December 31, 2018, the consolidated statement of comprehensive income, the consolidated statement of change in shareholders' equity, and the consolidated statement of cash flows for year then ended, and notes to the consolidated financial statements, as well as summary of significant accounting policies, and also audited the separate financial statements of CH. Karnchang Public Company Limited, and was of the opinion that the aforesaid financial statements presented fairly, in all material respects, the financial position of CH. Karnchang Public Company Limited and its subsidiaries, and of CH. Karnchang Public Company Limited, as at December 31, 2018, their operational results and cash flows for the year then ended in accordance with Thai Financial Reporting Standards. In addition, attention should be drawn to Note 16 to the consolidated financial statements regarding the dispute over a competing road with Udon Raththaya Expressway involving a subsidiary of Bangkok Expressway and Metro Public Company Limited (an associated company). There was still uncertainty about the compensation to be received by the subsidiary from the Government agency. Therefore, in the financial statements for the year ended December 31, 2018, the subsidiary did not record the compensation, together with interest thereon and related expenses that may be incurred. In this regard, the auditor's opinion was not modified in respect of this matter.



13.1 Financial Statements

The presented financial position and operational results comprised the operational results from the audited financial statements for the year ended December 31, 2018, in comparison with the operational results from the audited financial statements for the years ended December 31, 2017 and 2016.

13.1.1 Statement of Financial Position

Items	Consolidated Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	11,406,172,762	12.02%	6,689,094,815	8.44%	8,549,823,195	10.24%
Current investments	1,130,475,430	1.19%	2,208,352,112	2.79%	384,562,356	0.46%
Trade and other receivables	7,920,131,545	8.34%	5,461,862,925	6.89%	8,190,564,808	9.81%
Short-term loans to related parties and interest receivable	283,913,264	0.30%	69,254,556	0.09%	267,895,726	0.32%
Unbilled receivables	2,715,072,622	2.86%	4,594,875,333	5.80%	3,103,911,063	3.72%
Construction in progress and construction supplies	2,775,198,874	2.92%	3,375,692,809	4.26%	763,507,847	0.91%
Advance payment for subcontractors	6,209,781,995	6.54%	4,572,251,306	5.77%	4,517,489,586	5.41%
Current tax assets	532,683,990	0.56%	836,978,828	1.05%	367,164,945	0.44%
Derivative financial assets	28,831,432	0.03%	-	0.00%	-	0.00%
Other current assets	327,550,163	0.35%	587,158,271	0.74%	403,772,475	0.49%
Total current assets	33,329,812,077	35.11%	28,395,520,955	35.83%	26,548,692,001	31.80%
Non-current assets						
Restricted bank deposits	33,119,923	0.03%	15,221,213	0.02%	15,000,000	0.02%
Long-term loans to associated company and interest receivable	10,359,710,476	10.91%	12,183,818,342	15.37%	14,072,892,983	16.85%
Long-term loans to related company and interest receivable	9,252,792	0.01%	6,705,936	0.01%	3,874,608	0.00%
Investments in associated companies	19,436,337,429	20.47%	19,807,074,282	24.98%	22,446,728,243	26.88%
Other long-term investments	8,312,219,720	8.76%	9,721,809,580	12.26%	9,566,994,040	11.46%
Long-term trade receivables	14,095,406,437	14.85%	-	0.00%	-	0.00%
Investment properties	417,259,576	0.44%	530,994,068	0.67%	569,552,594	0.68%
Property, plant and equipment	8,609,984,536	9.07%	8,317,537,190	10.49%	9,787,782,833	11.72%
Intangible assets	58,655,759	0.06%	47,469,713	0.06%	40,138,375	0.05%
Accounts receivable – claims for additional costs	2,515,620,262	2.65%	2,515,620,262	3.17%	2,515,620,262	3.01%
Less: Allowance for doubtful accounts	(2,515,620,262)	(2.65%)	(2,515,620,262)	(3.17%)	(2,515,620,262)	(3.01%)
Advances for future projects	71,801,635	0.08%	16,263,874	0.02%	101,847,617	0.12%
Withholding tax deducted at source	72,546,867	0.08%	50,772,476	0.06%	88,089,548	0.11%
Deferred tax assets	103,593,591	0.11%	124,378,490	0.16%	176,686,576	0.21%



Items	Consolidatd Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Other non-current assets	18,674,001	0.02%	56,894,781	0.07%	82,261,575	0.10%
Total non-current assets	61,598,562,742	64.89%	50,878,939,945	64.17%	56,951,848,992	68.20%
Total assets	94,928,374,819	100.00%	79,274,460,900	100.00%	83,500,540,993	100.00%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	9,531,534,156	10.04%	8,265,387,333	10.43%	6,319,965,911	7.57%
Trade and other payables	6,440,968,073	6.79%	4,037,673,142	5.09%	5,396,504,685	6.46%
Current portion of hire purchase creditors	90,883,806	0.10%	13,251,679	0.02%	1,325,182	0.00%
Current portion of long-term loans	4,547,791,382	4.79%	1,695,370,000	2.14%	325,000,000	0.39%
Current portion of debentures	2,000,000,000	2.11%	2,000,000,000	2.52%	4,500,000,000	5.39%
Advances received from employers and construction revenue received in advance	5,513,543,978	5.81%	7,663,045,242	9.67%	10,983,088,544	13.15%
Retention for construction	907,481,186	0.96%	875,766,677	1.10%	699,343,714	0.84%
Income tax payable	3,276,548	0.00%	21,493,630	0.03%	23,403,776	0.03%
Unbilled output tax	186,395,067	0.20%	249,823,843	0.32%	367,582,351	0.44%
Derivative financial liabilities	-	0.00%	198,347,157	0.25%	315,647,874	0.38%
Other current liabilities	123,606,858	0.13%	77,208,444	0.10%	105,934,029	0.12%
Total current liabilities	29,345,481,054	30.93%	25,097,367,147	31.67%	29,037,796,066	34.77%
Non-current liabilities						
Hire purchase creditors, net of current portion	21,609,861	0.02%	1,353,786	0.00%	28,604	0.00%
Long-term loans, net of current portion	14,631,229,920	15.41%	836,702,877	1.05%	515,443,288	0.62%
Debentures, net of current portion	26,479,666,523	27.89%	26,481,932,951	33.40%	25,034,222,525	29.98%
Provision for long-term employee benefits	612,159,232	0.64%	725,164,302	0.91%	858,780,206	1.03%
Deferred tax liabilities	1,983,905,515	2.09%	2,258,862,604	2.85%	2,225,552,026	2.66%
Total non-current liabilities	43,728,571,051	46.05%	30,304,016,520	38.21%	28,634,026,649	34.29%
Total liabilities	73,074,052,105	76.98%	55,401,383,667	69.88%	57,671,822,715	69.06%



