

Ref: CK-17-0000-AFD(AC)-L-0048

August 15, 2017

Subject: Clarification on Operating Result and Financial Position for the six-month ended June 30, 2017

Attention: President

The Stock Exchange of Thailand

CH. Karnchang Public Company Limited (“the Company”) and its subsidiaries would like to clarify the consolidated operating result and financial position for the six-month ended June 30, 2017 as follows:

Income Statement	For the six-month ended		Change	
	June 30			
Unit: Million Baht	2017	2016	Amount	%
Revenues from construction services and sales of construction materials	20,289.88	29,668.73	(9,378.85)	(31.61)
Other income	741.35	365.86	375.49	102.63
Total revenues	21,031.23	30,034.59	(9,003.36)	(29.98)
Cost of construction services and sales of construction materials	18,688.48	27,642.26	(8,953.78)	(32.39)
Administrative expenses	913.70	745.76	167.94	22.52
Total expenses	19,602.18	28,388.02	(8,785.84)	(30.95)
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	1,429.05	1,646.57	(217.52)	(13.21)
Share of profit (loss) from investments in associated companies	316.27	190.93	125.34	65.65
Finance cost	(713.33)	(364.95)	(348.38)	95.46
Income tax expenses	(43.46)	(117.37)	73.91	(62.97)
Profit for the period	988.53	1,355.18	(366.65)	(27.06)
Profit attributable to equity holders of the Company	970.32	1,332.15	(361.83)	(27.16)
Profit attributable to non-controlling interests of the subsidiaries	18.21	23.03	(4.82)	(20.93)

Profit attributable to equity holders of the Company for 1H/2017 was Baht 970.32 million, decreasing by Baht 361.83 million or 27.16% The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 970.32 million, down by Baht 361.83 million or 27.16% from the same period of the previous year. The decrease was a result of the extra revenue from additional construction work of Xayaburi project recognized in Q2 2016. However, the gross profit margin for the first six months of 2017 was at 7.89%, higher than 6.83% for the same period in 2016. This is because the additional construction work of Xayaburi project has lower gross profit margin than the main contract.

In 1H/2017, revenues from construction services and sales of construction materials dropped by Baht 9,378.85 million or 31.61% to Baht 20,289.88 million The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 20,289.88 million, representing 96.48% of total revenues, a drop of 31.61% or Baht 9,378.85 million from the same period of the prior year as a result of the additional construction work of Xayaburi project recognized in Q2 2016.

Cost of construction services and sales of construction materials in 1H/2017 was Baht 18,688.48 million, a decline by Baht 8,953.78 million or 32.39% The Company and its subsidiaries had cost of construction services and sales of construction materials amounting to Baht 18,688.48 million, a reduction by Baht 8,953.78 million or 32.39% from the same period of the previous year. Gross profit for 1H/2017 was Baht 1,601.40 million, a decrease by Baht 425.07 million or 20.98 % from the same period of last year, while gross profit margin was slightly strengthened from 6.83% in 1H/2016 to 7.89% in 1H/2017.

Other income in 1H/2017 amounted to Baht 741.35 million, a surge by Baht 375.49 million or 102.63% The Company and its subsidiaries had other income of Baht 741.35 million, a rise by Baht 375.49 million or 102.63% from the same period of last year. Most of the increase came from the interest income for the loan from Xayaburi Power Company Limited, in which the contract was signed on May 17, 2016.

In 1H/2017, administrative expenses amounted Baht 913.70 million, a rise of Baht 167.94 million or 22.52% The Company and its subsidiaries had administrative expenses of Baht 913.70 million, a rise of Baht 167.94 million or 22.52% from the same period of the prior year. The increase was mainly due to employee-related expenses and depreciation expense of additional equipment for new projects.

Share of profit from investments in associated companies for 1H/2017 was Baht 316.27 million, an increase by Baht 125.34 million

The Company and its subsidiaries had profit sharing from investments in associated companies of Baht 316.27 million in 1H/2017, up by Baht 125.34 million from 1H/2016. The surge was due to the increase of the Company's investment in Bangkok Expressway and Metro plc and their improved performance.

Finance cost for 1H/2017 amounted to Baht 713.33 million, a rise by Baht 348.38 million or 95.46% from last year

The Company and its subsidiaries had finance cost of Baht 713.33 million, increasing by Baht 348.38 million or 95.46% from the same period because in 2016, the Company's subsidiary deferred some finance cost expected to get compensation from its client.

Income tax expenses for 1H/2017 amounted Baht 43.46 million, down by Baht 73.91 million or 62.97%

The Company and its subsidiaries had income tax expenses of Baht 43.46 million, decreasing from the prior year by Baht 73.91 million or 62.97% as part of the profit in 1H/2017 came from the subsidiary with tax exempt.

Statement of Financial Position Unit: Million Baht	June 30, 2017	December 31, 2016	Change	
			Amount	%
Assets	90,246.34	94,928.37	(4,682.03)	(4.93)
Liabilities	68,004.50	73,074.05	(5,069.55)	(6.94)
Shareholders' equity	22,241.84	21,854.32	387.52	1.77

Total asset as of June 30, 2017 amounted to Baht 90,246.34 million, a 4.93% decrease from the end of prior year

As of June 30, 2017, the Company and its subsidiaries had total assets of Baht 90,246.34 million, a decrease of Baht 4,682.03 million or 4.93% from the end of prior year. The drop mainly came from the reduction of cash which was used for loan repayment and the decrease of accounts receivable.

Total liabilities as of June 30, 2017 amounted to Baht 68,004.50 million, a 6.94% decline from the end of 2016

As of June 30, 2017, the Company and its subsidiaries had total liabilities of Baht 68,004.50 million, a decrease of Baht 5,069.55 million or 6.94% from the end of prior year. The decrease mainly came from repayment of bank loans.

Shareholders' equity as of June 30, 2017 amounted to Baht 22,241.84 million, a 1.77% rise from the end of 2016 As of June 30, 2017, the Company and its subsidiaries had total shareholders' equity of Baht 22,241.84 million, an increase of Baht 387.52 million or 1.77% from the end of prior year mainly as a result of the Company and its subsidiaries' financial result.

In 1H/2017, Cash Flow Statement showed net cash from operating activities of Baht 1,328.82 million, net cash used in investing activities of Baht 754.25 million and net cash used in financing activities of Baht 5,724.09 million In 1H/2017, the Company and its subsidiaries had net cash from operating activities of Baht 1,328.82 million mainly due to cash received for construction services. Net cash used in investing activities was Baht 754.25 million, most of which came from additional investments in associated companies, loan to an associated company and purchase of fixed assets. Net cash used in financing activities was Baht 5,724.09 million, most of which came from repayment of bank loans. As a result, net cash decreased by Baht 5,231.66 million from the beginning balance.

Net-Debt-to-Equity ratio as of June 30, 2017 was 1.33 times Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of June 30, 2017 was 1.33 times, same as the end of prior year. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Please be informed accordingly

Sincerely yours

(Ms. Supamas Trivisvavet) (Mr. Anukool Tuntimas)

Directors