

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

Summary of Financial Information under the Consolidated Financial Statements

Item	Amount (Million Baht)		
	2018	2019	2020
Total Assets	83,500.54	82,585.59	82,774.02
Total Liabilities	57,671.82	54,773.07	56,503.38
Shareholders' equity	25,828.72	27,812.52	26,270.64
Total revenues	31,175.57	24,796.51	18,442.22
Gross profit	2,316.64	1,974.96	1,405.25
Net profit			
Equity attributable to owners of the Company	2,494.31	1,777.78	612.16
Earnings per share (Baht)	1.47	1.05	0.37

Summary of Financial Information under the Separate Financial Statements

Item	Amount (Million Baht)		
	2018	2019	2020
Total Assets	77,443.27	73,091.66	75,722.83
Total Liabilities	53,489.80	48,667.52	52,945.35
Shareholders' equity	23,953.47	24,424.14	22,777.48
Total revenues	24,454.30	20,041.46	14,294.63
Gross profit	1,688.12	1,454.44	1,050.80
Net profit	1,240.04	452.29	93.66
Earnings per share (Baht)	0.73	0.27	0.06

**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, 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 Rattaya 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.

Financial statements for the accounting year ended December 31, 2019

The auditor audited the consolidated financial statements of CH. Karnchang Public Company Limited and its subsidiaries, comprising the consolidated statement of financial position as at December 31, 2019, 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, 2019, 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 15 to the consolidated financial statements regarding the dispute over a competing road with Udon Rattaya Expressway involving a subsidiary of Bangkok Expressway and Metro Public Company Limited (an associated company), including the mutual agreement for settlement of all disputes with the Government agency. In this regard, the auditor's opinion was not modified in respect of this matter.

Financial statements for the accounting year ended December 31, 2020

The auditor audited the consolidated financial statements of CH. Karnchang Public Company Limited and its subsidiaries, comprising the consolidated statement of financial position as at December 31, 2020, 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, 2020, 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 17 to the consolidated financial statements regarding the dispute over a competing road with Udon Rattaya Expressway involving a subsidiary of Bangkok Expressway and Metro Public Company Limited (an associated company), including the mutual agreement for settlement of all disputes with the Government agency. Currently, all disputes between each



other have already been settled, and in the meanwhile, such subsidiary has already filed the withdrawal of the execution of the judgment of the Supreme Administrative Court. 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, 2020, in comparison with the operational results from the audited financial statements for the years ended December 31, 2019 and 2018.

13.1.1 Statement of Financial Position

Items Unit : Baht	Consolidated Financial Statements					
	2018		2019		2020	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	8,549,823,195	10.24%	8,595,002,465	10.41%	7,565,841,469	9.14%
Current investments	384,562,356	0.46%	565,067,902	0.68%	-	-
Investments in fixed income open-ended fund	-	-	-	-	201,027,215	0.24%
Trade and other receivables	7,405,780,024	8.87%	3,642,589,530	4.41%	3,659,289,970	4.42%
Short-term loans to related parties and interest receivable	267,895,726	0.32%	54,058,959	0.07%	62,207,986	0.07%
Contract assets	3,888,695,847	4.66%	1,766,058,726	2.14%	2,058,753,282	2.49%
Construction materials and supplies	763,507,847	0.92%	411,243,025	0.50%	377,025,991	0.46%
Assets recognized from costs to fulfil contracts with customers	-	-	-	-	1,141,759,737	1.38%
Advance payment to subcontractors	4,517,489,586	5.41%	3,339,344,612	4.04%	4,238,406,349	5.12%
Current tax assets	367,164,945	0.44%	366,150,879	0.44%	197,326,083	0.24%
Other current assets	403,772,475	0.48%	213,576,439	0.26%	331,989,812	0.40%
Total current assets	26,548,692,001	31.80%	18,953,092,537	22.95%	19,833,627,894	23.96%
Non-current assets						
Restricted bank deposits	15,000,000	0.02%	15,000,000	0.02%	15,000,000	0.02%
Long-term loans to associated company and interest receivable	14,072,892,983	16.85%	12,551,523,036	15.20%	13,109,495,092	15.84%
Long-term loans to related company and interest receivable	3,874,608	0.00%	-	-	-	-
Investments in associated companies	22,446,728,243	26.88%	27,849,288,381	33.72%	27,478,276,579	33.20%
Other long-term investments	9,566,994,040	11.46%	10,854,172,820	13.14%	-	-
Other non-current financial assets	-	-	-	-	9,778,157,460	11.81%
Investment properties	569,552,594	0.68%	748,227,955	0.91%	727,046,830	0.88%
Property, plant and equipment	9,787,782,833	11.72%	11,163,970,424	13.52%	11,193,954,060	13.52%
Right-of-use assets	-	-	-	-	120,983,173	0.15%
Intangible assets	40,138,375	0.05%	34,323,452	0.04%	33,618,940	0.04%
Accounts receivable – claims for additional costs	2,515,620,262	3.01%	-	-	-	-
Less: Allowance for doubtful accounts	(2,515,620,262)	(3.01%)	-	-	-	-