Items	Consolidatd Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Shareholders' equity						
Share capital						
1,693,899,970 ordinary shares of Baht 1 each	1,693,899,970	1.78%	1,693,899,970	2.14%	1,693,899,970	2.03%
Issued and fully paid-up						
1,693,896,872 ordinary shares of Baht 1 each	1,693,896,872	1.78%	1,693,896,872	2.14%	1,693,896,872	2.03%
Share premium	4,869,410,139	5.13%	4,869,410,139	6.14%	4,869,410,139	5.83%
Retained earnings						
Appropriated – statutory reserve	174,889,997	0.19%	174,889,997	0.22%	174,889,997	0.21%
Unappropriated	10,637,165,554	11.21%	11,627,299,952	14.67%	13,365,043,548	16.01%
Other components of shareholders' equity	4,105,277,046	4.32%	5,120,725,053	6.46%	5,317,771,265	6.37%
Equity attributable to owners of the Company	21,480,639,608	22.63%	23,486,222,013	29.63%	25,421,011,821	30.45%
Non-controlling interests of the subsidiaries	373,683,106	0.39%	386,855,220	0.49%	407,706,457	0.49%
Total shareholders' equity	21,854,322,714	23.02%	23,873,077,233	30.12%	25,828,718,278	30.94%
Total liabilities and shareholders' equity	94,928,374,819	100.00%	79,274,460,900	100.00%	83,500,540,993	100.00%



13.1.2 Statement of Comprehensive Income

Items	Consolidated Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenues from construction services	45,705,063,394	97.20%	35,899,686,248	95.15%	29,292,299,525	93.96%
Sales of construction materials	63,223,997	0.13%	23,123,725	0.06%	3,637,352	0.01%
Other income						
Project management income	40,439,107	0.09%	147,903,284	0.39%	203,097,268	0.65%
Rental income	48,867,627	0.10%	52,368,439	0.14%	64,865,669	0.21%
Transportation income	6,446,600	0.01%	2,851,843	0.01%	-	0.00%
Interest income	355,423,205	0.76%	738,052,184	1.96%	816,485,634	2.62%
Dividend income	464,630,815	0.99%	464,637,240	1.23%	464,714,590	1.49%
Gain on sales of investments in associated companies and other long-term investments	270,964,166	0.58%	303,144,371	0.80%	259,988,786	0.83%
Others	64,484,291	0.14%	98,914,760	0.26%	70,479,533	0.23%
Total revenues	47,019,543,202	100.00%	37,730,682,094	100.00%	31,175,568,357	100.00%
Expenses						
Cost of construction services and sales of construction materials	42,530,058,424	90.45%	33,088,073,834	87.70%	26,975,661,929	86.53%
Administrative expenses	1,781,231,171	3.79%	2,131,263,058	5.65%	1,984,823,703	6.37%
Total expenses	44,311,289,595	94.24%	35,219,336,892	93.34%	28,960,485,632	92.89%
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	2,708,253,607	5.76%	2,511,345,202	6.66%	2,215,082,725	7.11%
Share of profit (loss) from investments in associated companies	577,610,679	1.23%	822,928,521	2.18%	1,657,629,585	5.32%
Profit before finance cost and income tax expenses	3,285,864,286	6.99%	3,334,273,723	8.84%	3,872,712,310	12.42%
Finance cost	(1,165,802,410)	(2.48%)	(1,392,650,483)	(3.69%)	(1,247,530,284)	(4.00%)
Profit before income tax expenses	2,120,061,876	4.51%	1,941,623,240	5.15%	2,625,182,026	8.42%
Income tax expenses	(77,614,788)	(0.17%)	(90,892,692)	(0.24%)	(138,780,460)	(0.45%)
Net profit	2,042,447,088	4.34%	1,850,730,548	4.91%	2,486,401,566	7.98%



Items	Consolidated Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Other comprehensive income:						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Gain (loss) on changes in value of available-for-sale investments, net of income tax	124,652,061	0.27%	1,114,091,545	2.95%	(140,869,640)	(0.45%)
Unrealized gain (loss) from cash flow hedges, net of income tax	25,809,298	0.05%	(196,997,233)	(0.52%)	(53,820,375)	(0.17%)
Share of other comprehensive income from associates	35,567,315	0.08%	98,534,915	0.26%	396,275,909	1.27%
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	186,028,674	0.40%	1,015,629,227	2.69%	201,585,894	0.65%
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial gain (loss), net of income tax	(10,222,693)	(0.02%)	15,409,022	0.04%	3,724,742	0.01%
Share of other comprehensive income from associates	(41,047,119)	(0.09%)	10,829,128	0.03%	3,423,349	0.01%
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(51,269,812)	(0.11%)	26,238,150	0.07%	7,148,091	0.02%
Other comprehensive income for the year	134,758,862	0.29%	1,041,867,377	2.76%	208,733,985	0.67%
Total comprehensive income for the year	2,177,205,950	4.63%	2,892,597,925	7.67%	2,695,135,551	8.65%
Profit attributable to:						
Equity holders of the Company	2,002,402,047	4.26%	1,810,006,513	4.80%	2,494,309,044	8.00%
Non-controlling interests of the subsidiaries	40,045,041	0.09%	40,724,035	0.11%	(7,907,478)	0.02%
	2,042,447,088	4.35%	1,850,730,548	4.91%	2,486,401,566	7.98%
Total comprehensive income attributable to:						
Equity holders of the Company	2,142,265,730	4.56%	2,852,205,811	7.56%	2,696,784,314	8.65%
Non-controlling interests of the subsidiaries	34,940,220	0.07%	40,392,114	0.11%	(1,648,763)	(0.01%)
	2,446,314,355	4.63%	2,177,205,950	7.67%	2,695,135,551	8.64%



