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May 15, 2017

Subject: Clarification on Operating Result and Financial Position for the three-month ended March 31, 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 three-month ended March 31, 2017 as follows:

<b>Income Statement</b>	<b>For the three-month ended March 31</b>		<b>Change</b>	
	<b>2017</b>	<b>2016</b>	<b>Amount</b>	<b>%</b>
<b>Unit: Million Baht</b>				
Revenues from construction services and sales of construction materials	8,064.50	8,986.45	(921.95)	(10.26)
Other income	279.56	99.99	179.57	179.59
<b>Total revenues</b>	<b>8,344.06</b>	<b>9,086.44</b>	<b>(742.38)</b>	<b>(8.17)</b>
Cost of construction services and sales of construction materials	7,441.37	8,204.46	(763.09)	(9.30)
Administrative expenses	416.21	415.86	0.35	0.08
<b>Total expenses</b>	<b>7,857.58</b>	<b>8,620.32</b>	<b>(762.74)</b>	<b>(8.85)</b>
Profit before share of profit (loss) from investments in associated companies, finance cost and income tax expenses	486.47	466.13	20.34	4.37
Share of profit (loss) from investments in associated companies	196.32	149.11	47.21	31.65
Finance cost	(366.19)	(237.84)	(128.35)	53.97
Income tax expenses	(11.92)	(52.48)	40.56	(77.30)
<b>Profit for the period</b>	<b>304.68</b>	<b>324.92</b>	<b>(20.24)</b>	<b>(6.23)</b>
<b>Profit attributable to equity holders of the Company</b>	<b>301.86</b>	<b>304.72</b>	<b>(2.86)</b>	<b>(0.94)</b>
Profit attributable to non-controlling interests of the subsidiaries	2.82	20.20	(17.38)	(86.01)

**Profit attributable to equity holders of the Company for Q1 2017 was Baht 301.86 million, decreasing by Baht 2.86 million or 0.94%** The Company and its subsidiaries had profit attributable to equity holders of the Company amounting to Baht 301.86 million, down by Baht 2.86 million or 0.94% from the same period of the previous year. Even though the gross profit declined from last year, other income surged, resulting in only insignificant drop in Q1 2017 net profit.

**In Q1 2017, revenues from construction services and sales of construction materials dropped by Baht 921.95 million or 10.26% to Baht 8,064.5 million** The Company and its subsidiaries had revenues from construction services and sales of construction materials of Baht 8,064.5 million, representing 96.65% of total revenues, a drop of 10.26% or Baht 921.95 million from the same period of the prior year. Construction revenue decreased because some projects were almost finished e.g. MRT Purple Line-contract 4, MRT Blue Line (Extension) – contract 2, MRT Green line and Si Rat-Outer Ring Road.

**Cost of construction services and sales of construction materials in Q1 2017 was Baht 7,441.37 million, a decline by Baht 763.09 million or 9.30%** The Company and its subsidiaries had cost of construction services and sales of construction materials amounting to Baht 7,441.37 million, a reduction by Baht 763.09 million or 9.30% from the same period of the previous year. Gross profit for Q1 2017 was Baht 623.13 million, a decrease by Baht 158.86 million or 20.31% from the same period of last year, while gross profit margin was slightly weakened from 8.70% in Q1 2016 to 7.73% in Q1 2017.

**Other income in Q1 2017 amounted to Baht 279.56 million, a surge by Baht 179.57million or 179.59%** The Company and its subsidiaries had other income of Baht 279.56 million, a rise by Baht 179.57 million or 179.59% 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 Q1 2017, administrative expenses amounted Baht 416.21 million, a rise of Baht 0.35 million or 0.08%** The Company and its subsidiaries had administrative expenses of Baht 416.21 million, a rise of Baht 0.35 million or 0.08% from the same period of the prior year.

**Share of profit from investments in associated companies for Q1 2017 was Baht 196.32 million, an increase by Baht 47.21 million**

The Company and its subsidiaries had profit sharing from investments in associated companies of Baht 196.32 million in Q1 2017, up by Baht 47.21 million from Q1 2016. The surge was due to the increase of the Company's investment in Bangkok Expressway and Metro plc during 2016.

**Finance cost amounted to Baht 366.19 million, a rise by Baht 128.35 million or 53.97% from last year**

The Company and its subsidiaries had finance cost of Baht 366.19 million, increasing by Baht 128.35 million or 53.97% 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 amounted Baht 11.92 million, down by Baht 40.56 million or 77.30%**

The Company and its subsidiaries had income tax expenses of Baht 11.92 million, decreasing from the prior year by Baht 40.56 million or 77.30% as most of the profit in Q1 2017 came from the subsidiary with tax exempt.

Statement of Financial Position Unit: Million Baht	March 31, 2017	December 31, 2016	Change	
			Amount	%
Assets	90,873.82	94,928.37	(4,054.55)	(4.27)
Liabilities	68,875.48	73,074.05	(4,198.57)	(5.75)
Shareholders' equity	21,998.34	21,854.32	144.02	0.66

**Total asset as of March 31, 2017 amounted to Baht 90,873.82 million, a 4.27% decrease from the end of prior year**

As of March 31, 2017, the Company and its subsidiaries had total assets of Baht 90,873.82 million, a decrease of Baht 4,054.55 million or 4.27% 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 March 31, 2017 amounted to Baht 68,875.48 million, a 5.75% declining from the end of 2016**

As of March 31, 2017, the Company and its subsidiaries had total liabilities of Baht 68,875.48 million, a decrease of Baht 4,198.57 million or 5.75% from the end of prior year. The decrease mainly came from repayment of bank loans.

**Shareholders' equity as of March 31, 2017 amounted to Baht 21,998.34 million, a 0.66% rise from the end of 2016** As of March 31, 2017, the Company and its subsidiaries had total shareholders' equity of Baht 21,998.34 million, an increase of Baht 144.02 million or 0.66% from the end of prior year mainly as a result of the Company's subsidiaries' financial result.

**In Q1 2017, Cash Flow Statement showed net cash from operating activities of Baht 626.52 million, net cash used in investing activities of Baht 867.33 million and net cash used in financing activities of Baht 3,052.53 million** In Q1 2017, the Company and its subsidiaries had net cash from operating activities of Baht 626.52 million mainly due to cash received for construction services. Net cash used in investing activities was Baht 867.33 million, most of which came from additional investments in associated companies and current investments. Net cash used in financing activities was Baht 3,052.53 million, most of which came from repayment of bank loans. As a result, net cash decreased by Baht 3,373.26 million from the beginning balance.

**Net-Debt-to-Equity ratio as of March 31, 2017 was 1.32 times, compared to 1.33 times at the end of 2016** Net-Debt-to-Equity ratio according to the Company's consolidated financial statement as of March 31, 2017 was 1.32 times, compared to 1.33 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