Items Unit : Baht	Consolidatd Financial Statements					
	2018		2019		2020	
	Baht	%	Baht	%	Baht	%
Advances for future projects	101,847,617	0.12%	93,042,473	0.11%	136,152,043	0.16%
Withholding tax deducted at source	88,089,548	0.11%	66,726,982	0.08%	146,399,263	0.18%
Deferred tax assets	176,686,576	0.21%	166,292,205	0.20%	156,642,635	0.19%
Other non-current assets	82,261,575	0.10%	89,928,780	0.11%	44,663,821	0.05%
Total non-current assets	56,951,848,992	68.20%	63,632,496,508	77.05%	62,940,389,896	76.04%
Total assets	83,500,540,993	100.00%	82,585,589,045	100.00%	82,774,017,790	100.00%
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	6,319,965,911	7.57%	1,874,121,311	2.27%	147,073,239	0.18%
Trade and other payables	5,396,504,685	6.46%	2,573,806,731	3.12%	2,635,842,117	3.18%
Current portion of lease liabilities	1,325,182	0.00%	28,604	0.00%	72,396,380	0.09%
Current portion of long-term loans	325,000,000	0.39%	525,000,000	0.64%	600,000,000	0.72%
Current portion of debentures	4,500,000,000	5.39%	1,000,000,000	1.21%	3,070,000,000	3.71%
Contract liabilities	10,983,088,544	13.15%	10,772,796,076	13.04%	7,508,550,165	9.07%
Retention for construction	699,343,714	0.84%	603,556,731	0.73%	487,046,846	0.59%
Income tax payable	23,403,776	0.03%	28,983,468	0.04%	6,277,692	0.01%
Unbilled output tax	367,582,351	0.44%	163,912,780	0.20%	162,036,847	0.20%
Derivative financial liabilities	315,647,874	0.38%	288,732,190	0.35%	-	-
Other current liabilities	105,934,029	0.13%	77,813,405	0.09%	68,385,783	0.08%
Total current liabilities	29,037,796,066	34.78%	17,908,751,296	21.69%	14,757,609,069	17.83%
Non-current liabilities						
Lease liabilities, net of current portion	28,604	0.00%	-	-	51,462,830	0.06%
Long-term loans, net of current portion	515,443,288	0.62%	1,726,290,137	2.09%	6,277,223,470	7.59%
Debentures, net of current portion	25,034,222,525	29.98%	31,878,660,386	38.60%	32,308,962,408	39.03%
Provision for long-term employee benefits	858,780,206	1.03%	820,670,404	0.99%	888,603,061	1.07%
Deferred tax liabilities	2,225,552,026	2.66%	2,438,699,968	2.95%	2,219,521,899	2.68%
Total non-current liabilities	28,634,026,649	34.29%	36,864,320,895	44.63%	41,745,773,668	50.43%
Total liabilities	57,671,822,715	69.07%	54,773,072,191	66.32%	56,503,382,737	68.26%



Items Unit : Baht	Consolidatd Financial Statements					
	2018		2019		2020	
	Baht	%	Baht	%	Baht	%
Shareholders' equity						
Share capital						
Registered						
1,693,899,970 ordinary shares of Baht 1 each	1,693,899,970	2.03%	1,693,899,970	2.05%	1,693,899,970	2.05%
Issued and fully paid-up						
1,693,896,872 ordinary shares of Baht 1 each	1,693,896,872	2.03%	1,693,896,872	2.05%	1,693,896,872	2.05%
Share premium	4,869,410,139	5.83%	4,869,410,139	5.90%	4,869,410,139	5.88%
Treasury stocks	-	-	-	-	(674,407,440)	(0.81%)
Retained earnings						
Appropriated - statutory reserve	174,889,997	0.21%	174,889,997	0.21%	185,892,313	0.22%
- treasury stocks	-	-	-	-	674,407,440	0.82%
reserve						
Unappropriated	13,365,043,548	16.00%	14,313,297,802	17.33%	13,850,811,377	16.73%
Other components of shareholders' equity	5,317,771,265	6.37%	6,341,179,879	7.68%	5,246,614,275	6.34%
Equity attributable to owners of the Company	25,421,011,821	30.44%	27,392,674,689	33.17%	25,846,624,976	31.23%
Non-controlling interests of the subsidiaries	407,706,457	0.49%	419,842,165	0.51%	424,010,077	0.51%
Total shareholders' equity	25,828,718,278	30.93%	27,812,516,854	33.68%	26,270,635,053	31.74%
Total liabilities and shareholders' equity	83,500,540,993	100.00%	82,585,589,045	100.00%	82,774,017,790	100.00%



13.1.2 Statement of Comprehensive Income

Items	Consolidated Financial Statements					
	2018		2019		2020	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenues from construction contracts	29,292,299,525	93.96%	23,002,938,634	92.77%	16,745,774,040	90.80%
Other income						
Project management income	203,097,268	0.65%	186,181,923	0.75%	195,644,722	1.06%
Rental income	64,865,669	0.21%	87,268,984	0.35%	63,236,963	0.35%
Interest income	816,485,634	2.62%	876,189,381	3.54%	642,055,572	3.48%
Dividend income	464,714,590	1.49%	464,636,565	1.87%	464,621,690	2.52%
Gain on sales of investments in associated companies	259,988,786	0.83%	47,693,516	0.19%	275,191,010	1.49%
Others	74,116,885	0.24%	131,602,892	0.53%	55,691,707	0.30%
Total revenues	31,175,568,357	100.00%	24,796,511,895	100.00%	18,442,215,704	100.00%
Expenses						
Cost of construction services	26,975,661,929	86.53%	21,027,975,348	84.80%	15,340,523,312	83.18%
Administrative expenses	1,984,823,703	6.36%	2,429,563,516	9.80%	2,027,423,743	10.99%
Total expenses	28,960,485,632	92.89%	23,457,538,864	94.60%	17,367,947,055	94.17%
Operating profit	2,215,082,725	7.11%	1,338,973,031	5.40%	1,074,268,649	5.83%
Share of profit from investments in associated companies	1,657,629,585	5.31%	1,806,244,729	7.28%	856,622,333	4.64%
Finance cost	(1,247,530,284)	(4.00%)	(1,225,801,951)	(4.94%)	(1,275,614,284)	(6.92%)
Profit before income tax expenses	2,625,182,026	8.42%	1,919,415,809	7.74%	655,276,698	3.55%
Income tax expenses	(138,780,460)	(0.45%)	(126,393,756)	(0.51%)	(28,359,993)	(0.15%)
Profit for the year	2,486,401,566	7.97%	1,793,022,053	7.23%	626,916,705	3.40%
Other comprehensive income:						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>						
Gain (loss) from cash flow hedges, net of income tax	(53,820,375)	(0.17%)	18,066,800	0.07%	206,986,150	1.12%
Gain (loss) on changes in value of available-for-sale investments, net of income tax	(140,869,640)	(0.45%)	856,651,411	3.45%	-	-
Share of other comprehensive income from associates	396,275,909	1.27%	105,476,914	0.43%	(551,025)	0.00%
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>	201,585,894	0.65%	980,195,125	3.95%	206,435,125	1.12%



