



Annual Report
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ITALIAN-THAI
DEVELOPMENT PCL.

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Message from the President

In 2018, the Company's turnover was among the highest. This year, the Company was able to achieve more than sixty billion Baht revenue. The Company has also won mega-project bids as targeted namely the substructure for the "One Bangkok Mixed-Use Project", the construction work for the "PTTLNG Nong Faab LNG Receiving Terminal Project" which includes the Seawater Intake-Outfall Tunnels worth over 8.2 billion Baht as well as the construction work for the "High-Speed Rail Link Connecting 3 International Airports Project" valued exceeding 110 billion Baht which in consideration process by the State Railway of Thai. These projects, if the High-Speed Rail is approved, will generate total task in hand for the Company, accounting for nearly two hundred and sixty billion Baht. Apart from the government opening biddings on several mega-projects such as the "U Tapao Airport Development Project", the "Thai-Chinese High Speed Rail Project", the "Phase 2 Doubled Track Railway Project", the "Bangkok Mass Rapid Transit South Purple Line Project", the "Bangkok Mass Rapid Transit West Orange Line Project", the "Phase 3 Laem Chabang Port", and the "Phase 3 Map Ta Phut Port". Many of which, the Company is curtailed to acquire. Furthermore, the Company has promoted various competence levels through development inside the organization. The establishment of the ITD Training Academy where currently over 5 generations of employees, engineers, and architects lectured and trained by external experts and the Company's senior engineers have been equipped with knowledge to lead different levels in the Company's projects, the Company's senior engineers well-rounded trainings for future executives, amongst others. Other than that, our own developing projects have been built up as well. For the Udon Thani Potash Mining Project, the Council of State had notified the Department of Primary Industries and Mines to proceed issuing mining license. Once the Company attains the license, the project will immediately be launched. For the Dawei SEZ Development Project, the land lease agreement is in discussion with the Myanmar Government in order to obtain legal rights to proceed with the project. Thai Government's easy money policy has also been approved to be utilized in Dawei Special Economic Zone and Thai-Myanmar Border connecting road construction. For the Design and Construction of Moatize Railway Line and Macuse Port Terminal in Mozambique, the Company previously held the contract signing ceremony with the customers and will hasten the financial closure accordingly. And, the Bauxite Mining and Production of Alumina and Aluminum Project in Laos PDR is likewise in progress.

All being said, these outstanding projects have made this year another glorious term.



(Mr. Premchai Karnasuta)
President

Report of Audit Committee for the Year 2018

The Audit Committee of Italian Thai Development Public Company Limited was duly appointed by the resolution of the Annual General Meeting of Shareholders on April 27, 2017. The three members of the Audit Committee have been appointed for a three-year term: Dr. Krisorn Jittorntrum as Chairman, Mr. William Lee Zentgraf and Prof. Dr. Mingsarn Kaosa-ard as Committee Members. In addition, Mr. Withit Ouaysinprasert, the Vice President of Internal Audit Division, is posted as secretary of the Audit Committee.

On June 15, 2018, Mr. Sai Wah Simon Suen was appointed to hold the position of Audit Committee Member instead of Prof. Dr. Mingsarn Kaosa-ard who resigned as an Audit Committee Member.

In 2018, five Audit Committee Meetings were held, each of which was attended by the presence of members as follows:

| Name | Position | Number of Attendance |
|---------------------------------|--------------------------|----------------------|
| 1. Dr. Krisorn Jittorntrum | Audit Committee Chairman | 5/5 |
| 2. Mr. William Lee Zentgraf | Audit Committee Member | 5/5 |
| 3. Prof. Dr. Mingsarn Kaosa-ard | Audit Committee Member | 2/5 |
| 4. Mr. Sai Wah Simon Suen | Audit Committee Member | 2/5 |

The Audit Committee undertook six significant tasks as assigned by the Company's Board of Directors as follows:

1. Review and approval of the Quarterly Financial Statements, Annual Financial Statements, Certified Public Accountant's Report, Financial Status Report and Company's Performance Report for 2018.
2. Review of the Company's Internal Control Systems and the 2018 Audit Plan of the Internal Audit Division. Also, review of 2018 Audit Report and Follow up of Operation Improvement Report.
3. Review of legal compliance, the laws and regulations relating to the Stock Exchange of Thailand and other laws concerning the company business.
4. Consideration of the risk assessment of increasing cost that is caused by a potential increasing price of main materials in 2018 and the measures taken against direct impact to the Company.
5. Review of the connected transaction and potential conflicts of interest disclosed by the responsible executives in full and correct compliance with the laws and regulations of the Stock Exchange of Thailand.
6. Selection and recommendation for appointment of the Certified Public Accountant of the Company for 2018, including holding an official meeting with the Certified Public Accountant without the management representative once a year.

The Audit Committee's opinion states that the Financial Report is accurate and reliable in its substance in accordance with the Generally Accepted Accounting Principles. Also the disclosure of sufficient information was carried out. The adequate Internal Control Systems were proceeded without substance errors. The Company has been in full compliance with the laws and regulation of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws as well. Moreover, the connected transaction are accurate and reliable and fairly priced according to the market price index.

Finally, the Audit Committee's recommended the Board of Directors to propose to the 2018 Annual General Shareholders' Meeting on appointing qualified person(s); Mr. Somkid Tiatragul, Certified Public Accountant no. 2785 and/or Miss. Kanyanat Sriratchachaval Certified Public Accountant no. 6549 and/or Mr. Teerasak Chuasrisakul, Certified Public Accountant no.6624 and/or Mrs. Sunsanee Poolsawat, Certified Public Accountant no. 6977 and/or Mr.Narin Churamongkol, Certified Public Accountant no.8593 from Grant Thornton Limited, to be the Company's auditor for 2018.



(Dr.Krisorn Jittorntrum)
Audit Committee Chairman
March 15, 2019

Report of the Risk Management Committee for the year 2018

To the Shareholders

The Risk Management Committee was established by resolution of the Board of Directors Meeting No.1/9/2010, held on September 2, 2010. Currently, this Committee comprises of seven members that have risk management knowledge. The Board of Directors has appointed Dr. Krisorn Jittorntrum, the Independent Director, to be the Chairman of the Risk Management Committee.

This Committee has the responsibility to review the Company's risk management policy and framework, which covers all the major risks; namely financial risk, investment risk, operational risk, and corporate reputation risk. The Committee is also responsible for setting appropriate risk management measures to support the decisions of the Board of Directors or the Management, especially the investment activities which may significantly affect the business and financial status of the Company or the risky investment that the Board of Directors provide the Risk Management Committee to review.

In 2018, the Risk Management Committee held a meeting and invited other persons, who are involved with or are responsible for any matters related to the meetings' agenda, to participate in the meetings. The Committee has overseen, reviewed, provided recommendations and monitored the progress of six investment projects of the Company, namely Dhaka Elevated Expressway in Bangladesh, the Dawei Project in Myanmar, Bauxite Mining Project in Laos, the Potash Mining Project in Udonthani Province, the Construction and Operation of the Deep Sea Port and the Railway from Moatize to Macuse in Mozambique, and Mae Moh Mining Project Contract No.9 in Lam Pang Province.

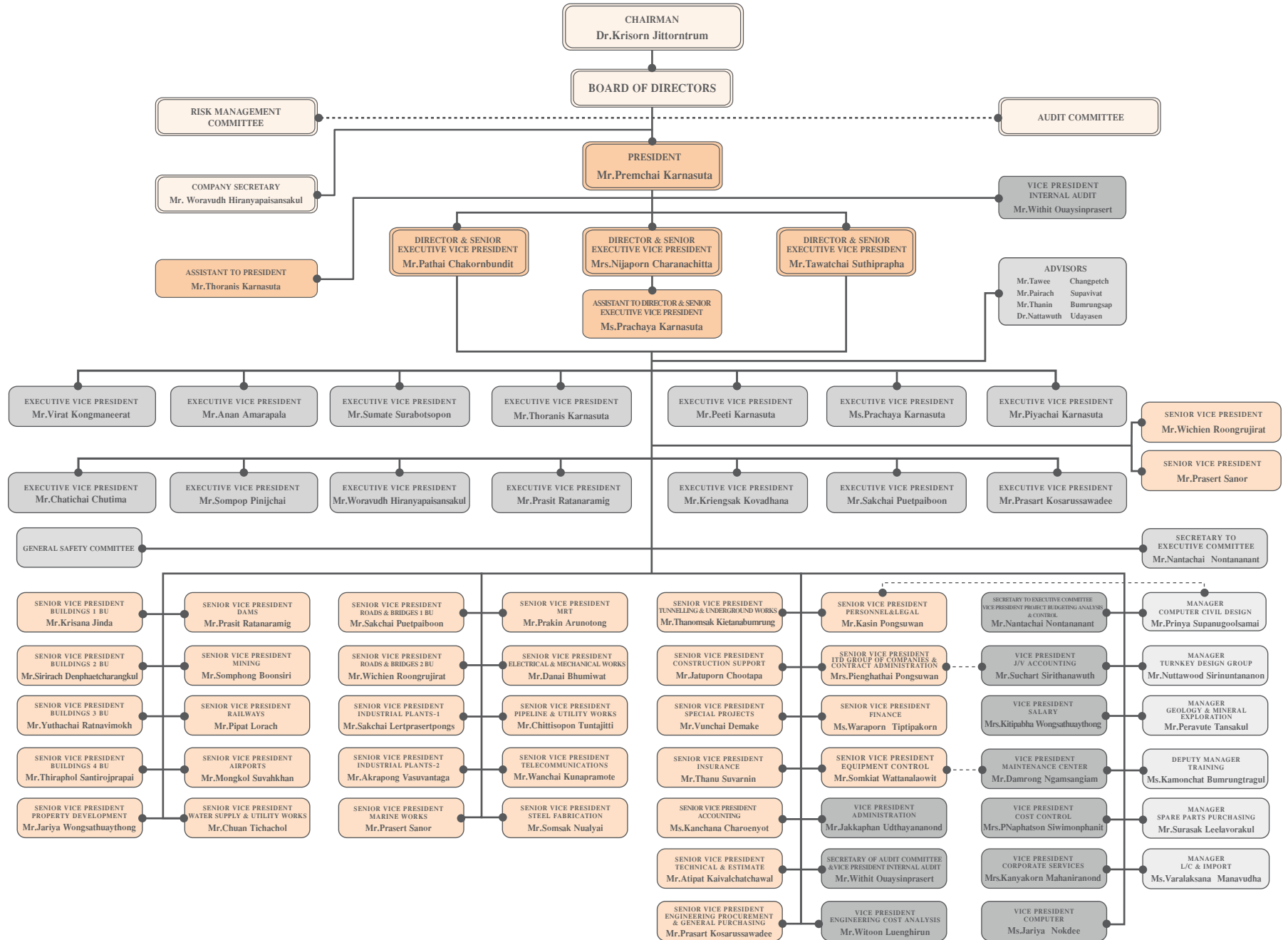
The Risk Management Committee has also considered and provided recommendations for enhancing the Company's profitability. Some recommendations have been implemented, for example the improving of the accuracy of construction cost estimation and the incentive scheme for motivating productivity, efficiency and profitability of the construction projects.

The Risk Management Committee will maintain effective working within the scope of its responsibilities to ensure that risk assessment and risk management are being properly implemented and sufficient to balance the growth and productivity of the Company's business at an acceptable risk level.



Dr. Krisorn Jittorntrum
Chairman of the Risk Management Committee
February 28, 2018

Organization Chart



The Company was established on August 15, 1958 with a registered capital of Baht 2,000,000 under the name “ITALIAN-THAI DEVELOPMENT CORPORATION LIMITED” (ITD), by Dr. Chaijudh Karnasuta (Thai) and Mr. Giorgio Berlingieri (Italian) as co-founders who had the objective of forming a Thai construction company.

The Company was granted the Royal Seal of the Garuda on November 22, 1985 which is the highest and most honorable achievement under the Royal Patronage.

The Company registered as a Public Company Limited on March 24, 1994 and was listed on the Stock Exchange of Thailand on August 9, 1994. The Company has achieved an excellent performance with high quality work for private clients and government agencies. The Company’s high-standard construction quality has been recognized seeing that the Company was awarded ISO-9001: the standard for the Quality Management Systems including design, installation, and servicing, ISO-14001: the standard for the Environmental Management Systems, and TIS 18001: the standard for the Occupational Health and Safety Management Systems.

To maximize the benefit of all stakeholders and shareholders from the Company operation, the Board of Directors’ Meeting No. 6/12/2018, held on December 14, 2018 reviewed the vision, mission, motto and operating strategy of the Company including to set Short Term, Medium Term, and Long Term Goals to be in line with objectives and main goal of the Company as follows;

Vision

“To be the leading contractor in Southeast Asia”.

Mission

- To be an integrated construction firm with wide experience and expertise in all construction activities.
- To have the potential and readiness to undertake large construction projects by using advanced technological construction with competitive tendering.
- To take responsibility for the construction by delivering an international quality standard of work, on time and within the scope of budget.
- To maintain a reputation of leadership.
- To create supreme satisfaction to customers.
- To use the company’s capacity to expand its construction business throughout Asia and beyond.

Motto

“Commitment, Reliability, Quality”

Strategy

- Build credibility and trust of the Company through quality and On-time delivery work.
- Develop and innovate construction technology by using advanced techniques.
- Develop and enhance the management of the organization while continually modernizing its human resources.

Objectives and Main Goal

- To be the leading contractor in civil and structural works nationally and internationally.
- To operate projects with maximum quality and efficiency.
- To set secured safety measure and develop suitable working environment for employee.
- To establish reasonable returns for the Company’s shareholders.

The Company's operation goal for the year 2019 was categorized into 6 parts as follows:

| Short Term – Medium Term Period (within 1-4 years) | Long Term Period (More than 5 years) |
|--|--|
| <p>1. To increase competitiveness for revenue growth</p> <ul style="list-style-type: none"> • Attend the Government's biddings i.e. <ul style="list-style-type: none"> - Elevated expressway project at Highway Route No. 35 Thonburi – Pakthor (Rama II Road) - Expressway project (Rama III – Dao Khanong – Western Bangkok Outer Ring) - High-speed railway project (Bangkok – Nong Khai) - Laem Chabang Port Phase 3 project - Suvarnabhumi Airport's third runway project - Double-track railway Phase 2 project (Paknam Po – Den Chai, Den Chai – Chiang Mai, Thanon Chira Junction – Ubon Ratchathani, Khon Kaen – Nong Khai, Chumphon – Surat Thani, Surat Thani – Hat Yai – Songkhla, Hat Yai – Padang Besar) - SRT Dark Red Line suburban railway project (Rangsit – Thammasat University's Rangsit campus) - SRT Light Red Line suburban railway project (Taling Chan – Salaya and Taling Chan – Siriraj) - SRT Light Red Line suburban railway project (Bang Sue – Phaya Thai – Makkasan – Hua Mak) and Dark Red Line railway project for the missing link (Bang Sue – Hua Lamphong) - Borommaratchachonnani Elevated Highway Expansion project at Highway No. 338 (Pinkla – Nakornchaisri) - Double-track railway project (Den Chai – Chiangrai – Chiang Khong, and Baan Pai – Mukdahan – Nakhon Phanom) - MRT Purple Line project (Tao Poon – Rat Burana) - MRT Orange Line project (Bang Khun Non – Thailand Cultural Centre) - Map Ta Phut Industrial Port Phase 3 project - Don Muang Airport Phase 3 project | <ul style="list-style-type: none"> • To maintain the market share and the position of No.1 leader. • Expand the overseas market • Improve the revenues from the invested projects so as to generate profits to the Company. |

| Short Term – Medium Term Period (within 1-4 years) | Long Term Period (More than 5 years) |
|--|---|
| <ul style="list-style-type: none"> • Be capable to create the competitive advantages in bidding and be able to win the bidding • Maintain the market share and the position of No.1 leader • Be a joint venture with the Government for the PPP Projects i.e. <ul style="list-style-type: none"> - High-speed rail linked 3 airports project - U-Tapao and Eastern Airport City project - Operation and Maintenance project for Bang Pa-In – Nakhon Ratchasima Intercity Motorway (M6) - Operation and Maintenance project for Bang Yai – Kanchanaburi Intercity Motorway (M81) - Bang Khun Thian – Pakthor (Bang Khun Thian – Ban Phaeo section) Intercity Motorway - Nakhon Pathom – Cha Um Intercity Motorway - Hat Yai – Thailand/Malaysia border Intercity Motorway - Utraphimuk Elevated Tollway Expansion (Rangsit – Bang Pa-In section) Intercity Motorway - High-speed railway project (Bangkok – Hua Hin) - Elevated expressway (Kathu – Patong) - Mass Transportation System in Phuket province - Mass Transportation System in Chiang Mai - Mass Transportation System in Nakhon Ratchasima - Mass Transportation System in Khon Kaen • Increase backlog from the present | |
| <p>2. To increase capability in making profits</p> <ul style="list-style-type: none"> • Integrate IT system with the budgets and resources management • Support each BU on developing and researching of innovation for upcoming projects which would benefit the construction • Establish the developing and researching center of the Company in a site work that supports the construction | <ul style="list-style-type: none"> • Be a leader of innovation in construction field • Continually develop and update technologies for optimal competency |
| <p>3. To create satisfaction for customers</p> <ul style="list-style-type: none"> • Operate the construction based on the standards and hand over work following the contract work | |
| <p>4. To maintain safety standards in working</p> <ul style="list-style-type: none"> • Focus on setting up team conscious of safety in working • Inspect the safety standard of each site work by the General Committee • Decrease the number of accidents to the least from the present | <ul style="list-style-type: none"> • Achieve the zero accidents |
| <p>5. To improve employees' skills and quality of life, and their family</p> <ul style="list-style-type: none"> • Hold training courses for improving employees' skills in every level to be knowledgeable and conscious of working among the Management Level (SVP, VP, PM and PE), Supervisory Level, Operational Officer both BUs and work supports with full efficiency • Offer scholarships to the employees' children • Establish the training center for engineers and technicians • Develop the engineers by holding internal competition and giving awards | <ul style="list-style-type: none"> • Decrease the employee turnover rates of each level Support the winning engineers in supervisory level |

| Short Term – Medium Term Period (within 1-4 years) | Long Term Period (More than 5 years) |
|---|--|
| 6. Corporate Social Responsibility Image <ul style="list-style-type: none"> Attend activities with community nearby working projects Support every CSR activity of every site work i.e. Pordee Pordee School Support the good corporate governance following the principles by SEC such as: the definition of the objectives and main targets of the company for sustainability and support the participation and communication with the Shareholders | <ul style="list-style-type: none"> Continuously support every CSR activity CG scoring not less than 90 percent |

Significant Changes and Developments in 2018

1. Independent Director and Audit Committee Member Appointment

Due to the resignation of 2 Directors: Prof. Dr.Mingsarn Kaosa-ard and Mr.Tirapongse Pangsrivongse on March and June respectively, the Company, with the deep concern on business continuity and competitive operation, appointed Mr. Sai Wah Simon Suen to hold the office for Independent Director and Audit Committee Member on the Board of Directors' Meeting's resolution no. 7/6/2018 on June 15, 2018.

2. ITD Training Academy Foundation

As the Company highly values human resources, ITD Training Academy was founded on April in order to mold and improve the Company's staff in all departments, particularly engineering, to ensure working qualification to reach the Company's objectives and maximize the potential of the departments and the Company. Up to the present, ITD Training Academy has 5 generations of trainees with total 181 staffs trained.

3. ERP: SAP S4/ HANA System Installation

To utilize IT system on Company's operation, the installation of ERP: SAP S4/ HANA, replacing the former system: ERP: SAP 4.6C, was integrated in Company's computer system and went live from September 3 onwards to centralize all data as well as enhance the effectiveness on business operation.

4. Chief Financial Officer (CFO) and Chief Accountant Appointment

In accordance with Securities and Exchange Commission's (SEC) and The Stock Exchange of Thailand's (SET) Bor Jor (Wor) 6/2018 regulation to standardize the accounting report, the Company dully appointed Mr. Chatichai Chutima (Executive Vice President), and Ms. Kanchana Charoenyot (Senior Vice President – Account) to the position of Chief Financial Officer (CFO) and Chief Accountant on October 16.

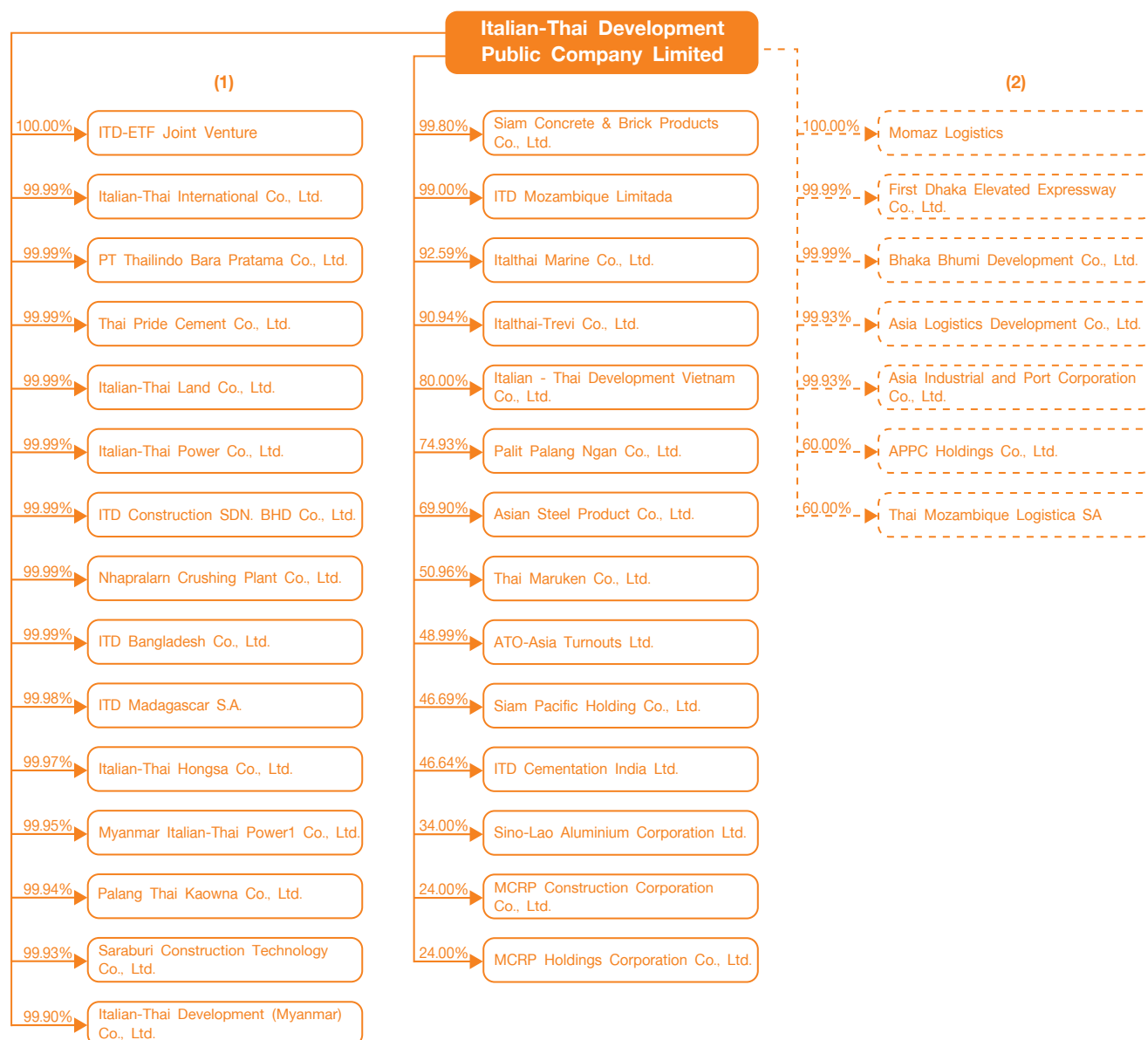
5. ISO-9001, ISO-14001 and ISO-45001 Preparation Courses

To reach the optimum standard of operation and management system, ISO-9001, ISO-14001 and ISO-45001 training courses were held and attended by management levels, principally concerning on preparedness to apply 3-aspect standard: product quality, environment, and occupational safety and health into the Company's operational system.

