

CH. Karnchang Public Company Limited and its subsidiaries  
Report and interim consolidated financial statements  
For the three-month period ended 31 March 2017

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of CH. Karnchang Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of CH. Karnchang Public Company Limited and its subsidiaries as at 31 March 2017, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of CH. Karnchang Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Siraporn Ouaanunkun  
Certified Public Accountant (Thailand) No. 3844

EY Office Limited  
Bangkok: 15 May 2017

CH. Karnchang Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		8,032,909	11,406,173	4,397,965	8,156,486
Current investments		1,684,276	1,130,475	1,593,183	1,089,464
Trade and other receivables	3, 4	5,782,646	7,920,132	7,302,125	7,767,265
Short-term loans to related parties and interest receivable	3	283,913	283,913	3,338,178	4,502,064
Unbilled receivables		3,787,792	2,715,073	3,256,449	2,541,248
Construction in progress and construction supplies		3,094,734	2,775,199	1,014,907	798,271
Advance payment to subcontractors		5,815,487	6,209,782	2,445,813	2,541,025
Derivative financial assets		-	28,831	4,461	15,413
Other current assets		410,919	860,234	360,728	773,685
<b>Total current assets</b>		<b>28,892,676</b>	<b>33,329,812</b>	<b>23,713,809</b>	<b>28,184,921</b>
<b>Non-current assets</b>					
Restricted bank deposits	5	15,220	33,120	220	16,383
Long-term loans to associated company and interest receivable	3	10,811,706	10,359,710	10,811,706	10,359,710
Long-term loans to related company and interest receivable	3	9,378	9,253	9,378	9,253
Investments in subsidiaries	6	-	-	251,477	351,476
Investments in associated companies	7	19,931,609	19,436,337	22,568,355	22,286,857
Other long-term investments	8	8,234,812	8,312,220	8,215,932	8,293,340
Long-term trade receivables	4	13,684,861	14,095,406	13,684,861	14,095,406
Investment properties		518,406	417,260	498,279	499,945
Property, plant and equipment	9	8,021,631	8,609,985	5,247,410	5,527,676
Intangible assets		53,959	58,656	52,747	56,732
Accounts receivable - claims for additional costs	15	2,515,620	2,515,620	2,515,620	2,515,620
Less: Allowance for doubtful accounts	15	(2,515,620)	(2,515,620)	(2,515,620)	(2,515,620)
Accounts receivable - claims for additional costs, net		-	-	-	-
Advances for future projects		80,595	71,802	80,595	71,802
Withholding tax deducted at source		490,666	72,546	440,444	37,913
Deferred tax assets		105,172	103,594	75,799	72,102
Other non-current assets		23,133	18,674	14,106	9,732
<b>Total non-current assets</b>		<b>61,981,148</b>	<b>61,598,563</b>	<b>61,951,309</b>	<b>61,688,327</b>
<b>Total assets</b>		<b>90,873,824</b>	<b>94,928,375</b>	<b>85,665,118</b>	<b>89,873,248</b>

The accompanying notes are an integral part of the financial statements.

CH. Karnchang Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	10	8,564,940	9,531,534	5,711,871	7,455,956
Trade and other payables	3, 11	5,786,541	6,440,968	4,017,112	4,887,656
Current portion of hire purchase creditors		46,463	90,884	46,463	70,449
Current portion of long-term loans	12	2,818,199	4,547,791	2,818,199	3,903,751
Current portion of debentures	13	2,000,000	2,000,000	2,000,000	2,000,000
Advances received from employers and construction revenue received in advance		5,083,168	5,513,544	4,661,364	4,503,196
Retention for construction		933,509	907,481	688,813	672,730
Income tax payable		13,975	3,277	13,975	3,277
Unbilled output tax		155,611	186,395	143,737	168,061
Derivative financial liabilities		39,582	-	-	-
Other current liabilities		90,875	123,607	84,106	78,362
<b>Total current liabilities</b>		<b>25,532,863</b>	<b>29,345,481</b>	<b>20,185,640</b>	<b>23,743,438</b>
<b>Non-current liabilities</b>					
Hire purchase creditors, net of current portion		7,609	21,610	7,609	14,605
Long-term loans, net of current portion	12	14,248,467	14,631,230	14,248,467	14,631,230
Debentures, net of current portion	13	26,481,016	26,479,667	26,481,016	26,479,667
Provision for long-term employee benefits	14	638,747	612,159	323,526	299,557
Deferred tax liabilities		1,966,777	1,983,905	1,910,768	1,927,896
<b>Total non-current liabilities</b>		<b>43,342,616</b>	<b>43,728,571</b>	<b>42,971,386</b>	<b>43,352,955</b>
<b>Total liabilities</b>		<b>68,875,479</b>	<b>73,074,052</b>	<b>63,157,026</b>	<b>67,096,393</b>

The accompanying notes are an integral part of the financial statements.

**CH. Karnchang Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 March 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>	<b>31 March 2017</b>	<b>31 December 2016</b>
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
1,693,899,970 ordinary shares of Baht 1 each	<u>1,693,900</u>	<u>1,693,900</u>	<u>1,693,900</u>	<u>1,693,900</u>
Issued and fully paid-up				
1,693,896,872 ordinary shares of Baht 1 each	1,693,897	1,693,897	1,693,897	1,693,897
Share premium	4,869,410	4,869,410	4,869,410	4,869,410
Retained earnings				
Appropriated - statutory reserve	174,890	174,890	169,390	169,390
Unappropriated	10,939,022	10,637,166	8,162,384	8,364,143
Other components of shareholders' equity	<u>3,944,864</u>	<u>4,105,277</u>	<u>7,613,011</u>	<u>7,680,015</u>
Equity attributable to owners of the Company	21,622,083	21,480,640	22,508,092	22,776,855
Non-controlling interests of the subsidiaries	<u>376,262</u>	<u>373,683</u>	-	-
<b>Total shareholders' equity</b>	<u>21,998,345</u>	<u>21,854,323</u>	<u>22,508,092</u>	<u>22,776,855</u>
<b>Total liabilities and shareholders' equity</b>	<u>90,873,824</u>	<u>94,928,375</u>	<u>85,665,118</u>	<u>89,873,248</u>
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