Items	Consolidated Financial Statements					
	2018		2019		2020	
	Baht	%	Baht	%	Baht	%
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods :</i>						
Loss on changes in value of equity investments designated at fair value - net of income tax	-	-	-	-	(869,802,945)	(4.72%)
Actuarial gain (loss), net of income tax	3,724,742	0.01%	42,094,640	0.17%	(25,966,122)	(0.14%)
Share of other comprehensive income from associates	3,423,349	0.01%	(24,988,157)	(0.10%)	(430,613,379)	(2.33%)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	7,148,091	0.02%	17,106,483	0.07%	(1,326,382,446)	(7.19%)
Other comprehensive income for the year	208,733,985	0.67%	997,301,608	4.02%	(1,119,947,321)	(6.07%)
Total comprehensive income for the year	2,695,135,551	8.65%	2,790,323,661	11.25%	(493,030,616)	(2.67%)
Profit attributable to :						
Equity holders of the Company	2,494,309,044	8.00%	1,777,781,990	7.17%	612,157,746	3.32%
Non-controlling interests of the subsidiaries	(7,907,478)	(0.03%)	15,240,063	0.06%	14,758,959	0.08%
	2,486,401,566	7.97%	1,793,022,053	7.23%	626,916,705	3.40%
Total comprehensive income attributable to :						
Equity holders of the Company	2,696,784,314	8.65%	2,778,187,953	11.20%	(507,254,528)	(2.75%)
Non-controlling interests of the subsidiaries	(1,648,763)	(0.01%)	12,135,708	0.05%	14,223,912	0.08%
	2,695,135,551	8.64%	2,790,323,661	11.25%	(493,030,616)	(2.67%)
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	1.47		1.05		0.37	
Weighted average number of ordinary shares (shares)	1,693,896,872		1,693,896,872		1,676,445,283	

**13.1.3 Cash Flow Statement**

Items Unit: Baht	Consolidated Financial Statements		
	2018	2019	2020
Cash flows from operating activities			
Profit before tax	2,625,182,026	1,919,415,809	655,276,698
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	705,524,270	526,251,420	725,973,786
Withholding tax deducted at source written off	35,721	1,258,665	6,104
Dividend income	(464,714,590)	(464,636,565)	(464,621,690)
Gain on sales of current investments	(8,192,580)	(6,040,975)	-
Gain on sales of investments in fixed income open-ended fund	-	-	(1,046,836)
Gain on sales of investments in associated companies	(259,988,786)	(47,693,516)	(275,191,010)
Allowance for expected credit losses (reversal) (2018, 2019: Allowance for doubtful accounts)	-	7,944,467	(5,350)
Allowance for loss on diminution in value of other long-term investments	-	2,280,000	-
Gain on sales of investment properties	-	(37,422,500)	-
Gain on sales of property, plant and equipment	(21,193,829)	(7,639,412)	(9,680,426)
Loss on written off of property, plant and equipment	294,008,517	14,116,597	10,449,884
Transfer equipment to cost of construction services	-	35,782,060	5,141,398
Unrealised loss (gain) on exchange	(4,221,402)	(927,306)	(593,083)
Loss (gain) from foreign exchange contracts	4,091,541	-	-
Unrealised gain on changes in value of investments in marketable securities	(1,056,784)	(2,817,909)	-
Unrealised gains on changes in value of investments in fixed income open-ended fund	-	-	(254,987)
Loss (gain) from foreign exchange contracts	-	751,358	(751,358)
Share of profit from investments in associated companies	(1,657,629,585)	(1,806,244,729)	(856,622,333)
Provision for long-term employee benefits	232,549,261	122,577,547	76,152,647
Amortisation of deferred front end fee and deferred debenture issuing cost	12,806,409	11,597,930	10,603,828
Interest expenses	1,226,488,916	1,207,950,334	1,260,022,880
Profit from operating activities before changes in operating assets and liabilities	2,683,689,105	1,476,503,275	1,134,860,152
Operating assets (increase) decrease			
Trade and other receivables	(1,574,738,348)	2,991,543,696	(577,365,655)
Contract assets	1,157,100,074	2,122,637,121	(292,694,556)
Construction materials and supplies	1,052,184,962	352,264,822	34,217,034
Costs to fulfil contracts with customers	-	-	(1,141,759,737)
Advance payment to subcontractors	54,761,720	1,178,144,974	(899,061,737)
Other current assets	182,134,060	188,721,994	(132,158,927)



Items Unit: Baht	Consolidated Financial Statements		
	2018	2019	2020
Advances for future projects	(85,583,743)	8,805,144	(43,109,570)
Other non-current assets	(28,164,911)	(9,133,725)	34,892,711
Operating liabilities increase (decrease)			
Trade and other payables	1,412,740,206	(2,824,724,817)	(39,836,332)
Contract liabilities	3,353,871,734	(295,327,306)	(3,264,245,911)
Retention for construction	(176,326,557)	(95,234,983)	(116,146,528)
Other current liabilities	147,448,492	(233,466,783)	(9,879,839)
Cash paid for long-term employee benefits	(94,277,430)	(118,592,709)	(40,543,074)
Cash flows from (used in) operating activities	8,084,839,364	4,742,140,703	(5,352,831,969)
Cash paid for interest expenses	(1,198,794,732)	(1,225,964,854)	(1,211,061,108)
Cash refund (paid for) corporate income tax	278,301,121	(88,490,152)	4,851,962
Net cash flows from (used in) operating activities	7,164,345,753	3,427,685,697	(6,559,041,115)
Cash flows from investing activities			
Decrease in restricted bank deposits	221,213	-	-
Cash payment for purchase of current investments	(5,432,000,000)	(4,175,642,568)	-
Cash receipt from sales of current investments	7,265,367,611	4,003,296,348	-
Cash payment for purchase of investment in fixed income open-ended fund	-	-	(200,000,000)
Cash receipt from sales of investment in fixed income open-ended fund	-	-	556,264,509
Decrease (increase) in short-term loans to related parties	(198,515,781)	213,836,767	(5,400,000)
Decrease (increase) in long-term loans to associated company	(1,126,800,000)	2,286,580,000	-
Decrease in long-term loans to related company	2,700,000	3,600,000	-
Dividend from subsidiary, associated and related companies	1,131,538,859	1,253,662,346	985,631,351
Cash receipt from sales of investments in associated companies	413,800,000	68,253,045	533,786,290
Purchase of investments in associated companies	(1,424,685,990)	(4,297,204,408)	(3,037,000)
Purchase of other long-term investments	-	(205,750,000)	-
Purchase of investment in equity instruments	-	-	(8,050,000)
Increase in investment properties	-	(1,270,644)	-
Increase in property, plant and equipment	(2,548,395,469)	(2,243,596,416)	(587,507,532)
Increase in intangible assets	(6,385,296)	(158,800)	(4,296,421)
Proceeds from sales of investment properties	-	37,922,500	-
Proceeds from sales of property plant and equipment	46,621,249	106,843,023	35,868,144
Net cash flows from (used in) investing activities	(1,876,533,604)	(2,949,628,807)	1,303,259,341
Cash flows from financing activities			
Decrease in short-term loans from financial institutions	(1,967,181,572)	(4,288,956,601)	(1,952,179,357)
Cash receipt from long-term loans	-	1,776,900,000	5,150,000,000
Repayment of long-term loans	(1,695,370,000)	(375,000,000)	(525,000,000)
Cash receipt from issuance of debentures	7,044,865,000	9,988,000,000	4,993,729,000
Repayment of debentures	(6,000,000,000)	(6,650,000,000)	(2,500,000,000)