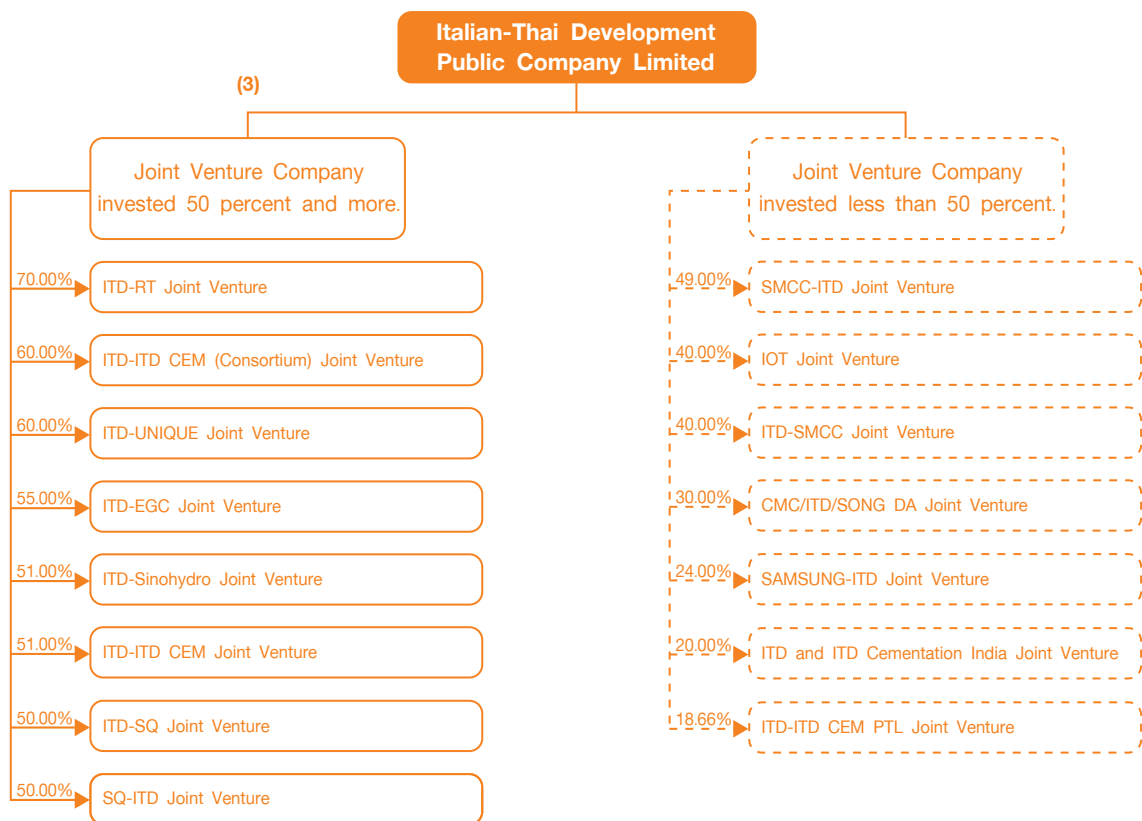
Shareholding Structure of the Company

The business lines of the Company's subsidiary companies, associated companies, and joint venture as of December 31, 2018 can be divided into three lines as below:

1. Lines of construction and public utilities work including a line of construction support and line of overseas investments;
2. Lines of the Company investment in other sectors, e.g., real estate business, construction material and raw material products, and concession businesses; and
3. Lines of Joint Venture, which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work.



The Company's investment in Joint Venture Companies as of December 31, 2018:



Business of the Company, Subsidiary Companies, Joint Ventures and Associated Companies

Italian-Thai Development Public Company Limited Only

At present, the business operations of ITD can be divided into nine major activities:

1. Buildings (office buildings, condominiums, skyscrapers and hotels)
2. Industrial Plants
3. Pipelines and Utility Works (oil, gas and water transmission pipelines, conduit and manhole systems and storage tanks)
4. Highways, Railways, High Speed Rails, Viaducts, Trackworks, MRT Systems, Bridges and Expressways
5. Airports, Ports and Marine Works
6. Dams, Tunnels and Power Plants
7. Steel Structures
8. Telecommunications
9. Mining

Subsidiary Companies, Joint Ventures and Associated Companies

The business lines of the Company's subsidiary companies, associated companies and joint ventures as of December 31, 2018 can be divided into three lines as below:

1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments
2. Lines of the Company investment in other sectors, e.g. real estate business, construction material and raw material products and concession businesses
3. Lines of Joint Ventures which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work

Sales Structure of Italian-Thai Development Public Company Limited

| Sales Structure | 2018 | | 2017 | | 2016 | |
|--|----------------|--------|----------------|--------|----------------|--------|
| | (Baht) Million | % | (Baht) Million | % | (Baht) Million | % |
| 1. Large-scale Building Construction | 9,936.94 | 15.45 | 11,817.61 | 20.20 | 8,201.60 | 16.21 |
| 2. Industrial Plants and Facilities | 1,743.48 | 2.71 | 1,240.00 | 2.12 | 527.49 | 1.04 |
| 3. Pipelines and Tank Farms | 5,613.95 | 8.73 | 3,923.64 | 6.71 | 2,451.47 | 4.85 |
| 4. Highways, Railways, Bridges and Expressway Systems | 21,105.68 | 32.82 | 14,929.25 | 25.51 | 14,580.91 | 28.82 |
| 5. Airports, Jetties, Deep-sea Ports and Marine Works | 8,808.64 | 13.70 | 13,043.20 | 22.29 | 12,176.49 | 24.07 |
| 6. Multi-purpose Hydro-electric Dams, Tunnels and Power Plants | 1,478.59 | 2.30 | 1,148.59 | 1.96 | 1,307.35 | 2.58 |
| 7. Steel Structures | 183.98 | 0.29 | 78.95 | 0.13 | 230.40 | 0.46 |
| 8. Telecommunications | 0.00 | 0.00 | 62.83 | 0.11 | 137.44 | 0.27 |
| 9. Mining | 4,540.11 | 7.06 | 2,896.68 | 4.95 | 2,525.86 | 4.99 |
| 10. Miscellaneous | 9,758.94 | 15.17 | 8,007.89 | 13.69 | 7,285.95 | 14.40 |
| 11. Others | 1,143.25 | 1.77 | 1,367.18 | 2.33 | 1,165.29 | 2.31 |
| Total Sales | 64,313.56 | 100.00 | 58,515.82 | 100.00 | 50,590.25 | 100.00 |
| Sale Growth | 9.91% | | 15.67% | | -5.98% | |
| Related Party Transactions from Construction | 663.89 | | 513.57 | | 474.68 | |
| Related Party Transactions from Miscellaneous | 1,862.52 | | 1,538.76 | | 1,581.18 | |
| Others | 256.04 | | 384.48 | | 145.21 | |
| Total Net after Provisions | 61,531.11 | | 56,220.37 | | 48,389.18 | |
| Growth | 9.72% | | 15.89% | | -7.01% | |

Sales Structure of Subsidiary Companies, Associated Companies & Joint Ventures

1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments

| Company Name (Unit : Thousand Baht) | % of Holdings | 2018 | | 2017 | | 2016 | |
|---|----------------------|------------|-------|------------|-------|------------|-------|
| | | Sales | % | Sales | % | Sales | % |
| Subsidiary Companies | | | | | | | |
| 1. ITD-ETF Joint Venture | 100.00 | 51,933 | 0.20 | - | - | - | - |
| 2. Italian-Thai International Co., Ltd. | 99.99 | 14,811 | 0.07 | 106,636 | 0.50 | 87,504 | 0.36 |
| 3. PT Thailindo Bara Pratama Co., Ltd. | 99.99 | 258,863 | 1.02 | 20,434 | 0.10 | - | - |
| 4. Thai Pride Cement Co., Ltd. | 99.99 | 1,353,829 | 5.33 | 1,211,110 | 5.70 | 1,216,108 | 5.03 |
| 5. Italian-Thai Land Co., Ltd | 99.99 | - | - | - | - | - | - |
| 6. Italian-Thai Power Co., Ltd | 99.99 | - | - | - | - | - | - |
| 7. ITD Construction SDN.BHD. | 99.99 | - | - | - | - | - | - |
| 8. Nha Pralan Crushing Plant Co.,Ltd. | 99.99 | 20,913 | 0.08 | 28,250 | 0.13 | 14,023 | 0.06 |
| 9. ITD Bangladesh Company Limited | 99.99 | - | - | - | - | - | - |
| 10. ITD-Madagascar S.A. | 99.98 | 740 | - | 2,135 | 0.01 | 2,487 | 0.02 |
| 11. Italian-Thai Hongsa Co.,Ltd. | 99.97 | 2,119,797 | 8.34 | 2,060,462 | 9.70 | 1,722,896 | 7.13 |
| 12.Myanmar Italian-Thai Power 1 Co.,Ltd. | 99.95 | - | - | - | - | - | - |
| 13. Palang Thai Kaowna Co.,Ltd | 99.94 | - | - | - | - | - | - |
| 14. Saraburi Construction Technoloy Co.,Ltd. | 99.93 | 46,469 | 0.18 | 41,583 | 0.20 | 18,509 | 0.08 |
| 15. Italian - Thai Development (Myanmar) Co.,Ltd. | 99.90 | - | - | - | - | - | - |
| 16. Siam Concrete Brick&Products Co.,Ltd. | 99.80 | 308,043 | 1.21 | 435,856 | 2.05 | 353,773 | 1.46 |
| 17. ITD Mozambique Limitada | 99.00 | 7,700 | 0.03 | 12,246 | 0.06 | - | - |
| 18. ItalThai Marine Co.,Ltd. | 92.59 | 357,717 | 1.41 | 196,760 | 0.93 | 417,303 | 1.73 |
| 19. ItalThai Trevi Co.,Ltd., | 90.94 | 1,475,368 | 5.81 | 1,317,978 | 6.20 | 1,089,828 | 4.51 |
| 20. Italian-Thai Development Vietnam Co.,Ltd. | 80.00 | - | - | - | - | - | - |
| 21.Palit Palangan Co.,Ltd. | 74.93 | - | - | - | - | - | - |
| 22.Asian Steel Products Co.,Ltd. | 69.90 | 147,424 | 0.58 | 86,369 | 0.41 | 194,131 | 0.80 |
| 23.ITD Cementation India Ltd. | 46.64 | 12,874,399 | 50.67 | 11,940,442 | 56.19 | 16,108,487 | 66.64 |
| 24.Thai Maruken Co.,Ltd. | 50.96 | 496,714 | 1.96 | 580,059 | 2.73 | 410,979 | 1.70 |
| Associated Companies | | | | | | | |
| 1. ATO Asia Turnouts Co., Ltd | 48.99 | 93,851 | 0.37 | 146,885 | 0.69 | 95,214 | 0.39 |
| 2. Siam Pacific Holding Co., Ltd. | 46.69 | - | - | - | - | - | - |
| 3. Sino Lao Aluminum Corporation Co., Ltd. | 34.00 | - | - | - | - | - | - |
| 4. MCRP Construction Co., Ltd. | 24.00 | - | - | - | - | - | - |
| 5. MCRP Holding Corporation Co., Ltd. | 24.00 | - | - | - | - | - | - |

2. Lines of the Company investment in other sectors, e.g. real estate business, construction material and raw material products and concession businesses

| Company Name (Unit : Thousand Baht) | % of Holdings | 2018 | | 2017 | | 2016 | |
|---|---------------|---------|------|---------|------|---------|------|
| | | Sales | % | Sales | % | Sales | % |
| Subsidiary Companies | | | | | | | |
| 1. Momaz Logistics | 100.00 | - | - | - | - | - | - |
| 2. First Dhaka Elevated Expressway Co.,Ltd. | 99.99 | - | - | - | - | - | - |
| 3. Bhaka Bhumi Development Co., Ltd. | 99.99 | 563,264 | 2.22 | 543,357 | 2.56 | 542,339 | 2.24 |
| 4. Asia Logistics Development Co., Ltd. | 99.93 | - | - | - | - | - | - |
| 5. Asia Industrial and Port Corporation Co., Ltd. | 99.93 | - | - | - | - | - | - |
| 6. APPC Holdings Co., Ltd. | 60.00 | - | - | - | - | - | - |
| 7. Thai Mozambique Logistica SA | 60.00 | - | - | - | - | - | - |

3. Lines of Joint Ventures

| Company Name | % of | 2018 | | 2017 | | 2016 | |
|---|----------|------------|--------|------------|--------|------------|--------|
| (Unit : Thousand Baht) | Holdings | Sales | % | Sales | % | Sales | % |
| Joint Ventures | | | | | | | |
| 1. ITD –RT Joint Venture | 70.00 | 138,662 | 0.55 | 4,520 | 0.02 | - | - |
| 2. ITD-ETF Joint Venture | 65.00 | 89,984 | 0.35 | 137,408 | 0.65 | 66,845 | 0.28 |
| 3. ITD – ITD Cem (Consortium) Joint Venture | 60.00 | - | - | 8,306 | 0.04 | 46 | - |
| 4. ITD – UNIQUE Joint Venture | 60.00 | - | - | - | - | - | - |
| 5. ITD-ETF-MVM Joint Venture | 55.25 | 13,514 | 0.05 | - | - | - | - |
| 6. Italian-Thai-EGC Joint Venture | 55.00 | 3,013 | 0.01 | 2,161 | 0.01 | - | - |
| 7. ITD-ITD Cem Joint Venture | 51.00 | 737,819 | 2.90 | 758,481 | 3.57 | 761,348 | 3.15 |
| 8. ITD- Sinohydro Joint Venture | 51.00 | 483,526 | 1.90 | 37,799 | 0.18 | - | - |
| 9. ITD SQ Joint Venture | 50.00 | 1,480,530 | 5.83 | 816,130 | 3.84 | 790,692 | 3.27 |
| 10. SQ ITD Joint Venture | 50.00 | - | - | - | - | 157,212 | 0.65 |
| 11. SMCC- ITD Joint Venture | 49.00 | 318,284 | 1.25 | - | - | - | - |
| 12. IOT Joint Venture | 40.00 | - | - | - | - | - | - |
| 13. ITD-SMCC Joint Venture | 40.00 | - | - | - | - | - | - |
| 14. CMC/ITD/SONG DA JOINT VENTURE | 30.00 | 1,234,705 | 4.86 | 594,761 | 2.80 | 101,685 | 0.42 |
| 15. SUMSUNG – ITD Joint Venture | 24.00 | 261,159 | 1.03 | - | - | - | - |
| 16. ITD Cementation Joint Venture | 20.00 | 24,898 | 0.10 | 27,023 | 0.13 | 19,457 | 0.08 |
| 17. CEC-ITD CEM-TPL Joint venture | 18.66 | 429,387 | 1.69 | 133,743 | 0.60 | - | - |
| | | 25,407,316 | 100.00 | 21,250,894 | 100.00 | 24,170,866 | 100.00 |

In 2019, Thailand's whole economy is anticipated to expand compared with the previous year because of the Government's huge push on many mega projects. They include on-going construction projects; new projects which will proceed within this year; expansion projects; pending infrastructure construction projects in the Nation's Action Plan which are projected to be approved this year; and many more in Eastern Economic Corridor (EEC). With the funds invested in the construction industry, the Government shall not only stimulate income distributions to upstream and downstream suppliers, construction material suppliers and sub-contractors, but also to the skilled and unskilled workers of all levels.

Large-scale Building Construction

The completed building projects in the previous year include:

- Chakri Naruebodindra Medical Institute Phase I and II with interior design worth Baht 8,442 million,
- Krungsri Ploenchit Tower Project worth Baht 2,200 million,
- Outpatient-Emergency Building and Supporting Facilities,
- Royal Thai Air Force worth Baht 729 million,
- Sukhumo Museum worth Baht 432 million,
- Construction and Refurbishment Works at Chitralada Technology College worth Baht 314 million, and
- Parking Garage with automatic machinery at Bangkok Hospital worth Baht 118 million.

Projects currently in progress are the:

- 150 year celebration of Queen Savang Vadhana Memorial Hospital Phase 2 worth Baht 5,370 million (48% complete),
- Singha Complex worth Baht 1,316 million with 100% of core work completed (additional works outstanding), Magnolias Waterfront Residences worth Baht 2,407 million (95% complete),
- Iconsiam Superlux Residence worth Baht 1,440 million (89% complete),
- Whizdom 101 worth Baht 1,705 million (90% complete), and
- 400-Bed Chulabhorn Hospital Building, Medical Service Expansion (Phase 1) worth Baht 7,005 million with progress at 10% (Foundation Structure).

Recently started projects include the:

- One Bangkok Mixed-use (Sub-Structure) worth Baht 8,250 million, and
- Training and Welfare Center Building, Immigration Bureau worth Baht 1,397 million.

Highways, Railways, Bridges and Expressway Systems

The completed projects in the previous year include:

- Sky Lane Bicycle track project at Suvarnabhumi airport worth Baht 1,419 million, and
- Renovation of Track of the Northern Line in Cambodia (2 Contracts) worth Baht 352 million.

The domestic projects in progress are the:

- Motorway Route No.7-8-9 Bang Pa In – Saraburi – Nakhonratchasima worth total Baht 3,333 million with sections 93%, 90% and 88% completed respectively,
- Highway Route No.304 A.Kabin Buri - A.Pak Thong Chai (Wildlife Corridor KM.26+000-KM.29+450) worth Baht 1,151 million which is almost 100% complete,
- Highway Route No.304 A.Kabin Buri - A.Wang Nam Keaw (KM.41+900-KM.50+700) section 3 worth Baht 743 million with 71% performed and expected to be completed within the first quarter 2019,
- Construction of Highway Route No.2 A.Banmaisaipot - A.Putthaisong Section1 (KM92+000.000-KM107+000.000) worth Baht 500 million (26%complete),
- Single Rail Transfer Operator Project (SRTO) Laem Chabang Sea Port worth Baht 1,461 million (92% complete),
- Track Strengthening Project Between Khlong Sip Kao Junction and Kaeng Khoi Junction worth Baht 581 million (71% complete),
- Track Doubling Project Hua Hin - Prachuab Kirikhun worth Baht 5,427 million (20% complete),
- Mabkrabao-Jira Doubled Track Railway, Contract No.1 worth Baht 7,065 million (18% complete), and
- ITD-RT Joint Venture Contract No.3 Tunnel Work worth Baht 8,682 million.

The overseas project in progress is the Dhaka Mass Rapid Transit Development Project (Elevated Way) worth Baht 38,095 million with the financial close expected to complete in mid-2019.

Airports

The project completed in the past year is the Repair Work for C4 and C6 Runway at Suvarnabhumi Airport worth Baht 54 million.

The ongoing projects include the:

- Construction of Satellite Building (B2, B1 & Ground floor), Aircraft Aprons and South Tunnel Extension for Suvarnabhumi Airport Expansion Project worth Baht 11,262 million (92% complete), and
- pending additional work: Repair Work for 01R-19L Runway and Motorway Exit Surface at Suvarnabhumi Airport worth Baht 161 million.

Furthermore, there are several expansion projects in Suvarnabhumi Airport 3rd Phase Infrastructure and Transportation Development that AOT will open for tender to increase the airport's capacity for handling up to 60 million passengers.

Additionally, the Company is actively pursuing the airport development projects at Don Muang, Phuket, Hat-Yai and Aircraft Maintenance Center at U-Tapao Airport.

Industrial Plants and Facilities

The projects completed in the past year include the:

- Expansion of Sugar Factory and Biomass Power Plant worth Baht 539 million, and
- Goodyear-Sapphire Phase I Project (Construction and Renovation of Plant building) worth Baht 298 million.

The projects in progress are the:

- Bang Pakong Combined Cycle Power Plant Project (Units 1-2 Replacement) in cooperation of Sumitomo, and Black & Veatch (Thailand) worth total Baht 22,000 million (13% complete),
- Temporary Work for Cooling Water Treatment, Kaset Phol Sugar Mill worth Baht 168 million (85% complete), and
- Turbine, Boiler and Silo Building of Mitr Phol Sugar Mill worth Baht 267 million (90% complete).

The new projects started are the:

- Goodyear – Sapphire Phase 2 Project worth Baht 348 million, and
- Ice-Cream Factory Building Project worth Baht 229 million.

Mining

The domestic projects in progress are the:

- Mae Moh Mining Project Management Contract No.7 in cooperation of Sahakol Equipment Co., Ltd. under the ITD-SQ Joint Venture worth Baht 21,891 million (87% complete), and
- Overburden Excavation-Removal and Coal Extraction at Mae Moh Mine Contract 9 worth Baht 35,000 million with machinery installation provision started and projected to operate in 2020.

The overseas projects in progress are the:

- Hong Sa Mining Project, Lao PDR worth Baht 25,282 million (29% complete), and
- Mining Services for MBR Project, South Kalimantan, Indonesia worth Baht 1,295 million (25% complete).

Pipelines and Tank Farms

The completed project in the previous year is the 1st Transmission Pipeline Life Extension Project (PLLEP) 24" Recoat Section (RC-650) worth Baht 777 million with minor traffic surface restoration required.

The domestic projects in progress include the:

- EPC Contract for 1st Transmission Pipeline Life Extension Project 18" Reroute Section (RC-670) worth Baht 1,721 million (74% complete),
- Construction of Outgoing Cable Tunnel at Chidlom Terminal Station worth Baht 863 million (29% complete),
- EPC Contract for Cross Pipe Type 36" and 42" for PTT & GAS Separation Plant, Rayong Province worth Baht 173 million (88% complete),
- Natural Gas Pipeline for Hemaraj Saraburi Industrial Land (HSIL) Saraburi Province worth Baht 190 million (12% complete),
- Construction of Manhole and Underground Ductbank in Conjunction with the Golden Line Mass Transit System worth Baht 176 million (7%complete), and
- Conversion of Overhead Line to Underground System (Rama III Project: Thanon Tok Terminal Station – Rama IX Bridge) worth Baht 1,816 million just started.

Newly commenced projects are the:

- Construction of Manhole and Wire Ground Conduit Co-Project for Bangkok Mass Rapid Transit Orange Line Project worth Baht 671 million,
- Manhole and Wire Ground Conduit Project for Kanchanapisek Road on Bang Kruay-Sai Noi Intersection worth Baht 308 million, and
- Seawater Intake-Outfall Tunnels Nong Fab PTT, Rayong Province worth Baht 1,017 million.

The overseas projects completed in the previous year are the:

- Laying of Water Trunk Main from Garden Reach Water Works to Taratala Valve Station, India, and
- Laying of Sewer Line along Diamond Harbour Road, India worth Baht 413 million.

The overseas projects currently in progress include:

- Wastewater Pipe Lining Project, James Long Sarani Rd., Kolkata (Rs), India worth Baht 236million (66% complete), and
- Second Ho Chi Minh City Environmental Sanitation Project, Package XL-01 Construction of the Interceptor, Vietnam worth Baht 2,248 million (43% complete).

Jetties, Deep-sea Ports and Marine Works

The concluded projects in the year preceding were:

- Construction of Flood Prevention System for the City Law Enforcement Department – Kallayanamitr Temple community worth Baht 70 million, and
- Construction of Wangpan Water Gate and Facilities, Lamphun Province worth Baht 383 million.

Ongoing projects include:

- Kerry Siam Seaport Phase 4 Development Project worth Baht 1,602 million (99% complete), Retaining Wall for Pasak River, Phase 1 Section 1 worth Baht 920 million (99% complete),
- the Thai Oil Jetty No.7 & No.8 Project - Civil and Marine Works, Phase I and Phase II. Sriracha District, Chonburi Province worth Baht 2,298 million (50% complete),
- Construction of Flood Prevention System for Bangsrimuang Community at Choapraya Riverside, Nonthaburi Province worth Baht 326 million (53% complete), and
- PTT LNG Nong Faab, LNG Receiving Terminal Project, Rayong province worth Baht 5,349 million (3% complete).

Mega projects the Company is closely pursuing are:

- Laem Chabang Seaport Phase 3 worth Baht 35,000 million;
- Mab Ta Put Seaport Phase 3 worth Baht 19,000 million;
- Construction of Klong Toey Port worth Baht 23,000 million and
- Renovation project for Ranong Port worth Baht 5,000 million, among others.

Apart from these potential works, there are several ports in the private sector that are in the planning phase of their business plans, most of which are satisfied clients from previous phases of their developments.

Multi-purpose Hydro-electric Dams, Tunnels and Power Plants

To correspond with the Government's drought and flood prevention policies each year, the Company is undertaking the Tunneling and Associated Works in Mae Ngad-Mae Kuang Water Transmission Tunnel Contract 1: Water Augmentation Project for Mae Kuang Udom Tara Dam worth Baht 2,182 million (17% complete).

The Company has studied the Government's water resource management plan and is ready to take part in project bidding for this development and for electricity generation for these mandatory projects.

The Company is participating in the Nam Theun 1 Hydropower Project in Lao PDR worth Baht 17,100 million being undertaken by the CMC-ITD-Song Da joint venture (comprised of CMC, ITD and Song Da Corporation with 40:30:30 share ratio). ITD's 30% share amounts to Baht 5,130 million (43% complete).

Mass Rapid Transit Systems

The in-progress Mass Rapid Transit System projects are the:

- MRT Blue Line Extension Project Contract 1: Underground Civil Works (Hua Lamphong-Sanam Chai Section) worth Baht 10,917 million with 100% core work complete (Acceptance Testing in progress);

- Civil Works for Bulk Power Sub Station Building: MRT Red Line Contract 3 (E&M Work for Bang Sue - Rangsit Railway System) worth Baht 24,056 million (98% complete). Additional work, the Skywalk, is in progress,
- MRT Green Line (North) Project Contract 1: Civil Works Mo Chit – Saphan Mai Section worth Baht 14,280 million (85% complete),
- MRT Orange Line (East Section) Project: Contract 3 Underground Civil Work (Hua Mak – Khlong Ban Ma Section) worth Baht 17,362 million (22% complete), and
- Gold Line Mass Transit Feeder System Project, Phase I (Krung Thonburi-Klong San) worth Baht 1,392 million (14% complete).

Ongoing overseas projects are the:

- Delhi Metro Contract CC-26R in India worth Baht 1,477 million (99% complete),
- Kolkata Metro Contract UG2, including stations location adjustment, worth Baht 4,098 million (69% complete),
- Dhaka Mass Rapid Transit Development Project (6th Elevated Way): Contract No.CP-02 (Depot) being undertaken by ITD-Chino Hydro Joint Venture, with ITD's work worth Baht 1,579 million (22% complete),
- Dhaka Mass Rapid Transit Development Project Contract No.CP-03 and CP-04 (Elevated way and 9 stations construction) worth Baht 16,749 million (28% complete), and
- Dhaka Mass Rapid Transit Development Project Contract No.CP-06 (Elevated way and 4 stations construction) which operated as SMCC-ITD joint venture with 3% started.

Steel Structures

In the past year, Steel Fabrication Plant at Viharn Dang, Saraburi province was able to generate net volume for all the projects at 8,650 tons for the:

- MRT Red Line Project's Ceiling structure and Skywalk,
- MRT Green Line Project's Ceiling structure, stair case and elevator,
- Doubled Track Railway's Steel Bridge, and
- Bang Pa Kong Power Plant's Steel structure.