**CH. Karnchang Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht, except earnings (loss) per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from construction services		8,042,483	8,982,257	2,835,799	5,127,684
Sales of construction materials		22,016	4,197	2,360	1,911
Other income					
Project management income	3	21,364	518	21,814	968
Rental income		12,015	12,681	35,496	39,071
Transportation income		500	3,833	8,243	10,383
Interest income	3	168,969	7,676	203,244	257,792
Gain on sales of investments in subsidiary and associated company	6, 7	38,898	53,489	-	-
Others		37,811	21,792	36,462	23,490
<b>Total revenues</b>		<b>8,344,056</b>	<b>9,086,443</b>	<b>3,143,418</b>	<b>5,461,299</b>
<b>Expenses</b>					
Cost of construction services and sales of construction materials		7,441,370	8,204,457	2,633,640	4,697,862
Administrative expenses		416,214	415,861	384,073	310,060
<b>Total expenses</b>		<b>7,857,584</b>	<b>8,620,318</b>	<b>3,017,713</b>	<b>5,007,922</b>
<b>Profit before share of profit from investments in associated companies, finance cost and income tax expenses</b>					
Share of profit from investments in associated companies		196,315	149,114	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>682,787</b>	<b>615,239</b>	<b>125,705</b>	<b>453,377</b>
Finance cost					
(For construction segment and investment segment)	21	(366,189)	(237,839)	(317,773)	(382,238)
<b>Profit (loss) before income tax expenses</b>		<b>316,598</b>	<b>377,400</b>	<b>(192,068)</b>	<b>71,139</b>
Income tax expenses					
(For construction segment and investment segment)	18	(11,916)	(52,482)	(9,691)	(40,926)
<b>Profit (loss) for the period</b>		<b>304,682</b>	<b>324,918</b>	<b>(201,759)</b>	<b>30,213</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments, net of income tax		(53,046)	(309,756)	(58,451)	(309,756)
Unrealised gain (loss) from cash flow hedges, net of income tax		(107,614)	6,115	(8,553)	28,853
<b>Other comprehensive income for the period</b>		<b>(160,660)</b>	<b>(303,641)</b>	<b>(67,004)</b>	<b>(280,903)</b>
<b>Total comprehensive income for the period</b>		<b>144,022</b>	<b>21,277</b>	<b>(268,763)</b>	<b>(250,690)</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**CH. Karnchang Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the three-month period ended 31 March 2017**

(Unit: Thousand Baht, except earnings (loss) per share expressed in Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<b>Note</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	301,856	304,717	<u>(201,759)</u>	<u>30,213</u>
Non-controlling interests of the subsidiaries	<u>2,826</u>	<u>20,201</u>		
	<u><b>304,682</b></u>	<u><b>324,918</b></u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	141,443	1,132	<u>(268,763)</u>	<u>(250,690)</u>
Non-controlling interests of the subsidiaries	<u>2,579</u>	<u>20,145</u>		
	<u><b>144,022</b></u>	<u><b>21,277</b></u>		
<b>Earnings (loss) per share</b>				
Basic earnings (loss) per share				
Profit (loss) attributable to equity holders of the Company	<u>0.18</u>	<u>0.18</u>	<u>(0.12)</u>	<u>0.02</u>
Weighted average number of ordinary shares (shares)	<u><b>1,693,896,872</b></u>	<u><b>1,693,896,872</b></u>	<u><b>1,693,896,872</b></u>	<u><b>1,693,896,872</b></u>

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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**CH. Karnchang Public Company Limited and its subsidiaries****Cash flow statement****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	316,598	377,400	(192,068)	71,139
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	244,691	223,775	97,408	71,168
Withholding tax deducted at source written off	5,375	256	5,375	256
Gain on sales of current investments	(885)	(39)	(885)	(39)
Loss (gain) on sales of investments in subsidiary and associated company	(38,898)	(53,489)	9,999	-
Gain on sales of property, plant and equipment	(16,515)	(1,160)	(17,397)	(1,196)
Unrealised loss (gain) on exchange	(34,783)	(43,800)	(1,959)	23,466
Unrealised gain on changes in value of investments in marketable securities	(755)	(689)	(391)	(687)
Loss from foreign exchange contracts	2,567	11,797	260	11,797
Amortisation of deferred front-end fee and deferred debenture issuing cost	23,694	9,361	2,274	7,073
Share of profit from investments in associated companies	(196,315)	(149,114)	-	-
Provision for long-term employee benefits	46,476	34,424	28,779	16,899
Interest expenses	<u>334,692</u>	<u>224,965</u>	<u>314,605</u>	<u>371,653</u>
Profit from operating activities before changes in operating assets and liabilities	685,942	633,687	246,000	571,529
Operating assets (increase) decrease				
Trade and other receivables	2,369,922	(436,889)	761,090	(229,929)
Unbilled receivables	(1,078,350)	71,425	(715,201)	7,886
Construction in progress and construction supplies	(84,307)	(254,932)	22,354	94,009
Advance payment to subcontractors	391,927	217,654	45,117	132,038
Other current assets	(22,604)	19,050	(18,329)	36,493
Advances for future projects	(8,793)	-	(8,793)	-
Other non-current assets	(9,380)	(2,135)	(4,373)	(1,753)
Operating liabilities increase (decrease)				
Trade and other payables	(844,242)	(1,058,586)	(1,094,885)	(929,218)
Advances received from employers and construction revenue received in advance	(429,246)	913,832	158,168	825,138
Retention for construction	27,445	(57,217)	17,209	(39,855)
Other current liabilities	(62,552)	(29,148)	(18,581)	(47,610)
Cash paid for long-term employee benefits	<u>(10,615)</u>	<u>(18,432)</u>	<u>(4,810)</u>	<u>(14,473)</u>
Cash flows from (used in) operating activities	925,147	(1,691)	(615,034)	404,255
Cash paid for interest expenses	(328,231)	(397,515)	(307,973)	(377,480)
Cash receipt (paid) for corporate income tax	<u>29,599</u>	<u>(131,664)</u>	<u>13,546</u>	<u>(115,228)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>626,515</u>	<u>(530,870)</u>	<u>(909,461)</u>	<u>(88,453)</u>

The accompanying notes are an integral part of the financial statements.



(Unaudited but reviewed)

**CH. Karnchang Public Company Limited and its subsidiaries****Cash flow statement (continued)****For the three-month period ended 31 March 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	16,140	(65)	16,163	2
Cash payment for purchase of current investments	(1,049,719)	(31)	(1,000,000)	(31)
Cash receipt from sales of current investments	501,901	10,303	501,901	10,303
Cash receipt from sales of investments in associated company	-	117,373	-	-
Net cash receipt from sales of investments in subsidiary	85,628	-	90,000	-
Decrease (increase) in short-term loans to related parties and interest receivable	-	-	1,163,886	(1,895,115)
Increase in long-term loans to associated company	(287,430)	-	(287,430)	-
Increase in investments in associated companies	(56,148)	(555,643)	(56,148)	(555,643)
Increase in other long-term investments	-	(149,363)	-	(149,363)
Increase in property, plant and equipment	(111,469)	(124,186)	(87,216)	(82,910)
Increase in intangible assets	(518)	(168)	(18)	(139)
Proceeds from sales of property, plant and equipment	<u>34,282</u>	<u>2,592</u>	<u>22,913</u>	<u>2,024</u>
<b>Net cash flows from (used in) investing activities</b>	<b><u>(867,333)</u></b>	<b><u>(699,188)</u></b>	<b><u>364,051</u></b>	<b><u>(2,670,872)</u></b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(924,121)	1,229,886	(1,744,085)	1,341,621
Cash receipt from long-term loans	522,270	1,092,950	522,270	1,092,950
Repayment of long-term loans	(2,650,682)	(1,506,419)	(1,991,510)	(884,374)
Cash receipt from issuance of debentures	-	5,494,500	-	5,494,500
Repayment of debentures	-	(4,000,000)	-	(4,000,000)
<b>Net cash flows from (used in) financing activities</b>	<b><u>(3,052,533)</u></b>	<b><u>2,310,917</u></b>	<b><u>(3,213,325)</u></b>	<b><u>3,044,697</u></b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b><u>(79,913)</u></b>	<b><u>(4,048)</u></b>	<b><u>214</u></b>	<b><u>(2,876)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(3,373,264)</u></b>	<b><u>1,076,811</u></b>	<b><u>(3,758,521)</u></b>	<b><u>282,496</u></b>
Cash and cash equivalents at beginning of period	<u>11,406,173</u>	<u>4,666,962</u>	<u>8,156,486</u>	<u>3,730,929</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>8,032,909</u></b>	<b><u>5,743,773</u></b>	<b><u>4,397,965</u></b>	<b><u>4,013,425</u></b>
	-		-	
<b>Supplemental disclosures of cash flows information</b>				
Non-cash transactions				
Increase in property, plant and equipment from other payables and trust receipts	13,887	-	-	-
Receivable from sales of property, plant and equipment	8,361	-	-	-
Transfer equipment to construction supplies	238,990	-	238,990	-
Payable from purchase of investments in associated company	225,350	-	225,350	-