Items Unit: Baht	Consolidated Financial Statements		
	2018	2019	2020
Cash payment of lease liabilities	-	-	(62,253,260)
Proceeds from increased share capital of the subsidiary	45,000,000	-	-
Dividend payment	(761,994,506)	(846,944,932)	(338,777,625)
Dividend payment of subsidiary	(22,500,000)	-	(10,056,000)
Cash payment for treasury stocks	-	-	(674,407,440)
Net cash flows from (used in) financing activities	(3,357,181,078)	(396,001,533)	4,081,055,318
Effect of exchange rate changes on cash and cash equivalents	(69,902,691)	(36,876,087)	145,565,460
Net increase (decrease) in cash and cash equivalents	1,860,728,380	45,179,270	(1,029,160,996)
Cash and cash equivalents at beginning of year	6,689,094,815	8,549,823,195	8,595,002,465
Cash and cash equivalents at end of year	8,549,823,195	8,595,002,465	7,565,841,469



13.2 Significant Financial Ratios

Items	Consolidated Financial Statements		
	2018	2019	2020
LIQUIDITY RATIO			
Liquidity Ratio (times)	0.91	1.06	1.34
Quick Ratio (times)	0.56	0.71	0.77
Cash Flow Liquidity Ratio (times)	0.26	0.15	(0.40)
Trade Accounts Receivable Turnover (times)	6.18	5.94	6.97
Average Collection Period (days)	59.03	61.40	52.37
Accounts Payable Turnover (times)	6.58	6.09	7.17
Debt Servicing Period (days)	55.46	59.92	50.89
Cash Turnover (days)	3.57	1.48	1.48
PROFITABILITY RATIO			
Gross Profit Margin (%)	7.91%	8.59%	8.39%
Operating Profit Margin (%)	7.49%	5.75%	6.32%
Other Income to Total Income Ratio (%)	5.18%	6.13%	7.79%
Cash to Profitability Ratio (%)	323.43%	255.99%	(610.56%)
Net Profit Ratio (%)	8.00%	7.17%	3.32%
Return on Equity (%)	10.04%	6.63%	2.26%
EFFICIENCY RATIO			
Return on Assets (%)	3.06%	2.14%	0.74%
Return on Fixed Assets (%)	33.32%	20.69%	11.17%
Assets Turnover (times)	0.38	0.30	0.22
FINANCIAL POLICY RATIO			
Debt to Equity Ratio (times)	2.23	1.97	2.15
Debt to Equity Ratio (per Terms) (times)*	1.07	1.00	1.32
Interest Coverage Ratio (times)**	3.68	2.98	2.07
Interest Bearing Debt to EBITDA Ratio	8.00	10.12	16.10
Debt Service Coverage Ratio (cash basis)	0.50	0.18	(1.09)

Remarks

* 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 + amortization)/interest expenses.



14. Management Discussion and Analysis

14.1 Overview

Summary of Operation Overview and Factors Contributing to 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 2020, the Company signed many construction agreements which would help generate the steady income for the Company Group, namely:

- The Additional Work under the Agreement for Project Management, Supply, Installation, Testing and Commissioning of M&E Equipment for the MRT Blue Line Extension Project with Bangkok Expressway and Metro Public Company Limited, with the estimated contract value of Baht 293 Million (exclusive of VAT).
- The EPC Contract for Project of Improvement of the Tap Water Production and Transmission-Distribution Systems of the Pathum Thani Water Treatment Plant with Pathum Thani Water Company Limited, with the estimated contract value of Baht 340 Million (exclusive of VAT).
- The Contract for Construction and Improvement of the Structure and System Work of the Si Rat Expressway with Bangkok Expressway and Metro Public Company Limited, with the estimated contract value of Baht 831 Million (exclusive of VAT).
- The Contract for Construction of Learning and Research Centre Commemorating Her Royal Highness Princess Chulabhorn's 60th Birthday Anniversary with Chulabhorn Royal Academy, with the estimated contract value of Baht 4,042 Million (inclusive of VAT).
- The Contract for Maintenance and Improvement of the Structures and System Works of the Si Rat Expressway and the Si Rat - Outer Ring Road Expressway with Bangkok Expressway and Metro Public Company Limited, with the estimated contract value of Baht 920 Million (exclusive of VAT).
- The Contract for Maintenance and Improvement of the Structures of the Udon Rattaya Expressway with Northern Bangkok Expressway Company Limited, with the estimated contract value of Baht 86 Million (exclusive of VAT).