The Steel Fabrication Plant has special field expertise that supports the Company's projects and helps with the constrained site working area issues. The Company plant fabricates steel structures to reduce the amount of on-site structure steel work. Whole structures are constructed at the Plant before installing at construction site. This way, quality work can be done without consuming much time at the site and are thus able to accelerate the work flow.

Telecommunications

Completed Telecommunication work in the past year is the Undersea Electric Cable Search and Repair Project, Koh Samui worth Baht 83 million.

The current ongoing project is the Construction of PEA Data Center Building Project worth Baht 582 million (99% complete).

The Company is actively pursuing the

- Koh Samui Circuit no.4 worth Baht 2,100 million and
- Installation of Undersea Electric Cable 33kV amounting to 45 kilometer to Koh Tao worth Baht 1,800 million

which due to past experience and equipment at hand, the Company can tender competitively.

Other Projects

Apart from the aforementioned projects, there are several projects that the Company has researched, pushed forward and are continue developing, namely:

- Potash Project in Udon Thani province;
- Sea Port and Railway Construction Management Project in Mozambique,
- Bauxite Mining Project and Alumina Plant Project in Lao PDR, and
- Dawei Project in Myanmar.

All of which are concurrently proceeding and will create a very strong income stream.

1. Risks related to business

1.1 Our revenues and our potential revenue growth are highly dependent on Thai public sector contracts, Government policy and the Thai economy.

We conduct a substantial portion of our operations in Thailand. In 2018, we generated 65.2% of our construction service revenues in Thailand. The Thai economy expanded in 2018. Real GDP in Thailand grew 4.1% in 2018, 4.0% in 2017 and 3.4% in 2016. Real GDP of the construction industry increased 2.7% in 2018, -2.8% in 2017 and 7.9% in 2016 (Source: NESDC). We cannot predict how long the current economic expansion will continue, if at all, or whether another financial or economic crisis occur in the future. Factors that may adversely affect the Thai economy include:

- Decreases in business, industrial, manufacturing or industrial activity in Thailand, in the region or globally;
- Discontinuance of pushing economic system by the government's monetary and fiscal policy in locally or in global;
- Scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- Exchange rate and oil price fluctuations;
- A prolonged period of inflation or increase in regional interest rates;
- Changes in taxation;
- A re-emergence of Severe Acute Respiratory Syndrome (commonly known as SARS), avian influenza (commonly known as the bird flu), or the emergence of another highly infectious disease in Thailand or in other countries in the region;
- Political instability, coup d'état, terrorism or military conflict in Thailand and other countries in the region or globally;
- A continuation of or increases in the level of unrest in southern Thailand and other regulatory, political or economic developments in or affecting Thailand; and
- Natural calamity and other calamities

Any economic recession or other deterioration in Thailand's economy, or decline in business, industrial, manufacturing or financial activity in Thailand, could adversely affect our business financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.

In addition to our business concentration in Thailand, our business is also highly dependent on Thai public sector spending. Our major customers are the government and its state-owned enterprises, such as the Mass Rapid Transit Authority of Thailand, Dhaka Mass Transit Company Limited, the State Railway of Thailand, the Airports of Thailand Public Company Limited and the Electricity Generating Authority of Thailand. Our Thai public sector customers accounted for 73.2% and 72.2% of our construction revenues in 2018 and 2017, respectively, and 70.1% and 71.7% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2018 and 2017, respectively.

For risk mitigation, the Company also provides construction services to the high potential and reliable customers in private sector. While published government plans for Thailand provide for increased government expenditure on capital infrastructure projects, any significant budgetary reductions by the Thai government would adversely impact the amount of new public sector construction contracts awarded and either this or any disruption of our relationship with the Government for any reason, could materially impact our business, financial condition, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.2 The infrastructure projects that we undertake involve significant risks that could adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.

A significant portion of our revenues, particularly those relating to large infrastructure projects, are derived from contracts with governments, government-related entities or private companies holding concessions from government agencies within and outside Thailand. This exposes us to certain risks not associated with other types of construction projects. For example, many of these large infrastructure projects are high profile, which can result in increased political and public scrutiny of our work. In addition, these projects tend to be relatively complex, which requires us to commit a significant amount of resources and working capital to these projects. Such types of projects are also subject to delay or modification due to environmental considerations.

Because these projects are publicly funded, changes in government budget and policy considerations could result in delays or changes to these projects. Payments to construction companies providing services to these projects, including us, may also be delayed as a result of disputes with government agency or lenders to the projects. Delays in payments to us would adversely affect our cash flows and any disputes and changes in budget and policy considerations could affect our reputation and the availability of financing for future projects, all of which would adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.3 If we are unable to accurately estimate the overall risks, revenues or costs on our contracts, or fail to agree to the pricing of work done pursuant to unapproved change orders, we may incur lower than anticipated profit or incur a loss on the contracts.

Substantially all of our construction contracts are either fixed price or fixed unit price contracts. The terms of these contracts require us to guarantee the price of our services on a fixed price or a fixed unit price basis and assume the risk that the costs associated with our performance will not be greater than we anticipated. As a result, we will only realize a profit on these contracts if we have successfully identified all the factors involved and then estimated all the costs and avoid cost overruns. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, result in a lower profit or a loss on a project. Our project cost estimates are subject to a number of assumptions. Although we anticipate increased labor costs and materials costs in our bids, the revenue, cost and gross profit realized on a fixed price or fixed unit price contract may vary from the estimated amounts because of many factors, including changes in job conditions, variations in labor and equipment productivity over the term of the contract, unexpected increases in costs of materials and labor.

Some of our construction contracts contain an escalation formula to accommodate unexpected increases in materials and labor costs. However, we are typically required to bear some portion of the increase before we can make a claim under the escalation formula. In any event, the escalation formula may not cover the full increase in cost for our materials or labor. If our estimates of the overall risk, revenues or costs prove inaccurate, or circumstances change, or if the escalation formula in our contracts does not cover the full increase in costs, we may incur a lower profit or a loss on our contracts, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

We are frequently required to perform extra or “change order” work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, these unapproved change orders, contract disputes or claims result in costs to us that cannot be billed for a period of time and, therefore, are reflected as “unbilled receivables” in our balance sheet. To mitigate the said risk, the Company set up business units to have business plan and follow up each construction contract for delivering to customers under agreed terms and conditions; however, we cannot assure you that we will be able to amend contracts, invoice or recover the cost and profit margin for the extra or change order work in full or at all, which may lead to business disputes or may otherwise adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.4 We are reliant on a small number of clients.

We generally target large government entities as clients. As a result, at any point in time a small number of clients may account for a substantial portion of our revenues and backlog such as the Mass Rapid Transit Authority of Thailand, Dhaka Mass Transit Company Limited, the State Railway of Thailand, the Airports of Thailand Public Company Limited and the Electricity Generating Authority of Thailand accounted for 33.8% and 28.7% of our construction revenues in 2018 and 2017, respectively, and 55.7% and 49.2% of the Company, the subsidiaries with the Company’s construction role and portion of the Company backlog as of December 31, 2018 and 2017, respectively. To mitigate these risks, we participated in bidding both of public and private sector with a more varied group of clients. If any of these clients ceases to provide us with new work or if there are any significant disputes relating to any of our contracts with any of these clients, this could temporarily disrupt our business, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.5 We may face intense competition, which could reduce our market share and profits.

The construction business in Thailand and throughout Asia is highly competitive. New project awards are typically determined through a competitive bidding process, and after potential bidders pre-qualify to bid on a project, the principal competitive consideration is the price of the bid. There is increasing competition for construction projects in Thailand and other parts of Asia from both Thai and foreign construction companies,

particular from China, Japan and Korea, some of whom have financial and operational resources greater than ours. As a result, we may need to accept lower profit margins or make other concessions in order for us to be able to successfully compete. If we are unable to compete successfully, our relative market share and profits would be reduced, which would materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.6 Our participation in joint ventures exposes us to liability for failures of our joint venture partners.

We sometimes enter into joint venture arrangements with outside partners on a joint and several basis so that we can jointly bid on and execute a particular project when we require specialized experience or technology, when we want to upgrade our bidding eligibility or when we want to reduce our financial or operational risk with respect to such projects. Success on these joint venture projects depends in large part on our ability to operate effectively with our joint venture partners and on whether our joint venture partners perform their contractual obligations. We mitigate risks by analyzing backgrounds, qualifications and other information of those who willing to join in joint ventures. If one of our joint venture partner fails to perform or is financially unable to bear its portion of required capital contributions, we could be required to make additional investments and provide additional services to make up for our partner's shortfall. In addition, if the owner of a project is entitled to damages or penalties under a joint venture contract for any reason, we could be required to bear our joint ventures' shares of the damages or penalties if our joint venture partner fails to pay its share. Furthermore, if we are unable to adequately address our partner's performance issues, the project owner may terminate the project, which could result in legal liability to us, harm our reputation and reduce our profit on a project, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.7 Our construction projects outside Thailand exposes us to political and economic risks in those countries.

We are seeking to increase the portion of our business that we undertake in countries outside Thailand with our work outside Thailand accounting for 26.8% and 27.8% of our construction revenues in 2018 and the 2017, respectively and 32.1% and 38.7% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog as of December 31, 2018 and 2017, respectively. The Company has projects in Laos, Myanmar, Cambodia, Indonesia, Vietnam, Bangladesh, India, Madagascar, Australia, Mozambique and Taiwan. We also expect to bid and be awarded new construction contracts in these and other countries.

The political, economic and security situations in some of these countries has been unstable from time to time in the past, and the governments of some of these countries have occasionally intervened in the economies, and made significant changes in policies, of their countries. An example of an act of intervention is an imposition of currency controls by a country in which we have a project, which could affect our ability to repatriate our earnings arising from the project out of that country. Any future political instability or economic slowdown or recession in these countries could affect our existing contracts and/or result in slower growth in the number and size of larger infrastructure and construction projects, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors. As our construction service business increases in these countries, our exposure to those political, economic and security risks in these countries will also increase.

1.8 Our results of operations depend on the timing of new contract awards and the timing of the performance of these contracts.

At any point in time, we may derive a substantial portion of our revenues directly or indirectly from a limited number of large construction contracts. The amount of work to be done under a contract, and therefore the timing and amount of revenue that we recognize, varies depending on the project duration and on the stage of the construction that is being performed at any particular time. There is typically less constructions work at the beginning and at the end of a construction project, resulting in our recognizing lower revenues at these stages, compared with the amount of work that we perform in the middle of a construction project, when we recognize more revenues. Therefore, our results of operations tend to fluctuate depending on the duration and stage of our contracts at any particular time and the composition of contracts within our portfolio at any one time. We cannot predict whether or when we will receive awards of new contracts as they frequently involve a lengthy and complex bidding and selection process, which is affected by a number of factors, including market conditions, financing arrangements and governmental approvals. The timing of the revenues and cash flows from our projects can be further delayed by a number of factors, including availability of labor, weather conditions, delays in receiving material and equipment from suppliers and changes in the scope of work to be performed. These delays, if they occur, could have an adverse effect on our operating results for a particular period. As a result of the foregoing, our results of operations and cash flows can fluctuate significantly from period to period.

1.9 Risk on Dawei project

On August 5, 2015, Italian-Thai Development Public Company Limited (“ITD”) along with the Consortium Partners, through registered companies in Myanmar (“Project Companies”), signed the Concession Agreements with the Dawei Special Economic Zone (“DSEZ”) Management Committee of the Republic of the Union of Myanmar to develop the Initial Phase of the Dawei Special Economic Zone which includes the Initial Industrial Estate area of 27 square kilometers and its related infrastructures and utilities. The details of the Concession Agreements are as follow:

- 1) The Initial Industrial Estate (including power and water distribution network) and Two-lane Road connecting the DSEZ area and Thailand Border at Ban Phu Nam Ron, Kanchanaburi Province
- 2) Small Port
- 3) Initial Township
- 4) Small Water Reservoir
- 5) Boil-off Gas and Temporary Power Plants
- 6) Initial Phase Power Plant (Combined Cycle)
- 7) Telecommunications Landline
- 8) LNG Terminal (Concession Agreement signed on 29th March 2016)

In April 2016, there was a political transition in Myanmar. As a result, the new DSEZ Management Committee was officially appointed on October 12, 2016 to continuously supervise and manage the DSEZ Initial Phase Project.

Currently, both ITD and the new DSEZ Management Committee are having discussions on the outstanding issues and are undertaking each of the respective responsibilities fulfilling the processes of document preparation and the management of the project’s development plan as indicated in the signed concession agreements.

The Company has had ongoing discussions with the DSEZ MC and its Legal Advisory Team in order to finalize the agreements in due course. The DSEZ MC and its Legal Advisory Team held an internal meeting in January 2019 to discuss the content and principle of the land lease agreements to be in line with international practice in order to further continue discussions with the concessionaires.

In accordance to the obligations of the concession agreements, the Company and its partners have conducted and submitted the reports of Detailed Design and Environmental Impact Assessment Reports (“EIA Reports”) for each respective concession to the DSEZ MC. In March 2018, the DSEZ MC arranged the last Public Consultation Meeting for all concessions. Thereafter, the EIA Reports for all concessions were approved by the Environmental Conservation Department under the Myanmar Ministry of Natural Resources and Environmental Conservation.

In March 2018, the Government of the Republic of the Union of Myanmar approved the terms and conditions of a loan offered by the Government of Thailand for construction of the 2-lane road linking the DSEZ to the Thailand-Myanmar border. In May 2018, the Joint Technical Taskforce under both governments arranged a meeting to discuss the engineering issues of the 2-lane road and to discuss the terms of the loan offered by the Government of Thailand. Thereafter, it was agreed by both governments to select an engineering advisory firm to conclude the construction plan of the 2-lane road and related information necessary for the construction tendering process and the loan document between the two governments. The selected engineering advisory firm was later engaged in February 2019. This support from both governments is advancing the cooperation between the two countries. The development of this road linkage infrastructure will effectively generate economic and social benefits for both countries and will create a positive impact to the DSEZ Initial Phase project development for the betterment of the well-being and livelihood of the population in DSEZ and the surrounding areas of both countries.

The aforementioned factors may cause negative effects on the image of the project development, the financial status, loan agreements, debentures’ terms and conditions, company’s performance, investment opportunities and investors’ return.

1.10 Risk on granting potash mining license

The process of granting the underground mining license for potash mining under the Minerals Act of the Ministry of Industry requires more comprehensive procedures than a general mining license. The Company’s subsidiary has entered into a contract in 2008 with the Ministry of Industry in place of the original foreign shareholders. The Company acquired all the outstanding shares of the subsidiary since 2006 for the purpose of exploring and producing potash mine in the northeast. This contract not only defined the benefits to the government, including 10% shares in this subsidiary without any direct investment in terms of cash, but also defined the right to the subsidiary that the Ministry of Industry, via the Department of Primary Industries and Mines (DPIM), would consider granting the rights and privileges so the subsidiary would be able to develop, conduct, and continue the commercial mining in fulfilment of this contract and the mining license approval. The said contract reduces the risk of failure of license approval. The EIA approval, an important process, increases the confidence and possibility that the mining license will be granted. The subsidiary also completed Section 88/10 of the Minerals Act (No.5) B.E. 2545, which included the selection of stakeholder representative of the project and

the setting up of a fund to support the study by stakeholder representatives of the project to engage independent consultants to review the EIA and study additional issues of concern to the stakeholders. That study was completed and the government authorities concerned held the public hearing forum as required by Section 88/7 in order to hear public opinions and stakeholder concerns. The Secretariat recorded the minutes with respect to all conclusions of all stakeholders. All relevant documents were submitted to the DPIM for scrutiny and for the Minerals Commission in 2016 to consider and approve the mining license. However, there were complications due to the effect of the Minerals Act, BE 2560, dated August 29, 2017 and the subsequent announcements of the new National Mineral Management Master Plan, some additional regulations from the Industry Ministry and the Department of Primary Industries and Mines, and whether the processes already completed by the subsidiary may not be in accordance with the Mineral Act, BE 2560 and the new regulations. Consequentially, the DPIM consulted with the Office of the Council of State to clarify the right legal procedures. Presently, the Office of the Council of State has provided the legal interpretations to the DPIM so it can proceed with processing the mining license approval to the subsidiary under the Mineral Act, BE 2560 by deeming all completed processes of the subsidiary are in compliance with the Minerals Act, BE 2560, whilst respecting the commitments in the agreement between the subsidiary and government. It is the duty of the DPIM to complete the processes of the Compensation Committee and summarize information for consideration and approval by the Mineral Committee so the DPIM's Director General can issue the subsidiary's mining license.

The failure of obtaining the said mining license could have an adverse effect on the Company's business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.11 Risk on the other investments

In addition to the Dawei project and Potash mining project, the Company invested in subsidiaries, associated companies and joint ventures, other investments, investment properties and the deferred concession costs and cost of projects under development as of December 31, 2018 worth total of Baht 8,354 million. The investment's objective is to increase revenues and decrease expenses according to the policy of vertical integration and economy of scale to reduce risks from uncertainty of future turnovers; however, the limitations and conditions of each entity to accomplished those objectives may have an adverse effect on the Company's business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

1.12 Risk on the trade accounts receivable of the Company and the oversea subsidiary

As at December 31, 2018, the Company has not received payments for some portion of construction work totaling Baht 825.33 million billed to a State Enterprise for construction work as the Company was not able to complete some parts of construction work according to the milestones plan. The Company has been negotiating for the Employer to approve an extension of time for the construction completion. This process has initially been considered by the project consultant and will be processed for submission to the Employer's work inspection. Receipt of the proceeds for the outstanding billing amounts is dependent on the approval of the Employer of the extension to the milestone for the completion of construction work.

The trade accounts receivable of an overseas subsidiary totaling Baht 269.76 million (net allowance for doubtful account of Baht 36.93 million). Such receivable is in the process of debt settlement in accordance with the plan.

The Company will set an allowance for doubtful accounts for unpaid amounts that could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

2. Risks related to production

2.1. Our failure to meet schedule requirements of our contracts could require us to pay liquidated damages.

Our substantial contracts are subject to specific completion schedule requirements with liquidated damages charged to us if we do not achieve the construction schedules. Liquidated damages are typically levied at the rate of 0.05%-0.1% of the contract value for each day of delay that is deemed to be our responsibility, subject to a maximum liability of 10%-15% of the contract value. We cooperate and report the progress of our projects to clients and related parties to finalize the scope of works and time schedule; however, any failure to meet our schedule requirements of our contracts could cause us to pay significant liquidated damages, which could adversely affect our liquidity and cash flows and have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

2.2 Our projects expose us to potential liability claims.

We construct many projects where design, construction or systems failures can result in substantial hazards or property damages to third parties. The mistakes of such projects subsequent to their completion can result in similar hazards and damages or environmental impacts and

pollution in noise, dust, smoke spreading, collapse or cracking of nearby buildings during construction or after construction. Litigation arising from any of these occurrences may make us a defendant in lawsuits asserting large claims or subject us to significant regulatory penalties. Although we maintain insurance policies with coverage to the extent and in amounts we believe prudent to protect us from these potential claims, we cannot be assured our insurance coverage will be sufficient or the conditions in the insurance policy cover all circumstances or against all damages for which we may be liable. A successful claim against us, or any of our subsidiaries, associated companies or joint ventures could result in significant liabilities for us and could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

2.3 We may not be able to fully realize the contracts value of our projects or the value of our backlog.

We use our backlog as a general indicator of our level of work to be completed. Backlog represents our estimate of the contract value of work that remains to be completed at any given time under our executed project contracts. The contract value of a project represents the amount that we expect to receive under the terms of the contract if the contract is performed in accordance with its terms. The Company backlog amounted to Baht 149,495 million and Baht 134,812 million as of December 31, 2018 and December 31, 2017, respectively. We may not realize the contract value of our projects or the revenue we expect to receive from our backlog or, if we realize revenue, it may not result in profits. For example, if a project reflected in our backlog is terminated, suspended or reduced in scope, it would result in a reduction to our backlog, which would reduce, potentially to material extent, the revenue, cash flows and operating profit we actually receive from the contracts we include in backlog. If a customer cancels a project, we may be reimbursed for certain costs, but we typically would have no contractual right to the total revenues reflected in our backlog. Significant cancellations or delays of projects in our backlog could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

2.4 We are dependent upon the availability and cost of materials, labor and sub-contractors.

Materials used in our construction projects typically represent approximately 30% to 40% of our total project costs. These materials are global commodities, and their availability and prices depend on local and global market conditions. We have made Fixed Unit Price in some projects for substantial materials to control construction costs. If there is a shortage of these materials, particularly cement and steel, we may find it difficult to obtain the amounts of these materials that we require at a price which we believe is commercially acceptable or at all, which may materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

Our ability to control labor costs and to manage large infrastructure projects is dependent upon our ability to attract and retain qualified engineers, architects and technicians with sufficient experience in the engineering, design and construction of such projects. We have employed, and we expect to continue to employ, sub-contractors to perform some of our construction work. For a description of the circumstances under which we employ subcontractors to provide services. We and our sub-contractors are dependent upon the availability of workers, particularly when the level of activity in the construction industry is high. If there is a shortage of trained engineers, architects, technicians or other workers in Thailand, we may have difficulty hiring adequate number of skilled personnel and other workers, directly or through sub-contractors, in the future. We also cannot assure you that the costs of retaining or employing skilled personnel or other workers will not exceed our estimates, which may materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

3. Risks related to finance

3.1 Our inability to obtain bonds and other financing could limit the number of projects we are able to pursue.

It is customary in the construction industry, and we are typically required, to provide surety bonds to bid for and to secure our performance under construction contracts. Our ability to obtain surety bonds primarily depends upon our capitalization, working capital, past performance, management expertise and other external factors, including the overall financial capacity of the surety companies and banks. Surety companies and banks consider these factors in relation to their risk management policies and underwriting standards, which may change from time to time. During the Asian financial crisis and our reorganization, some providers of surety bonds required us to pledge cash deposits or provide other forms of security with them to secure our contingent obligations under the bonds. The pledges of cash affected our liquidity and working capital resources. Since the completion of our business reorganization, some providers of surety bonds have generally not required us to pledge cash deposits. While we have not had any material difficulties in obtaining surety bonds after our business reorganization, we cannot assure you that we will continue to be able to obtain the bonds required for us to operate our business either on a secured or unsecured basis, on commercially reasonable terms or at all, which would materially and adversely affect our business, financial condition results of operations, prospects and returns of investors.

We may also require additional financing to provide needed additional working capital to finance start-up costs of projects (including the purchase of materials and equipment) before we receive payment under a contract. Our ability to arrange for financing will depend, in part, upon factors outside our control, such as a financial institution's lending policy and prevailing market conditions, as well as upon our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects. Our inability to obtain adequate financing to fund our working capital requirements could adversely affect our ability to perform our obligations under existing contracts and our ability to obtain new contracts, which could have a material adverse effect on our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, prospects and returns of investors.

3.2 We have significant contingent liabilities that could materialize, which, if they materialize, could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.

We have significant contingent liabilities that could arise under the terms of our business reorganization plan, under the surety bonds that we procure for our construction projects and under the terms of our guarantees to our subsidiaries and under the terms of certain of our construction projects.

Surety Bonds and Guarantees.

Our contingent liabilities under surety bonds amounted to Baht 65,588 million and Baht 57,417 million as of December 31, 2018, and December 31, 2017, respectively, and our contingent liabilities under guarantees that we issued to financial institutions to secure credit facilities granted by those financial institutions to our subsidiaries, associated companies and joint ventures amounted to Baht 6,490 million and Baht 6,536 million as of December 31, 2018 and December 31, 2017, respectively. A call on some of these bonds by a project owner would result in the financial institutions providing the bonds claiming the amounts paid under the bonds from us. In addition, a claim on some of these guarantees by a financial institution could subject us to liabilities under the guarantees. These factors may adversely affect our liquidity, which could materially and adversely affect our business, financial condition, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

3.3 We may need to establish additional provisions for doubtful receivables and recognize additional losses on the diminution in value of our investments which, if they materialize, could materially and adversely affect our business, financial condition, ability to pay debts, financial covenants in the loan agreements and the terms and condition of bonds, results of operations and prospects.

Historically, we incurred significant amounts of trade receivables from related and non-related parties and loan receivables from related parties. In addition, we also had significant amounts of investments in related and other parties.

As of December 31, 2018 and December 31, 2017, we had the net trade account receivable, the current portion of financial lease receivable and the retentions receivable due within one year amounting to Baht 14,613 million and Baht 13,668 million, respectively, the other investments amounting to Baht 910 million and Baht 861 million, respectively and the land lease concession and project under development, in the Dawei project, amounting to Baht 7,738 million and Baht 7,652 million, respectively.

In addition, future non-payments of our trade and loan receivables and a diminution in the value of our investments may result in our having to establish provisions equal to the amount of such non-payment or the amount of such diminution in the future, which could materially and adversely affect our business, financial condition, ability to pay debts, financial covenants in the loan agreements and the terms and condition of bonds, results of operations, prospects and returns of investors.

3.4 Risk on credit rating

October 26, 2018, the Company Rating and Issue Ratings on the senior unsecured debenture was “BBB-” with Outlook “Stable” reflecting the Company's solid market presence in the domestic engineering and construction (E&C) industry on the back of its track record of undertaking projects in a broad range of end markets. However, the ratings were partially offset by weakening profitability, a lingering debt-heavy capital structure, execution risks from future long-term investment projects, and the cyclicity of the E&C industry. The credit rating's change could adversely affect our business, financial condition, results of operations, prospects and returns of investors

4. Risks related to the impact of rights or investment of security holders

4.1 Risks from the Company having major shareholders holding more than 25%

As of January 31, 2019 the Thailand Securities Depository Co., Ltd. reported the shares distribution of major shareholders including the directors, the managements and related persons totally 1,326,552,993 shares or 25.12% of the paid-up capital (common share only). They were capable to have the right to objection or to disapprove the vote in the shareholders' meeting in whatever the articles of association or related regulation to take approval not less than 3 out of 4 of the whole existing shareholders in such meeting and had right to vote.