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

## CH. Karnchang Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
				Other components of equity						
				Other comprehensive income						
				Surplus (deficit)						
				on changes		Total		Total equity		
				in value of		other components		attributable to		
				available-for-sale		of shareholders'		owners of		
				investments		equity		the Company		
				Unrealised gain (loss)		of shareholders'		Equity attributable to		
				from cash flow hedges		equity		non-controlling		
				Retained earnings		of shareholders'		interests		
				Appropriated		of shareholders'		of the subsidiaries		
				Unappropriated		of shareholders'		Total		
				Investments		of shareholders'		shareholders'		
				Share premium		of shareholders'		equity		
				Issued and		of shareholders'		Total		
				fully paid-up		of shareholders'		shareholders'		
				share capital		of shareholders'		equity		
<b>Balance as at 1 January 2016</b>	1,693,897	4,869,410	174,890	9,781,926	4,039,534	(102,367)	3,937,167	20,457,290	398,377	20,855,667
Profit for the period	-	-	-	304,717	-	-	-	304,717	20,201	324,918
Other comprehensive income for the period	-	-	-	-	(309,756)	6,171	(303,585)	(303,585)	(56)	(303,641)
Total comprehensive income for the period	-	-	-	304,717	(309,756)	6,171	(303,585)	1,132	20,145	21,277
Decrease in surplus on changes in value of available-for-sale investments	-	-	-	-	(17,886)	-	(17,886)	(17,886)	(14,634)	(32,520)
<b>Balance as at 31 March 2016</b>	<b>1,693,897</b>	<b>4,869,410</b>	<b>174,890</b>	<b>10,086,643</b>	<b>3,711,892</b>	<b>(96,196)</b>	<b>3,615,696</b>	<b>20,440,536</b>	<b>403,888</b>	<b>20,844,424</b>
<b>Balance as at 1 January 2017</b>	1,693,897	4,869,410	174,890	10,637,166	4,155,316	(50,039)	4,105,277	21,480,640	373,683	21,854,323
Profit for the period	-	-	-	301,856	-	-	-	301,856	2,826	304,682
Other comprehensive income for the period	-	-	-	-	(53,061)	(107,352)	(160,413)	(160,413)	(247)	(160,660)
Total comprehensive income for the period	-	-	-	301,856	(53,061)	(107,352)	(160,413)	141,443	2,579	144,022
<b>Balance as at 31 March 2017</b>	<b>1,693,897</b>	<b>4,869,410</b>	<b>174,890</b>	<b>10,939,022</b>	<b>4,102,255</b>	<b>(157,391)</b>	<b>3,944,864</b>	<b>21,622,083</b>	<b>376,262</b>	<b>21,998,345</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

## CH. Karnchang Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Separate financial statements							
					Other components of equity			
					Other comprehensive income			
					Surplus (deficit) on changes	Unrealised	Total	Total
	Issued and fully paid-up share capital	Share premium	Retained earnings		in value of available-for-sale investments	gain (loss) from cash flow hedges	other components of shareholders' equity	shareholders' equity
		Appropriated	Unappropriated					
<b>Balance as at 1 January 2016</b>	1,693,897	4,869,410	169,390	8,481,593	7,543,204	(5,562)	7,537,642	22,751,932
Profit for the period	-	-	-	30,213	-	-	-	30,213
Other comprehensive income for the period	-	-	-	-	(309,756)	28,853	(280,903)	(280,903)
Total comprehensive income for the period	-	-	-	30,213	(309,756)	28,853	(280,903)	(250,690)
<b>Balance as at 31 March 2016</b>	<u>1,693,897</u>	<u>4,869,410</u>	<u>169,390</u>	<u>8,511,806</u>	<u>7,233,448</u>	<u>23,291</u>	<u>7,256,739</u>	<u>22,501,242</u>
<b>Balance as at 1 January 2017</b>	1,693,897	4,869,410	169,390	8,364,143	7,667,856	12,159	7,680,015	22,776,855
Loss for the period	-	-	-	(201,759)	-	-	-	(201,759)
Other comprehensive income for the period	-	-	-	-	(58,451)	(8,553)	(67,004)	(67,004)
Total comprehensive income for the period	-	-	-	(201,759)	(58,451)	(8,553)	(67,004)	(268,763)
<b>Balance as at 31 March 2017</b>	<u>1,693,897</u>	<u>4,869,410</u>	<u>169,390</u>	<u>8,162,384</u>	<u>7,609,405</u>	<u>3,606</u>	<u>7,613,011</u>	<u>22,508,092</u>

The accompanying notes are an integral part of the financial statements.

## **CH. Karnchang Public Company Limited and its subsidiaries**

### **Notes to interim consolidated financial statements**

#### **For the three-month period ended 31 March 2017**

#### **1. General information**

##### **1.1 Corporate information**

CH. Karnchang Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholder of the Company is Mahasiri Siam Company Limited, which was also incorporated in Thailand. The Company is principally engaged in the provision of construction services. The registered office of the Company is at 587 Suthisarn Road, Khwaeng Dindaeng, Khet Dindaeng, Bangkok.

##### **1.2 Basis for preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

In February 2017, CKST Joint Venture entered into the contractual agreement for the MRT Orange Line (East Section) Project with Mass Rapid Transit Authority of Thailand. CKST Joint Venture is a joint arrangement which is treated as a joint operation between the Company and Sino-Thai Engineering and Construction Public Company Limited, with the Company having an interest of 60 percent according to the joint venture agreement.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

### **1.3 Basis of consolidation**

These interim consolidated financial statements have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There have been no changes in the composition of the Group during the current period except that in February 2017 the Company sold all of its ordinary shares of Construction Material Supply Company Limited, as per the details described in Note 6 to the interim financial statements. The Company has excluded the financial statements of Construction Material Supply Company Limited from the consolidated financial statements since March 2017.