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

- In the third quarter of 2020, the Company disposed of 100 Million ordinary shares in CK Power Public Company Limited, in the total amount of approximately Baht 534 Million, and recognized the gain on sales of investments in the amount of approximately Baht 275 Million, thereby resulting in a decrease in its shareholding proportion in such company from 31.90 percent to 30.67 percent. However, with the Company's long-term investment policy, the disposition of such ordinary shares was considered insignificant when compared to the number of ordinary shares currently held by the Company.
- On November 11, 2020, the Executive Board's Meeting resolved to grant approval for the Company to acquire 415,000 ordinary shares in Luang Prabang Power Company Limited from PT Sole Company Limited, as the Company's business alliance in the power project development in the Lao People's Democratic Republic (Lao PDR), representing 10 percent of the registered capital of Luang Prabang Power Company Limited, and with the value amounting to USD 99,600 or equivalent to Baht 3.14 Million. In this regard, Luang Prabang Power Company Limited is in the process of feasibility study and development of Luang Prabang Hydroelectric Power Project in the Lao PDR, which is the large Run-of-River project in the Mekong River, to raise water level without diversion of water from the Mekong River and without water retention, with the installed capacity of approximately 1,460 MW.

In 2020, the situation of the outbreak of the Coronavirus Disease 2019 or COVID-19 had unprecedentedly caused extensive disruption to people's lives and business operations, the Company therefore implemented various measures to enable the Company to continue the business (details of the measures to handle the COVID-19 situation are indicated in the caption of Business Policy and Overview). In addition, the Company



has always emphasized on maintaining liquidity by way of relatively high cash holdings, appropriate allocation of short-term and long-term debt obligations, along with certain undrawn long-term credit facilities from financial institutions, as a result, the Company's liquidity and debt servicing capacity have not been affected at all despite the high volatility in the money market and capital market during the year. Moreover, the Company has implemented a risk management strategy by increasing income generation channels through expansion of investment to the low volatile infrastructure concession business, thereby generating steady income in the long run in the form of dividend and share of profit for the Company, as a result, the Company has not been materially affected directly by the situation of the outbreak of the COVID-19, whether in terms of various provisions or changes in fair value, as well as contingent liabilities. Nonetheless, the Company resisted an indirect impact through a decrease in share of profit from an associated company, i.e., Bangkok Expressway and Metro Public Company Limited, which had been affected by the curfew and work-from-home measures thereby causing people to travel less. Notwithstanding, after the government's relaxation of its lockdown measures, the number of expressway users and the number of MRT passengers almost returned to normal.

In spite of the fact that, in 2020, the government would be able to push through the bidding for the construction of some infrastructure projects, the outbreak of the COVID-19 and other specific factors, such as, a change in investment styles, budget allocation, area expropriation and handover, led to a schedule delay in the bidding for many government construction projects, as such, the remaining projects in hand of the Company were not very high, let alone a decrease in revenues from construction contracts in 2020. Nevertheless, the Company firmly believes that in 2021, there will be a significant progress in the pending projects on the Company's bid schedule, especially the electric train and double track railway projects, with the Company's strategy to focus on bidding for the construction of infrastructure projects for the sake of well-being of Thai people, while expanding investment to the Lao PDR to diversify risks and find additional business opportunities, with the Company's expectation that they will have greater clarity.

Additional information on the business overview is given in the sections entitled Business Policy and Overview and Nature of Business Operations; additional information on economic and industrial conditions is given in the section entitled Trend of Growth and Development of Construction Industry; and additional information on the Company's policies and strategies is given in the section entitled Business Policy and Overview.

Auditor's Observation

In the auditor's report, attention should be drawn to Note 17 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), including the mutual agreement for settlement of all disputes with the government agency. Currently, all disputes between each other have been already settled and such subsidiary has already filed the withdrawal of execution of the judgment of the Supreme Administrative Court. In this regard, the auditor's opinion was not modified in respect of this matter. Such observation is not directly relevant to the Company but it is considered a material transaction of the Company's associated company which has an effect on the consolidated financial statements and separate financial statements of the Company through the share of profit from investments in associated company and dividend income.

Criteria for Selecting or Changing Material Accounting Policies

In 2020, CKST Joint Venture had reviewed the service life of machinery and equipment, as such, the estimated service life of such assets decreased from five years to the end of the construction project term. Such change was retrospective from January 1, 2020. Such Joint Venture therefore adjusted the depreciation of machinery and equipment to reflect their new estimated service life, which such change having no material impact on net profit.



Non-Recurring Transactions

In 2020, the Company had its non-recurring transactions in relation to investments in associated companies, comprising:

- The sales of investments in CK Power Public Company Limited in the amount of 100 Million shares and the recognition of the gain on sales of investments in the amount of approximately Baht 275 Million; and
- The effect of the curfew and work-from-home measures due to the COVID-19 situation on the operational results of Bangkok Expressway and Metro Public Company Limited, thereby affecting the share of profit from investments in associated companies and net profit of the Company.

14.2 Operational Results and Profitability

Consolidated Income Statement Unit: Million Baht	Year		Change	
	2020	2019	Amount	%
Revenues from construction contracts	16,745.77	23,002.94	(6,257.17)	(27.20)
Other income	1,696.44	1,793.57	(97.13)	(5.42)
Total revenues	18,442.21	24,796.51	(6,354.30)	(25.63)
Cost of construction services	15,340.52	21,027.98	(5,687.46)	(27.05)
Administrative expenses	2,027.42	2,429.56	(402.14)	(16.55)
Total expenses	17,367.94	23,457.54	(6,089.60)	(25.96)
Operating profit	1,074.27	1,338.97	(264.70)	(19.77)
Plus Share of profit from investments in associated companies	856.62	1,806.24	(949.62)	(52.57)
Less Finance cost	1,275.61	1,225.80	49.81	4.06
Corporate Income Tax	28.36	126.39	(98.03)	(77.56)
Net profit	626.92	1,793.02	(1,166.10)	(65.04)
Less Non-controlling interests of the subsidiaries	14.76	15.24	(0.48)	(3.16)
Equity holders of the Company	612.16	1,777.78	(1,165.62)	(65.57)

Overall Performance

The Company and its subsidiaries had revenues from construction contracts in the amount of Baht 16,745.77 Million, a decrease by Baht 6,257.17 Million from the previous year representing 27.20 percent; gross profit margin in 2020 equal to 8.39 percent, a decrease from the previous year which was equal to 8.59 percent; net profit attributable to equity holders of the Company amounting to Baht 612.16 Million, a decrease by Baht 1,165.62 Million from the previous year representing 65.57 percent, mainly due to a decrease in revenue from construction contracts and a decrease in share of profit from investments in associated companies, resulting from the fact that in the previous year, Bangkok Expressway and Metro Public Company Limited had a special gain on reclassification of investment in TTW Public Company Limited from an investment in an associated company to an available-for-sale investment, with such transaction not being executed in 2020, let alone the fact that the operating results of Bangkok Expressway and Metro Public Company Limited were affected by the situation of the outbreak of the COVID-19, thereby causing people to reduce their travel during the national lockdown.