4.2 Risks from the covenant of the Company's debentures and financial institutions

The Company committed to maintain the debt to equity ratio of not excess than 3.0 times under the conditions of debentures and some banks on each consecutive half year and ended year on its consolidated financial statements. As at December 31, 2018 and 2017, the debt to equity ratio from the Company's consolidated financial statements were 2.58 times and 2.47 times, respectively. The Company and its affiliates must also maintain the covenants under the terms and conditions of their financial institutions. In case, the said covenants could not be maintained, the related facilities might be payable immediately and could adversely affect our business, financial condition, results of operations, prospects and returns of investors

4.3 Risks from the call option of debenture

According to the Company issued "the Unsubordinated and Unsecured and Callable Debentures of Italian-Thai Development Public Company Limited No. 2/2560 Due B.E. 2565" ("ITD226A"), The Company can exercise call option or prepay the whole or any portion, in a single or multiple call, of debenture before the maturity date on June 29, 2022 starting from the 2nd anniversary year of issuance date. The said redeemed debenture shall not be less than 25% of the outstanding debentures and shall be redeemed in the proportion of each bondholders' holding. The bondholders will be paid a fee at 0.25% of the redeemed debenture. The call option of debentures might cause the bondholders' risks to estimate cash flow from debenture.

4.4 Risks from reinvestment in debenture

In case the debenture issuer exercises the call option or the ordinary maturing of debentures, the bondholders might not be able to reinvest the receipt from early redemption in other equal or higher return instruments.

4.5 Risks on warrant

In 2015, the Company increased common shares to Baht 6,336 million by the issuance of Warrant 1,055,968,165 units and registered warrants with The Thailand Securities Depository Co., Ltd, a total of 1,055,934,113 units. As at December 31, 2017, the Company has outstanding warrants totaling 1,055,934,093 units of unexercised warrants. A 1 Warrant was able to purchase newly issued 1.002 ordinary shares with the exercise price of Baht 13.971 per share and its maturity would be on May 13, 2019. The Warrant holders could have uncertainty of the change in the valuation of Warrant from various factors such as an exercise period, interest rate, common share price and dividend payment including the risk of liquidity from the insufficient demand and supply.

Marketing and Competition

Competition in the local construction industry is intense. New project awards are typically determined through a competitive bidding process, after potential bidders pre-qualify to bid on a project, the principal competitive consideration is the price of the bid. This increase in competition for construction projects has led to price competition and a general decrease in contract prices.

Clients

We classify our clients in two ways – by the type of client and by the location of client. The type of client is determined by whether it is public sector (including state-owned enterprises), or private sector. The location of the client is either domestic or international and is determined by whether the work we perform for the client is in Thailand or outside Thailand. As of December 31, 2018, the public sector accounted for approximately 70.1% of the Company, the subsidiaries with the Company's construction role and portion of the Company backlog, while the private sector accounted for approximately 29.9%. Domestic clients accounted for approximately 67.9% of the Company and portion of the Company backlog as of December 31, 2018, while international clients accounted for approximately 32.1%.

| Backlog by Client Classification | As of December 31, | | |
|----------------------------------|--------------------|-------|-------|
| | 2018 | 2017 | 2016 |
| Public Sector Backlog | 70.1 | 71.7 | 53.4 |
| Private Sector Backlog | 29.9 | 28.3 | 46.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Domestic | 67.9 | 61.3 | 59.7 |
| International | 32.1 | 38.7 | 40.3 |
| Total | 100.0 | 100.0 | 100.0 |

In 2 years, the public sector backlog is over 70% of total backlog. The public sector is 70.1% and 71.7% of total backlog at the year ended of 2018 and 2017, respectively.

Competition

There are more than 500 companies operating in the construction business who are members of the Thai Contractors Association, including Thai companies, foreign companies and joint ventures between Thai and foreign companies. Competition is mainly based on price, but a key factor that affects the ability to price a bid competitively is the sourcing of materials. The fluctuation of the price of materials has an impact upon the construction industry because the value of materials typically represents approximately 30 to 40% of the entire project cost. Other than the availability of materials, significant competitive factors include the expertise and experience of employees and subcontractors, as well as joint venture formation for technological support and business alliances.

The public sector agencies typically only allow contractors who meet certain criteria to bid for contracts. Construction contractors may be divided into classifications by level of potential, experience, expertise, technical knowledge and resource availability. Contractors who are classified in the highest level typically pre-qualify to bid for all types of contracts. The public sector agencies also encourage contractors to participate in bidding contracts under their own individual potential to complete the public sector agencies' objective. The contractors can convey their own business and strengthen continuous improvement.

The following table sets forth the construction contractors in Thailand that are listed on the SET and their reported revenues of each for 2018:

| Company Name | Revenues (million Baht) | % of Total |
|--|----------------------------|------------|
| Italian-Thai Development Public Company Limited | 61,729.6 | 31.04 |
| CH. Karnchang Public Company Limited | 31,175.6 | 15.68 |
| Sino-Thai Engineering Public Company Limited | 27,976.1 | 14.07 |
| Uniq Engineering and Construction Public Company Limited | 12,983.3 | 6.53 |
| Nawarat Pattanakan Public Company Limited | 10,036.6 | 5.05 |
| TTCL Public Company Limited | 9,032.2 | 4.54 |
| Power Line Engineering Public Company Limited | 7,972.0 | 4.01 |
| Syntec Construction Public Company Limited | 7,428.3 | 3.73 |
| Christiani & Neilsen (Thai) Public Company Limited | 7,135.9 | 3.59 |
| Pre-Built Public Company Limited | 3,921.4 | 1.97 |
| Sahakol Equipment Public Company Limited | 3,624.1 | 1.82 |
| Thai Polycons Public Company Limited | 3,421.9 | 1.72 |
| SEAFECO Public Company Limited | 2,789.7 | 1.40 |
| EMC Public Company Limited | 2,421.8 | 1.22 |
| TRC Construction Company Limited | 2,304.5 | 1.16 |
| Pylon Public Company Limited | 1,445.1 | 0.73 |
| STP&I Public Company Limited | 1,344.4 | 0.68 |
| BJC Heavy Industries Public Company Limited | 943.9 | 0.47 |
| Sriracha Construction Public Company Limited | 819.6 | 0.41 |
| PAE (Thailand) Public Company Limited | 351.8 | 0.18 |
| Total | 198,857.8 | 100.00 |

Source: Stock Exchange of Thailand

This year is another year in which the government emphasizes on investment in the public infrastructure. Some projects are in the investment plans under the annual budgets, investment plans in stimulus package and urgent investment plans which puts the Thai construction industry at 2.7% of GDP. The said new infrastructure projects of the public sector agencies are the opportunity for those who are in construction industry to get the public projects and related works. Further the Thai Government has a policy to support Thai construction contractors to conduct various activities and to invest in local projects with sustainable development; therefore, it is a good opportunity for the public sector agencies to support Thai construction contractors by qualifying those who have the potential and fit for each type of work to have chance to get the suitable various scales and types of projects from the public sector agencies including readiness to perform the incoming projects. It will bring benefits to Thai construction contractors as they strengthen and increase expertise, experience, and potential together with sustainable growth. This will encourage Thai construction contractors to remove the competition's limitations when facing foreign construction contractors in local market and also be able to complete in overseas markets, especially in Cambodia, Laos PDR, Myanmar and Vietnam (CLMV). The CLMV market is a potential market for Thai construction contractors, including bidding as a contractor or subcontractor, in various projects. Because CLMVs are accelerating to develop their own country by launching a lot of large scale infrastructure and power construction projects. With less severity of completion, it is an opportunity for Thai construction contractors to expand construction in the CLMV market and return income to Thailand.

We bid for projects in neighboring countries and other countries throughout Asia. Creditable financial institutions, such as the Asian Development Bank, the World Bank and JBIC, financially support some of the major infrastructure projects on which we bid. These projects are open to international bidders with high qualification standards. In the past, particularly in Asia such as India, Bangladesh, Laos PDR, Myanmar, most local contractors in these countries failed to meet the required qualifications. The majority of our competitors, including us, were in joint ventures between local contractors and foreign contractors from countries such as China, Taiwan, Korea, Australia, Japan or countries in Europe.

Corporate Information and Other Information

General Information

(1) Corporate Information

| | |
|--------------------|---|
| Company Name | Italian-Thai Development Public Company Limited |
| Type of Business | Contractor : Civil and Infrastructure Construction and Development |
| Head Office | 2034/132-161 ItalThai Tower, New Petchburi Road, Bangkok, Huaykwang, Bangkok 10310, Thailand |
| Registration No. | 0107537000939 |
| Telephone | +66 (0) 2716-1600 |
| Facsimile | +66 (0) 2716-1488 |
| Homepage | www.itd.co.th |
| Email | cccs@itd.co.th |
| Registered Capital | Baht 6,337,920,861 (Six Thousand Three Hundred and Thirty seven Million, Nine Hundred And Twenty Thousand, Eight Hundred and Sixty One Baht) |
| Paid-up Capital | Baht 5,279,840,848 (Five Thousand Two Hundred and Seventy-Nine Million, Eight Hundred and Forty Thousand, Eight Hundred and Forty Eight Baht) |
| Ordinary Shares | Shares 6,337,920,861 (Six Thousand Three Hundred and Thirty seven Million, Nine Hundred and Twenty Thousand, Eight Hundred and Sixty One Baht) |
| Par Value | Baht 1.00 (One Baht) |

(2) Information on Related Companies with Investment Exceeding 10%

ITD's investment in Related Companies, in excess of 10% of the paid-up capital as of December 31, 2018 is as reported below:

1. Lines of construction and public utilities work including a line of construction support and a line of overseas investments

| Company Name | Head Office | Tel./Fax | Nature of Business | Paid-up Capital | | % of |
|--|-------------|---|--|---------------------------|-----------|---------|
| | | | | Amount | % | Holding |
| Subsidiary Companies | | | | | | |
| 1. ITD-ETF Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Construction of Double-track Railway | 27,841 | 100 | 100.00 |
| 2. Italian-Thai International Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Holding company | 100,000 300,000 | 100 75 | 99.99 |
| 3. PT Thailindo Bara Pratama Co., Ltd. | Indonesia | Tel. 001-628-522-3158 Fax 001-625-4177-1166 | Coal digestion services | 25,250 (Million IDR) | 100 | 99.99 |
| 4. Thai Pride Cement Co., Ltd. | Bangkok | Tel. 0-2716-0750 Fax 0-2716-0750 | Manufacture and distribution of cement | 1,300,000 | 100 | 99.99 |
| 5. Italian-Thai Land Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 | Not yet operational | 10,000 | 100 | 99.99 |
| 6. Italian-Thai Power | Bangkok | Tel. 0-2716-1160-4 Fax 0-2716-1169 | Production and distribution of electricity | 650,000 | 100 | 99.99 |
| 7. ITD Construction SDN.BHD. | Malaysia | Tel. 603-2284 1370 Fax 603-2284 1370 | Construction in Malaysia | 0.75 (Million MYR) | 75 | 99.99 |
| 8. Nah Pralan Crushing Plant Co.,Ltd. | Saraburi | Tel. 0-3635 1155 Fax 0-3635 1155 | Rock quarrying, processing and distribution | 31,000 | 100 | 99.99 |
| 9. ITD Bangladesh Company Limited | Bangladesh | Tel. 009-88-02-988-6543 Fax 009-88-02-988-6543 | Construction services in Bangladesh | 4 (Million BDT) | 100 | 99.99 |
| 10. ITD-Madagascar S.A Co., Ltd. | Madagascar | Tel. (261) 20 22 019 61 Fax (261) 20 22 019 60 | Mining business | 20 (Million Ariary) | 100 | 99.98 |

| Company Name | Head Office | Tel./Fax | Nature of Business | Paid-up Capital | | % of Holding |
|--|--------------|---|---|---------------------|------|--------------|
| | | | | Amount | % | |
| 11. Italian-Thai Hongsa Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 1800 Fax 0-2716-1556 | Coal digestion services | 250 | 25 | 99.97 |
| 12. Myanmar Italian-Thai Power 1 Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Not yet operational | 250 | 25 | 99.95 |
| 13. Palang Thai Kaowna Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Not yet operational | 1,000 | 100 | 99.94 |
| 14. Saraburi Construction Technology Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Manufacturing, distribution and installation of concrete panels | 250 | 25 | 99.93 |
| 15. Italian-Thai Development (Myanmar) Co., Ltd. | Myanmar | Tel. (951) 525-970 Fax (951) 525-970 | Construction in Myanmar | 25,000 (USD) | 2.50 | 99.90 |
| 16. Siam Concrete and Brick Products Co., Ltd. | Pathumthani | Tel. 0-2501-2281-2 Fax 0-2501-2280 | Manufacturing, distribution and installation of concrete products for real estate | 126,000 | 100 | 99.80 |
| 17. ITD Mozambique Limitada | Mozambique | Tel. 258-849000719 | Construction in Mozambique | 1,187,915 (USD) | 100 | 99.00 |
| 18. ItalThai Marine Co., Ltd. | Samutprakarn | Tel. 0-2387-1056 Fax 0-2387-1056 | Production and sale of vessels and equipment | 810,000 | 100 | 92.59 |
| 19. ItalThai Trevi Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 6076 | Foundation and piling work services | 80,000 | 100 | 90.94 |
| 20. Italian-Thai Development Vietnam Co., Ltd. | Vietnam | Tel. 84-8-382-79182 Fax 84-8-382-79184 | Not yet operational | 6,000 (Million VND) | 100 | 80.00 |
| 21. Palit Palang Ngan Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Not yet operational | 1,000 | 100 | 74.93 |
| 22. Asian Steel Product Co., Ltd. | Rayong | Tel. 0-3860-6024 Fax 0-3860-6114 | Manufacture and distribution of steel pipes for civil construction | 20,000 | 50 | 69.90 |
| 23. ITD Cementation India Ltd. | India | Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841 | Construction services in India | 172 (Million Rupee) | 100 | 46.64 |
| 24. Thai Maruken Co., Ltd. | Bangkok | Tel. 0-2231-2226-9 Fax 0-2231-2230 | Leasing/selling of sheet piles and beams | 20,000 | 100 | 50.96 |
| Associated Companies | | | | | | |
| 1. ATO Asia Turnouts Co., Ltd. | Bangkok | Tel 0-3636-5311-20 Fax 0-3636-5311-20 | Production and distribution of turnouts for railway projects | 5,000 | 100 | 49.00 |
| 2. Siam Pacific Holdings Co., Ltd. | Bangkok | Tel. 0-2745-6118 Fax 0-2745-6118 | Holding company | 58,625 | 100 | 46.69 |
| 3. Sino Lao Aluminum Corporation Limited | Lao PDR | Tel. 001-85-620-680-8288 | Bauxite mine business | 32 (Million USD) | 100 | 34.00 |
| 4. MCRP Construction Corporation Co., Ltd. | Philippines | Tel. 001-632-788-0770 Fax 001-632-788-0141 | Construction contractor in the Philippines | 25 (Million PHP) | 25 | 24.00 |
| 5. MCRP Holding Corporation Co., Ltd. | Philippines | Tel. 001-632-788-0770 Fax 001-632-788-0141 | Holding company in the Philippines | 5 (Million PHP) | 100 | 24.00 |

2. Lines of the Company investment in other sectors, e.g., real estate business, construction material and raw material products, and concession businesses

| Company Name | Head Office | Tel./Fax | Nature of Business | Paid-up Capital | | % of |
|--|-------------|--|--|------------------------|-----------|---------|
| | | | | Amount | % | Holding |
| <u>Subsidiary Companies</u> | | | | | | |
| 1. First Dhaka Elevated Expressway Co., Ltd. | Bangladesh | Tel. 009-88-02-988-6543 Fax 009-88-02-988-6543 | Concession for constructing elevated expressway in Bangladesh | 1,941 (Million BDT) | 100 | 99.99 |
| 2. Bhaka Bhumi Development Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 5057 Fax 0-2716-1600-1464 | Real Estate development | 100 4,975 | 100 25 | } 99.99 |
| 3. Asia Logistics Development Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Not yet operational | 1,000 | 100 | |
| 4. Asia Industrial and Port Corporation Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Not yet operational | 1,000 | 100 | 99.93 |
| 5. APPC Holding Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 4202 Fax 0-2716-1418 | Holding company | 3,795,987 | 100 | 60.00 |
| 6. Thai Mozambique Logistica SA | Mozambique | Tel. 258-849000719 | Concession for the construction of deep sea port and railway in Mozambique | 302,000 (USD) | 30 | 60.00 |
| <u>Other Companies</u> | | | | | | |
| 1. Bangkok Steel Wire Co., Ltd. | Bangkok | Tel. 0-2716-1600 ext. 5808 | Production and distribution of P.C. Wire and P.C. Strand | 313,000 | 100 | 19.98 |
| 2. Oriental Residence Co., Ltd. | Bangkok | Tel. 0-2319-1031 Fax 0-2319-1031 | Real Estate Development | 500,000 | 100 | 15.00 |
| 3. NISHIO Rent All Co.,Ltd. (Thailand) (Old name: Thai Rent All Co., Ltd.) | Bangkok | Tel. 0-2740-2680-7 Fax 0-2740-2688 | Construction Machinery Rental | 25,000 | 100 | 15.00 |
| 4. Charoong Thai Wire and Cable Plc. | Bangkok | Tel. 0-2745-6118 Fax 0-2745-6118 | Manufacture and distribution of enamel coated wire and cable | 1,989,531 | 100 | 12.90 |
| 5. M-Home SPV 3 Co., Ltd. | Bangkok | Tel. 0-2677-3000 Fax 0-2677-3200 | Real estate development | 100 | 100 | 11.54 |
| 6. Siam Fiber Optic Co., Ltd. | Bangkok | Tel. 0-2745-6118 Fax 0-2745-6118 | Manufacture and distribution of optic fibers | 24,000 | 100 | 10.00 |

3. Lines of Joint Venture which is the cooperation with other experienced companies to gain knowledge in new technologies for the Company's operations especially for public utility work

| Company Name | Head Office | Tel./Fax | Nature of Business | Paid-up Capital | | % of |
|---|-------------|--|--|-----------------|-----|---------|
| | | | | Amount | % | Holding |
| <u>Joint Venture</u> | | | | | | |
| 1. ITD- RT Joint Venture | Bangkok | Tel 0-2716-1600 ext.4201 Fax 0-2716-1418 | The Construction of Track Doubling Project | - | - | 70.00 |
| 2. ITD-ITD CEM Joint Venture (Consortium) | India | Tel. 001-91-332-511-2866 Fax 001-91-332-511-2866 | Construction of an airport terminal in India | - | - | 60.00 |
| 3. ITD-Unique Joint Venture | Bangkok | Tel.0-2716-1600 ext. 4201 Fax 0-2716-1418 | Construction of Multi-purpose Port at Klong Yai in Trat Province | - | - | 60.00 |
| 4. ITD-EGC Joint Venture | Taiwan | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Construction of underground electrical train station in Taiwan | 289,977 | 100 | 55.00 |
| 5. ITD-SINOHYDRO Joint Venture | Bangladesh | | Contractor | - | - | 51.00 |
| 6. ITD-ITD Cem Joint Venture | India | Tel 001-91-226-768-0600 Fax 001-91-226-768-0841 | Construction Service in India | - | - | 51.00 |
| 7. ITD-SQ Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Contractor for the overburden and lignite removal services at Mae Moh Mine, Lampang | 1,941,430 | 100 | 50.00 |
| 8. SQ-ITD Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Contractor for the overburden and lignite removal services at Mae Moh Mine Phase 7.1 | 293,000 | 100 | 50.00 |
| 9. SMCC-ITD Joint Venture | Bangladesh | | Contractor | - | - | 49.00 |
| 10. IOT Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Airfield Pavement Construction for Suvarnabhumi Airport | | | 40.00 |
| 11. ITD-SMCC Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Contractor of Chao Praya River Crossing Bridge at Nonthaburi I Road | - | - | 40.00 |
| 12. CMC-ITD Song Da | Lao PDR | Tel. 001-848-120-446-3258 Tel. 001-848-120-446-3259 | Contractor Nam Theun1 Hydropower Project, Lao PDR | - | - | 30.00 |
| 13. Samsung-ITD Joint Venture | Bangkok | Tel. 0-2716-1600 ext. 4201 Fax 0-2716-1418 | Contractor of LPG Facilities of PTT, Khao Bor Ya, Chonburi | - | - | 24.00 |
| 14. ITD-ITD Cementation India Joint Venture | India | Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841 | Construction services in India | - | - | 20.00 |
| 15. CEC-ITD Cem-TPL Joint Venture | India | Tel. 001-91-226-768-0600 Fax 001-91-226-768-0841 | Construction services in India | - | - | 18.66 |

(3) References

■ Register of Common Stock

Thailand Securities Depository Co., Ltd.

93 The Stock Exchange of Thailand Building, Rachadapisek Road, Bangkok 10400, Thailand

Telephone +66 (0) 2009-9000

Facsimile +66 (0) 2009-999-1

■ Auditor

1. Mr. Somckid Tiatrakul certified auditor No.2785

2. Ms. Teerasak Chuasrisakul certified auditor No.6624

3. Mr. Kanyanat Sriratchachaval certified auditor No.6549

4. Ms. Sunsanee Poolsawat certified auditor No.6977

5. Mr. Narin Churamongkol certified auditor No.8593

Grant Thornton Limited,

11th floor Capital Tower, All Seasons Place, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand

Telephone +66 (0) 2205-8222

Facsimile +66 (0) 2654-3339

■ Legal Advisor

Weerawong, Chinnavat & Partners Ltd.

540 Mercury Tower, 22nd Floor, Ploenchit Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok 10330, Thailand

Telephone +66 (0) 2264-8000

Facsimile +66 (0) 2657-2222

■ Financial Advisor

-None-

■ Management Advisor

-None-

Other Significant Information

-None-

10 Major Shareholders as of January 31, 2019:

| Name of Major Shareholders | Number of Shares | Percent of Shares (%) |
|--|------------------|-----------------------|
| 1. Karnasuta Family | | |
| 1.1 Mr. Premchai Karnasuta | 663,223,626 | 12.554 |
| 1.2 Mrs. Nijaporn Charanachitta | 350,815,140 | 6.641 |
| 1.3 Mr. Peeti Karnasuta | 463 | 0.000 |
| 1.4 Ms. Prachaya Karnasuta | 38,839,766 | 0.735 |
| 1.5 Mr. Thoranis Karnasuta | 28,210,960 | 0.534 |
| 1.6 Ms. Jittraphan Charanachitta | 50,614,391 | 0.958 |
| 1.7 Ms. Valaithip Charanachitta | 50,414,391 | 0.954 |
| 1.8 Mrs. Preeya Karnasuta | 1,852,974 | 0.035 |
| 1.9 Mr. Piyachai Karnasuta | 23,303,438 | 0.441 |
| 1.10 Ms. Chamaimas Karnasuta | 33,038,281 | 0.625 |
| 1.11 Mrs. Bhilaichit Roengpithya | 19,928,180 | 0.377 |
| 1.12 Mr. Punsu Roengpithya | 10,602,700 | 0.201 |
| 1.13 Ms. Chayaporn Roengpithya | 18,403,832 | 0.348 |
| 1.14 Mrs. Orn-ame Karnasuta | 28,845,000 | 0.546 |
| 1.15 C.P.K. International Co., Ltd* | 34,680,000 | 0.656 |
| 2. Thai NVDR Co., Ltd. | 202,841,855 | 3.842 |
| 3. Wachiraphong Family | | |
| 3.1 Mr. Wichai Wachiraphong | 116,092,200 | 2.197 |
| 3.2 Ms. Hataichanok Wachirapong | 3,220,000 | 0.061 |
| 3.3 Ms. Suwalee Wachirapong | 500,000 | 0.009 |
| 3.4 Mr. Wichien Wachirapong | 15,000 | 0.000 |
| 3.5 Ms. Anchalee Wachirapong | 112,000 | 0.002 |
| 3.6 Mrs. Kanchana Wachirapong | 4,484,000 | 0.084 |
| 3.7 Ms. Aranya Wachirapong | 100 | 0.000 |
| 3.8 Mr. Suppakij Wachirapong | 100 | 0.000 |
| 3.9 Ms. Lakkana Wachirapong | 43,000 | 0.000 |
| 3.10 Mr. Nuttawud Wachirapong | 14,000 | 0.000 |
| 3.11 Mr. Tanet Wachirapong | 70,000 | 0.001 |
| 3.12 Mr. Noppon Wachirapong | 1,800,000 | 0.034 |
| 3.13 Mrs. Krissara Wachirapong | 40,000 | 0.000 |
| 3.14 Ms. Benjamas Wachirapong | 33,100 | 0.000 |
| 3.15 Mr. Sittikorn Wachirapong | 33,000 | 0.000 |
| 3.16 Ms. Naiyana Wachirapong | 30,000 | 0.000 |
| 3.17 Ms. Nipaporn Wachirapong | 109,300 | 0.002 |
| 3.18 Mrs. Walaiporn Sompakdee | 11,196,200 | 0.211 |
| 3.19 Ms. Siriporn Wachirapong | 50,000 | 0.000 |
| 4. South East Asia UK (Type C) Nominee Ltd. | 101,055,749 | 1.914 |
| 5. Mr. Thongma Vijitpongpan | 54,544,500 | 1.033 |
| 6. Mr. Chaiya Sakulchaivanich | 45,504,150 | 0.862 |
| 7. Mr. Prawit Pansaicheu | 37,201,300 | 0.705 |

| Name of Major Shareholders | Number of Shares | Percent of Shares (%) |
|---|------------------|-----------------------|
| 8. N.C.B TRUST LIMITED-POLUNIN DEVELOPING COMPANIES FUND,LLC | 33,432,508 | 0.633 |
| 9. Mr. Taweechat Jurangkool | 32,063,900 | 0.607 |
| 10. Mr. Thanapon Lertnunthapunya | 28,500,000 | 0.540 |

Note

* C.P.K. International Co., Ltd. consists of the shareholders as follows:-

| Name of Major Shareholders | Number of Shares | Percent of Shares (%) |
|--------------------------------|------------------|-----------------------|
| 1. Mr. Premchai Karnasuta | 14,360 | 2.87 |
| 2. Mrs. Kanitta Karnasuta | 12,500 | 2.50 |
| 3. Mr. Peeti Karnasuta | 75,000 | 15.00 |
| 4. Ms. Prachaya Karnasuta | 75,000 | 15.00 |
| 5. Mr. Thoranis Karnasuta | 75,000 | 15.00 |
| 6. Mrs. Nijaporn Charanachitta | 1,860 | 0.37 |
| 7. Mr. Yuthachai Charanachitta | 25,000 | 5.00 |
| 8. Ms. Walaithip Charanachitta | 25,000 | 5.00 |
| 9. Ms. Jittrapan Charanachitta | 25,000 | 5.00 |
| 10. Mrs. Pilaijit Roengpittaya | 1,860 | 0.37 |
| 11. Mr. Pansa Roengpittaya | 25,000 | 5.00 |
| 12. Ms. Chayaporn Roengpittaya | 25,000 | 5.00 |
| 13. Mrs. Orn-ame Karnasuta | 1,860 | 0.37 |
| 14. Mr. Atthaphong Terdpravat | 35,500 | 7.10 |
| 15. Mr. Jittraphong Terdpravat | 35,500 | 7.10 |
| 16. Mr. Piyachai Karnasuta | 22,430 | 4.49 |
| 17. Ms. Chamaimas Karnasuta | 22,430 | 4.49 |
| Total | 498,300 | 99.66 |

Major shareholders who have significant influence on the Company's policy

- None -

The Company's dividend policy

The Board of Directors plans to propose at the Shareholders' Meeting a dividend payout to each shareholder, with expected rates to be paid based on performance, of not less than 40% of net profit after tax, providing that there is no for funds by any other event and that the dividend will not significantly affect the operations of the Company.