### **1.4 New financial reporting standards**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. However, one standard involves changes to key principles, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard does not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

## **2. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

(Unaudited but reviewed)

### 3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Rental and transportation income	-	-	29	32	Close to service fee charged to third parties
Space rental and service income	-	-	2	2	Based on contracts
Interest income	-	-	36	255	Interest rates of MLR - 1.25% and MLR - 2% (2016: MLR - 1.25% and LIBOR + 3.25%)
Other income	-	-	5	4	Based on contracts and cost plus margin
Cost of construction materials and construction work	-	-	62	90	Close to prices charged by third parties
<b><u>Transactions with associated companies</u></b>					
Revenues from construction services	4,816	5,941	272	2,499	Based on construction contracts
Project management income	-	1	-	1	Based on contracts
Space rental and service income	3	3	3	3	Based on contracts
Interest income	166	4	165	-	Interest rates of MLR + 0.25% and MLR + 1% (2016: MLR + 1%)
Cost of construction work	-	27	-	27	Based on contracts
<b><u>Transactions with related parties</u></b>					
Revenues from construction services	307	417	307	384	Based on construction contracts
Project management income	21	-	21	-	Based on contracts
Rental and transportation income	2	1	2	1	Close to service fee charged to third parties
Space rental and service income	4	3	4	3	Based on contracts
Cost of construction materials and construction work	58	4	58	1	Close to prices charged by third parties and based on contracts
Administrative expenses	1	-	1	-	Agreed between the parties

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2017 and 31 December 2016 between the Company and those related parties are as follows:

**a) Trade accounts receivable - related parties (Note 4)**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Construction contract receivables</b>				
<b>Subsidiary</b>	-	-	285,522	285,522
<b>Joint arrangements</b>	102	5,424	-	5,424
<b>Associated companies</b>				
- Bangkok Expressway and Metro Public Company Limited	311,008	79,903	311,008	79,903
- Xayaburi Power Company Limited	1,056,532	2,520,182	-	-
- Bangpa-in Cogeneration Limited	56,132	23,710	56,132	23,710
- Nam Ngum 2 Power Company Limited	125,627	99,004	-	-
	<u>1,549,299</u>	<u>2,722,799</u>	<u>367,140</u>	<u>103,613</u>
<b>Related parties (common directors)</b>				
- TTW Public Company Limited	36,012	189,987	36,012	189,987
- Other related companies and related parties	58	127	-	-
	<u>36,070</u>	<u>190,114</u>	<u>36,012</u>	<u>189,987</u>
<b>Total construction contract receivables</b>	<b><u>1,585,471</u></b>	<b><u>2,918,337</u></b>	<b><u>688,674</u></b>	<b><u>584,546</u></b>
<b>Retention as per contracts</b>				
<b>Joint arrangement</b>	480	7,117	480	7,117
<b>Associated companies</b>				
- Bangkok Expressway and Metro Public Company Limited	1,991	56,646	1,991	56,646
- Northern Bangkok Expressway Company Limited	1,279	1,279	1,279	1,279
	<u>3,270</u>	<u>57,925</u>	<u>3,270</u>	<u>57,925</u>
<b>Related parties (common directors)</b>				
- Bangpa-in Land Company Limited	32,018	33,217	32,018	33,217
- TTW Public Company Limited	22,050	6,906	22,050	6,906
- Saha Tokyu Corporation Company Limited	9,241	9,241	-	-
	<u>63,309</u>	<u>49,364</u>	<u>54,068</u>	<u>40,123</u>
<b>Total retention as per contracts</b>	<b><u>67,059</u></b>	<b><u>114,406</u></b>	<b><u>57,818</u></b>	<b><u>105,165</u></b>
Total trade accounts receivable - related parties	<u>1,652,530</u>	<u>3,032,743</u>	<u>746,492</u>	<u>689,711</u>

(Unaudited but reviewed)

**b) Other receivables - related parties (Note 4)**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Receivables from sales of construction materials and others</b>				
<b>Subsidiaries</b>	-	-	2,597,089	2,515,578
<b>Joint arrangements</b>	79,723	45,321	79,620	45,321
<b>Associated companies</b>	14,914	1,395	448	566
<b>Related parties (common directors)</b>				
- Expert Transport Company Limited	13,152	11,727	13,152	11,727
- TTW Public Company Limited	128	212	128	212
- Other related companies and related parties	487	2,411	590	2,411
	<u>13,767</u>	<u>14,350</u>	<u>13,870</u>	<u>14,350</u>
<b>Other joint operator</b>				
- Bilfinger Berger AG	8,108	8,108	8,108	8,108
	<u>8,108</u>	<u>8,108</u>	<u>8,108</u>	<u>8,108</u>
Total other receivables - related parties	<u>116,512</u>	<u>69,174</u>	<u>2,699,135</u>	<u>2,583,923</u>

**c) Advance payment to subcontractor - related party**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Subsidiary</b>	-	-	38,547	50,096

**d) Short-term loans to related parties and interest receivable**

These loans carry interest rates at LIBOR plus a stipulated margin and MLR minus a stipulated margin per annum and are due at call. Loans to Joint Venture BBCD are granted with a condition waiving interest and are to be paid on the earlier of (a) the date the Joint Venture BBCD receives compensation for additional costs from the Expressway Authority of Thailand and (b) when the Company calls the loan.



(Unaudited but reviewed)

As at 31 March 2017 and 31 December 2016, the balances of short-term loans to related parties and interest receivable between the Company and those related parties and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Consolidated financial statements			
		Balance as at 31 December 2016	Increase during the period	Decrease during the period	Balance as at 31 March 2017
		(Audited)			
Joint Venture BBCD	Joint operation	283,913	-	-	283,913

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements			
		Balance as at 31 December 2016	Increase during the period	Decrease during the period	Balance as at 31 March 2017
		(Audited)			
- Construction Material Supply Company Limited	Subsidiary	20,651	6,073	(26,724)	-
- CH. Karnchang (Lao) Company Limited	Subsidiary	4,154,845	-	(1,100,580)	3,054,265
- Prasertwit Construction Limited Partnership	Subsidiary	42,655	178	(42,833)	-
- Joint Venture BBCD	Joint operation	3,726,253	-	-	3,726,253
		7,944,404	6,251	(1,170,137)	6,780,518
Less: Allowance for doubtful accounts		(3,442,340)			(3,442,340)
		4,502,064			3,338,178

**e) Long-term loans to associated company and interest receivable**

As at 31 March 2017 and 31 December 2016, the balances of long-term loans to associated company and interest receivable between the Company and the associated company and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	Balance as at 31 December 2016  (Audited)	Increase during the period	Decrease during the period	Balance as at 31 March 2017
<b>Loans:</b>				
- Xayaburi Power Company Limited	10,055,430	287,430	-	10,342,860
<b>Interest receivable:</b>				
- Xayaburi Power Company Limited	304,280	164,566	-	468,846
	<u>10,359,710</u>	<u>451,996</u>	<u>-</u>	<u>10,811,706</u>

On 16 May 2016, a meeting of the Company's Board of Directors passed a resolution to provide financial support to Xayaburi Power Company Limited (an associated company of CK Power Public Company Limited), and on 17 May 2016, the Company entered into a Sponsor Loan Agreement under which it will provide loans of Baht 13,547 million to that company to fund additional construction work on the Xayaburi Hydroelectric Power Project. The loans are to carry interest at the Minimum Loan Rate plus 0.25 percent (MLR + 0.25%) per annum during the construction period and the Minimum Loan Rate (MLR) from the Commercial Operation Date (within the year 2019). The loans are to be repaid in accordance with the loan repayment schedule for the loans from the financial institutions for this project and full settlement is to be made no later than 2031, however, that the payment of interest and principal will be subject to the cash flows available to the shareholders after fulfillment of all conditions stipulated in the long-term loan agreements.