Items	Consolidated Financial Statements					
	2016		2017		2018	
	Baht	%	Baht	%	Baht	%
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	1.18		1.07		1.47	
Weighted average number of ordinary shares (share)	1,693,896,872		1,693,896,872		1,693,896,872	



13.1.3 Cash Flow Statement

Items Unit: Baht	Consolidated Financial Statements		
	2016	2017	2018
Cash flows from operating activities			
Profit before tax	2,120,061,876	1,941,623,240	2,625,182,026
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	953,275,378	993,351,176	705,524,270
Reversal of allowance for impairment loss of investment properties	-	(13,735,685)	-
Withholding tax deducted at source	580,452	5,374,659	35,721
Dividend income	(464,630,815)	(464,637,240)	(464,714,590)
Gain on sales of current investments	(20,250,077)	(11,079,519)	(8,192,580)
Gain on sales of investments in subsidiary, associated companies and other long-term investments	(270,964,166)	(303,144,371)	(259,988,786)
Allowance for doubtful accounts (reversal)	(17,490)	283,913,264	-
Loss (gain) on sales of property, plant and equipment	(2,702,531)	(16,688,884)	272,814,688
Transfer of cost of construction services to building and equipment	(637,479,628)	(111,191,788)	-
Unrealised loss (gain) on exchange	(30,623,600)	25,802,860	(4,221,402)
Loss (gain) from foreign exchange contracts	(5,544,346)	1,452,805	4,091,541
Unrealised loss (gain) on changes in value of investments in marketable securities	(1,514,044)	(1,909,011)	(1,056,784)
Amortisation of deferred front end fee and deferred debentures issuing cost	31,010,318	36,946,511	12,806,409
Share of profit from investments in associated companies	(577,610,679)	(822,928,521)	(1,657,629,585)
Provision for long-term employee benefits	137,437,127	175,117,030	232,549,261
Interest expenses	1,113,916,193	1,343,704,217	1,226,488,916
Profit from operating activities before changes in operating assets and liabilities	2,344,943,968	3,061,970,743	2,683,689,105
Operating assets (increase) decrease			
Trade and other receivables	(1,614,035,732)	1,244,471,941	(1,908,367,992)
Unbilled receivables	10,431,860,883	(1,825,994,963)	1,524,558,150
Construction in progress and construction supplies	10,636,093,896	(585,485,965)	1,052,184,962
Advance payment to subcontractors	1,039,363,806	1,637,530,688	54,761,720
Other current assets	235,972,198	(271,338,350)	182,134,060
Advances for future projects	210,505,745	55,537,761	(85,583,743)
Other non-current assets	4,046,646	(44,919,529)	(28,164,911)
Operating liabilities increase (decrease)			
Trade and other payables	(968,038,622)	(2,369,144,289)	1,412,740,206



Items Unit: Baht	Consolidated Financial Statements		
	2016	2017	2018
Advances received from employers and construction revenue received in advance	(326,317,508)	3,102,822,908	3,320,043,302
Retention for construction	(238,959,250)	(28,382,300)	(176,326,557)
Other current liabilities	(1,121,647,158)	13,827,357	147,448,492
Cash paid for long-term employee benefits	(106,500,117)	(39,229,545)	(94,277,430)
Cash flows used in operating activities	20,527,288,755	3,951,666,457	8,084,839,364
Cash paid for interest expenses	(1,717,265,497)	(1,363,536,741)	(1,198,794,732)
Cash refund (paid for) corporate income tax	(447,826,683)	(369,361,486)	278,301,121
Net cash flows used in operating activities	18,362,196,575	2,218,768,230	7,164,345,753
Cash flows from investing activities			
Decrease in restricted bank deposits	(16,226,598)	16,138,724	221,213
Cash payment for purchase of current investments	(11,380,413,521)	(4,489,718,647)	(5,432,000,000)
Cash receipt from sales of current investments	10,344,144,548	3,424,105,066	7,265,367,611
Increase in short-term loans to related parties and interest receivable	-	(69,379,945)	(198,515,781)
Increase in long-term loans to associated company	(10,055,430,000)	(1,132,530,000)	(1,126,800,000)
Decrease in long-term loans to related company	2,850,000	2,400,000	2,700,000
Dividend from subsidiary, associated companies and related companies	1,059,332,308	1,158,107,582	1,131,538,859
Net cash receipt from sales of investments in subsidiary	-	85,628,458	-
Cash receipt from sales of current investments in associated companies and other long-term investments	382,255,777	414,154,808	413,800,000
Increase in investments in associated companies	(2,476,024,575)	(281,697,719)	(1,424,685,990)
Increase in other long-term investments	(150,070,970)	(16,250,000)	-
Increase in property, plant and equipment	(1,885,786,145)	(911,378,710)	(2,548,395,469)
Increase in intangible assets	(570,210)	(1,703,630)	(6,385,296)
Proceeds from sales of property, plant and equipment	42,771,507	124,133,007	46,621,249
Net cash flows from (used in) investing activities	(14,133,167,879)	(1,677,991,006)	(1,876,533,604)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	1,366,305,960	(1,223,441,446)	(1,967,181,572)
Cash receipt from long-term loans	4,085,596,178	1,451,420,561	-
Repayment of long-term loans	(6,785,636,318)	(4,498,369,493)	(1,695,370,000)
Cash receipt from issuance of debentures	16,985,350,000	8,992,500,000	7,044,865,000
Repayment of debentures	(12,000,000,000)	(9,000,000,000)	(6,000,000,000)
Proceeds from increased share capital of the subsidiary	-	-	45,000,000
Dividend payment	(1,101,030,194)	(846,623,406)	(761,994,506)
Dividend payment of subsidiary	(45,000,000)	(27,220,000)	(22,500,000)