Subsidiary's dividend policy

Regarding the dividend policy of subsidiaries, the Board of Directors shall consider the subsidiary's operation result and cash flow compared to its investment, without determining the exact payout ratio. If there is sufficient cash flow which has legally been reserved, the Board of Directors shall consider the dividend on a case-by-case basis, except Thai Maruken Company Limited that has already set a dividend policy of not less than 30% of net profit before tax.

Management Structure

The Board of Directors and the Board of Management conscientiously carry out their duties for the maximum benefit of the Company and shareholders through a clearly a defined management structure as follows:

1. The members of the Board of Directors recognize their roles and responsibilities toward the shareholders, and they ensure that they can perform their duties.
2. The Board of Directors and the Board of Management must be properly instituted and counterbalanced as follows:
 - a). Audit Committee, consisting of an Independent Audit Committee functioning in accordance with the stipulations of the Stock Exchange of Thailand, and having the expertise to review the reliability of financial statements as well as other duties as an audit committee.
 - b). Clear separation of duties between the Chairman of the Board of Directors and the Chairman of the Board of Management, according to the information disclosed in the corporate governance of the Company.

Board of Directors

As at January 1, 2019 the Board of Directors consists of nine persons as listed below:

| Name-Surname | Position | Directors Meetings Number of Attendance / Total Number of Meetings |
|--------------------------------|---|--|
| 1. Dr. Krisorn Jittorntrum | Chairman of the Board of Directors Chairman of the Audit Committee Chairman of the Risk Management Committee Independent Director/ Audit Committee | 5/5 |
| 2. Mr. Premchai Karnasuta | Director | 5/5 |
| 3. Mrs. Nijaporn Charanachitta | Director | 5/5 |
| 4. Mr. Pathai Chakornbundit | Director Vice Chairman of the Risk Management Committee | 5/5 |
| 5. Mr. Tawatchai Suthiprapha | Director | 5/5 |
| 6. Mr. William Lee Zentgraf | Independent Director Audit Committee Member | 5/5 |
| 7. Mr. Peeti Karnasuta | Director Risk Management Committee | 5/5 |
| 8. Mr. Thoranis Karnasuta | Director | 5/5 |
| 9. Mr. Sai Wah Simon Suen* | Independent Director Audit Committee Member | 2/5 |

*Note : *Mr. Sai Wah Simon Suen was appointed according to the resolution of the Board of Director's Meeting No 7/6/2018 from June 15, 2018 onwards.*

1. Prof. Dr. Mingsarn Kaosa-ard submitted the resignation letter to resign as Independent Director on March 16, 2018.

2. Mr. Tirapongse Pangsiwongse submitted the resignation letter to resign as Independent Director on June 15, 2018.

Management

■ Board of Management

As on December 31, 2018 the Board of Management of the Company consists of twenty persons as listed below:

| Name-Surname | Position |
|--------------------------------|---|
| 1. Mr. Premchai Karnasuta | Director and President |
| 2. Mrs. Nijaporn Charanachitta | Director and Senior Executive Vice President |
| 3. Mr. Pathai Chakornbundit | Director and Senior Executive Vice President |
| 4. Mr. Tawatchai Suthiprapha | Director and Senior Executive Vice President |
| 5. Mr. Anan Amarapala | Executive Vice President |
| 6. Mr. Chatichai Chutima* | Executive Vice President and Chief Financial Officer (CFO) |

| Name-Surname | Position |
|-------------------------------------|--|
| 7. Mr. Virat Kongmaneerat | Executive Vice President |
| 8. Mr. Sumate Surabotsopon | Executive Vice President |
| 9. Mr. Piyachai Karnasuta | Executive Vice President |
| 10. Mr. Peeti Karnasuta | Executive Vice President |
| 11. Ms. Prachaya Karnasuta | Executive Vice President and Assistant to Director and Senior Executive Vice President |
| 12. Mr. Sompop Pinijchai | Executive Vice President |
| 13. Mr. Woravudh Hiranyapaisansakul | Executive Vice President |
| 14. Mr. Prasit Ratanaramig | Executive Vice President |
| 15. Mr. Thoranis Karnasuta | Executive Vice President and Assistant to the President |
| 16. Mr. Kriengsak Kovadchana | Executive Vice President |
| 17. Mr. Prasart Kosarussawadee | Executive Vice President |
| 18. Mr. Sakchai Puetpaiboon | Executive Vice President |
| 19. Mr. Wichien Roongrujirat | Vice President |
| 20. Mr. Prasert Sanor | Vice President |

*Note : *Mr. Chatichai Chutima was appointed as Chief Financial Officer (CFO) in accordance with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulation from October 16, 2018 onward.*

- The Management announced by the Securities and Exchange Commission

As at December 31, 2018, the Management of the Company consists of twenty-one persons as listed below:

| Name-Surname | Position |
|-------------------------------------|--|
| 1. Mr. Premchai Karnasuta | President |
| 2. Mrs. Nijaporn Charanachitta | Director and Senior Executive Vice President |
| 3. Mr. Pathai Chakornbundit | Director and Senior Executive Vice President |
| 4. Mr. Tawatchai Suthiprapha | Director and Senior Executive Vice President |
| 5. Mr. Anan Amarapala | Executive Vice President |
| 6. Mr. Virat Kongmaneerat | Executive Vice President |
| 7. Mr. Sumate Surabotsopon | Executive Vice President |
| 8. Mr. Piyachai Karnasuta | Executive Vice President |
| 9. Mr. Peeti Karnasuta | Executive Vice President |
| 10. Ms. Prachaya Karnasuta | Executive Vice President and Assistant to Director and Senior Executive Vice President |
| 11. Mr. Chatichai Chutima* | Executive Vice President and Chief Financial Officer (CFO) |
| 12. Mr. Sompop Pinijchai | Executive Vice President |
| 13. Mr. Woravudh Hiranyapaisansakul | Executive Vice President |
| 14. Mr. Prasit Ratanaramig | Executive Vice President |
| 15. Ms. Kanchana Charoenyot* | Vice President (Accounting) and Chief Accountant |
| 16. Mr. Thoranis Karnasuta | Executive Vice President and Assistant to the President |
| 17. Mr. Kriengsak Kovadchana | Executive Vice President |
| 18. Mr. Prasart Kosarussawadee | Executive Vice President |
| 19. Mr. Sakchai Puetpaiboon | Executive Vice President |
| 20. Mr. Wichien Roongrujirat | Vice President |
| 21. Mr. Prasert Sanor | Vice President |

*Note : *Mr. Chatichai Chutima and Ms. Kanchana Charoenyot were appointed as Chief Financial Officer (CFO), and Chief Accountant respectively in accordance with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulation from October 16, 2018 onward.*

The Company's Organization Chart is disclosed in Page 5. The Biography of Company's Directors(educational qualification, professional experience and curriculum vitae, including the List of Directors in Subsidiary Companies) are attached in the Annual Report (**Section: Board of Directors and Board of Management**).

The Company Secretary

The resolution of the Board of Director's Meeting No.5/6/2008 dated June 9, 2008 appointed

Mr. Woravudh Hirunyapaisansakul to be the Company Secretary according to Securities and Exchange Act (No. 4) B.E. 2551. He is responsible for establishing the meetings of the Board of Directors and the meetings of the shareholders, coordinating with other parties to comply with the resolutions of these meetings, advising the Directors on laws and regulations, supporting the Director's activities and other duties according to the notification of the Capital Market Supervisory Board.

The educational qualification, professional experience and curriculum vitae of the Company Secretary is given in the Annual Report (**Section: Board of Directors and Board of Management**).

Remuneration of Directors and Management Staff

The policies and structures of the remuneration of Directors and the Management are clearly and transparently determined as follows:

1. Remuneration of Directors

The Company has determined the Remuneration of Directors clearly and transparently based on comparable industry and the performance required of the Directors. The Directors assigned to be on the Audit Committee receive additional remuneration for full discharge of their Audit Committee duties. In any case, the amount of remuneration to be paid to Directors must be finally approved by a meeting of the shareholders.

2. Remuneration of the Board of Management

The remuneration of the Board of Management members follows the principles and policy determined by the Board of Directors and depends on the corporate and individual achievement.

(1) Financial Remuneration

(A) Remuneration of Directors, Audit Committee, and Risk Management Committee as of December 31, 2018

| Directors | Remuneration (Baht/Year) | | |
|--------------------------------|--------------------------|-----------------|-----------------------------|
| | Directors | Audit Committee | Risk Management Committee** |
| 1. Dr. Krisorn Jittorntrum | 750,000 | 535,000 | 15,000 |
| 2. Mr. Premchai Karnasuta | 580,000 | | |
| 3. Mrs. Nijaporn Charanachitta | 580,000 | | |
| 4. Mr. Pathai Chakornbundit | 580,000 | | 10,000 |
| 5. Mr. Tawatchai Suthiprapha | 580,000 | | |
| 6. Mr. William Lee Zentgraf | 580,000 | 415,000 | |
| 7. Mr. Peeti Karnasuta | 580,000 | | 10,000 |
| 8. Mr. Thoranis Karnasuta | 580,000 | | |
| 9. Mr. Sai Wah Simon Suen* | 580,000 | 415,000 | |
| Total | 5,390,000 | 1,365,000 | 35,000 |

Note : *Mr. Sai Wah Simon Suen was appointed according to the resolution of the Board of Director's Meeting No 7/6/2018 from June 15, 2018 onwards.

1. Prof. Dr. Mingsarn Kaosa-ard submitted the resignation letter to resign as Independent Director on March 16, 2018.

2. Mr. Tirapongse Pangsrirongse submitted the resignation letter to resign as Independent Director on June 15, 2018.

(B) Total Remuneration and Number of Directors and Board of Management

The remuneration of the Board of Management members follows the principles and policy determined by the Board of Directors and depends on the corporate and individual achievement.

- The 20 members of the Board of Management received, in total, remuneration amounting to Baht 123,826,421 for the full discharge of their respective duties.
- The 19 members of the Board of Directors [not including Executive Vice President (Finance) and Vice President (Account)] received, in total, remuneration amounting to Baht 119,005,421 for their respective duties.

(2) Other remuneration (If any)

Other Remuneration of Board of Management

■ Provident Fund

The Company has provided a provident fund at the rate of 2 percent of the salary. In 2018 (as of December 31, 2018), the 20 members of the Board of Management received, in total, provident fund contributions amounting to Baht 1,891,460.

Human Resources

■ Total Number of Employees as of December 31, 2018 was 32,531 persons

■ Number of Employees by Major Categories

Categorized by job classification:

| | | | |
|---------------------|----------|---------------|----------------|
| - Engineers | = | 2,151 | Persons |
| - Accountants | = | 263 | Persons |
| - Administrators | = | 388 | Persons |
| - General Employees | = | 29,729 | Persons |
| Total | = | 32,531 | Persons |

Categorized by the Company's nine business categories as listed below:

| | | | |
|--|----------|---------------|----------------|
| 1) Buildings | = | 6,733 | Persons |
| 2) Industrial Plants | = | 5,106 | Persons |
| 3) Pipelines and Utility Works | = | 1,690 | Persons |
| 4) Highways, Railways, High Speed Rails, Viaducts, Track Works, MRT Systems, Bridges and Expressways | = | 11,527 | Persons |
| 5) Airports, Ports, Jetties, River Protection, Dredging & Reclamation, Marine Works | = | 4,151 | Persons |
| 6) Dams, Tunnels, and Power Plants | = | 757 | Persons |
| 7) Steel Structures | = | 479 | Persons |
| 8) Telecommunications | = | 90 | Persons |
| 9) Mining and Miscellaneous | = | 1,290 | Persons |
| 10) Head Office and Foreigner | = | 53 | Persons |
| Total | = | 32,531 | Persons |

■ Changes in employee numbers in the last three years

| | | | |
|---|---|--------|---------|
| - Total number of employees as of December 31, 2015 | = | 25,678 | Persons |
| - Total number of employees as of December 31, 2016 | = | 31,142 | Persons |
| - Total number of employees as of December 31, 2017 | = | 32,531 | Persons |

■ Major labor disputes during the past three years

- None

■ Employee benefits for the year 2017

- Baht 8,083,311,089 (salaries, wages, and other benefits)

Employee Skills Development Policy

The Company recognizes that all employee development is a key part of its success, and believe that all our employees have the potential to grow, both in their work role and personally. The Company also acknowledges the responsibility to help our employees to meet these challenges by providing further education and encourage training, to inspire confidence thus creating a highly qualified effective and efficient team. Also, the co-ordination of the learning and development process is the responsibility of all employees.

The purpose of the Company's training policy is dependent on a number of trained personnel at all levels in the organization. In order to ensure as follows:

- Employees are properly trained in the skills they need to carry out their present jobs at a standard acceptable to the Company.
- As far as possible, employees are encouraged to develop their skills and talents to enable them to progress within the Company and reach their full potential.
- All employees will undergo annual refresher training in health, safety and hygiene in all areas relevant to the safe performance of their job.

The Company provides a range of training and development opportunities to all levels of employees within both Operation and Supporting Departments. There are thirty courses. The training programmes required by all levels are:

1. Executive Level

The Company is responsible for the executive management positions value training program aimed at:

- Building a spirit of teamwork to maintain work schedules to achieve assignment success.
- Learning how to planning and working effectively together and accomplish the work to meet the productivity and quality goals.
- Supporting the Leadership and to conduct all activities in accordance with all applicable laws and the Company's standards /policies, including its environmental, safety and health policy.
- Sharing all experience and coaching to other staff to develop skills and potential.
- Educate the general knowledge of various employment and construction's Laws.

The program provided develops the knowledge and skills listed below:

- 1.1 Vision Enhancement for the Executive
- 1.2 Effective Financial Management
- 1.3 Resource Personal Skill Development
- 1.4 Construction Management for the Executive
- 1.5 Safety Officer in Management Level
- 1.6 Trainer Skill Enhancement

2. Supervisor Level

The Company knows well that all supervisory staff are the greatest asset, so we provided continuous job training and development of their potential, operations and management with skills to fulfil their principal roles and responsibilities to continually improve their job performance. Assistance is provided to all supervisory staff to build team work, instruct and give the opportunity to work successfully with safety.

The program provided develops the knowledge and skills listed below:

- 2.1 Vision Enhancement at the Supervising Level
- 2.2 Supervisory Skills Development
- 2.3 Subordinate Skill Development
- 2.4 Cooperation Skill Development
- 2.5 Accountant Seminars
- 2.6 Store Supervisor Seminars
- 2.7 The Safety Officer in Supervising Level
- 2.8 Occupational Safety, Health and Environment Committee
- 2.9 High-rise Construction Techniques
- 2.10 Reinforced Concrete Structure Operation (Precast Concrete System Case Study)
- 2.11 Telecommunication System Dismantling in Construction Area (Mass Transit Railway Case Study)

- 2.13 Basic Principles of Steel Structures
- 2.14 Design and Construction Techniques of Underground Raily Station (in Crisis)
- 2.15 Plastering and Tiling Work of Steel Structures for Building Construction
- 2.16 Concrete Work for Airport Apron Pavement (Pavement Quality Concrete or PQC)
- 2.17 Road Construction
- 2.18 Box Girder Bridge Construction
- 2.19 Engineers Preparation Course

3. Officer Level

The Company emphasizes staff training course participation and skill development in order to ensure that officer level staff shall keep the Company's goal on track, contribute to the competitive success and strengthen their inspiration by continuous learning and self-development.

The program provided develops the knowledge and skills listed below:

- 3.1 Vision Enhancement in Officer Level
- 3.2 Effective Document Control and Filing Management
- 3.3 Communication and Coordination for co-working environment
- 3.4 Planning and Priority Management
- 3.5 Secretary Seminars
- 3.6 Orientation Courses

4. Semi-Skilled Worker Level

To ensure the semi-skilled workers get the opportunity to improve their working skills and thus be able to expand their career path in the Company, with the cooperation of Department of Skill Development, the Company is providing basic training in working skills and safety to advance the qualifications for semi-skilled workers, particularly for technician and mechanical workers.

5. Skilled Worker Level

The Company is providing further education and training programmes to skilled workers, such as bricklayers, woodworker, welder, tiller worker, electrician and ironworker, to improve their skill levels in order to continually improve their job performance, to increase the effectiveness of their career aspirations and to reach the National Standard Skill levels.

6. On the Job Training (OJT)

Starting a new job is a demanding and often challenging experience that benefits from induction training to help new employees become fully integrated into the organization. New employees will undergo a basic introduction training program by their supervising level in order to acknowledge the work procedures, work instructions, work manual, rules and regulations. This is an essential part of new employee's learning and development for integration into the working environment within the shortest period possible and to bring them to an effective standard of performance.

Number of Staff to Trained 2018

| Level | People | Hours | Training Man Hours |
|------------------------------|--------|---------|--------------------|
| 1. Executive Level | 202 | 2,794 | 13.83 |
| 2. Supervisor Level | 616 | 420,420 | 682.50 |
| 3. Officer Level | 208 | 16,848 | 81 |
| 4. Semi-Skilled Worker Level | 14,504 | 20,711 | 1.43 |
| 5. Skilled Worker Level | 941 | 227,722 | 242 |
| 6. On the Job Training | 8,015 | 9,027 | 1.13 |

Recognition of the importance of good corporate governance is essential in creating value-added efficiency to the organization which affects stakeholder's confidence. Pursuant to the meeting of the Board of Directors, the Board of Directors has approved and officially announced "ITD Corporate Governance Handbook" in 2004, which contains philosophies, policies and the code of conduct for corporate governance of the Company. It provides guidelines and a progress report for corporate governance practices which lead to evaluation and improvement procedures.

The Policy of Corporate Governance shall be reviewed every year and updated in line with the current situation. In 2018, the Board of Directors' Meeting, held on December 14, 2018 reviewed and agreed to amend on two sections, namely the "Anti-Corruption Policy" and the "Code of Ethical Conduct". After the unanimous resolution, the Company has promptly amended the Policies as disclosed in the Annual Report and on the Company website (www.itd.co.th).

In recognition of the importance of good Corporate Governance, the Company was evaluated by governing authorities in 2018 with the commendable results as follows;

- The Thai Investor Association rated as "Very Good" results of the Quality Evaluation of the Company's 2018 Annual General Meeting of Shareholders by the.

- The results of Thai Institute of Directors (IOD) rated "Very Good" the Corporate Governance of the year 2018 and rated "Excellent" the Rights of Shareholders and the Treatment to the Shareholders with Equality.

1. Good Corporate Governance Policy

The Board gives precedence to the Corporate Governance Policy in order to be the guideline for transparency of the Board's responsibilities. The Corporate Governance Policy is stipulated in accordance with the Corporate Governance Code by Securities and Exchange Commission. The Corporate Governance Policy is divided into eight parts as follows:

1. Role and Responsibilities of the Board in Leadership Awareness

Principle 1.1

The Board demonstrates a thorough understanding of its leadership role, assumes its responsibilities in overseeing the Company, strengthens good governance, including defining objectives, determining means to attain objectives, together with monitoring, evaluating and reporting on performance.

Principle 1.2

To achieve sustainable value creation, the Board exercises its leadership role and pursues the following governance outcomes: competitiveness and performance with a long-term perspective, ethical and responsible business, good corporate citizenship and corporate resilience.

Principle 1.3

The Board ensures that all directors and executives perform their responsibilities in compliance with their fiduciary duties and that the Company operates in accordance with applicable law, standards and the resolutions of the shareholders' meetings.

Principle 1.4

The Board demonstrates a thorough understanding of the division of Board and Management responsibilities. The Board clearly defines the roles and responsibilities of Management and monitors Management's proper performance of its duties.

2. Define Objectives that Promote Sustainable Value Creation

Principle 2.1

The Board shall define objectives and/or promote sustainable value creation and governance outcomes as a framework for the operation of the Company, interested people and the public.

Principle 2.2

The Board shall ensure that the Company's medium-term objectives, goals, strategies, annual plans are consistent with the long-term objectives, while utilizing innovation and technology effectively.

3. Strengthen Board Effectiveness

Principle 3.1

The Board is responsible for determining and reviewing the Board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.

Principle 3.2

The Board is responsible for holding the Board of Directors' meetings at least once a quarter in order to review the operational result and other matters may concern. In each, the Company regularly sends all attendees an invitation letter attached with meeting documents in seven days

prior to the scheduled date for the meeting to begin, making sure they shall be able to prepare themselves before each meeting begins. In addition, a quorum shall be constituted by two-third of total directors. The frequency of the Board of Directors who attended the meeting shall be disclosed on the Annual Report.

Principle 3.3

The Board selects an appropriate person as the Chairman and ensures that the Board composition and operation serve the best interest of the Company, enabling the Board to make its decisions as a result of exercising independent judgement on corporate affairs.

Principle 3.4

The Board shall ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the Board.

Principle 3.5

When proposing director remuneration to the shareholders' meeting for approval, the Board considers whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and Company performance, and provide incentives for the Board to lead the Company in meeting its objectives, both in the short and long term.

Principle 3.6

The Board shall ensure that all directors are properly accountable for their duties, responsibilities and actions, and allocate sufficient time to respond their duties effectively by not holding office in more than five listed companies.

Principle 3.7

The Board shall ensure that the Company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment, as appropriate.

Principle 3.8

The Board conducts a formal annual performance evaluation of the Board, its committees, and each individual director. The evaluation results shall be used to strengthen the effectiveness of the Board.

Principle 3.9

The Board shall ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business and relevant law and standards. The Board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the Board and Board committees.

4. Ensure Effective CEO and People Management

Principle 4.1

The Board shall ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience and characteristics necessary for the Company to achieve its objectives.

Principle 4.2

The Board shall ensure that an appropriate compensation structure and equitable performance evaluation are in place including an appropriate benefit to employees.

Principle 4.3

The Board shall consider their responsibilities in the context of the Company's shareholder structure and relationships, which may impact the management and operation of the Company.

Principle 4.4

The Board shall ensure the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled and experienced employees and staff.

5. Nurture Innovation and Responsible Business

Principle 5.1

The Board shall prioritise and promote innovation that creates value for the Company and its shareholders together with benefits for its customers, other stakeholders and the environment, in support of sustainable growth of the Company.

Principle 5.2

The Board shall encourage management to adopt responsible operations, and incorporate them into the Company's operations plan. This is to ensure that every department and function in the Company adopts the Company's objectives, goals and strategies.

Principle 5.3

The Board shall ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives.

Principle 5.4

The Board shall establish a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management and supports the Company's objectives.

6. Strengthen Effective Risk Management and Internal Control

Principle 6.1

The Board shall ensure that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards.

Principle 6.2

The Board shall establish an audit committee that can act effectively and independently.

Principle 6.3

The Board should manage and monitor conflicts of interest that might occur between the Company, management, directors, and shareholders. The Board should also prevent the inappropriate use of corporate assets, information and opportunities, including preventing inappropriate transactions with related parties.

Principle 6.4

The Board shall establish a clear anti-corruption policy and practices, including establish a mechanism for handling complaints and whistleblowing.

Principle 6.5

The Board assigns the Board of director and the executive management to report to the SEC about the stock trading within 3 business days after a transaction is made.

Principle 6.6

The Board assigns the Board of director and the executive management to report the principles of trade agreement with general conditions on transactions made between the Company or its subsidiaries and its directors, executives or connected persons to the Chairman.

7. Ensure Disclosure and Financial Integrity

Principle 7.1

The Board must ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

Principle 7.2

The Board shall monitor the Company's financial liquidity and solvency.