As at 31 March 2017, Xayaburi Power Company Limited has drew Baht 10,343 million of these loans from the Company.

(Unaudited but reviewed)

**f) Long-term loans to related company and interest receivable**

The loan is subject to interest at the Minimum Loan Rate less 0.01 percent (MLR - 0.01%) per annum and due for repayment after Nakhon Ratchasima Solar Company Limited has paid all indebtedness under the loan agreement from a financial institution.

As at 31 March 2017 and 31 December 2016, the balances of long-term loans to related company and interest receivable between the Company and the related company and the movement are as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements			
Balance as at 31 December 2016	Increase during the period	Decrease during the period	Balance as at 31 March 2017
(Audited)			
<b>Loans:</b>			
- Nakhon Ratchasima Solar Company Limited	8,700	-	8,700
<b>Interest receivable:</b>			
- Nakhon Ratchasima Solar Company Limited	553	125	678
	<u>9,253</u>	<u>125</u>	<u>9,378</u>

**g) Trade accounts payable - related parties (Note 11)**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)
<b>Subsidiaries</b>	-	-	129,209	103,861
<b>Joint arrangements</b>	70	87	70	86
<b>Associated company</b>	-	12,840	-	12,840
<b>Related parties (common directors)</b>				
- Bangpa-in Land Company Limited	110	-	105	-
- Other related companies and related parties	118	220	118	214
	<u>228</u>	<u>220</u>	<u>223</u>	<u>214</u>
<b>Other joint operators</b>				
- CH. Thawee Construction Company Limited	46,145	16,105	46,145	16,105
- Krungthon Engineers Company Limited	96	96	96	96
	<u>46,241</u>	<u>16,201</u>	<u>46,241</u>	<u>16,201</u>
Total trade accounts payable - related parties	<u>46,539</u>	<u>29,348</u>	<u>175,743</u>	<u>133,202</u>

(Unaudited but reviewed)

**h) Amounts due to related parties (Note 11)**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Other payable</b>				
<b>Associated company</b>				
- Bangkok Expressway and Metro Public Company Limited	1,002,704	1,029,562	1,002,704	1,029,562
<b>Other joint operator</b>				
- Bilfinger Berger AG	20,017	20,017	20,017	20,017
<b>Total other payables</b>	<b>1,022,721</b>	<b>1,049,579</b>	<b>1,022,721</b>	<b>1,049,579</b>
<b>Payable from purchase of investment</b>				
<b>Associated company</b>				
- Bangkok Expressway and Metro Public Company Limited	469,741	769,741	469,741	769,741
Total amounts due to related parties	1,492,462	1,819,320	1,492,462	1,819,320

**i) Advances received from employers - related parties**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Associated companies</b>				
- Bangkok Expressway and Metro Public Company Limited	2,153	3,906	2,153	3,906
- Nam Ngum 2 Power Company Limited	54,588	89,235	-	-
	56,741	93,141	2,153	3,906
<b>Related company (common directors)</b>				
- TTW Public Company Limited	3,976	8,948	3,976	8,948
	3,976	8,948	3,976	8,948
Total advances received from employers - related parties	60,717	102,089	6,129	12,854

(Unaudited but reviewed)

**j) Retention for construction - related parties**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b>Subsidiary</b>	-	-	14,542	11,797
<b>Other joint operators</b>				
- CH. Thawee Construction Company Limited	5,287	2,364	5,287	2,364
- Krungthon Engineers Company Limited	480	7,700	480	7,700
Total retention for construction - related parties	<u>5,767</u>	<u>10,064</u>	<u>20,309</u>	<u>21,861</u>

Directors and management's benefits

During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Short-term employee benefits	47,470	57,827	38,870	49,673
Post-employment benefits	1,299	1,434	1,085	1,167
Total	<u>48,769</u>	<u>59,261</u>	<u>39,955</u>	<u>50,840</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 22.4 to the interim financial statements.

(Unaudited but reviewed)

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,515,921	1,531,382	333,602	255,689
Past due				
Up to 3 months	69,550	1,386,955	69,550	43,335
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	285,522	285,522
Total trade receivables - related parties	1,585,471	2,918,337	688,674	584,546
Retention receivable as per contract	67,059	114,406	57,818	105,165
Total	1,652,530	3,032,743	746,492	689,711
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,712,177	3,545,208	2,622,027	3,336,217
Past due				
Up to 3 months	194,275	35,313	185,223	-
3 - 6 months	-	499	-	-
6 - 12 months	6,741	6,741	6,741	6,741
Over 12 months	214,478	225,051	214,478	216,021
Total	3,127,671	3,812,812	3,028,469	3,558,979
Less: Allowance for doubtful debts	-	(9,030)	-	-
Total trade receivables - unrelated parties, net	3,127,671	3,803,782	3,028,469	3,558,979
Retention receivable as per contract	224,732	209,838	177,503	143,382
Total	3,352,403	4,013,620	3,205,972	3,702,361
Total trade receivable - net	5,004,933	7,046,363	3,952,464	4,392,072
<u>Other receivables</u>				
Other receivables - related parties	116,512	69,174	2,699,135	2,583,923
Other receivables - unrelated parties	97,941	224,917	87,662	211,956
Accrued income	563,111	579,458	562,794	579,140
Interest receivable	149	220	70	174
Total other receivables	777,713	873,769	3,349,661	3,375,193
Total trade and other receivables - net	5,782,646	7,920,132	7,302,125	7,767,265

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	31 March 2017	31 December 2016 (Audited)
<u>Long-term trade accounts receivable</u>		
Unrelated party	13,684,861	14,095,406

#### **Long-term trade receivable - unrelated party**

The balances represent construction contract receivables from the Agreement for Project Management, as well as for Supply and Installation of M&E Systems in the MRT Purple Line Project which the Company, as the contractor, signed with Bangkok Expressway and Metro Public Company Limited.

The Company performs construction works and records construction receivable on a percentage of completion basis, to the extent that the Mass Rapid Transit Authority of Thailand (“MRTA”) has already issued acceptance certificates. All construction contract receivables are due for billing on the date of the letter of Commissioning Certificate for operation on the MRT Purple Line Project, and the Company will receive payment for the work on a monthly basis, when Bangkok Expressway and Metro Public Company Limited receives compensation from the MRTA. Bangkok Expressway and Metro Public Company Limited entered into an agreement to assign the proceeds under the agreement made with the MRTA to the Company, for use as collateral with the lender banks.