Total Revenues

Revenues from construction contracts amounted to Baht 16,745.77 Million or representing 90.80 percent of the total revenues, a decrease by Baht 6,257.17 Million from the previous year representing 27.20 percent, due to the fact that the Construction Project of Double Track Railroad, Chira Junction - Khon Kaen Section, and the Xayaburi Hydroelectric Power Plant Construction Project had already been delivered in 2019, not to mention many projects in the late stages, for instance, the Agreement for Project Management, Supply, Installation, Testing and



Commissioning of M&E Equipment for the MRT Blue Line Extension Project (at the rate of 97 percent progress) and the Bang Pa-in – Nakhon Ratchasima (Korat) Motorway Project (at the rate of 94 percent progress), while new projects are still in the early stages, such as, the Rama III - Dao Khanong - Western Outer Ring Road Expressway Project, Contract 4 (at the rate of 35 percent progress), and the Contract for Construction of Learning and Research Centre Commemorating Her Royal Highness Princess Chulabhorn's 60th Birthday Anniversary (at the rate of 0.5 percent progress).

Other income amounted to Baht 1,696.44 Million, a decrease by Baht 97.13 Million from the previous year representing 5.42 percent, resulting from a decrease in interest income from Xayaburi Power Company Limited, due to receipt of a partial loan repayment in the previous year and a reduced interest rate after commencement of the commercial operation. On the other hand, the Company had an increase in gain on sales of investments in associated companies from the sales of investments in CK Power Public Company Limited.

Gross Profit

The Company and its subsidiaries incurred costs of construction services in the total amount of Baht 15,340.52 Million, a decrease by Baht 5,687.46 Million from the previous year representing 27.05 percent; had gross profit in the amount of Baht 1,405.25 Million, a decrease by Baht 569.71 Million from the previous year representing 28.85 percent, due to a decrease in revenues from construction contracts, with the gross profit margin for 2020 equaling 8.39 percent, a decrease from the previous year which was equal to 8.59 percent. The decrease in the gross profit margin was caused by the percentage change in income of each project at the construction progress rate.

Administrative Expenses

Administrative expenses amounted to Baht 2,027.42 Million, a decrease by Baht 402.14 Million from the previous year representing 16.55 percent, resulting from a decrease in employee-related expenses, specific business tax on interest income from Xayaburi Power Company Limited and project fees in the Lao PDR.

The Company and its subsidiaries did not incur explicit costs for research and development of technology and innovation under the guidelines of the National Science and Technology Development Agency (NSTDA). Instead, the Company has supported and promoted development of the Company's personnel to ensure their ability to conduct study and research for new knowledge, experimental development, create new products or processes, or improve the existing products or production process through application of their scientific and technological knowledge, thereby achieving the aims of the personnel development policy to create new technologies and innovations in work operations. The Company's continued human resource development then incurred such costs which were included in the human resource development policy.

Share of Profit from Investments in Associated Companies

	2020	2019	Change	
			Million Baht	%
Bangkok Expressway and Metro Public Company Limited	659.12	1,560.38	(901.26)	(57.76)
CK Power Public Company Limited	204.33	250.88	(46.55)	(18.55)
Kamala Senior Living Co., Ltd.	(6.83)	(5.02)	(1.81)	(36.06)
Total Share of Profit from Investments in Associated Companies	856.62	1,806.24	(949.62)	(52.57)

Share of profit from investments in associated companies amounted to Baht 856.62 Million, a decrease by Baht 949.62 Million representing 52.57 percent when compared to that of the previous year, due to the fact that in



the previous year, Bangkok Expressway and Metro Public Company Limited had a special gain on reclassification of investment in TTW Public Company Limited from an investment in an associated company to an available-for-sale investment, with such transaction not being executed in 2020, let alone the fact that the operating results of Bangkok Expressway and Metro Public Company Limited were affected by the situation of the outbreak of the COVID-19, thereby causing people to reduce their travel during the national lockdown. In respect of CK Power Public Company Limited, its operating results declined, due to the fact that in 2019, Xayaburi Power Company Limited, as an associated company of CK Power Public Company Limited, had gain on exchange which was a one-time transaction, while its performance in the ordinary course of business increased, due to the Xayaburi Hydroelectric Power Project's ability to produce and sell electricity for the full year, despite the amount of water less than the average in 2020.

Finance Cost

Finance cost amounted to Baht 1,275.61 Million, an increase by Baht 49.81 Million when compared to the previous year representing 4.06 percent, due to an increase in debentures and bank loans.

Corporate Income Tax

Corporate income tax amounted to Baht 28.36 Million, a decrease by Baht 98.03 Million when compared to the previous year representing 77.56 percent.

Return on Equity through DuPont Analysis

The profitability ratio in 2020 reduced, with the net profit margin in 2020 equal to 3.32 percent compared to the previous year which was equal to 7.17 percent, a decrease by 3.85 percent, due to a decrease in revenues from construction contracts and share of profit from associated companies, thereby affecting the net profit of the Company. The efficiency ratio reduced, with the assets turnover in 2020 equal to 0.22 times, a decrease from the previous year which was equal to 0.30 times, due to a decrease in revenues from construction contracts. At the end of 2020, the asset-to-equity ratio was 3.15 times, an increase from the previous year which was equal to 2.97 times, mainly due to an increase in debt burden from debentures and loans from financial institutions. In summary, the Company and its subsidiaries had the return on equity ratio in 2020 equal to 2.26 percent, a decrease from the previous year which was equal to 6.63 percent.

14.3 Asset Management Capacity

Total assets of the Company and its subsidiaries as at December 31, 2020 amounted to Baht 82,774.02 Million, an increase by Baht 188.43 Million, representing 0.23 percent when compared to the end of the previous year.