Principle 7.3

The Board ensures that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

Principle 7.4

The Board shall ensure the sustainability report is appropriate.

Principle 7.5

The Board shall ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

Principle 7.6

The Board ensures the effective use by the Company of information technology in disseminating information.

8. Ensure Engagement and Communication with Shareholders

Principle 8.1

The Board shall ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters, including facilitating and enhancing the shareholders and institutional investors participation in the shareholders' meetings.

Principle 8.2

The Board shall ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure that all shareholders shall be treated by inclusive and equitable manner in order to be capable to exercise their right.

Principle 8.3

The Board shall ensure that the disclosure of Shareholder Resolutions and preparation of the Minutes of the Shareholders' Meetings shall be disclosed with accurate information, and timely discourse.

The Report of Corporate Governance for Listed Companies

In 2018, the Board of Directors strictly followed the regulations of Corporate Governance 2018 (CG Code) by the Securities and Exchange Commission of Thailand as follows:

1) The Recognition of Role and Responsibility

1.1 The Board of Directors, acting as corporate leader, acknowledged to take responsibility to keep the good Corporate Governance as standardized and to run the business with morality and responsibility towards shareholders and the whole society, aiming to maintain the Company with sustainable values.

In the Board meeting on December 14, 2018, the vision, mission, and direction was revised in order to align with the Company objectives. With its importance, the revision, purposing to set the strategy for running the business according to the Company objectives was also adopted by Management Division.

Furthermore, the Management Division undertook quarter reporting, which was a primary consideration by the Board of Directors in order to ensure the potential of Company for competition, to cope with changes from internal and external factors and to gain profit with sustainability

1.2 The good Corporate Governance was implemented as the key factor of operational efficiency, to assure the Company's potential to shareholders and investors. By this significance, the Corporate Governance had been composed in "ITD Corporate Governance Handbook" since 2004, which contains the philosophies, policies and code of conduct for the Corporate Governance of the Company. It is considered as guidelines for all employees to follow. The Corporate Governance policy is normally reviewed and updated with the current situation every year posted publicly on the Company website (www.itd.co.th).

1.3 The Board of Directors ruled the norms to be strictly followed by all levels of employees with duty of responsibility, duty of care, and duty of loyalty. The Board also took role to keep the business flow on track, and undertook the duties regarding the approval for any significant operations as investments, any transactions that may impact on Company, assets gain or distribution and dividend payout. Importantly, all actions aiming for the best profit for the Company and shareholders are firmly processed upon the usual right and law.

1.4 The Board of Directors undertook to clearly define the responsibility, authority and duty for the Chairmen and Management Division as described on the section of the Board of Directors' authority. Moreover, they set the Board Charter and monitored and kept the management flow on track. By necessity, the Corporate Governance policy was annually reviewed in accordance with the business direction. The responsibility, authority and duty were disclosed on Company's website (www.itd.co.th)

2) Business Goals and Objectives Setting

In the Board meeting No.6/12/2018 held on December 14, 2018, the vision, mission, strategy and duty were revised for 2019 in co-operation with the Management Division to set the short-term, mid-term, long-term planning objectives in accordance with Company's primary direction for the proper implementation of innovation and technology based on Company's current state.

The objective-setting framework consisted of

- increasing the potential for competition
- increasing the profit-earning potential
- satisfying clients
- maintaining security level as being standardized
- improving employees' quality of work and life
- contributing towards the whole society

Hence, the primary objectives were concluded and listed as below

1. To be the front-line leading construction company for both domestic and international markets
2. To run any in-hand projects with the best level of quality and efficiency
3. To provide a secure workplace and to improve the working environment, ultimately providing the best performance
4. To provide the moderate profit to Company shareholders

All planning objectives (in short-term, mid-term, long-term) are disclosed in **Section 1: the policy and overall business running**.

3) Contributions for the Board of Directors

3.1 Structure of the Board of Directors

The Board of Directors consisted of nine members. Each Director was an expert with substantial experiences aiming to contribute the best benefit to ITD. The Director positions were:

| | | |
|--|-------------|-------|
| - Executive Directors | 6 Directors | (67%) |
| - Non-Executive Director (Independent Directors) | 3 Directors | (33%) |

The structure of the Board consists of 3 Independent Directors. Moreover, three-fifth of directors were appointed as the Audit Committee. The Chairman of the Audit Committee is also the Chairman of the Board of Directors. Hence, it was able to ensure that the structure was run under the balance of power and proper verification of the operations.

The structure and the definition of the Independent Directors of the Company complies with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

3.2 Roles and responsibilities of the Chairman and the President

According to the Good Corporate Governance, the Chairman of the Board of Directors was determined to be an Independent Director as well as a person who was not acting as the President (Managing Director)/ Executive President in order to balance the Company's management. The authorities of the Chairman and the President are clearly defined as follows:

The Chairman:

1. Taking the role as the leader of the Board of Directors and presiding as the Chairman in the Board's and shareholders' meetings.
2. Setting and monitoring the Board of Directors' performance in order to achieve the Company's primary direction.
3. Building the corporate culture with morality and good corporate governance
4. Co-operating with the President to set the agenda and to amend significant issues on agenda
5. Managing the period of time with quality for purposing and revising on any issues
6. Encouraging the Board of Directors to independently express their opinions
7. Building the good relation between the Board of non/director and committee with management division

The President: playing the integral role as the leader of the Board of Management and being authorized by the Board of Directors to direct and control the management staff for achieving the Company's goals.

According to the Board of Director's meeting in 2013, the Company had set the vision, mission, motto and business operation strategy which had been annually reviewed.

3.2.1 Authority of the Board of Directors

The Board of Directors had the authority to approve and define the overall Company's vision, mission and strategy. In the same time, the policies and directions are included. The Board of Directors appoints the Audit Committee, Risk Management Committee and/or other Directors to be assigned in each particular responsibility as proper in order to get the management system on track.

The scope of authority will be defined in the section of the Board Responsibilities

3.2.2 The Subcommittees

Audit Committee

The Board of Directors appointed the Audit Committee as a subcommittee to assist with the corporate governance practice and the effectiveness of internal control systems. The Audit Committee comprises of three members, all Independent Directors. The Manager of the Internal Audit Division was the Secretary of the Audit Committee.

The Audit Committee held five meetings during the year 2018. Agendas were sent to the Committee members at least seven days in prior to make sure they knew what to expect at the meeting. Normally, the meetings lasted two to three hours. After the meeting was adjourned, the conclusion was implemented, monitored and directly reported as the Committees' performance in Annual Report.

Risk Management Committee

In 2010, the resolution of the Board of Director's Meeting No.1/9/2010 on September 2, 2010 approved the establishment of the Risk Management Committee. Dr. Krisorn Jittorntrum, an Independent Director, is the Chairman of the Risk Management Committee. This Committee has the responsibility to review the Company's risk management policy and framework, which covers all the major

risks; namely financial risk, investment risk, operational risk and corporate reputation risk, before proposing the policy to the Board of Directors for approval. The Committee is also responsible for setting appropriate risk management measures to support the decisions of the Board of Directors or the Management, especially the investment activities which might significantly affect the financial status of the Company or the risky investment that the Board of Directors provided to the Risk Management Committee for review. In 2018, the Risk Management Committee held meetings to consider, review, and make recommendations for the investment in six projects: Dhaka Elevated Expressway in Bangladesh, the Dawei Project in Myanmar, Bauxite Mining Project in Laos, the Potash Mining Project in Udonthani Province, the Construction and Operation of the Deep Sea Port and the Railway from Moatize to Macuse in Mozambique, and Mae Moh Mining Project Contract No.9 in Lam Pang Province, which were all reported to the Board of Directors.

3.3 Selection and Nomination of Directors

- Independent Directors

Rules and Regulations in selection of Independent Directors

Independent Director's Qualification

The result of the Board of Director's meeting No.9/3/2009 on March 25, 2009 approved to modify the definition of an Independent Director to comply with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as follows;

1. Holding shares not exceeding one percent of the total shares with voting rights of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company (to be calculated by including the shares held by any related person of such Independent Director);

2. Never been or not being a director engaging in management, employee, staff, advisor, who received salary, or Controlling Person of the Company, its Parent Company, its Subsidiaries, its Affiliates and entities equivalent to its Subsidiary, or a Major Shareholder or unless the possession of such characteristic has been discontinued for a period of not less than two years; controlling person of the Company, unless the holding of the aforementioned positions has been discontinued for at least two years. However, such prohibition shall not apply in the case where such Independent Director has been a government official or consultant of the government sector which is a major shareholder or controlling person of the applicant. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards;

3. Not being a person related by blood or registration under laws, as father, mother, spouse, sibling or child, including spouse of a child, of its Executive, its Major Shareholder, its Controlling Person, or the person who will be nominated to take up the position of Executive or Controlling Person of the Company or its subsidiary.

4. Not having, or not having had, any business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, Major Shareholder or Controlling Person of the Company in a manner which may obstruct its independent judgment, and not being or not having been a substantial shareholder or Controlling Person of a person who has a business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, unless such business relationship has been discontinued for at least two years prior to being appointed as an Independent Director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards;

The aforementioned business relationships shall include the entering into commercial transactions in the manner of normal business operation, transactions regarding rental or lease of real estate, transactions relating to assets or services, provide or receipt of financial assistance whether by receiving or providing a loan, guarantee, providing assets as collateral, as well as other similar matters which give rise to the Company or the parties having an obligation in an amount equal to or greater than three percent (3%) of the net tangible assets of the Company or from Baht twenty million, whichever is lower. The calculation of obligations shall be in compliance with the method of calculation of connected transactions as stipulated in the Notification of SEC Re: Connect Transaction. In this regard, the calculation of obligations shall be assessed by including aggregate obligations during one year before the date of having any business relationship with the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company.

5. Not being, or not having been, an auditor of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, and not being a substantial shareholder, Controlling Person or Partner of an audit company being the auditor of the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company has worked therein, unless the holding of the aforementioned positions has been discontinued for at least two years prior to being appointed as an Independent Director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards.

6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from the Company, its Parent Company, its Subsidiaries, its Affiliates, or a Major Shareholder or Controlling Person of the Company, and not being a substantial shareholder, Controlling Person or Partner of such professional service provider, unless such holding of the aforementioned positions has been discontinued for at least two years prior to being appointed as an Independent Director. The requirement of two-year discontinuity for possession of the said characteristics shall take effect from the Annual General Meeting of the year 2011 onwards.

7. Not being a Director nominated to be a representative of a Director of the Company, Major Shareholder or shareholder who are related persons to the Major Shareholder;

8. Not undertaking business of the same nature as and materially competing with that of the business of the Company or its Subsidiaries or not being a Partner of the partnership or a Director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding one percent of the total shares with voting right of other companies which undertakes business of the same nature as and materially competes with that of the business of the Company or its Subsidiaries; and

9. Having no other qualifications causing any inability to express independent judgment in respect of the Company's business operation.

Nomination Process

The Board of Directors could play an integral role to nominate the Independent Directors by qualifications and to select the person who would be useful as a Company Independent Director from his/her experience, ability and education and not a person whose character would prohibit him/her from being approved at a Shareholder's Meeting.

The Company has set up a transparent procedure to select Directors, although it does not have a Nominating Committee. The incumbent Board of Directors performs the initial selection and evaluation of candidates for vacated or newly created positions on the Board of Directors. The Board of Directors jointly scrutinize the qualifications of all appropriate candidates in compliance with Section 68 of the Public Company Limited Act, B.E. 2535 by consideration of the profile, experience, expertise in different careers and performance in the role of directorship in the past. The candidate's qualification shall also be subject to the prohibitions set out by the Announcement of the Securities and Exchange Commission No. Gor Jor 5/2548, which gave the requirements relating to the qualifications of executives of a company that issues securities.

The nominated Director would then receive the ITD Corporate Governance Handbook from the Company Secretary as the guidance to follow.

The Company announced on December 25, 2018 to February 8, 2019 that a person who was nominated by the Shareholders as a candidate to be appointed as a Director would be considered for nomination at the 2019 Annual General Meeting of Shareholders. For Shareholders to be eligible to nominate a person as a Director they could, individually or as a group, hold not less than five percent of the total number of the Company's ordinary shares. The incumbent Board of Directors' approved candidates for any vacant or new directorship could then be nominated to the shareholders at the Shareholders' Meeting for approval by a majority, but there was no proposal received from the shareholders.

3.4 Remuneration of Directors

The Company does not yet have a Remuneration Committee or a Nominating Committee, but the Board of Directors has set up a transparent procedure to determine appropriate levels of remuneration by comparisons with other companies of similar size in the same industries, and partly by the performance of the Company. In any case, the amount of remuneration to be paid to Directors must be finally approved by a meeting of the shareholders.

3.5 Responsibilities and Time Management

There were five Board of Directors' Meetings held in 2018 in the year ending December 31, 2018. All the Board of Directors attended not less than hundred percent of the meetings for the whole year. For the effective performance, the Board of Directors ruled two policies including with Directors could be a director in not more than five listed companies and the Directors must disclose any holding positions of themselves and their spouse to the Board Meeting for inclusion in the Annual Registration Statement and the Company's Annual Report.

Each Director was able to express his/her opinions independently regarding the operation of the Company and its annual strategic plan, without intervention, for the benefit of all shareholders and other stakeholders.

3.6 Corporate Governance of Subsidiaries and Associated Companies

The Board of Directors had established policies for subsidiaries and associated companies' good corporate governance with regard to management practices which are responsible, controllable and detectable for all stages. The policies have to preserve the maximum profit of the subsidiaries and associated companies, thus a qualified person would be appointed to be a representative of the Company as a Director/an Executive or an authority depending on the nature of business and the approval from the Board of Directors' meeting.

The Directors, the Management or the authority, as a representative of the Company and Management Division, could jointly establish significant policies to monitor the operation of subsidiaries and associated companies taking into account the nature of business, and also prescribe regulations for the disclosure of financial status, operations result, transactions between subsidiaries/associated companies and concerned persons, acquisition and distribution of assets including other significant transactions that must be in compliance with the rules of the Securities and Exchange Commission. In addition, all data and information of subsidiaries and associated companies must be stored and recorded so the Company could determine and collect data for the consolidated financial statements on time.

In addition, the subsidiaries and associated companies shall jointly evaluate the Internal Control System to it is appropriate and concise, by reporting to the Board of Audit Committees' meeting and the Board of Directors' meeting.

3.7 Self-Assessment of the Directors and Subsidiaries

3.7.1 The Board of Directors

The Board of Directors conducted the annual self-assessment at least once a year in order to assess their performances, aiming to revise their works and come up with their operational evaluation. The annual self-assessment is considered one of the key guiding factors for performance improvement.

The Company Secretary is responsible for the assessment, to distribute and collect the forms, to calculate the score, to summarize and to report to the Board of Directors. The form distributed is qualified under the guidance of Stock Exchange of Thailand and is used to assess both individual and collective each member's work performance in whole year. In 2018, the Company assigned the Board of Directors to assess their work performance at the Board of Directors' Meeting No. 6/12/2018 held on December 14, 2018. The assessment was calculated in percentage form of the full marks of each item as follows:

| | | |
|------------|---|-------------------|
| 100% | = | Excellent |
| 80% - 100% | = | Very Good |
| 60% - 80% | = | Fairly Good |
| 40% - 60% | = | Satisfactory |
| 20% - 40% | = | Needs Improvement |

The assessment was divided by two dimensions as (1) the collective and (2) the individual work performance assessment.

Those dimensions were evaluated basing on the Board of Directors' detail as (1) the structure and qualification, (2) the meetings, (3) the role and responsibility, (4) the operational performance, (5) relation with managing department and (6) the self-development.

3.7.2 Operational Assessment of the Sub-committees

The Board of Directors also assigned the sub-committees, being the Audit and Risk Management Committees, to assess their annual operation performance in order to revise the whole-year practice and to improve or even increase the working proficiencies in following years. The results were directly reported to the Board of Directors' Meeting for consideration and acknowledgement

3.8 Further Development for Directors

The Directors of the Company have passed the training programs provided by the in-house training division, the organizations of the government and the independent entities, such as the course for the Company's Directors held by the Thai Institute of Directors at the Securities and Exchange Commission for which the Company's Directors are required to pass at least one course, for example Director Certification Program (DCP), Directors Accreditation Program (DAP) or the Audit Committee Program (ACP)

For Thai Institute of Directors (IOD) training programs, the Directors of the Company have passed the training programs as follows;

- | | |
|---------------------------------|--|
| a). Mrs. Nijaporn Charanachitta | - Director Certification Program (DCP) |
| b). Mr. Pathai Chakornbundit | - Director Certification Program (DCP) |
| c). Mr. Tawatchai Suthiprapha | - Director Accreditation Program (DAP) |
| | - Finance for Non Finance Director |
| | - Finance Instruments for Directors (FID) 2/2012 |

-
- | | |
|--------------------------------------|--|
| d). Mr. Chatichai Chutima | <ul style="list-style-type: none"> - Director Accreditation Program Class 67/2007 - Successful Formulation & Executive of Strategy Class 12/2011 - Director Certification Program (DCP) class 204/2015 - CFO Getting Together 2018 |
| e). Mr. Woravudh Hiranyapaisarnsakul | <ul style="list-style-type: none"> - Company Secretary Program 29/2009 - Effective Minute Taking 13/2009 |

3.9 The Board of Directors' Meeting

The Board of Directors set the frequency of meetings as every quarter. By this frequency, the whole year agenda was orderly prepared and sent to notify to all directors prior to the date scheduled for each meeting. Thus, all Directors were able to plan to attend the meetings in the year ahead.

In 2018, there were a total five Board of Directors' meetings held. In each, the Company regularly sent all attendants the invitation letter attached with meeting documents seven days prior to date scheduled for the meeting t, making sure they were able to prepare themselves before each meeting.

After adjourning from two to three hours of meeting, the Company Secretary primarily took the integral duty to take minutes and do the report review by the Board of Directors. The meeting report might be amended based on the completeness of the detail in meetings. The report would be kept confidentially at Corporate Service Division in soft copy via electronic document for any retrieval as references in future.

Effective since the board meeting No. 5/6/2008 held on June 9, 2008, Mr. Woravudh Hiranyapaisarnsakul was appointed to be the Company Secretary in accordance with the Securities and Exchange Act (No. 4) B.E. 2551 (2008). His mandatory obligation is to hold the Board and Shareholders meetings, to give the guidance to directors regarding regulations, to list and maintain committees' registration, to make the annual report, as well to do any actions assigned by the Securities Exchange Commission. Lastly, in order to operate this obligation with efficiency, he was trained and certified in courses related with secretarial field.

4) Selection and Nomination of Chief Executive Directors and Management Staff

4.1 Nominating Chief Executive

The Chief Executive, who is nominated by the Board of Directors, will select a person who is properly qualified by knowledge, experience and capabilities. That person's qualifications should be contributing the Company's operation and achievement of the Company's objectives. The Chief executive's remuneration shall be revised and provided under the Board of Directors' authority.

4.2 Structure of Remuneration of Directors

The Company has determined the Remuneration of Directors clearly and transparently based on comparable industry levels and for the efficiency required of the supervising Directors. Directors assigned to be the Audit Committee receive additional remuneration for full discharge of their Audit Committee duties. In any case, the amount of remuneration to be paid to Directors will eventually be approved by the shareholders' meeting depending on the corporate and individual achievement.

4.3 Employees' Management and Development

The Board of Directors have the proper plan for employees' management and development in order to maintain Company loyalty. That plan includes with fair treatment of laborers, provident fund provisions, funds management and investment tutoring.

5) Innovative Contribution and Businesses Running with Responsibility

5.1 The innovative contribution

The Board of Directors' meeting, held on December 14, 2018 has revised the strategy and directed the objectives to implement an information technology systems for the development of innovative construction procedures. The establishment of a research and development center at the Vihandang unit in Saraburi province, under the control of the Construction Department is one of the example for this integral IT implementation.

5.2 Businesses Running with Morality and Concern for Whole Society

The Board of Directors recognizes the rights of all stakeholders; such as shareholders, employees, customers, partners, business competitors and the general public and they also pay attention to the communications with all stakeholders in order to exchange information, opinions and advice for the sustainable sharing of benefits. The Board of Directors has implemented the policy for dealing with the stakeholders, which was disclosed on the Company's website (www.itd.co.th), being the Policy on Stakeholders Treatment, the Policy on Occupational Safety, Health and Working Environment, and the Policy on Corporate Social Responsibility.

As the Securities and Exchange Commission (SEC) amended the Notice of Corruption Disclosure to encourage listed Companies to reveal the information of the anti-corruption scheme and to appoint a person to be in charge of corporate governance practices, the Company had recognized this matter is of prime importance; therefore, in 2013 the Directors, the Company Secretary and the Internal Audit Division jointly implemented the policy of anti-corruption in ITD Corporate Governance posted on the Company's website for the acknowledgement of the employees and public.

The Company has the procedure to assess the risk of corruption in working, conducted by the Internal Audit Division, by gathering information to present to the Audit Committee for evaluating risk of fraud, leading to anti-corruption monitoring and supervision guidelines, then to be followed up with implementation according to the anti-corruption policy.

The Code of Ethical Conduct has the compliance rules for executives and employees toward the shareholders, clients, partners and/or creditors, competitors and the public. The Management has continuously monitored and controlled their actions according to these policies.

The Company has provided notification channels for treating the stakeholders fairly and equally according to the corporate governance and when any misconduct, fraudulent act or corruption is found by the stakeholders, they may report directly to Independent Directors through Corporate Service Division, telephone +66 (0) 2716-1600 extension 3800-4, or email at kanyakorn@itd.co.th or/and cccs@itd.co.th.

All information received by the Company shall be kept strictly confidential, safe and secure in order to protect against the potential negative impact of any disclosure. Any such occurrence shall be investigated by the Company Secretary and the Internal Audit Division which shall authorize appropriate further action.

In 2018, the Company has been in contact with all interested shareholders and members of the public as follows:

Shareholders: The Company had strived to achieve growth for long term benefits. The Company had also disclosed complete, true and timely information through the system of the Stock Exchange of Thailand and the Company website (www.itd.co.th), such as the resolutions of the Board of Directors, the resolutions of the Annual General Meeting of Shareholders, signing ceremonies of major projects, and so on.

Employees: The Company had realized the importance of staff as the main mechanism to promote the continuous growth. The Company has rewarded staff and improved their welfare and security for long term value creation, for example, by the establishment of a pension fund, providing a healthcare service (including a medical room and a doctor on active service at Head Office), supporting the scholarships for employee's children who show a good study performance, offering urgent loans and improving the environment of their workplace, implementing the 5S activities, those being "Set in order, Sustain, Sort, Standardize and Shine" to improve the workplace organization and standardization for productivity and safety. With its importance, all levels of staff participated in this project.

The Company had treated its employees strictly according to labor legislation, and no labor lawsuits have occurred in recent years.

Since the employees' skills were very important to the Company's performance, the Company has continued developing the potential of all staff in order to increase their competencies and skills necessary for work and for success, as well as to encourage safety at work and occupational health. In the year 2018, the Company provided 30 courses as shown on the page 41, section of Management Structure under Employee Skill Development Policy.

Customers: The Company had provided a good quality and a high standard of construction services. The customers were provided with sufficient information and effective procedures to deal with customer complaints for a timely response to correct all complaints.

Partners and Creditors: The Company had standard procedures for partner screening and selection through three qualities: reliability, responsibility and on time working. The Company has treated the partners and creditors according to the conditions of their agreements.

Business Competitors: The Company always competed in government and private sector bidding with honesty, knowledge and transparency. There were no disputes with competitors during the year.

Society: As the Company was in the construction business for which occupational health, safety and environmental management were very significant, the Company has established measures to prevent society and the environment from negative construction impacts, for example wastewater treatment, odor control, oil spillage and contamination control, vibration control, dust control, waste segregation campaign, energy saving and so on. In cases where the Company received any complaints from the community, the Company immediately sent staff to investigate and carry out further necessary action. If such impacts caused by the construction of the Company, the Company would immediately resolve the issues.

Respect for Human Rights and Labor Practices to the Labors with Equity: Disclosed in the Corporate Social Responsibility

As the recognition on usage the limitation of resources, the Board of Directors would use all resources with best allocation. The management division undertook the role to revise and maintained them to be properly used.

5.3 The Corporate Innovative Management

5.3.1 The Company had conducted the rules and regulations, as well as communicated to all employees in the concern of any information technologies usage.

5.3.2 The Company had a security system to protect all information, with confidentiality, integrity and availability, to avoid either modifying or use in an improper way.

5.3.3 The Company had the policy for risk management concerning the use of information technology in various dimensions such as business continuity management, incident management and asset management.

5.3.4 The Company had revised and managed the information technology resources. The plan for information technology resources management was adjusted to get along with the business field. In 2018, a significant implement approved by the Board in November 2017 was the replacement of the former system ERP: SAP 4.6C with the updated computer system ERP: SAP S4/ HANA which went live in September 2018.

6) Risk Management and Internal Audit

The Board of Directors ratified to set up the systematic management of risk internal audit and management in purposing to achieve the Company objectives and to process overall operations according to the law and standards. The policy of risk management was composed as one of Corporate Governances in “ITD Corporate Governance Handbook”, which disclosed on the Company’s website (www.itd.co.th).

In summary, there were two subcommittees: the Risk Management Committee and the Audit Committee.

6.1 Audit Committee

The Board of Directors appointed the Audit Committee as the subcommittee to assist Company concerning corporate governance practice and the effectiveness of internal control systems. The Audit Committee comprises three members who are all Independent Directors. The Executive Vice President of the Internal Audit Division was the Secretary of the Audit Committee.