Items Unit: Baht	Consolidated Financial Statements		
	2016	2017	2018
Net cash flows from financing activities	2,505,585,626	(5,151,733,784)	(3,357,181,078)
Effect of exchange rate changes on cash and cash equivalents	4,595,996	(106,121,387)	(69,902,691)
Net increase (decrease) in cash and cash equivalents	6,739,210,318	(4,717,077,947)	1,860,728,380
Cash and cash equivalents at beginning of year	4,666,962,444	11,406,172,762	6,689,094,815
Cash and cash equivalents at end of year	11,406,172,762	6,689,094,815	8,549,823,195



13.2 Significant Financial Ratios

Items	Consolidated Financial Statements		
	2016	2017	2018
LIQUIDITY RATIO			
Liquidity Ratio (times)	1.14	1.13	0.91
Quick Ratio (times)*	0.43	0.35	0.31
Trade Accounts Receivable Turnover (times)	6.49	5.37	4.29
Average Collection Period (days)	56.20	67.99	85.05
Inventory Turnover (times)	5.47	10.76	13.03
Average Sale Period (days)	66.78	33.93	28.00
Accounts Payable Turnover (times)	6.52	6.32	5.72
Debt Servicing Period (days)	55.97	57.80	63.83
Cash Turnover (days)	67.01	44.11	49.23
PROFITABILITY RATIO			
Gross Margin Ratio (%)	7.08%	7.89%	7.92%
Net Profit Ratio (%)	4.26%	4.80%	8.00%
Return on Equity (%)	9.38%	7.92%	10.04%
EFFICIENCY RATIO			
Return on Assets (%)	2.13%	2.08%	3.06%
Return on Fixed Assets (%)	23.92%	20.25%	25.97%
Assets Turnover (times)	0.50	0.43	0.38
FINANCIAL POLICY RATIO			
Debt to Equity Ratio (times)	3.34	2.32	2.23
Debt to Equity Ratio (per Terms) (times)**	1.33	1.27	1.07
Interest Coverage Ratio (times)***	3.60	3.08	3.68

Remarks * The quick ratio = (cash and cash equivalents + current investments)/current liabilities.

** Terms regarding the rights and duties of the debenture issuer and the debenture holder stipulate that the debenture issuer shall maintain the debt to equity ratio at not more than 3 (three) to 1 (one) as at the end of the second quarter and as at the end of each accounting year. The debt to equity ratio (per Terms) = liabilities bearing interest or subject to discount less cash and cash equivalents, short-term investments and trade accounts receivable which represent the government agencies or state enterprises under construction contracts bearing interest, and such trade accounts receivable have already issued the certificate of work performance / shareholders' equity.

*** Net profit + interest expenses + income tax + depreciation + amortisation/interest expenses.



14. Management Discussion and Analysis

14.1 Analysis of Operations and Financial Position for 2018

14.1.1 Overview

Operation Overview and Significant Changes

CH. Karnchang Public Company Limited operates its core business of two categories, namely, the construction business and the regional basic infrastructure investment and development business, in order to strengthen its competitive edge and sustainable and steady growth.

In 2018, the Company and its subsidiaries executed many project construction agreements which would help constantly generate the Company Group's revenue, namely:

1. The Agreement for Management of Construction and Improvement of Administrative Building in the area of Depot in Huai Khwang and Supply, Installation of the M&E Systems (Additional) of the MRT Blue Line Extension Project with Bangkok Expressway and Metro Public Company Limited, with the contract value of approximately Baht 558 Million, exclusive of value added tax;

2. The Supplementary Agreement No. 1 for Double Track Railroad Construction Project, Chira Junction - Khon Kaen Section, No. 1, with the State Railway of Thailand, for the construction of altered railway work under the design in the area of Ban Phai railway station from high embankment under the existing design by the agreement to elevated structures, with the total contract value under the Supplementary Agreement of Baht 896 Million, inclusive of value added tax;

3. The Agreement for Construction of the Project for Development of Ditches along Vibhavadi Rangsit Road (Phase 1), Highway No. 31, connecting to Phaholyothin Road, Highway No. 1, between km.4+990 - km.28+700, for several sites, one of them with the Office of Highways 13 (Bangkok), Department of Highways, with the contract value of approximately Baht 297 Million, inclusive of value added tax;

4. The Variation Order No. 2 to Design, Supply, Install and Test the Telecommunications Network System (Integrated Radio Distribution Network System to support all Mobile Phone Operators in Thailand to provide both voice and data services, as well as accommodating frequencies, technology or new mobile phone operators in the future) in undergrounded areas of four MRT stations for the MRT Blue Line Extension Project, namely, Wat Mangkon Station, Sam Yod Station, Sanam Chai Station, and Itsaraphap Station, (Variation Order No.2 Provision of Integrated Radio Distribution Network (IRDN)), with Bangkok Expressway and Metro Public Company Limited, with the contract value of approximately Baht 249 Million, exclusive of value added tax;

5. The Agreement for Acceleration of the Opening of Operation Service of the MRT Blue Line Extension Project, divided into 3 sections, i.e., Hua Lamphong Station - Lak Song Station Section, Tao Poon Station - Sirindhorn Station Section, and Sirindhorn Station - Tha Phra Station Section (Variation Order No.3 Acceleration of the Works), with Bangkok Expressway and Metro Public Company Limited, with the contract value of approximately Baht 650 Million, exclusive of value added tax;



6. The Agreement for the Repair of the Structure of the Si Rat Expressway, Period 4, Phase 2, in respect of Sector C (Prachachuen - Chaeng Watthana) and certain part of Sector B (Urupong - Phayathai), with Bangkok Expressway and Metro Public Company Limited, with the contract value of approximately Baht 32 Million, exclusive of value added tax;

7. The Memorandum of Amendment Agreement (No. 1) for the Project Management Agreement for Civil Infrastructure and Electrical and Mechanical Systems Maintenance of the MRT Blue Line Project (the MRT Chaloem Ratchamongkhon Line), with Bangkok Expressway and Metro Public Company Limited, to increase the scope of works, with the contract value of approximately Baht 2,778 Million, exclusive of value added tax;

8. The Agreement for Gas Distribution System Relocation of Pathum Thani - Phaya Thai Project by the side of Vibhavadi Rangsit Road with PTT Public Company Limited, with the contract value of approximately Baht 27 Million, exclusive of value added tax;

9. The Construction Contract of Underground Manholes and Duct Banks in conjunction with the MRT Orange Line Project, Thailand Cultural Centre - Min Buri (Suwinthawong) Section: Contract 1 of Mass Rapid Transit Authority of Thailand, and the Construction Contract of Underground Manholes and Duct Banks in conjunction with the MRT Orange Line Project, Thailand Cultural Centre - Min Buri (Suwinthawong) Section: Contract 2 of Mass Rapid Transit Authority of Thailand with Metropolitan Electricity Authority, with the work value under the Contract 1 of approximately Baht 65 Million, exclusive of value added tax, and the work value under the Contract 2 of approximately Baht 398 Million, exclusive of value added tax.

