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May 15, 2018

Subject: Clarification on Operating Result and Financial Position for the three-month ended March 31, 2018

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 three-month ended March 31, 2018 as follows:

<b>Income Statement</b>	<b>For the three-month ended March 31</b>		<b>Change</b>	
	<b>2018</b>	<b>2017</b>	<b>Amount</b>	<b>%</b>
<b>Unit: Million Baht</b>				
Revenues from construction services and sales of construction materials	7,389.74	8,064.50	(674.76)	(8.37)
Other income	263.88	279.56	(15.68)	(5.61)
<b>Total revenues</b>	<b>7,653.62</b>	<b>8,344.06</b>	<b>(690.44)</b>	<b>(8.27)</b>
Cost of construction services and sales of construction materials	6,801.03	7,441.37	(640.34)	(8.61)
Administrative expenses	415.02	416.22	(1.20)	(0.29)
<b>Total expenses</b>	<b>7,216.05</b>	<b>7,857.59</b>	<b>(641.54)</b>	<b>(8.16)</b>
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	437.57	486.47	(48.90)	(10.05)
Share of profit (loss) from investments in associated companies	201.00	196.32	4.68	2.39
Finance cost	(311.94)	(366.19)	54.25	(14.81)
Income tax expenses	(25.84)	(11.92)	(13.92)	116.83
<b>Profit for the period</b>	<b>300.79</b>	<b>304.68</b>	<b>(3.89)</b>	<b>(1.28)</b>
<b>Profit attributable to equity holders of the Company</b>	<b>301.72</b>	<b>301.85</b>	<b>(0.13)</b>	<b>(0.05)</b>
Profit attributable to non-controlling interests of the subsidiaries	(0.93)	2.83	(3.76)	(132.84)

<b>Profit attributable to equity holders of the Company for Q1 2018 was Baht 301.72 million, essentially unchanged from the same period of 2017</b>	The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 301.72 million, essentially unchanged from the same period of the previous year. While revenues from construction services and sales of construction materials dropped, gross profit margin rose from 7.73% to 7.97%, resulting in slight decline of gross profit. Besides, in Q1 2017, the Company had gain on sales of investment amounting to Baht 38.90 million, but there was no sale of investment in Q1 2018. Due to the offset between a decrease in financial cost and a decline in revenues, the net profit remained flat.
<b>In Q1 2018, revenues from construction services and sales of construction materials dropped by Baht 674.76 million or 8.37% to Baht 7,389.74 million</b>	The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 7,389.74 million, representing 96.55% of total revenues, a drop of 8.37% or Baht 674.76 million from the same period of the prior year. Construction revenue decreased because Xayaburi Hydroelectric Power Project is now close to project completion.
<b>Cost of construction services and sales of construction materials in Q1 2018 was Baht 6,801.03 million, a decline by Baht 640.34 million or 8.61%</b>	The Company and its subsidiaries had cost of construction services and sales of construction materials amounting to Baht 6,801.03 million, a reduction by Baht 640.34 million or 8.61% from the same period of the previous year. Gross profit for Q1 2018 was Baht 588.71 million, a decrease by Baht 34.42 million or 5.52% from the same period of last year; however, gross profit margin expanded from 7.73% in Q1 2017 to 7.97% in Q1 2018.
<b>Other income in Q1 2018 amounted to Baht 263.88 million, decreasing by Baht 15.68 million or 5.61%</b>	The Company and its subsidiaries had other income of Baht 263.88 million, reduced by Baht 15.68 million or 5.61% from the same period of last year because in Q1 2017, the Company had gain on sales of investment amounting to Baht 38.90 million, but there was no sale of investment in Q1 2018
<b>In Q1 2018, administrative expenses amounted Baht 415.02 million, down by Baht 1.20 million or 0.29%</b>	The Company and its subsidiaries had administrative expenses of Baht 415.02 million, a decline of Baht 1.20 million or 0.29% from the same period of the prior year.

**Share of profit from investments in associated companies for Q1 2018 was Baht 201 million, an increase by Baht 4.68 million**

The Company and its subsidiaries had profit sharing from investments in associated companies of Baht 201 million in Q1 2018, up by Baht 4.68 million from Q1 2017 due to the improved financial performance of associated companies.

**Finance cost amounted to Baht 311.94 million, a drop by Baht 54.25 million or 14.81% from last year**

The Company and its subsidiaries had finance cost of Baht 311.94 million, decreasing by Baht 54.25 million or 14.81% from the same period of 2017 because of loan repayment and decreased average cost of debt.

**Income tax expenses amounted Baht 25.84 million, up by Baht 13.92 million or 116.83%**

The Company and its subsidiaries had income tax expenses of Baht 25.84 million, increasing from the prior year by Baht 13.92 million or 116.83%, in line with the financial results of the Company and its subsidiaries in Thailand, as a subsidiary in Lao PDR gets a tax exempt.

Statement of Financial Position Unit: Million Baht	March 31, 2018	December 31, 2017	Change	
			Amount	%
Assets	78,175.91	79,274.46	(1,098.55)	(1.39)
Liabilities	54,282.02	55,401.38	(1,119.36)	(2.02)
Shareholders' equity	23,893.89	23,873.08	20.81	0.09

**Total asset as of March 31, 2018 amounted to Baht 78,175.91 million, a 1.39% decrease from the end of prior year**

As of March 31, 2018, the Company and its subsidiaries had total assets of Baht 78,175.91 million. A decrease of Baht 1,098.55 million or 1.39% from the end of prior year was mainly due to the reduction of current investments, construction in progress and other investments.

**Total liabilities as of March 31, 2018 amounted to Baht 54,282.02 million, a 2.02% declining from the end of 2017**

As of March 31, 2018, the Company and its subsidiaries had total liabilities of Baht 54,282.02 million. A decrease of Baht 1,119.36 million or 2.02% from the end of prior year was mainly due to the reduction of bank loan, accounts payable and retention for construction.

<b>Shareholders' equity as of March 31, 2018 amounted to Baht 23,893.89 million, a 0.09% rise from the end of 2017</b>	As of March 31, 2018, the Company and its subsidiaries had total shareholders' equity of Baht 23,893.89 million, an increase of Baht 20.81 million or 0.09% from the end of prior year mainly as a result of the Company's subsidiaries' financial result.
<b>In Q1 2018, Cash Flow Statement showed net cash from operating activities of Baht 279.96 million, net cash from investing activities of Baht 1,010.73 million and net cash used in financing activities of Baht 766.71 million</b>	In Q1 2018, the Company and its subsidiaries had net cash from operating activities of Baht 279.96 million due to the Company and its subsidiaries' financial results. Net cash from investing activities was Baht 1,010.73 million, most of which came from sales of current investments. Net cash used in financing activities was Baht 766.71 million due to repayment of bank loans. As a result, net cash increased by Baht 401.91 million from the beginning balance.
<b>Net-Debt-to-Equity ratio as of March 31, 2018 was 1.28 times, compared to 1.27 times at the end of 2017</b>	Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of March 31, 2018 was 1.28 times, compared to 1.27 times as of 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

(Mr. Prasert Marittanaporn) (Mr. Anukool Tuntimas)

Directors