The scope of responsibilities were formally assigned as listed follows:

1. To review the Company’s financial reporting process to ensure that it is accurate and adequate.
2. To review the Company’s internal control and internal audit system to ensure that both were suitable and efficient, to determine the internal audit unit’s independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other units in charge of an internal audit.
3. To review the Company’s compliance with the law on securities and exchange, the Stock Exchange of Thailand’s regulations and the laws relating to the Company’s business.
4. To consider, select and nominate an independent person to be the Company’s auditor and to propose such person’s remuneration, and to attend a non-management meeting with the auditor at least once a year.
5. To review the Connected Transactions, or those transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange of Thailand’s regulations, that they are reasonable and for the highest benefit of the Company.
6. To review the efficiency and/or sufficiency of the operation of risk management and to co-operate with the Internal Audit Division and the Independent Auditor
7. To prepare, and to disclose in the Company’s Annual Report, the Audit Committee’s reports which must be signed by the Audit Committee’s chairman and consist of at least the following information:
 - 7.1 An opinion on the accuracy, completeness and creditability of the Company’s financial report,
 - 7.2 An opinion on the adequacy of the Company’s internal control systems,
 - 7.3 An opinion on the compliance with the law on securities and the Stock Exchange of Thailand, the Exchange’s regulations and the laws relating to the Company’s business,
 - 7.4 An opinion on the appropriateness of the Independent Auditor,
 - 7.5 An opinion on the transactions that may lead to conflicts of interests,
 - 7.6 The number of the Audit Committee meetings and the attendance of such meetings by each committee member,

-
- 7.7 An opinion or overview comment received from the Audit Committee on its performance of duties in accordance with the charter, and
- 7.8 Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
8. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

The Audit Committee held five meetings during the year 2018. Agendas were sent to the Committee members at least seven days in prior to make sure they knew what to expect at the meeting. Normally, the meetings lasted two to three hours. Importantly, the Committee has free access to all types of information that could be used to contribute on this operational procedure. After the meeting was adjourned, the conclusions were implemented, monitored and directly reported in Annual Report.

The Audit Committee held the private meeting with auditors on December 14, 2018 without the involvement of the management division.

6.2 Risk Management Committee

In 2010, the resolution of the Board of Director's Meeting No.1/9/2010 on September 2, 2010 approved the establishment of the Risk Management Committee. Dr. Krisorn Jittorntrum, an Independent Director, is the Chairman of the Risk Management Committee. This Committee has the responsibility to review the Company's risk management policy and framework, which covers all the major risks; namely financial risk, investment risk, operational risk, and corporate reputation risk, before proposing the policy to the Board of Directors for approval. The Committee is also responsible for setting appropriate risk management measures to support the decisions of the Board of Directors or the Management, especially the investment activities which may significantly affect the financial status of the Company or the risky investment that the Board of Directors provided to the Risk Management Committee for review. In 2018, the Risk Management Committee had held meetings to consider, review, and make recommendations for the investment in six projects: Dhaka Elevated Expressway in Bangladesh, the Dawei Project in Myanmar, Bauxite Mining Project in Laos, the Potash Mining Project in Udonthani Province, the Construction and Operation of the Deep Sea Port and the Railway from Moatize to Macuse in Mozambique, and Mae Moh Mining Project Contract No.9 in Lam Pang Province, which have all been reported to the Board of Directors.

6.3 Conflict of Interest

The Company has the strict policy concerning information usage as set out in the Corporate Governance Handbook and formally disclosed on Company's website. The primary regulations can be excerpted for the limitation of information access, or limitation of information disclosure. The Company also set the penalty for those who acted against the rules in many levels as the verbal warning, written warning, job suspension, or even dismissal. Importantly, the Committees or Directors can directly report any asset holdings/ purchasing/ selling/transferring to the Securities and Exchange Commission (SEC).

The Company also has established the policy to manage conflict of interest and has implemented measures to prevent the internal abuse of confidential or privileged information. The policy and measures have been disclosed under "ITD Corporate Governance" on the Company's intranet and website (www.itd.co.th).

The Board of Directors acknowledged rules and requirements relating to conflicts of interest between related business entities. Where such conflicts have arisen they are shown in the table Related Party Transactions and in all cases have been addressed in accordance with the Stock Exchange Regulations, such that prices and conditions of procurement are the same as would apply in normal third party "arm's length" transactions. The Related Party Transactions Table provided details of the parties concerned, contract value and reason/necessity for the relationship in the Annual Report and the Annual Registration Statement (Form 56-1).

6.4 The Anti-Corruption Policy

In 2013, the Directors, the Company Secretary and the Internal Audit Division jointly implemented the policy of the anti-corruption scheme in "ITD Corporate Governance" posted on the Company's website (www.itd.co.th) for the information of the employees and the public.

In the Board meeting No. 6/12/2018 held on December 14, 2018, the Company had amended the policy in detail to be in accordance with the Anti-Corruption Cooperation Committee's procurement policy for all Government projects bidding worth more than THB 500 million. This Anti-Corruption policy was publicly disclosed for all parties on the Company's website (www.itd.co.th) on December 25, 2018.

7) Disclosure and Transparency of the Company

The Board of Directors places importance on the disclosure of the complete, reliable, and timely information including the Company's financial information, and general and important information both in Thai and English through the Stock Exchange of Thailand (SET) and the Company's website (www.itd.co.th).

7.1 Financial Reports

The Company established the internal control policy within each department or section to prevent confidential information from being disclosed to the public prior to formal announcement. Employees must not use the Company's confidential information for personal or others' gain. They should maintain inside information and sensitive documents that could lead to undue exploitation of themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formula and inventions. Those who disclose important information and news to outsiders without approval from the Chief Executive Officer could be subject to disciplinary action according to Company procedures and might face legal action.

7.1.1 Information Disclosure by the Company

The Company disclosed information on material matters regarding the Company, including financial reports, non-financial information and other information as stipulated by SET and SEC that are accurate, clear, complete, easy to understand, transparent, adequate, in both positive and negative aspects, and which have been screened according to prescribed procedures. The Company discloses information to ensure equitable access by shareholders in the following channels:

- SET's Community Portal system and SEC
- Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
- Company's website at www.itd.co.th in both Thai and English
- Company's company visit and analysts meetings
- Road shows for both domestic and overseas investors
- Invitation to the AGM via post

Furthermore, the Company had disclosed the important information of the Company in the Annual Report such as the report of good corporate governance practices, the report from the Board of Directors, role and responsibilities of the Board of Directors and Sub-committees, the Directors' Meetings attendance, the remuneration of the Directors and the Management, the structure of the shareholders, the nature and the risk of business, etc.

7.1.2 Disclosure Information of Board of Directors and Executive Management Remuneration Fee and Shareholding

Information on the Board of Directors and Executive Management remuneration fee and shareholding is disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2). Under Article 59 of the Securities and Securities Exchange Act, directors and executives will report to SEC their share portfolios with each purchase, sale, or transfer of shares.

7.2 The Company's financial estimation (with solution plan)

The Board of Directors assigned the management department to report the Company's financial status as well as the overall performance on the Board of Directors' meetings. Due its importance, this matter is always one of issues the Board meetings to acknowledge and estimate for any future incidents.

7.3 The Corporate Sustainability report

The Board of Directors provides the corporate social responsibility report, disclosing the business ethics, social and environmental responsibility, fair treatment to related persons and laborers, equality and respect for human rights, along with the anti-corruption policy as revealed in the Annual Registration Statement (Form 56-1) and the Company's website.

7.4 Investor Relations

The Corporate Services Division of the Company is responsible for investor relation activities by directly providing information and news to investors, shareholders, analysts and the public in accordance with the Stock Exchange of Thailand's rules and regulations.

The investors, shareholders, analysts and the public who require further information can contact Corporate Service Division on telephone +66 (0) 2716-1600 extension 3800-4, or www.itd.co.th or by e-mail at cccs@itd.co.th.

7.5 Information disclosure in the Company's Website

The information disclosed over the Company's Website includes

- The Company information such as the vision, mission, structure, organization chart and etc.
- Investor Relations which comprises financial information, stock information, shareholder information, letters to the SET, and etc.
- Corporate Governance –comprising the Code of Business Ethics, Code of Conduct, Code of Board of Directors Management, and etc.
- Corporate News as CSR activities, and etc.
- Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)

8) The Participation Supporting

The Board of Directors integrally respected to the right of shareholders. This meant the shareholders could jointly control and set any significant directions for the Company by appointing proxies in the shareholders' meeting. The directions might include matters such as the dividend payout or remuneration setting.

The shareholders' meeting was held with the main aim to treat all shareholders with fairness and to clearly process in any procedures in accordance with the law.

8.1 Equitable Treatment of Minor Shareholders

The Company recognized the importance of proper conduct to ensure equality of treatment for all type of shareholders, major shareholders, and in particular minor shareholders and foreign investors. This the Company assigned the Independent Directors to take the integral role to treat minor shareholders with fairness. The minor shareholders can make recommendations, express their opinions or complain about any procedures via the Corporate Governance Department by e-mail: cccs@itd.co.th. In response, the Corporate Governance Department will directly co-operate with the Independent Directors to resolve any complaints as soon as possible.

For the Annual General Meeting of Shareholders, the Company gave the minor shareholders an opportunity to propose the agenda or enquiry and to nominate persons to be appointed as Directors at the meeting. Particularly for nominating Directors, the minor shareholders who are eligible to do so must hold shares of not less than five percent of the Company's ordinary shares under the principle which is officially posted on the Company's website (www.itd.co.th).

The Independent Directors considered the shareholders' proposals and further passed them to the Board of Directors for their consideration and consensus. If the Board agreed they were significant or beneficial to the Company or the shareholders, the Board would address those issues in the meeting agenda remarked as "Agenda from shareholders" in the notice to shareholders or clarify them at the Shareholders' Meeting. In addition, to facilitate the shareholders' proposals vetting process, the shareholders are requested to provide necessary details as follows:

- Name, address and telephone number of proposing shareholder for the Company to acquire any further information as along with evidence indicating status of the cumulative holding of shares, such as share certificates or official declaration from a broker.
- Purpose and proposal in detail, including other useful information, for the Board's consideration, such as issues and reason for concern, relevant supporting facts and data, and expected benefit for the Company.
- In case of nomination of persons to be appointed as Directors at the Annual General Meeting of Shareholders, the shareholders are requested to attach curriculum vitae, working experience and contact address for the Audit Committee to consider and further pass the matter to the Board of Directors for final decision.

For the Annual General Meeting of Shareholders in 2018, the Company gave the shareholders an opportunity to propose the agenda or enquiry and to nominate persons to be appointed as Directors at the meeting. The principle and announcement were officially posted on the Company's website and to the Stock Exchange of Thailand's website during December 14, 2017 to February 1, 2018, but there was no proposal received from the shareholders.

8.2 Itinerary for 2018 Annual General Meeting of Shareholders

The 2018 Annual General Meeting of Shareholders was held on Wednesday, April 25, 2018 at 1.30 p.m., at Convention Center building, 3rd floor, Rama Garden Hotel, 9/9 Vibhavadi Rangsit Road, Khwaeng Talat Bang Khen, Khet Lak Si, Bangkok.

8.3 The Meeting Announcement

In 2018, the Company completed preparation of the meeting agenda and invitation notice on March 23, 2018. The supporting documents, proxy, guidelines for proxy, conduct of the Annual General Meeting, and rules of procedure for Annual General Meetings were also prepared.

All the meeting agenda, invitation notices, details of the agenda, proxy guidelines and the meeting procedures and guidelines were approved by the President and the Board of Directors in order to ensure that the shareholders had sufficient and complete information for decisions when voting and also to understand the proxy method and meeting procedure to maintain their rights.

The Company delivered the meeting invitation notice with details of the agenda together with supporting documents fourteen days in advance and announced the meeting on the Company's website. The Company also announced the meeting in the newspapers three days in advance. The shareholders therefore had reasonable time to thoroughly study such documents. Additionally, the shareholders could make enquiries about the meeting agenda before the meeting to Corporate Services Department on telephone +66 (0) 2716-1600 extension 3800-4, or www.itd.co.th or by e-mail at cccs@itd.co.th.

8.4 The Procedure of the 2018 Annual General Meeting of Shareholders

The shareholders could register to participate in the meeting and recheck all necessary required documents two hours before the meeting began. Any designation of a proxy holder could send the proxy form to the Company for registration via facsimile any day prior to the date scheduled for the meeting.

In 2018 Shareholders' Meeting, there were eight Directors in attendance as follows:

1. Dr. Kraisorn Jittorntum (Chairman, Chairman of the Audit Committee Member, and Chairman of Risk Management Committee)
2. Mr. Premchai Karnasuta (President)
3. Mrs. Nijaporn Charanachitta,
4. Mr. Pathai Chakornbundit,
5. Mr. Tawatchai Suthiprapha,
6. Mr. William Lee Zentgraf
7. Mr. Peeti Karnasuta,
8. Mr. Thoranis Karnasuta

Also, there were Mr. Chartchai Chutima (Senior Executive Vice President), Mr. Woravudh Hiranyapaisarnsakul (Company secretary and Senior Executive Vice President), the legal advisor from Weerawong, Chinnavat & Partners Ltd. and the Independent Financial Auditor from Grant Thornton Ltd. attended.

As the meeting started, a total of 433 shareholders and proxies (as holding 1,915,663,842 shares, or equivalent to 36.28% of total) were present, consisting of 240 shareholders attending the meeting in person (holding 1,186,683,614 shares, or equivalent to 22.47% of total), and 193 shareholders by proxy (holding 728,980,228 shares, equivalent to 13.81% of total).

All proposed agenda items were considered according to the meeting invitation notice without change or amendment and were approved by the shareholders in about two hours. The Company also properly recorded the vote counting, questions and comments from shareholders in the meeting to ensure transparency. The shareholders also had an equal opportunity and reasonable time to make enquiries and to express their opinions. The Directors, the Audit Committee and the Management also had suitable time to answer questions and explain important details.

8.5 Facilitating the Shareholders to Participate the Annual General Meeting of Shareholders

For the Annual General Meeting of Shareholders, there were sufficient officers to service the shareholders. The shareholders could register to participate in the meeting and check the accuracy of necessary documents two hours before the meeting commencement. The Company used a computer system to process the recorded votes and instantly show the results of voting on each agenda item. After the Meeting finished shareholders could request to check the details of the voting results.

8.6 The Proxy Form

The proxy form, for those shareholders who could not attend the meeting in person, can be given to the Independent Directors, Audit Committee, Directors and/or any persons to be an authorized proxy holder. The proxy (form B), attached to the meeting invitation, so that the absent shareholders still can direct their vote by assigning at least one Independent Director to be the proxy holder. Moreover, the Proxy (form B), (form C particularly for the use of foreign shareholders) and the meeting guidelines were posted on, and available to download from, the Company's website (www.itd.co.th) 30 days prior to date the meeting was scheduled to be held.

The required revenue stamp was provided for all shareholders using in the proxy form.

8.7 Resolution of the Meeting Disclosure

After the meeting was adjourned, the Company prepared the Minutes of the Shareholders' Meeting with clarity and submitted it to the Stock Exchange of Thailand either on the day of the Shareholders' Meeting day, or the next business day before 9.00 a.m. The Company also published the Minutes on the Company's website within fourteen days after the meeting date as an option for shareholders who were unable to attend the actual meeting to know meeting approvals.

For 2018 Annual General Meeting of Shareholders, the Company disclosed the Resolution of the Meeting on April 26, 2018, and later disclosed the Minutes of the Meeting on the Company's website on May 8, 2018.

2. Sub-Committees

Sub-Committees of the Company was made up with the Board of Directors, with three boards as the Audit Committee, the Board of Management and the Risk Management Committee. The Authority and Responsibility of each Board was depicted as follows:

a) Board of Directors

On December 31, 2018, the Board of Directors consisted of nine directors as listed below

| Name – Surname | Position |
|--------------------------------|-----------------------------------|
| 1. Dr. Krisorn Jittorntrum | Chairman and Independent Director |
| 2. Mr. Premchai Karnasuta | Director |
| 3. Mrs. Nijaporn Charanachitta | Director |
| 4. Mr. Pathai Chakornbundit | Director |
| 5. Mr. Tawatchai Suthiprapha | Director |
| 6. Mr. William Lee Zentgraf | Independent Director |
| 7. Mr. Peeti Karnasuta | Director |
| 8. Mr. Thoranis Karnasuta | Director |
| 9. Mr. Sai Wah Simon Suen* | Independent Director |

Note

*Mr. Sai Wah Simon Suen was appointed according to the resolution of the Board of Director's Meeting No. 7/6/2018 dated June 15, 2018.

1. Prof. Dr. Mingsarn Kaosa-ard submitted the resignation letter to resign as Independent Director, effective March 16, 2018 onward.

2. Mr. Tirapongse Pangsiwongse submitted the resignation letter to resign as Independent Director, effective June 15, 2018 onward.

Authority and Responsibility

1. To set the Company's vision, mission, strategy, policy and conduct the Company's business execution in an efficient and effective manner for preserving the Company's interest.
2. To direct, manage and supervise the operations of the Company, all in accordance with the Law, the Company objectives, the regulations of the Company and the resolutions of the Shareholders of the Company.
3. To strictly follow the rules and regulations of Stock Exchange of Thailand, The Securities and Exchange Commission regarding the information disclosure and any Acts of a Listed Company in order to make any significant investing information publicly available
4. To monitor the operations of the Board of Management in compliance with the Company's policies and regulations.
5. To appoint the Executive Directors, the Audit Committee, the Risk Management Committee and other suitable committees to take charge of Company business and management system for the maximum benefit according to the Company policy.
6. To undertake the Company's financial and income status/statement is up-to-date with any necessary corrections and is examined by the Company's financial auditors, in order to get the consideration and approval by shareholders in the Annual General Meeting.
7. To consider and make decisions for any significant projects or investments.
8. To set the scope of responsibilities for any subcommittees and to cope with any changes which may significantly impact on any subcommittees' operations
9. Pursuant to the Company's regulations, the Board of Directors has the authority to decide upon and oversee the operations of the Company, except for the following assignments that would only be executed with the consent of a meeting of the Shareholders of the Company:
 - 9.1 Matters relating to the Law would only be performed upon the resolution of the Shareholders of the Company;

9.2 Certain business matters as stipulated by the Stock Exchange of Thailand; and

9.3 Buying or selling of assets having a value equal to or greater than fifty percent (50%) of the total value of the assets of the Company, as stipulated by the Stock Exchange of Thailand.

b) Board of Management

As at December 31, 2018 the Board of Management of the Company consists of twenty persons as listed below:

| Name-Surname | Position |
|-------------------------------------|--|
| 1. Mr. Premchai Karnasuta | Director and President |
| 2. Mrs. Nijaporn Charanachitta | Director and Senior Executive Vice President |
| 3. Mr. Pathai Chakornbundit | Director and Senior Executive Vice President |
| 4. Mr. Tawatchai Suthiprapha | Director and Senior Executive Vice President |
| 5. Mr. Anan Amarapala | Executive Vice President |
| 6. Mr. Chatichai Chutima* | Executive Vice President and Chief Financial Officer (CFO) |
| 7. Mr. Virat Kongmaneerat | Executive Vice President |
| 8. Mr. Sumate Surabotsopon | Executive Vice President |
| 9. Mr. Piyachai Karnasuta | Executive Vice President |
| 10. Mr. Peeti Karnasuta | Executive Vice President |
| 11. Ms. Prachaya Karnasuta | Executive Vice President and Assistant to Director and Senior Executive Vice President |
| 12. Mr. Sompop Pinijchai | Executive Vice President |
| 13. Mr. Woravudh Hiranyapaisansakul | Executive Vice President |
| 14. Mr. Prasit Ratanaramig | Executive Vice President |
| 15. Mr. Thoranis Karnasuta | Executive Vice President and Assistant to the President |
| 16. Mr. Kriengsak Kovadchana | Executive Vice President |
| 17. Mr. Prasart Kosarussawadee | Executive Vice President |
| 18. Mr. Sakchai Puetpaiboon | Executive Vice President |
| 19. Mr. Wichien Roongrujirat | Vice President |
| 20. Mr. Prasert Sanor | Vice President |

Note

Note: Mr. Chatichai Chutima was appointed as Chief Financial Officer (CFO) in accordance with the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) effective October 16, 2018 onward.

Authority and Responsibility

1. To determine ultimate goals and operational direction of the Company to accordance with the current and forecast economic and market conditions.
2. To determine policies and procedures for the Company's operational procedures.
3. To determine the policy, consider and decide on the selection of relevant projects in which the Company could participate, tender and execute.
4. To consider and approve the appointment, transfer and discharge of staff at division head level and above.
5. To consider and approve the adjustment of salaries, wages and remuneration, including consideration and recognition of employee meritorious service.
6. To appoint a person or persons to act on behalf of the Board of Management for any assignment.
7. To consider and approve expenses on Company's purchasing of assets and other expenses.
8. To review, consider and comment on all matters related to Company operations.
9. To review, consider and comment on all matters involving the performance of the Company's various operating segments and to direct and control their management to ensure efficient, economical and well-timed operations, including compliance with all contractual obligations to clients.

10. To consider and approve the Company's expenses, under THB 1,000 million in matters of daily costs, investment cost, fixed assets, loans, financial instruments and insurances and no limit with for bids and making contract.

11. To undertake all other matters as directed by the Board of Directors.

c) Audit Committee

As at December 31, 2018, the Audit Committee consisted of three persons as listed below (this position carries a 3-year term from 2017-2020):

| Name - Surname | Position |
|------------------------------|--------------------------|
| 1. Dr. Krisorn Jittorntrum | Audit Committee Chairman |
| 2. Mr. William Lee Zentgraf* | Audit Committee |
| 3. Mr. Sai Wah Simon Suen** | Audit Committee |

Note

Mr. Withit Ouaysinprasert, Vice President of Internal Auditor, is the Secretary of the Audit Committee.

**Mr. William Lee Zentgraf had experience and background in Company's financial reviews.*

***Mr. Sai Wah Simon Suen-ard was appointed according to the resolution of the Board of Director's Meeting No. 7/6/2018 dated June 15, 2018.*

Authority and Responsibility

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control systems and internal audit system to ensure that they were suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other units in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year. To review the Connected Transactions, or the transactions that might lead to conflicts of interests, to ensure that they were in compliance with the laws and the Stock Exchange of Thailand's regulations, were reasonable and for the highest benefit of the Company.
5. To review the efficiency and sufficiency of the risk management and to discuss with the Internal Audit Division and the Independent Auditor.
6. To prepare, and to disclose in the Company's Annual Report, the Audit Committee's reports which must be signed by the Audit Committee's chairman and consist of at least the following information:
 - 7.1 An opinion on the accuracy, completeness and creditability of the Company's financial report,
 - 7.2 An opinion on the adequacy of the Company's internal control system,
 - 7.3 An opinion on the compliance with the law on securities and the Stock Exchange of Thailand, the Exchange's regulations and the laws relating to the Company's business,
 - 7.4 An opinion on the appropriateness of the Independent Auditor,
 - 7.5 An opinion on the transactions that may lead to conflicts of interests,
 - 7.6 The number of the Audit Committee meetings and the attendance of such meetings by each committee member,
 - 7.7 An opinion or overview comment received from the Audit Committee on its performance of duties in accordance with the charter, and
 - 7.8 Other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
8. To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

d) Risk Management Committee

As on December 31, 2018, the Risk Management Committee consisted of seven persons as listed below (this position carries a 3-year term from 2016 – 2019):

| Name - Surname | Position |
|-------------------------------------|---|
| 1. Dr. Krisorn Jittorntrum | Chairman of the Risk Management Committee |
| 2. Mr. Pathai Chakornbundit | Vice Chairman of the Risk Management |
| 3. Mr. Chatichai Chutima | Risk Management Committee |
| 4. Mr. Sompop Piniichai | Risk Management Committee |
| 5. Ms. Penpan Rienthonglang | Risk Management Committee |
| 6. Mr. Peeti Karnasuta | Risk Management Committee |
| 7. Mr. Woravudh Hiranyapaisarnsakul | Risk Management Committee, and Secretary of Risk Management Committee |

Risk Management Policy

The Company strongly emphasized on the importance of risk management. The effectiveness of risk management was essential for the achievement of the Company objectives achievement with good Corporate Governance and related working processes. All the processes were based on the standards of risk management defined by the Stock Exchange of Thailand.

The Company had evaluated the internal and external risks which could possibly occur in the future to ensure the balanced growth and profitability of the Company at an acceptable risk level.

Authority and Responsibility

1. To review the Company's risk management policy and framework, which would cover all the major risks (Key Risks); namely financial risk, investment risk, operational risk and corporate reputation risk, before proposing them to the Board of Directors for approval
2. To formulate risk management strategies and framework in compliance with the Company's risk management policy. The Committee would assess, monitor and control risk at the appropriate level
3. To monitor and ensure that risk management activities are in line with the Company's policy and framework approved by the Board of Directors' meeting
4. To set risk measurement criteria and limit at the acceptable level
5. To set appropriate risk management measures for different situations.
6. To review the sufficiency and effectiveness of risk management policy and system.
7. To report regularly to the Board of Directors about the management, operation, risk status, changes and areas of improvement to keep risk management in line with the Company's policy and strategy.
8. To appoint a risk management working group if necessary and support the risk managing working group in terms of personnel, budget and other necessary resources under the scope of responsibilities of the working group.

3. Selection and Nomination of Directors and Chief Executives

**disclosed in the Good Corporate Governance item 3.3 Page 48 and item 4.1 page 41

4. Corporate Governance of Subsidiaries and Associated Companies

**disclosed in the Good Corporate Governance item 3.6 Page 49

5. Internal Information Control

**disclosed in the Good Corporate Governance item 6.3 Page 54

6. Auditor's Remuneration

Auditor's remuneration for the financial year ended on December 31, 2018

1. Audit Fee: the Company or its subsidiaries paid an annual audit fee to:

- The external auditor, amounting to 18,526,750 Baht
- The audit firm of the auditor, connected person/enterprise of the auditor and his/her firm in the amount of - Baht.