With respect to the basic infrastructure investment and development business, there were significant changes as follows:

- In June 2018, the Company acquired 130 million ordinary shares in Bangkok Expressway and Metro Public Company Limited, with the value of Baht 995 Million, and as such, the Company's shareholding percentage in such company increased from 29.98 percent to 30.83 percent.
- In September 2018, the Company acquired 50 million ordinary shares in Bangkok Expressway and Metro Public Company Limited, with the value of Baht 410 Million, and as such, the Company's shareholding percentage in such company increased from 30.83 percent to 31.16 percent.
- In November 2018, the Company increased its capital in CH. Karnchang-Tokyu Construction Company Limited (subsidiary) in its original proportion in the amount of Baht 55 Million.
- In November 2018, the Company sold 14 million ordinary shares in CK Power Public Company Limited, with the total value of approximately Baht 74 Million, and recognized gain from sales of investments in such associated company under the consolidated financial statements for 2018 in the amount of approximately Baht 52 Million, and as such, the Company's shareholding percentage in such company reduced from 27.41 percent to 27.22 percent.
- In December 2018, the Company sold 40 million ordinary shares in Bangkok Expressway and Metro Public Company Limited, with the total value of approximately Baht 340 Million, and recognized gain from sales of investments in such associated company under the consolidated financial statements for 2018 in the amount of approximately Baht 208 Million, and as such, the Company's shareholding percentage in such company reduced from 31.16 percent to 30.89 percent.



Accounting Standard and Auditor's Observation

In 2018, regarding key audit matter, the auditor was of the opinion that recognition of revenue from construction services was of great significance in audit of the Company and its subsidiaries since it represented a transaction which had a significant amount as compared with the total revenues of the Company and its subsidiaries, and was also subject to management's discretion. The auditor gave the detailed explanations on audit procedures for such transaction, among of them, for instance, were reading the construction contracts to consider the conditions relating to revenue recognition; making enquiries from responsible executives and gaining a understanding of the Company's and its subsidiaries' process for assessment of the percentage of work completion and estimates of construction project costs of the entire projects; checking estimates of construction project costs with the budget plan for each project; checking actual cost of construction services with its supporting documents, etc., (as per the details in the auditor's report for the financial statements for 2018).

In addition, in the auditor's report, attention should be drawn to Note 16 to the consolidated financial statements regarding the dispute over a competing road with Udon Ratthaya Expressway involving a subsidiary of Bangkok Expressway and Metro Public Company Limited (an associated company). There was still uncertainty about the compensation to be received by the subsidiary from the Government agency. Therefore, in the financial statements for the year ended December 31, 2018, the subsidiary did not record the compensation, together with interest thereon and related expenses that may be incurred. In this regard, the auditor's opinion was not modified in respect of this matter.

As for additional information relating to business overview, its details are indicated in the sections entitled Business Policy and Overview and Nature of Business Operations; and as for additional information relating to economic and industrial conditions, its details are set forth in the section entitled Trend of Growth and Development of Construction Industry.



14.1.2 Operational Results and Profitability

Consolidated Income Statement Unit: Million Baht	Year		Change	
	2018	2017	Amount	Percent
Revenues from construction services and sales of construction materials	29,295.94	35,922.81	(6,626.87)	(18.45)
Other income	1,879.63	1,807.87	71.76	3.97
Total revenues	31,175.57	37,730.68	(6,555.11)	(17.37)
Cost of construction services and sales of construction materials	26,975.66	33,088.08	(6,112.42)	(18.47)
Administrative expenses	1,984.82	2,131.26	(146.44)	(6.87)
Total expenses	28,960.48	35,219.34	(6,258.86)	(17.77)
Profit before share of profit from investments in associated companies, Finance cost and income tax expenses	2,215.09	2,511.34	(296.25)	(11.80)
Share of profit from investments in associated companies	1,657.63	822.93	834.70	101.43
Finance cost	(1,247.53)	(1,392.65)	145.12	(10.42)
Income tax expenses	(138.78)	(90.89)	(47.89)	52.69
Net profit	2,486.41	1,850.73	635.68	34.35
Equity holders of the Company	2,494.31	1,810.01	684.30	37.81
Non-controlling interests of the subsidiaries	(7.90)	40.72	(48.62)	(119.42)

Net profit attributable to equity holders of the Company for 2018 amounted to Baht 2,494.31 Million, an increase by Baht 684.30 Million, representing 37.81 percent

The Company and its subsidiaries had net profit attributable to equity holders of the Company for 2018 amounted to Baht 2,494.31 Million, an increase of Baht 684.30 Million from the previous year, representing 37.81 percent, mainly due to an increase in share of profit from investments in associated companies, and a decrease in administrative expenses and finance cost.

Revenues from construction services and sales of construction materials for 2018 amounted to Baht 29,295.94 Million, a decrease by Baht 6,626.87 Million, representing 18.45 percent

The Company and its subsidiaries had revenues from construction services and sales of construction materials in the total amount of Baht 29,295.94 Million, representing 93.97 percent of total revenues, a decrease by Baht 6,626.87 Million from the previous year, representing 18.45 percent, mainly due to the fact that the Xayaburi Hydroelectric Power Project reached its late project phase.

Cost of construction services and sales of construction materials for 2018 amounted to Baht 26,975.66 Million, a decrease by Baht 6,112.42 Million, representing 18.47 percent.