On 6 August 2016, the Company completed the construction works and delivered the project to the owner. The Company will receive payment for the work on a monthly basis as agreed under the construction contract. As at 31 March 2017, the Company therefore reclassified the related trade receivable of Baht 1,642 million as current assets under the caption of “Trade and other receivables”.

#### **5. Restricted bank deposits**

The outstanding balances represent bank deposit accounts which have been pledged with banks to secure the issuance of bank guarantees for electricity utilisation, bidding, issuance of other bank guarantees, letters of credit opened for the Company, and as a guarantee of credit facilities of a subsidiary.

(Unaudited but reviewed)

**6. Investments in subsidiaries**

(Unit: Thousand Baht)

Company's name	Separate financial statements						Dividend received during the three-month periods ended 31 March	
	Paid-up capital		Shareholding percentage		Cost		2017	2016
	31 March	31 December	31 March	31 December	31 March	31 December		
	2017	2016	2017	2016	2017	2016		
		(Audited)	(%)	(%)		(Audited)		
Construction Material Supply Company Limited	-	100,000	-	99.99	-	99,999	-	-
CH. Karnchang Realstate Company Limited	160,000	160,000	99.00	99.00	158,400	158,400	-	-
CH. Karnchang-Tokyu Construction Company Limited	100,000	100,000	55.00	55.00	55,000	55,000	-	-
CH. Karnchang (Lao) Company Limited (paid-up share capital of USD 1,000,000)	39,636	39,636	100.00	100.00	39,636	39,636	-	-
Total					253,036	353,035	-	-
Less: Allowance for loss on investments in subsidiaries					(1,559)	(1,559)		
Total investments in subsidiaries - net					251,477	351,476		

**Construction Material Supply Company Limited**

In February 2017, the Company sold all 999,992 ordinary shares of Construction Material Supply Company Limited to a third party company, representing 99.99 percent of the registered capital of such company, at a price of Baht 90 per share, or for a total of Baht 90 million. The Company recorded a gain on the sale of the investment in the subsidiary of approximately Baht 39 million in profit or loss in the consolidated financial statement for the first quarter of 2017 (Separate financial statement: recorded a loss on the sale of the investment in such subsidiary of approximately Baht 9.99 million under administrative expenses). The Company has therefore excluded the financial statements of Construction Material Supply Company Limited from the consolidated financial statements since March 2017.

Total assets, total liabilities and cash and cash equivalents of Construction Material Supply Company Limited as at the date when the Company ceases its control in that company were Baht 117 million, Baht 61 million and Baht 4 million, respectively.



(Unaudited but reviewed)

**7. Investments in associated companies**

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method		Fair value <sup>(1)</sup>	
			31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)		(Audited)		(Audited)		(Audited)
Bangkok Expressway and Metro Public Company Limited (29.98 percent held by the Company and 0.89 percent indirectly held by a subsidiary (31 December 2016: 29.73 percent held by the Company and 0.89 percent indirectly held by a subsidiary))	Construction and management of the expressway, the operation of metro services and commercial development	Thailand	30.87	30.62	18,784,081	18,502,583	16,684,845	16,197,948	35,626,803	34,643,634
CK Power Public Company Limited	Making investment in other companies	Thailand	28.77	28.77	4,798,487	4,798,487	3,246,764	3,238,389	6,827,287 <sup>(2)</sup>	7,505,775 <sup>(2)</sup>
<b>Total</b>					<b>23,582,568</b>	<b>23,301,070</b>	<b>19,931,609</b>	<b>19,436,337</b>	<b>42,454,090</b>	<b>42,149,409</b>

<sup>(1)</sup> Fair value is based on the latest bid price of the last working day of December 2016 and March 2017 as quoted on the Stock Exchange of Thailand.<sup>(2)</sup> This fair value excludes the fair values of warrants amounting to Baht 270 million (31 December 2016: Baht 305 million).

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements									
			Shareholding percentage		Cost		Allowance for loss on investments		Carrying amounts based on cost method - net		Fair value <sup>(1)</sup>	
			31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
			(%)	(%)		(Audited)		(Audited)		(Audited)		(Audited)
Bangkok Expressway and Metro Public Company Limited	Construction and management of the expressway, the operation of metro services and commercial development	Thailand	29.98	29.73	18,069,796	17,788,298	(299,928)	(299,928)	17,769,868	17,488,370	34,595,020	33,632,350
CK Power Public Company Limited	Making investment in other companies	Thailand	28.77	28.77	4,798,487	4,798,487	-	-	4,798,487	4,798,487	6,827,287 <sup>(2)</sup>	7,505,775 <sup>(2)</sup>
Total					22,868,283	22,586,785	(299,928)	(299,928)	22,568,355	22,286,857	41,422,307	41,138,125

<sup>(1)</sup> Fair value is based on the latest bid price of the last working day of December 2016 and March 2017 as quoted on the Stock Exchange of Thailand.

<sup>(2)</sup> This fair value excludes the fair values of warrants amounting to Baht 270 million (31 December 2016: Baht 305 million).

**Bangkok Expressway and Metro Public Company Limited**

In March 2017, the Company purchased 37 million ordinary shares of Bangkok Expressway and Metro Public Company Limited amounting to Baht 281 million, as a result, its interest in the equity of such company increased from 29.73 percent to 29.98 percent.

The Company is subject to restrictions on the sale, transfer or creation of obligations with respect to some share certificates for its investment in Bangkok Expressway and Metro Public Company Limited, in compliance with a condition of the Company's long-term loans and debentures.

A subsidiary has pledged some of the share certificates for its investment in Bangkok Expressway and Metro Public Company Limited with a bank to secure its short-term loans from the bank.

**CK Power Public Company Limited**

The Company has, at no cost, 586.3 million warrants to purchase newly issued ordinary shares of the associate at a ratio of 1 warrant to 1 ordinary share, with an exercise price of Baht 6 per share. The warrants have an exercise period of 5 years and are exercisable on the last business day of each quarter over the term of the warrants. The first and the last exercise dates are 30 September 2015 and 28 May 2020, respectively.