The asset values of the Company and its subsidiaries under the consolidated financial statements reflected value close to fair value since the Company and its subsidiaries arranged for the assessment of value of various assets. In addition, if it was expected which asset value would be impaired, the Company and its subsidiaries would set aside a provision to ensure that asset value under the financial statements did not materially differ from fair value. The components of the major assets and the reasons for the change are as follows:

Trade and other receivables

As of December 31, 2020, the Company and its subsidiaries had trade receivables in the amount of Baht 2,422.17 Million, an increase by Baht 38.99 Million from the previous year, divided into 16.19 percent for the trade receivables from related companies, such as, Bangkok Expressway and Metro Public Company Limited, TTW Public Company Limited, and 83.81 percent for trade receivables from unrelated companies, such as, Mass Rapid Transit Authority of Thailand; and other receivables in the amount of Baht 1,237.12 Million, a decrease by Baht 22.29 Million from the previous year, therefore, the total receivables amounted to Baht 3,659.29 Million, which was close to 2019, an increase by Baht 16.70 Million or representing 0.46 percent.



Trade of the Company were mostly from construction services. Normally, the credit term granted by the Company to its customers is 30-60 days. For the year 2020, the Company and its subsidiaries had an average collection period of 52.37 days, a decrease of 9.03 days from 2019.

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 is shown in Note 9 to Financial Statements).

Contract assets/contract liabilities

The contract assets comprised unbilled receivables and retention receivables while the contract liabilities comprised construction revenue received in advance and advance received from employers. As at December 31, 2020, the Company and its subsidiaries had the contract assets in the amount of Baht 2,058.75 Million, an increase by Baht 292.69 Million from the end of the year 2019, representing 16.57 percent; and the contract liabilities in the amount of Baht 7,508.55 Million, a decrease by Baht 3,264.25 Million, representing 30.30 percent, resulting from the construction progress during the year.

	2020	2019	Change	
	Million Baht	Million Baht	Million Baht	%
Contract Assets				
Unbilled receivables	1,522.50	1,127.63	394.87	35.02
Retention receivables	536.25	638.43	(102.18)	(16.00)
Total contract assets	2,058.75	1,766.06	292.69	16.57
Contact Liabilities				
Construction revenue received in advance	6,471.38	9,116.37	(2,644.99)	(29.01)
Advance received from employers	1,037.17	1,656.43	(619.26)	(37.39)
Total contract liabilities	7,508.55	10,772.80	(3,264.25)	(30.30)

Assets recognized from costs to fulfil contracts with customers

Assets recognized from costs to fulfil contracts with customers amounted to Baht 1,141.76 Million, used to generate resources or improve resources of the Company for the purpose of being used in fulfilling the performance obligations in the future. Such costs was expected to be recoverable as an asset and recognized as an expense in a systematic manner and in line with the contractual revenue recognition model. Such costs were directly related to contracts which were expected to arise and the Company was able to particularly specify that such costs were related to contracts.

Advance payment to subcontractors

Advance payment to subcontractors amounted to Baht 4,238.41 Million, an increase by Baht 899.07 Million from the previous year representing 26.92 percent, used for preparation of upcoming construction work.

Current tax assets



Current tax assets amounted to Baht 197.33 Million, a decrease by Baht 168.82 Million from the previous year representing 46.11 percent, due to a decrease in revenues from construction contracts, thereby resulting in a decrease in withholding tax during the year.

Long-term loans to associated company and interest receivable

As at December 31, 2020, the Company had long-term loans to associated company amounting to Baht 10,028.18 Million and interest receivable amounting to Baht 3,081.32 Million, totaling Baht 13,109.50 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. 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 the 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 7 f) to Financial Statements).

Investments in associated companies

As at December 31, 2020, the Company and its subsidiaries had investments in associated companies under the consolidated financial statements amounting to Baht 27,478.28 Million, a decrease from the end of 2019 by Baht 371.01 Million, representing 1.33 percent, per the details as follows:

	2020	2019	2020	2019	Change	
	percent	percent	Million Baht	Million Baht	Million Baht	%
Bangkok Expressway and Metro Public Company Limited	32.21	32.21	20,643.20	20,896.62	(253.42)	(1.21)
CK Power Public Company Limited	30.67	31.90	6,824.69	6,938.49	(113.80)	(1.64)
Kamala Senior Living Co., Ltd.	20.00	20.00	7.35	14.18	(6.83)	(48.17)
Luang Prabang Power Company Limited	10.00	-	3.04	-	3.04	NA
Total			27,478.28	27,849.29	(371.01)	(1.33)

The decrease in investments in associated companies was caused by the Company's sales of investments in CK Power Public Company Limited during the year (see details of change in investments in associated companies in Note 17 to Financial Statements), and the value measurement of the financial assets invested in by Bangkok Expressway and Metro Public Company Limited which was reflected in other comprehensive income.

The Company is certain that the associated companies have a strong financial position and have business opportunities to expand their businesses in their respective industries. That is, Bangkok Expressway and Metro Public Company Limited and CK Power Public Company Limited are the SET-listed companies with their respective market prices higher than the book value in the Company's financial statements, while Kamala Senior Living Co., Ltd. and Luang Prabang Power Company Limited are still in the phase of business development by specialized personnel. For that reason, the Company then feels certain that the book value has reflected the appropriate value in accordance with financial reporting standards.



Other non-current financial assets

Other non-current financial assets are classified in accordance with Thai Financial Reporting Standard No. 9: Financial instruments, most of which were formerly classified as other long-term investments. (see details of other non-current financial assets in Note 18 to Financial Statements)

Property, plant and equipment

Property, plant and equipment amounted to Baht 11,193.95 Million, an increase by Baht 29.98 Million, representing 0.27 percent, with the property, plant and equipment being stated at cost net of accumulated depreciation and impairment loss. (see details of property, plant and equipment in Note 20 to Financial Statements)

Withholding income tax

Withholding income tax amounted to Baht 146.40 Million, an increase by Baht 79.67 Million or representing 119.39 percent as compared to the end of the previous year. It was the withholding income tax of the previous year which was pending refund from the Revenue Department.