The Company and its subsidiaries had cost of construction services and sales of construction materials in the total amount of Baht 26,975.66 Million, a decrease by Baht 6,112.42 Million from the previous year, representing 18.47 percent. The Company and its subsidiaries had the gross profit in the amount of Baht 2,320.28 Million, a decrease by Baht 514.45 Million from the previous year, representing 18.15 percent; however, the gross profit margin of 2018 was equal to 7.92 percent, an increase from 7.89 percent from the previous year.



Other income for 2018 amounted to Baht 1,879.63 Million, an increase by Baht 71.76 Million, representing 3.97 percent.	<p>The Company and its subsidiaries had other income in the amount of Baht 1,879.63 Million, an increase by Baht 71.76 Million from that of the previous year, representing 3.97 percent, due to interest income from Xayaburi Power Company Limited and project management income.</p>
Administrative expenses for 2018 amounted to Baht 1,984.82 Million, a decrease by Baht 146.44 Million, representing 6.87 percent.	<p>The Company and its subsidiaries had administrative expenses in the amount of Baht 1,984.82 Million, a decrease by Baht 146.44 Million from that of the previous year, representing 6.87 percent, due to provision for allowance for doubtful accounts of a joint venture in 2017. However, in 2018, the National Legislative Assembly resolved to grant approval for the new draft Labor Protection Act, which was pending publication in the Government Gazette, by prescribing additional severance pay in case of employment termination by the employer for employees who have worked for 20 consecutive years or more, such employees shall be entitled to severance pay by not less than the most recent wage rate for 400 days. Such change was considered the project amendment for the project for benefits after employment termination, as a result, the Company and its subsidiaries recorded the effect of the change as expenses immediately in 2018.</p> <p>The Company and its subsidiaries did not incur clear expenses for research and development of technology and innovations under the guidelines of the National Science and Technology Development Agency (NSTDA) ; however, the Company has supported and promoted development of its personnel to ensure their abilities in study and research for new knowledge, experimental development, using knowledge in science and technology to create new products or processes or improve the existing products or production processes to ensure achievement of the objective under the personnel development policy which would lead to new technology and innovations in their performance. As the Company has always continued to develop human resources, expenses therefor were incorporated into the personnel development policy.</p>
Share of profit from investments in associated companies for 2018 amounted to Baht 1,657.63 Million, an increase by Baht 834.70 Million or representing 101.43 percent.	<p>The Company and its subsidiaries had share of profit from investments in associated companies in the amount of Baht 1,657.63 Million, an increase by Baht 834.70 Million, as compared to that of the previous year, representing 101.43 percent, due to the fact that Bangkok Expressway and Metro Public Company Limited had gain on sales and reclassification of investment in CK Power Public Company Limited from an associated company to available-for-sale investments, in the amount as per the investment proportion of the Company and its subsidiaries, totaling Baht 698 Million. In addition, CK Power Public Company Limited had the improved operational results due to an increase in the reservoir inflow of the Nam Ngum 2 Hydroelectric Power Project.</p>



Share of Profit from Investments in Associated Companies Unit: Million Baht	2018	2017	Change	%
Bangkok Expressway and Metro Public Company Limited	1,479.71	822.05	657.66	80.00
CK Power Public Company Limited	178.40	1.21	177.19	14,643.80
Kamala Senior Living Co., Ltd.	(0.48)	(0.33)	(0.15)	NA
Total	1,657.63	822.93	834.70	101.43

Finance cost for 2018 amounted to Baht 1,247.53 Million, a decrease by Baht 145.12 Million, representing 10.42 percent.

The Company and its subsidiaries had finance cost in the amount of Baht 1,247.53 Million, an increase by Baht 145.12 Million as compared with that of the previous year, representing 10.42 percent, due to a decrease in the average interest rate and bank loan repayment.

Corporate income tax for 2018 amounted to Baht 138.78 Million, an increase by Baht 47.89 Million, representing 52.69 percent.

The Company and its subsidiaries had corporate income tax in the amount of Baht 138.78 Million, an increase by Baht 47.89 Million as compared with that of the previous year, representing 52.69 percent, mainly resulting from joint venture and subsidiaries in Thailand.

In 2018, return on equity was equal to 10.04 percent and return on assets was equal to 3.06 percent.

The Company and its subsidiaries had return on equity equal to 10.04 percent, an increase by 2.12 percent as compared with that of the previous year, and return on assets equal to 3.06 percent, an increase by 0.98 percent as compared with that of the previous year, due to the increased net profit.

Consolidated Statement of Financial Position Unit: Million Baht	December 31, 2018	December 31, 2017	Change	
			Amount	percent
Assets	83,500.54	79,274.46	4,226.08	5.33
Liabilities	57,671.82	55,401.38	2,270.44	4.10
Shareholders' equity	25,828.72	23,873.08	1,955.64	8.19

Total assets as at December 31, 2018 amounted to Baht 83,500.54 Million, an increase by 5.33 percent from the previous year.

As at December 31, 2018, the Company and its subsidiaries had total assets amounting to Baht 83,500.54 Million, an increase by Baht 4,226.08 Million from the end of the previous year, representing 5.33 percent, mainly due to additional investments in Bangkok Expressway and Metro Public Company Limited, investments in property, plant and equipment, and additional loans to associated company.

Total liabilities as at December 31, 2018 amounted to Baht 57,671.82 Million, a decrease by 4.10 percent from the previous year.

As at December 31, 2018, the Company and its subsidiaries had total liabilities amounting to Baht 57,671.82 Million, an increase by Baht 2,270.44 Million from the previous year, representing 4.10 percent, mainly due to an increase in trade and other payables, and advances received from employers and construction revenue received in advance.



Shareholders' equity as at December 31, 2018 amounted to Baht 25,828.72 Million, an increase by 8.19 percent from the previous year. As at December 31, 2018, the Company and its subsidiaries had shareholders' equity in the total amount of Baht 25,828.72 Million, an increase by Baht 1,955.64 Million from the previous year, representing 8.19 percent, resulting from the operational results of the Company and its subsidiaries, net of dividend payment.