(Unaudited but reviewed)

**8. Other long-term investments**

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Investments			Investments		
	Shareholding percentage	31 March 2017	31 December 2016	Shareholding percentage	31 March 2017	31 December 2016
Percent		(Audited)	Percent		(Audited)	
<b><u>Investments in available-for-sale - related company</u></b>						
TTW Public Company Limited	19.40	5,810,452	5,810,452	19.40	1,255,736	1,255,736
Add: Unrealised gain on changes in value of investments		2,394,772	2,472,180		6,949,488	7,026,896
		<b>8,205,224</b>	<b>8,282,632</b>		<b>8,205,224</b>	<b>8,282,632</b>
<b><u>Other investments - other companies</u></b>						
Bangkok Tokyu Department Store Company Limited	19.00	2,280	2,280	-	-	-
Kruasakul Company Limited	10.14	43,750	43,750	10.14	43,750	43,750
The Bangkok Club Company Limited	0.57	3,000	3,000	0.57	3,000	3,000
Chanthaburi Country Club Company Limited	0.25	2,708	2,708	0.25	2,708	2,708
Saha Tokyu Corporation Company Limited	5.00	16,600	16,600	-	-	-
		68,338	68,338		49,458	49,458
Less: Provision for loss on diminution in value of investments		(43,750)	(43,750)		(43,750)	(43,750)
		<b>24,588</b>	<b>24,588</b>		<b>5,708</b>	<b>5,708</b>
<b><u>Investments in held-to-maturity debt securities</u></b>						
Subordinated Debentures of Bangkok Bank Public Company Limited No. 1/2012		5,000	5,000		5,000	5,000
		<b>5,000</b>	<b>5,000</b>		<b>5,000</b>	<b>5,000</b>
Other long-term investments, net		8,234,812	8,312,220		8,215,932	8,293,340

(Unaudited but reviewed)

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	8,609,985	5,527,676
Acquisitions during period - at cost	90,413	55,977
Disposals/write off during period - net book value at disposal/write off date	(26,070)	(5,515)
Disposal of the subsidiary during the period - net book value at disposal date	(72,050)	-
Depreciation for period	(239,156)	(91,739)
Reclassification/transfer out	(341,491)	(238,989)
Net book value as at 31 March 2017	<u>8,021,631</u>	<u>5,247,410</u>

The Company is subject to restrictions on the sale, transfer or creation of obligations with respect to certain plots of land belonging to the Company, in compliance with a condition of the Company's long-term loans and debentures.

## 10. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 March 2017 and 31 December 2016 are comprised of:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)
Short-term loans from banks	3,081,082	3,805,978	3,081,082	3,805,978
Trust receipts	2,883,858	2,535,556	30,789	459,978
Bills of exchange	2,600,000	3,190,000	2,600,000	3,190,000
Total	<u>8,564,940</u>	<u>9,531,534</u>	<u>5,711,871</u>	<u>7,455,956</u>

Parts of the short-term loans from financial institutions of the Company are secured by the transfer of rights over collection of revenues from construction projects.

(Unaudited but reviewed)

Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by certain saving deposits of a subsidiary, certain share certificates of Bangkok Expressway and Metro Public Company Limited owned by a subsidiary, the transfer of the rights over saving deposits of a subsidiary, the transfer of rights over receipt of payment under construction contracts of subsidiaries, the transfer of bank guarantees provided by subcontractors and are guaranteed by the Company and subsidiaries' shareholders.

Trust receipts of subsidiaries are guaranteed by the Company.

## 11. Trade and other payables

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Trade payables - related parties	46,539	29,348	175,743	133,202
Trade payables - unrelated parties	3,689,483	3,942,125	1,881,036	2,446,227
Amounts due to related parties	1,492,462	1,819,320	1,492,462	1,819,320
Accrued interest expenses	181,857	182,163	181,857	181,992
Accrued expenses	129,243	450,729	46,683	293,638
Other payables	246,957	17,283	239,331	13,277
Total trade and other payables	<u>5,786,541</u>	<u>6,440,968</u>	<u>4,017,112</u>	<u>4,887,656</u>

## 12. Long-term loans

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Long-term loans	17,066,666	19,179,021	17,066,666	18,534,981
Less: Current portion	<u>(2,818,199)</u>	<u>(4,547,791)</u>	<u>(2,818,199)</u>	<u>(3,903,751)</u>
Long-term loans - net of current portion	<u>14,248,467</u>	<u>14,631,230</u>	<u>14,248,467</u>	<u>14,631,230</u>

(Unaudited but reviewed)

Movements in the long-term loans account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	19,211,200	18,552,028
Add: Additional borrowings during the period	522,270	522,270
Less: Repayment during the period	(2,650,682)	(1,991,510)
Less: Deferred front end fees	(16,122)	(16,122)
Balance as at 31 March 2017	<u>17,066,666</u>	<u>17,066,666</u>

Partial long-term loans of the Company are secured by the transfer of rights over collection of revenues from construction projects.

Under the loan agreement, the Company is required to comply with the same conditions and restrictions as those applicable for the Company's debentures (as described in Note 13) and to maintain a certain debt to equity ratio.

### 13. Debentures

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	31 March 2017	31 December 2016
		(Audited)
Debentures	28,481,016	28,479,667
Less: Current portion of debentures	<u>(2,000,000)</u>	<u>(2,000,000)</u>
Debentures, net of current portion	<u>26,481,016</u>	<u>26,479,667</u>

All debentures of the Company are unsecured, registered, senior debentures with trustees and with a par value of Baht 1,000 each. The interest is payable every 3 months or 6 months in accordance with the conditions of each debentures issuance.

The conditions of the debentures include covenants that, among other things, prohibit the Company from selling, transferring or creating any commitments with respect to some share certificates for its investment in an associated company and some plots of land or the Company, and require it to maintain a certain debt to equity ratio.

(Unaudited but reviewed)

#### 14. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 March 2017, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Defined benefit obligation at 1 January 2017</b>	612,159	299,557
Current service cost and interest cost	46,476	28,779
Benefits paid during the period	(10,615)	(4,810)
Decrease from disposal of the subsidiary during the period	(9,273)	-
<b>Provisions for long-term employee benefits at 31 March 2017</b>	<b>638,747</b>	<b>323,526</b>

#### 15. Accounts receivable - claims for additional costs

Accounts receivable - claims for additional costs represents receivable arising from claims lodged by Joint Venture BBCD since 2000 for payment of additional construction costs by the Expressway Authority of Thailand (the employer), which are in the legal process. On 15 September 2011, the Civil Court handed down a judgment ruling that the employer was to pay the Joint Venture BBCD Baht 1,750 million (per the Company's interest in the joint operation) together with interest at a rate of 7.5 percent per annum on the principal from 15 February 2007 to the date that employer pays the debt to the Joint Venture BBCD. The employer and the Joint Venture BBCD appealed the ruling to the Appeal Court.

On 27 December 2013, the Appeal Court overturned the judgment made in favor of the Joint Venture BBCD. Subsequently, in February 2014 the joint venture filed an appeal with the Supreme Court, petitioning it to enforce the employer's payment of all additional costs and accrued interest until payment is made. Currently, the case is in the process of consideration of the Supreme Court.



(Unaudited but reviewed)

## 16. Assets and liabilities in foreign currencies

As at 31 March 2017 and 31 December 2016, the balances of the net assets (liabilities) of the Company and its subsidiaries outstanding in foreign currencies, were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
US Dollar (Million USD)	(22)	(32)	2	-
Euro (Million Euros)	(1)	(3)	-	(2)

## 17. Derivative financial instruments

### Foreign exchange contracts

As at 31 March 2017 and 31 December 2016, the outstanding foreign exchange contracts of the Company and its subsidiaries are summarised below.