14.4 Liquidity and Adequacy of Investments

Sources and uses of funds

In 2020, the Company and its subsidiaries had net cash used in operating activities amounting to Baht 6,559.04 Million, mainly due to a decrease in construction revenue received in advance. While an increase in the depreciation by Baht 199.72 Million was partially caused by CKST Joint Venture's review of the service life of machinery and equipment. Net cash from investing activities amounted to Baht 1,303.26 Million from sales of investments in associated companies and dividend income, and net cash from financing activities amounted to Baht 4,081.06 Million, due to an increase in bank loans and debentures, thereby resulting in a decrease in net cash by Baht 1,029.16 Million.

Suitability of the capital structure, debt service coverage ratio and fulfillment of borrowing conditions

As at December 31, 2020, the Company and its subsidiaries had total liabilities amounting to Baht 56,503.38 Million, an increase from the end of the previous year by Baht 1,730.31 Million or representing 3.16 percent; interest-bearing liabilities as at the end of 2020 equal to Baht 42,527.12 Million, consisting of short-term loans from financial institutions amounting to Baht 147.08 Million, lease liabilities amounting to Baht 123.86 Million, long-term loans from financial institutions amounting to Baht 6,877.22 Million, and debentures amounting to Baht 35,378.96 Million, divided into 9.15 percent for short-term interest-bearing liabilities and 90.85 percent for long-term interest-bearing liabilities, an increase by Baht 5,523.02 Million from the end of the previous year representing 14.93 percent, mostly resulting from an increase in long-term loans and debentures (see details of short-term loans from financial institutions, long-term loans and debentures in Notes 22, 25 and 26, respectively to Financial Statements); debt service coverage ratio equal to 2.07 times, a decrease by 0.91 times as compared to 2019, resulting from a decrease in net profit.

Shareholders' equity amounted to Baht 26,270.64 Million, a decrease by Baht 1,541.88 Million from the previous year, or representing 5.54 percent. The Company had the significant change, namely, the Company repurchased 36 million shares or representing 2.13 percent of all shares of the Company, in the total value of approximately Baht 674.41 Million, as a result, in the shareholders' equity, the treasury stocks with minus Baht 674.41 Million were shown. In respect of retained earnings, the Company allocated Baht 674.41 Million for the retained earnings as a treasury stocks reserve until sale of all the repurchased shares or reduction of the paid-up capital. Furthermore, in 2020, the net profit attributable to equity holders of the Company amounted to Baht 612.16



Million and the dividend payment amount to Baht 338.78 Million during the year. While other components of the shareholders' equity decreased by Baht 1,094.57 Million, mainly due to a decrease in the value measurement of investment.

The Company and its subsidiaries had a net debt to equity ratio under the consolidated financial statements as at December 31, 2020 equal to 1.32 times, an increase from the end of the previous year which was equal to 1.00 times. The said net debt to equity ratio was still lower than the conditions of issuance of debentures and bank requiring that it must not exceed 3.00 times.

Investment expenditure

In 2020, the Company made an increased investment in property, plant and equipment by Baht 686.74 Million for purchase of machinery to support construction works, renovate office buildings, develop land, and also invested in Luang Prabang Power Company Limited amounting to Baht 3.14 Million, which in the future, it was expected to have investments of similar nature in order to accommodate the construction business and the expansion of the infrastructure concession business, with such investments being mostly funded by long-term loans and debentures.

Adequacy of liquidity and ability to provide additional funding sources

The working capital ratio under the consolidated financial statements as at December 31, 2020 was equal to 1.34 times, an increase from the end of the previous year which was equal to 1.06 times, and the quick ratio was equal to 0.77 times, an increase from the end of the previous year which was equal to 0.71 times, due to the fact that the Company and its subsidiaries had a decrease in current liabilities and cash cycle at approximately 1.48 days, which was equal to previous year (average collection period - average payment period).

The Company is confident that the Company has the liquidity sufficient for its operations and has the ability to settle debts while complying with significant borrowing conditions, as well as providing additional funding sources. As at the end of 2020, the Company had undrawn long-term credit facilities under the loan agreements in the amount of Baht 700 Million.

Factors which may affect credit score

Currently, the Company has received the company and credit ratings from TRIS Rating at A with a stable outlook. A factor which may contribute to the Company's rating upgrade is the Company's ability to materially increase cash flows and reduce its debts. On the other hand, a negative factor against the credit rating is a dramatic decline in cash flows from operating activities of the Company, which may be caused by delays and costs of construction in major projects significantly higher than projected, or by a massive reduction in the operating results or large-scale investments, or the Company's provision of financial support of high value to companies in the group.

14.5 Liabilities commitments and off-balance sheet obligations

The Company has disclosed its commitments in Note 37 to Financial Statements.

14.6 Factors affecting commitments to work operations in the future

Despite the fact that in the midst of problems from the COVID-19 situation which has forced the government to increase a huge budget to provide assistance to directly affected people and businesses, the government is able to push through many large-scale infrastructure projects successfully, such as, the U-Tapao International Airport and Eastern Airport City Development Project, the Laem Chabang Port Project, the Bangkok-Nakhon Ratchasima High Speed Rail Project, the 3rd Runway of Suvarnabhumi Airport Project, and many other projects which are in the open



bid process continuously until 2021. Such situation has posed a challenge for finding a balance between solving immediate problems and enhancing the country's long-term potential. In spite of the fact that some construction projects have to be somewhat delayed, the Company firmly believes that in 2021, the government remains committed to giving priority to driving the economy amid the current economic slowdown through investments in infrastructure projects. In this connection, there are still numerous projects which the government sector has made the efforts to push through to ensure investment continuity, for instance, the MRT Orange Line (West Section) Project, Bang Khun Non - Thailand Cultural Centre, the MRT Purple Line Project, Tao Poon - Rat Burana Section, the MRT Red Line Project, the Double Track Railway Project, Denchai-Chiang Rai-Chiang Khong, the Double Track Railway Project, Ban Phai-Nakhon Phanom, the Don Mueang Airport Extension Project, etc., all of which are of critical importance to transportation not only in Bangkok but for Thailand in general.

**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, objectives and Articles of Association of the Company, 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 SET 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 SET 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 2020 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