Cash Flow Statement Unit: Million Baht	Year	
	2018	2017
Net cash flows from (used in) operating activities	7,164.35	2,218.77
Net cash flows from (used in) investing activities	(1,876.53)	(1,677.99)
Net cash flows from (used in) financing activities	(3,357.18)	(5,151.73)
Effect of exchange rate changes on cash and cash equivalents	(69.91)	(106.13)
Net increase (decrease) in cash	1,860.73	(4,717.08)

In 2018, cash from operating activities amounted to Baht 7,164.35 Million; cash used in investing activities amounted to Baht 1,876.53 Million; and cash used in financing activities amounted to Baht 3,357.18 Million. In 2018, the Company and its subsidiaries had net cash from operating activities amounting to Baht 7,164.35 Million, due to the operational results of the Company and its subsidiaries; cash used in investing activities amounting to Baht 1,876.53 Million, resulting from investments in associated companies and property, plant and equipment; and cash used in financing activities amounting to Baht 3,357.18 Million, resulting from bank loan repayment and dividend payment, and as such, net cash increased by Baht 1,860.73 Million.

14.1.3 Ability in Asset Management

The asset value of the Company, its subsidiaries and jointly controlled entities under the consolidated financial statements reflected value close to fair value since the Company, its subsidiaries and jointly controlled entities arranged for the assessment of value of various assets. In addition, if it was expected which asset value would be impaired, the Company, its subsidiaries and jointly controlled entities would set aside a provision to ensure that asset value under the financial statements did not materially differ from fair value. As for investments of the Company and its subsidiaries, the provision for loss was set aside should the Company and its subsidiaries deem that investments had a tendency to be impaired. In this connection, the Company and its subsidiaries believed that the provision for impairment of investments as recorded was sufficient and investment value under the financial statements was close to fair value.



Trade accounts and other receivables

As at December 31, 2018, the Company and its subsidiaries had trade accounts receivable amounting to Baht 6,140.24 Million, divided into related companies trade accounts receivable representing 23.39 percent, such as, Bangkok Expressway and Metro Public Company Limited, Xayaburi Power Company Limited, TTW Public Company Limited, and non-related companies trade accounts receivable representing 76.61 percent, such as, the Mass Rapid Transit Authority of Thailand, the State Railway of Thailand, the Department of Highways, the Metropolitan Electricity Authority, and other receivables amounting to Baht 2,050.33 Million, therefore, the total receivables amounted to Baht 8,190.57 Million, an increase by Baht 2,728.70 Million from the end of 2017, representing 49.96 percent, due to the progress of the MRT Orange Line Project, thereby resulting in an increase in trade accounts receivable, together with interest compensation receivable of a subsidiary. The Company's trade accounts and other receivables were mostly from construction and sale of construction materials. Normally, the Company provided a credit term for 30-65 days, and for 2018, the average collection period of the Company and its subsidiaries equaled 85.05 days, an increase by 17.06 days from 2017, due to the gradual progress during the year of the MRT Orange Line Project, and as such, the total trade accounts receivable as at the end of the year was high as compared to revenues recognized in the year, along with interest compensation receivable of a subsidiary as at the end of the year.

Trade accounts receivable were stated at the net realizable value. Allowance for doubtful accounts was provided by the Company and its subsidiaries for the estimated losses that might incur from uncollectible receivables. The allowance was generally based on collection history and analysis of debt aging (the analysis of debt aging was shown in Note 9 to Financial Statements).

Short-term loans to related parties and interest receivable

As at December 31, 2018, the Company and its subsidiaries had short-term loans to related parties and interest receivable under the consolidated financial statements amounting to Baht 267.90 Million, comprising loans extended to Joint Venture BBBD, CKCH Joint Venture, and Kamala Senior Living Co., Ltd., net of allowance for doubtful debts, in the amount of Baht 283.91 Million (allowance for doubtful debts under the separate financial statements amounting to Baht 3,726.25 Million), representing allowance for doubtful accounts for Joint Venture BBBD (see details in Note 6 d) to Financial Statements). The loans to Joint Venture BBBD were granted with a condition to waive interest under a resolution mutually passed by the Company and Bilfinger Berger AG, as joint venture partners, but they retained the right to claim such interest if the joint venture receives compensation for additional costs from the Expressway Authority of Thailand. The loan principal and interest were to be paid on the earlier of the date Joint Venture BBBD receives compensation for additional costs from the Expressway Authority of Thailand or the date when the Company called for the loan repayment.

Unbilled receivables and construction revenue received in advance

As at December 31, 2018, the Company and its subsidiaries had unbilled receivables amounting to Baht 3,103.91 Million, a decrease by Baht 1,490.96 Million from the end of 2017, due to acceleration of work delivery and payment collection. The construction revenue received in advance amounted to Baht 7,726.19 Million, an increase



by Baht 4,346.96 Million, mainly resulting from construction revenue received in advance of the MRT Orange Line Project and the Xayaburi Hydroelectric Power Project.

Construction in progress and construction supplies

As at December 31, 2018, the Company and its subsidiaries had construction in progress and construction supplies amounting to Baht 763.51 Million, a decrease by Baht 2,612.19 Million from the end of 2017, due to the fact that in the previous year, certain projects were pending approval for change in work from the employer, which were approved for change during 2018.

Long-term loans to associated company and interest receivable

As at December 31, 2018, the Company and its subsidiaries had long-term loans to associated company amounting to Baht 12,314.76 Million and interest receivable amounting to Baht 1,758.13 Million, totaling Baht 14,072.89 Million. On May 16, 2016, the Board of Directors' Meeting resolved to grant approval for the Company to provide sponsors support to Xayaburi Power Company Limited (CK Power Public Company Limited's associated company). Thereafter, on May 17, 2016, the Company signed the Sponsors Loan Agreement with such company, under which the Company would extend loans in the amount of approximately Baht 13,547 Million to such company for use in construction of additional works of the Xayaburi Hydroelectric Power Project. Such loans are to carry the interest at the Minimum Loan Rate plus 0.25 percent (MLR + 0.25%) per annum during the project construction period and at the Minimum Loan Rate (MLR) during the period of the project's Commercial Operation Date (within 2019). The loan repayment was scheduled to be made and due in full by no later than 2031, at the same rate as that of loans from the lending banks for this project. In this regard, Xayaburi Power Company Limited would repay such loans and interest from the remaining cash after fulfillment of all provisions in the long-term loan agreements of the lending banks (see details in Note 6 e) to Financial Statements).