31 March 2017				
Foreign currency	Bought amount	Contractual exchange rate - Bought	Contractual Maturity date	Fair value Loss
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US Dollar	73	33.48 - 35.48	April 2017 - March 2020	(40)

  

31 December 2016				
Foreign currency	Bought amount	Contractual exchange rate - Bought	Contractual Maturity date	Fair value Gain
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US Dollar	22	33.39 - 35.48	January 2017 - October 2017	29

The Company and its subsidiaries use foreign exchange contracts to hedge cash flow risk arising from changes in foreign exchange rates.

During the three-month period ended 31 March 2017, the Company and its subsidiaries recognised an unrealised loss of approximately Baht 40 million (net of income tax), as a result of changes in the fair value of foreign exchange contracts in other comprehensive income.

**Interest rate swap agreements**

The Company entered into interest rate swap agreements with a local commercial bank to manage risk associated with some of its debentures, carrying interest at fixed rates. As at 31 March 2017, the Company has interest rate swap agreements for a total notional amount of debentures of Baht 3,000 million, to swap fixed interest rates of 5.5 - 6.25 percent per annum to the Minimum Loan Rate minus stipulated margins (MLR - margin) per annum. The interest rate swap agreements terminate in April 2017 and July 2018.

**18. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	13,871	42,273	13,765	30,818
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,955)	10,209	(4,074)	10,108
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>11,916</u>	<u>52,482</u>	<u>9,691</u>	<u>40,926</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to				
Loss on changes in value of available-for-sale investments	(14,613)	(77,439)	(14,613)	(77,439)
Unrealised gain (loss) from cash flow hedges	(2,138)	7,213	(2,138)	7,213
	<u>(16,751)</u>	<u>(70,226)</u>	<u>(16,751)</u>	<u>(70,226)</u>

**19. Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

**20. Contracts in progress**

As at 31 March 2017, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company and its subsidiaries was approximately Baht 164,466 million (31 December 2016: Baht 156,774 million) (Separate financial statements: Baht 87,378 million (31 December 2016: Baht 84,567 million)), gross amounts due from customers for contracts in progress were approximately Baht 5,992 million (31 December 2016: Baht 4,949 million) (Separate financial statements: Baht 3,901 million (31 December 2016: Baht 3,211 million)), and gross amounts due to customers for contracts in progress were approximately Baht 2,563 million (31 December 2016: Baht 3,110 million) (Separate financial statements: Baht 2,338 million (31 December 2016: Baht 2,299 million)).

**21. Segment information**

The Group is principally engaged in construction and provision of related services, and investment in infrastructure. During the current period, the Group has not changed the organisation of its reportable segments.

Inter-segment revenues are eliminated on consolidation.

Operating segment information for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Million Baht)					
	Construction and related service segment		Investment in infrastructure business segment		Consolidated	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenue</b>						
Revenue from external customers	8,098	9,003	235	203	8,333	9,206
Depreciation and amortisation	232	212	-	-	232	212
Administrative expenses	377	372	39	44	416	416
Interest expenses	190	31	176	207	366	238
<b>Segment operating profit (loss)</b>	<b>132</b>	<b>425</b>	<b>185</b>	<b>(48)</b>	<b>317</b>	<b>377</b>
Unallocated income and expenses:						
Income tax expenses					(12)	(52)
Profit for the period					305	325

## **22. Commitments and contingent liabilities**

### **22.1 Capital commitments**

As at 31 March 2017, the Company and its subsidiary had capital commitment of approximately Baht 38 million (31 December 2016: Baht 48 million) (Separate financial statements: Baht 3 million (31 December 2016: Baht 8 million)) relating to the acquisition of equipment.

### **22.2 Operating lease commitments**

As at 31 March 2017, the Company and its subsidiary had rental commitments totaling Baht 9 million (31 December 2016: Baht 10 million) (Separate financial statements: Baht 7 million (31 December 2016: Baht 9 million)) in respect of lease agreements for office building space.

### **22.3 Service commitments and other commitments**

As at 31 March 2017, the Company and its subsidiaries have the following service commitments and other commitments:

- a) The Company and its subsidiaries have commitments totaling Baht 11,839 million, USD 187 million and Euro 6 million (31 December 2016: Baht 19,085 million and USD 259 million) (Separate financial statements: Baht 5,092 million and Euro 6 million (31 December 2016: Baht 12,157 million and USD 6 million)) in respect of project construction costs and services, which the Company and its subsidiaries had already entered into agreements.
- b) The Company has a commitment in respect of its undertakings to provide financial support to an associated company, as stipulated in the conditions in the agreement (as described in Note 3e)).

### **22.4 Related party guarantees**

As at 31 March 2017, the Company has provided guarantees totaling Baht 36,854 million for bank credit facilities on behalf of a subsidiary (31 December 2016: Baht 47,020 million for bank credit facilities on behalf of two subsidiaries).

(Unaudited but reviewed)

## 22.5 Bank guarantees

As at 31 March 2017 and 31 December 2016, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries. The details of bank guarantees are as follows:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)
Guarantee of construction contracts, bidding and debt repayment	23,298	17,785	18,097	12,570
Guarantee of advance payment bond and retention	11,581	10,236	8,705	7,109
Other guarantees	290	327	125	151
	<u>35,169</u>	<u>28,348</u>	<u>26,927</u>	<u>19,830</u>

## 23. Fair value hierarchy

As of 31 March 2017 and 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht) Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)		(Audited)		(Audited)
<b>Financial assets measured at fair value</b>								
Held for trade investments								
Equity instruments	6	6	-	-	-	-	6	6
Available-for-sale investments								
Equity instruments	8,205	8,283	-	-	-	-	8,205	8,283
Debt instruments	-	-	1,678	1,125	-	-	1,678	1,125
Derivatives								
Foreign currency forward contracts	-	-	-	29	-	-	-	29
<b>Financial liabilities measured at fair value</b>								
Derivatives								
Foreign currency forward contracts	-	-	40	-	-	-	40	-

(Unaudited but reviewed)

(Unit: Million Baht)

		Separate financial statements							
		Level 1		Level 2		Level 3		Total	
		31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
		2017	2016	2017	2016	2017	2016	2017	2016
			(Audited)		(Audited)		(Audited)		(Audited)
<b>Financial assets measured at fair value</b>									
Held for trade investments									
Equity instruments		6	6	-	-	-	-	6	6
Available-for-sale investments									
Equity instruments		8,205	8,283	-	-	-	-	8,205	8,283
Debt instruments		-	-	1,587	1,084	-	-	1,587	1,084
Derivatives									
Foreign currency forward contracts		-	-	4	15	-	-	4	15

During the current period, there were no transfers within the fair value hierarchy.

#### 24. Events after the reporting period

On 28 April 2017, the 2017 Annual General Meeting of the Company's shareholders passed resolutions approving an appropriation of profit to make a dividend payment of Baht 0.25 per share, or a total of Baht 423.5 million, in respect of the operating results of July to December 2016. Combined with the interim dividend payment of Baht 0.25 per share in respect of the operating results of January to June 2016, the total dividend for the year 2016 will be Baht 0.5 per share, or a total of Baht 846.9 million.

#### 25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised directors on 15 May 2017.