Investments in associated companies

As at December 31, 2018, the Company and its subsidiaries had investments in associated companies under the consolidated financial statements amounting to Baht 22,446.73 Million, an increase from the end of 2017 by Baht 2,639.78 Million, per the details as follows:

	2018	2017	2018	2017	Change	
	percent	percent	Million Baht	Million Baht	Million Baht	%
Bangkok Expressway and Metro Public Company Limited	31.78	30.87	19,230.86	16,762.97	2,467.89	14.72
CK Power Public Company Limited	27.22	27.41	3,196.67	3,044.10	152.57	5.01
Kamala Senior Living Co., Ltd.	20.00	20.00	19.20	(0.13)	19.32	(15,456.80)
Total			22,446.73	19,806.95	2,639.78	13.33

The increase in investments in associated companies was mainly caused by the Company's additional investments in Bangkok Expressway and Metro Public Company Limited during the year and the improved



operational results of the associated companies (see details of change in investments in associated companies in Note 16 to Financial Statements).

14.1.4 Liquidity and Adequacy of Investments

Current ratio as at December 31, 2018 was equal to 0.91 times, a decrease from 1.13 times of the previous year.	The Company and its subsidiaries had current ratio under the consolidated financial statements as at December 31, 2018 equal to 0.91 times, a decrease as compared with 1.13 times of the end of the previous year; and quick ratio equal to 0.31 times, a decrease from 0.35 times of the end of the previous year, due to an increase in current liabilities of the Company and its subsidiaries. In addition, the Company and its subsidiaries had cash cycle at approximately 49.23 days, an increase from 44.11 days from the previous year (average collection period + average sale period - debt servicing period). However, the Company was certain that the Company's liquidity was adequate for its operations, and the Company was able to service its debts as well as complying with the material borrowing conditions, together with additional financing.
Debt to equity ratio as at December 31, 2018, was equal to 1.07 times, a decrease from 1.27 times of the previous year.	The Company and its subsidiaries had debt to equity ratio under the consolidated financial statements as at December 31, 2018 equal to 1.07 times, a decrease from 1.27 times from the end of the previous year. The debt to equity ratio was still lower than the specified conditions of issuance of debentures at not exceeding 3.00 times.
Interest coverage for 2018 was equal to 3.68 times.	The interest coverage was equal to 3.68 times, an increase by 0.60 times as compared with 2017, due to an increase in net profit; while finance cost decreased.

14.1.5 Obligations

As at December 31, 2018, the Company's significant obligations were as follows:

- The Company provided security for credits for the subsidiary's construction project, namely, CH. Karnchang (Lao) Co., Ltd., which was extended by banks and financial institutions, in the total amount of Baht 23,728 Million.
- The Company and its subsidiaries had obligations relating to costs of various construction projects and services, which the Company and its subsidiaries entered into agreements in the amounts of Baht 19,525 Million, Euro 78 Million, USD 58 Million, and YEN 48 Million.
- Letters of guarantee were issued by banks in the name of the Company and its subsidiaries in connection with their obligations in the ordinary course of business in the total amount of Baht 25,292 Million.



-
- The Company and its subsidiaries incurred capital expenditures in the amount of approximately Baht 734 Million, YEN 215 Million, and SEK 1 Million, in connection with purchase of machinery and equipment.
 - Subsidiaries were obligated to pay rentals under the office lease agreements, with the contract term during one to six years, in the total amount of Baht 109 Million.
 - The Company was obligated to provide financial support to Xayaburi Power Company Limited (see details in Note 6 to Financial Statements).
 - Subsidiaries were obligated to extend a fund to one associated company for use in development and management of the elderly residential project, in the remaining amount of Baht 253 Million.

14.1.6 Factors Affecting Future Operations

In 2018, the government sector pushed forward the large-scale infrastructure projects, among of them, for instance, the hi-speed rail linked 3 airport project, the Thailand-Chinese High Speed Rail Project, the U-Tapao and Eastern Airport City Development Project, the Laem Chabang Port Project, the Map Ta Phut Industrial Port Project, Phase 3, etc., which were pending bidding process until 2019. Upon commencement of construction of these mega projects, this would propel economic movement against the economic slowdown and boost confidence in Thailand in the global eyes, and attract investment from the business sector around the world and upgrade Thailand's status to step into Thailand Industry 4.0 as mechanism in driving forward Thailand's economy in the future. In addition to the projects under bidding process, there were many projects pushed forwarded by the government sector to ensure continuity in infrastructure investment, such as, the MRT South Purple Line Project, Tao Poon - Rat Burana Section, the MRT West Orange Line Project, Bang Khun Non - Thailand Cultural Centre Section, Rama III - Dao Khanong Expressway, 9 routes of double track railroads, etc., all of these projects were considered significance to the transportation, both in Bangkok and Thailand as a whole.

**Report on Responsibilities of the Board of Directors towards the Financial Report**

The Company's Board of Directors realizes the significance of its duties and responsibilities in supervising the Company's business to ensure good management in accordance with laws, detailed objectives and the Company's Articles of Association, as well as resolutions of the shareholders' meetings with integrity and prudence. The Board of Directors protects the benefits of the Company, shareholders and general investors by ensuring that the Company's financial report contains accurate and full accounting records that reflect the Company's actual financial position and operational results.

The Company's Board of Directors establishes the Audit Committee comprising independent directors fully qualified in accordance with the requirements of the Stock Exchange to review and ensure the accuracy and sufficiency of the financial report, including accurate and complete disclosure of connected transactions or transactions with possible conflict of interest, in compliance with the requirements of the Stock Exchange and relevant rules and regulations. In this regard, the Audit Committee has already reported their performance to the Company's Board of Directors.

The Company's Board of Directors is of the opinion that the financial statements for 2018 of the Company and the subsidiaries, which have been reviewed by the Audit Committee in conjunction with the management, and audited by the Company's auditor, reflect accurate financial position and operational results as appropriate in material aspects in accordance with generally accepted accounting principles.

(Miss Supamas Trivisvavet)
President

(Mr. Prasert Marittanaporn)
Director