2. Non-Audit Fee

The Company paid a non-audit fee for other services to

- The external auditor, amounting of - Baht, and must pay in the future for incomplete service the amount of nil Baht
- The audit firm of the auditor, connected person/enterprise of the auditor and his/her firm, the amount of - Baht and must pay in the future for incomplete service in the amount of - Baht.

7. Recognition of other good corporate governances

The Company had implemented good corporate governance for 2018, excepting those matters as below:

1. The terms and conditions of appointment of Independent Directors for a tenure of nine consecutive years. The Board of Directors had approved the appointment of the same Independent Directors for nine consecutive years as it was, considering as it shall be beneficial to the Company and shareholders. Moreover, those consecutive Independent Directors must be knowledgeable and had strong experience in operating the Company. The consecutive Independent Directors were able to express their opinions independently.

2. The Company had not yet determined a member in the Board's Remuneration and Nomination Committee. The Board consulted together in order to select the most appropriate members who were knowledgeable, expert and useful to the position of the Company in accordance with the rules in 2. *Sub-Committee*

3. The Company had not determined a policy about taking a position as a CEO in other companies as the Company had various subsidiaries.

Pursuant with the good Corporate Governance, the Company disclosed the attendance information from Board of Directors' Meetings on sub-committees as follows:

| Directors' Names | (Numbers of Attendance / Numbers of Meeting) | | |
|--------------------------------|--|---------------------------|-----------------------------------|
| | Audit Committee | Risk Management Committee | Attendance of Shareholder Meeting |
| 1. Dr. Krisorn Jittorntrum | 5/5 | 2/2 | 1/1 |
| 2. Mr. Premchai Karnasuta | - | - | 1/1 |
| 3. Mrs. Nijaporn Charanachitta | - | - | 1/1 |
| 4. Mr. Pathai Chakornbundit | - | 2/2 | 1/1 |
| 5. Mr. Tawatchai Suthiprapha | - | - | 1/1 |
| 6. Mr. William Lee Zentgraf | 5/5 | - | 1/1 |
| 7. Mr. Peeti Karnasuta | - | 2/2 | 1/1 |
| 8. Mr. Thoranis Karnasuta | - | - | 1/1 |
| 9. Mr. Sai Wah Simon Suen* | 2/5 | - | - |

Note

*Mr. Sai Wah Simon Suen was appointed according to the resolution of the Board of Director's Meeting No. 7/6/2018 dated June 15, 2018.

Sustainability Report

With a commitment to quality and efficient work in accordance with the Company's principles "Commitment, Reliability, Quality", the Corporate Social Responsibility's policy has been prioritized throughout its construction business operations, including its investment in diversified businesses. In addition, the Company has consistently studied and developed economic, social and environmental information to prepare for the upcoming future investments. The Company focused on the participation of employees, customers, society, and community as well as the Management in the activities expressing sustainable development by adjusting and encouraging CSR regulations to be in compliance with international standards and follow the regulations related to the consumers, for example not taking advantage and social exploitation from the employment. This is how the Company is committed to operating its business.

Corporate Social Responsibility Vision

"Taking part in driving the country forward, as well as being the leading construction firm in Southeast Asia, with a conscience of responsibility for standard operating business practices creating work using advanced techniques which are environmentally friendly and safe."

Corporate Social Responsibility Policy

The Company has laid out policies to demonstrate its social responsibility as follows:

1. Good corporate governance

The Company's management system is transparent and verifiable in order to create the confidence of all shareholders, stakeholders and related persons for sustainable growth of business.

2. Fair business operation

The Company believes that its business operation must be fair to instill confidence in the customers which will be profitable to the Company for its long-term operations. Thus, the Company shall run its business ethically and legitimately.

3. Respect of human rights and fair treatment of labor

The Company has a mindset that human resources are the key business factor in productivity and value-adding. The Company strives to achieve an optimal working atmosphere for the employees' well-being so that they can bring out their full potential as along with developing working skills for good performances.

4. Consumer responsibility

As the construction business is highly competitive, the successful completion of each project and customer satisfaction become significant factors to help the Company in maintaining its position in business competition. Thus, the Company shall establish its working standards in compliance with that commitment and benefit society at the same time.

5. Participation in social development

A healthy society with sustainable development is significant in advocating business operations, thus the Company has organized various social activities to strengthen both the community and society, such as education promotion, human resources development, employment promotion, social development projects and so on.

6. Environmental conservation

Environmental conservation is considered to be very important, thus the Company is aware of the need to protect the environment by establishing measures and environmental protection plans for its project operations according to the law. This will help the Company to smoothly carry out its construction on time. The Company also joins in holding activities for environmental quality improvement with other agencies.

7. Social and environmental report

The Company discloses in the Annual Report information which reflects its corporate social responsibility practices. The above-mentioned policies can be referred to on the Company's website under "Corporate Governance".

Corporate Social Responsibility Operation

The Company has implemented its business with regard to corporate social responsibility according to the Corporate Governance of the Stock Exchange of Thailand. For the Company's Corporate Governance policies, please refer to "Corporate Governance" on the Company's website (www.itd.co.th).

Apart from maintaining the quality and standard of the construction works as the Company provides works and services with reasonable prices, the Company values social responsibility along with its core business operations, which is the construction business. Along with the quality and standard specifications for construction, the Company accepts the importance of occupational health, safety and environmental management by establishing measures for appropriate for each of the construction sites. In addition, the Company provides environmental management to reduce any negative impacts that may occur, for example the quality control of air and noise around the work site and nearby areas, solid waste management and traffic and transportation management.

For any impacts caused by the Company's operations that affects its staff and the people nearby, the Company always takes actions towards resolution. The Management of the Company has realized those impacts and appointed the General Safety Committee in 2015 for checking every site work pursuant with the Policy on Occupational Safety, Health, and Working Environment, which are published under the topic "Corporate Governance" on the Company's details are as follows:

Policy on Occupational Safety, Health, and Working Environment

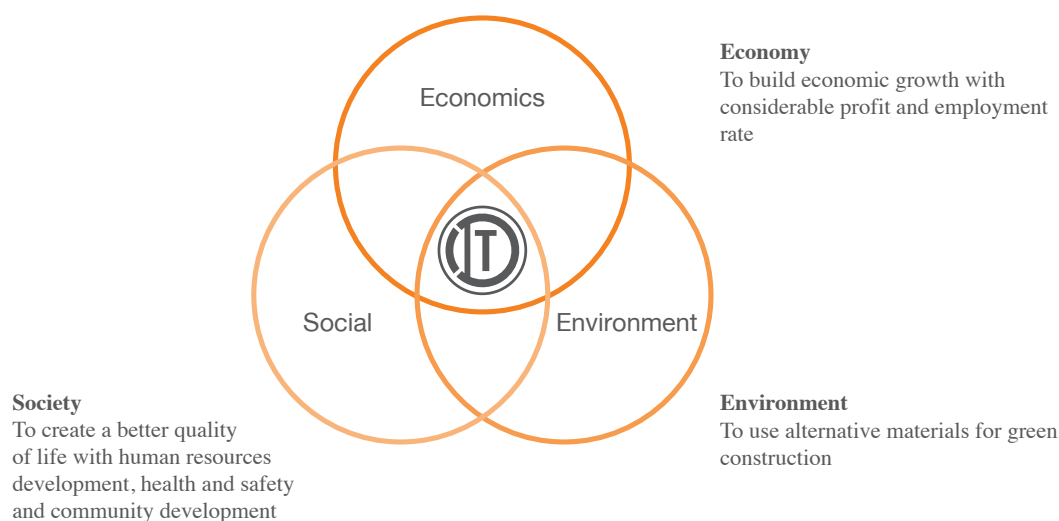
The Company recognizes the importance of occupational safety, health, and working environment which have effects on its employees.

The Company, therefore, has established the policy as follows;

1. Occupational safety and good working environment maintenance are responsibilities of all employees to cooperatively perform in order to afford safety to themselves, the Company and related persons.
2. The Company shall encourage all employees to understand and recognize occupational safety and health concerns in their operation.
3. The Company recognizes an importance of operational accident prevention.
4. The Company shall support and promote the improvement of working environment and working with safely and healthily.
5. The management shall supervise occupational safety, health and the working environment of the subordinates according to related Company's regulations.
6. The Company shall support and promote safety campaigns for maximum effectiveness of an application of the policy in practice.
7. The Company shall monitor and evaluate an application of the policy on occupational safety, health and the working environment for efficiency and effectiveness according to legal requirements
8. The General Safety Committee shall report any severe accidents to the Directors and Senior Vice Presidents every quarter. In case any severe accident happens, the General Safety Committee shall immediately report to the Project Director and Senior Vice President.

Impact and Sustainable Development Principles (Triple Bottom Line: TBL)

Sustainability Development



Impact and Sustainable Development Principles (Triple Bottom Line: TBL)

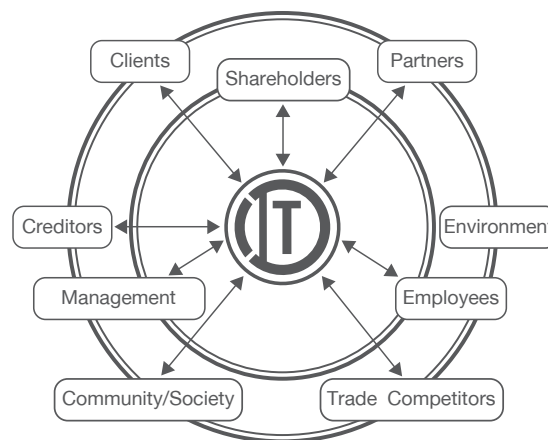
The CSR framework reflecting the main issues of business, challenge and expectation are the characteristics of the construction business. Each issue is related to all groups of stakeholders as follows;

| TBL Component | Internal Aspect | External Aspect | CSR Standards | Main Issue |
|------------------------------|--|--|---------------|--|
| Economics success | <ul style="list-style-type: none"> - Profit / project costs - Higher ratio of work - Share / investor's attention - Anti-corruption | <ul style="list-style-type: none"> - Fair price - Reliability/quality - Dividend paying - Anti-corruption and fair trading competition | CG (SET) | <ul style="list-style-type: none"> - Business growth and fair trading competition |
| Social responsibility | <ul style="list-style-type: none"> - Employees' safety - Preventive care - Welfare and fair benefit - Reducing resistance from the community | <ul style="list-style-type: none"> - Safety of community and society - Human rights - Skilled local laborers employment for income distribution | CG (SET) | <ul style="list-style-type: none"> - Safety first / Zero Accident - Human rights |
| Environmental responsibility | <ul style="list-style-type: none"> - Resource efficiency - Positive work environment - Energy efficiency | <ul style="list-style-type: none"> - Environmental care and resource efficiency - Environmental control (water, dust, air, noise, etc.) - Energy management, energy efficiency, and renewable energy management | CG (SET) | <ul style="list-style-type: none"> - Raw materials management - Material replacement - Environmental impact control - Energy and renewable management |

The Relationship between the Company and Stakeholders

The Company takes into account all stakeholders both inside and outside the Company as follows:

1. Shareholders
2. The Management and Employees
3. Clients
4. Partners and Creditors
5. Trade Competitors
6. Community and Society
7. Environment



Corporate Social Responsibility Guideline

The Company conducts its activities with regard to the social responsibility principles of the Stock Exchange of Thailand as follows:

1. Operating the business with fairness
2. Anti-corruption
3. Respecting human rights
4. Labor practices
5. Consumer responsibility
6. Environmental conservation
7. Participation in social development
8. Innovation promotion

The information disclosed by the Company is as follows:

1. Operating the business with fairness

The Company has established measures of anti-collusion and unfair competition, such as bid rigging, production cuts, hoarding and cronyism, including price cutting competition which is a disadvantage for small businesses.

Moreover, the Company has set a conflict of interest policy to maintain the maximum benefit of the Company and shareholders alike, covering two matters which are related transactions and any other situations leading to conflict of interest. These policies are included in “Corporate Governance”.

2. Anti-corruption

The Company realizes the significance of anti-corruption and previously set the practical way of business ethics for the Directors, the Management and all Employees to follow, as disclosed in “Corporate Governance” under the topic of “Anti-Corruption policy”.

Furthermore, the Company has announced the rules and regulations for the acknowledgement and practice of Employees which cover the investigation to uphold justice and to set out the punishment according to its regulations. The Company also provides employees with anti-corruption awareness training, which is included in the Awareness Building and Integrity Development course during the year with 49 participants, Behavioral Integrity Development course with 40 participants, and Cultural Building and Awareness Development course with 32 participants. These courses are considered as the beginning of building Employees’ integrity awareness.

3. Respecting Human Rights and Labor Practices

The Company pays much attention to respect human rights. Since Employees are the Company’s most valuable resource, the Company provides fair social welfare and remuneration and encourages the Employees’ potential through valuable training courses which will be recorded for the annual performance appraisal. Moreover, the Company also provides a provident fund to support its Employees for the costs of vehicles, allowances, accommodation, as well as the regulation of overtime wage, vacation leave and an annual medical examination.

The Company has a policy of disabled Employees employment promotion and places considerable emphasis on safety and occupational health policy to protect the Employees and outsiders from all accidents and property damage.

To reduce social inequality and to afford opportunities to the disabled, the Company has encompassed the Rehabilitation of Disabled Persons Act, Section 33 by employing persons with disabilities to work in the positions suitable for them in proportions of 100 entire employees per 1 person with disabilities. Pursuant Section 34, the Company sends money to the Fund for Empowerment of Persons with Disabilities instead of employment. The Company has been operating such matters for consecutive years since the Persons with Disabilities Empowerment Act was announced. This is to support persons with disabilities on work employment pursuant to the Company’s policies.

Furthermore, the Company investigates and surveys the working environment of projects every year looking in particular for areas where there are weak points. The Company has improved many facilities for the better working environment of the employees. In 2018, the Company renovated the goods storage facilities to be more convenient and to decrease any risks while working, constructed more restrooms for the employees and also renovated the unsatisfactory ones.

4. Consumer responsibility

The Company has implemented guidelines to prevent the violation of stakeholders’ rights. This part of the Corporate Governance is to ensure that all stakeholders will be treated fairly (Rights and Equality of the Shareholders Policy and Stakeholders Treatment Policy).

The Company has operation standards for each division, taking into account the safety and the risk that may happen in order to build the reliability of all stakeholders, employees, and public.

In operating a construction business, the Company has always undertaken its responsibilities by delivering a high quality standard of work, on time. There is an opportunity for both the contractor and client to consider and sign at contract on construction ethics prior to the operation.

The inspection of equipment and mechanical machines during operations is necessary as it helps prevent accidents and maintains reliability. The Company provides check-list forms, covering water, air, environment, mechanical machines, traffic management around construction site in the operation including environmental and community restoration, which is included in the operation report made by safety staff of each division to be submitted to the Department of Labour Protection and Welfare.

5. Environmental Conservation

The Company places significant emphasis on caring for the environment and the environmental management at the work sites and nearby areas. For example, there are the improvements to the landscape covering construction sites through 5S activities.

During construction, the Company provides environmental control for each division to prevent or minimize negative impacts, to encourage effective resource utilization to reduce energy consumption and to protect environmental pollution caused by dust, noise, waste, waste oil, wire, old tire, empty oil tank, copper scrap, together with estimating, recording and reporting on effective resource utilization.

The Company also has the policies on equipment storage, waste segregation and disposal, dust and noise monitoring as well as wastewater emission protection.

6. Community and Society Development

The Company undertakes community development within the communities that are affected by the Company's operations. To minimize the problem between the Company and community, the Company reaches an understanding with the communities to minimize impacts during the construction. Furthermore, the Company promotes employment from within the community. This is not only career creation, but it also reduces any impact that might have occurred.

The Company's Disclosure Style

Policy and Overview (In Process)

Along with valuing its responsibility to society in general, the Company is aware that a sustainable environment is an essential part of the general business operations. Thus, the Board of Directors always follows the performance of its policy, as well as assessing and amending such policy to keep up with the changing economy and society. All policies related to corporate social responsibility are disclosed on the Company's website (www.itd.co.th) under "Corporate Governance".

Operation and Report

According to the Corporate Social Responsibility reporting process, the Company takes into account all stakeholders, therefore the emphasis on corporate social responsibility in its business process (CSR-in-process) is highly placed and is in accordance with the Stock Exchange of Thailand's Corporate Governance.

Earlier in this Report on Corporate Social Responsibility, the Company disclosed its eight principles of social responsibility.

With the adherence to its motto: commitment, reliability, and quality, the Company places importance on construction business as is its main business activity. Apart from the practice of occupational health and safety regulation, the Company also takes into consideration the environment, the local communities, and suitable resource utilization. Earlier in this report, the Company reported its anti-corruption measures, the respect for the rights of stakeholders, assessment of the risks that occur with Company's projects and fair valuation for the well-being of personnel and employees.

Business Operation Effect toward Corporate Social Responsibility

In 2018, any ongoing dispute involving the Company as a party to litigation which may significantly impact the assets of over 5% of shareholders of the Company as of December 31, 2018 is disclosed in the Annual Registration Statement (Form 56-1) of the Company under "Legal Disputes".

Corporate Social Responsibility Activities (After Process)

The Company believes that a good business must be developed with due regard to the development of society and sustainable environment, therefore the Company has operated its business under the principles of Corporate Social Responsibility (CSR) by continuing to support various activities that are beneficial to the society and by providing budget from the Company's revenue to execute the activities.

The Company has continuously supported education and youth development through activities and projects as follows:

Scholarship Granting Program

- **Representatives of the Company held a program granting scholarships for students in Baan Non Teng School, Nong Wang, Daan Khun Tod, Nakhon Ratchasima province together with offering lunch for the day.**



- **Donation program for a hand-washing and teeth-brushing area construction and for sporting equipment.**

The program was held at Baan Mai Charoenphon Nong Wang, Daan Khun Tod, Nakhon Ratchasima province for promoting sanitation and health.



- **Children's day activities.**

The Company collaborated with local organizations such as

The Children's day activities at the Italian-Thai Industrial Complex Football Field, Saraburi province



Moo 6, Huay Khing, Mea Moh, Lam Pang province



Social Concerns and Participation

■ PM2.5 Smog crisis prevention and mitigation collaboration

The Company prepared and worked on cleaning construction sites areas regularly, together with the cleaning of trucks' wheels before they leave the sites along the Bangkok Mass Rapid Transit Orange and Green Line projects, the Windshell project, Whizdom 101 project, and One Bangkok project, to name a few, to prevent air borne dust concentrations that are increasing. The Company, as represented by the Rail Tunnel and Sub-stations Construction Contract No.3 job unit, together with engineering consultant companies and Bangkok Mass Rapid Transit provided N95 masks to Metropolitan Police Bureau and Traffic Police to support the police on duty. The program is in accordance with Building Control Bureau's measure and the Ministry of Transport's policy; "One Transport", together aiming to ease the PM 2.5 problem for public health and well-being.



- The Company provided five 1,500 liter water tanks for the 18th Military Circle, Adisorn military camp, Saraburi to foster sanitary and environment in residential area.



- The Company supported "the Sattahip Navy Run on the Beach 2019" of the Royal Thai Fleet Sattahip to renovate the Bhuddasatarn Royal Thai Fleet, and to provide equipment for narcotic control work in the Whit Village project.



- The Company granted financial support for the Poppy in Veteran Day 2019 (Baht 50,000)

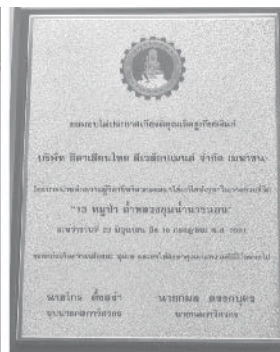


- The Company supported the “Wheelchair Project” with the Thai With Disability Foundation



- The Company supported the Wild Bores Academy Cave Rescue Mission with supplies and technical planning and consultant.

The Company, together with Engineering Institute of Thailand, compiled a body of knowledge regarding the incident to be further studied, referenced and applied.



The Company granted financial support and provided ready-mixed concrete (10 m³) for a House building project for disable people.



WBC ASIA boxing championship fund, February 8, 2019



Social Activities and Community Empowering Participation

The Company has participated in empowering and supporting activities solely for the community by providing machinery, resources and experts to cooperate with local people for activities. For example, for community development activities, J.1404 Italian-Thai Industrial Complex, the Company utilized its existing machinery and materials on community developments in the nearby area as follows:

■ Construction of Community Mill Roof, Moo 7, Wihan Daeng Sub-District



■ Rong Luang dredge up, Wihan Daeng Sub-District for Loy Kra Thong Festival



■ Area adjustment, Wihan Daeng Sub-District



■ Area adjustment for Khao Noi Joam Sawan Temple's road



■ Renovate residences for the disabled



Environment

■ Reforestation activities for royally initiated project

The activities, held on May 25, 2018, were to restore water resources and forests with the Bangkok Governor as president. The Company together with the Bangkok Mass Rapid Transit Gold Line project job unit participated in reforestation in Bang Khun Tien and granted financial support. The collaboration instituted public-government association concerning common interests and environment.



■ Pracharat Ruam Jai Reforestation activity

This activity, held on August 19, 2018, was to celebrate the 66th birthday of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun on July 28, 2018, in remembrance of His Majesty King Bhumibol Adulyadej and to honor Her Majesty Queen Sirikit.



■ Reforestation activity

The Company, Hong Sa Power Plant project and Hong Sa city have annually been collaborating to build dam, grow and ordain trees for reserve forestation. This activity encouraged public participation regarding environment.

Dam Building activity



Reforestation activity



Tree Ordination



■ Sea life conservation activity

The Company values coastal ecology and is concerned with sea life so an activity was established with purpose of enriching the environment. For Mother's Day, on August 10, 2018 at Baan Aow U-dom, the activity was set to release fish into the natural habitat as a way of creating environmental value.



Culture and Religions:

■ Buddhist Ordination Ceremony for the King

In accordance with Dharma for Dad project, the Company held a mass ordination ceremony, with 89 participants, and meditation activity in remembrance of His Majesty King Bhumibol Adulyadej and in recognition of the Company's 60th anniversary.



■ Meditation and Dharma practicing activity, Phanitaram Temple, August 17-20, 2018.



■ The Company co-hosted Luang Phor Khoon funeral at the The Golden Jubilee Convention Hall at Khon Kaen University on January 22, 2019, including a donation of THB 30,000.



- **Sub Plu Yai Temple court construction collaboration, Daan Khun Tod, Nakhonrachasima Province.** The Company granted financial support and 20 m³ ready-mixed concrete.



The Company has continually supported the “What Friends Do” project during 2018 as follows:

- **Disaster relief and rescue, the Dam failure incident in Laos PDR, July 23, 2018**

The Company together with Chino-Laos financially supported the rescue and relief worth a Million Baht. Mr. Ponsamai Mianglawan, the Uttapue party deputy secretary general, General Tongjan Jantapong, the Uttapue peace and order commander, Mr. Tanusai Banshalid, the Uttapue governor came to the ceremony.



- **18A route (Patumpon-Uttapue city) construction project unit supported flooding relief at Sanama Sai, Laos PDR as follows:**

- Administration site's area adjustment
- Road surface adjustment to facilitate rescue
- Supplies transportation into the affected areas



Pordee Pordee School Project

Ban Hua Rin Child Development Center, Mae Suay, Chiang Rai



According to the Company's policy of operating its business to contribute the long-lasting sustainable society, the Company recognized the value of education as the primary foundation for the country's development, and then initiated the project related to education called "Pordee Pordee School; Sharing Smile to Children, Community and Victims" as a prototype project. The Company has been supporting the project since 2014.

Background of the Project

On May 5th, 2014, a 6.3 magnitude earthquake on the Phayao fault line shook Chiang Rai Province. The epicenter of the earthquake was at the shallow depth of 7 kilometers, causing wide spread damage to government buildings, houses, temples and streets across seven provinces. However, there were three districts in Chiang Rai: Amphur Phan, Amphur Mae Lao, and Amphur Mae Suay, near the epicenter, suffering the severest damage. Apart from the residences, the schools were seriously affected and have been waiting for repair since the earthquake.

The Association of Siamese Architects under the Royal Patronage of His Majesty the King (ASA), the Engineering Institute of Thailand under H.M. the King's Patronage (EIT), the Thai Contractors Association under H.M. the King's Patronage (TCA), the Consulting Engineers Association of Thailand (CEAT), and a collaboration network from various professions took action to support the intent of the Design for Disaster (D4D) network by volunteering at full capacity to deal with such disasters. This effort was resulted by the cooperation of various organizations leading to the project to mobilize support and help from all sectors for victims by assisting in the creation and restoration of the buildings affected by the earthquake. The new construction project buildings consisted of nine schools and nine houses and the repair comprised two temples. For the school buildings, the construction was supervised by the Association of Siamese Architects under the Royal Patronage of His Majesty the King (ASA) which was also responsible for designs. The design concept for the buildings was that they must be easy to build, economical and earthquake resistant. The five main building materials were steel structure frame, concrete walls, cement board, metal roof sheets, and locally available materials. The modular system was used in the design to cause the minimum material debris.

The Construction of Ban Hua Rin Child Development Center was planned to begin in November 2014 and to be complete in February 2015 which is approximately 4 months. Although the school and the canteen building were finished, the Company had to obtain equipment necessary for the school and classrooms such as learning support equipment for kindergarten, chairs and tables. The procurement and installation of which had to be completed before the term began in May 2015. The project was supported by the equipment by the Company's Management and staff, including the donors who wished to participate. Apart from equipment supply, there are still some parts to be completed such as fence building and hard scape and soft scape changes around the school and canteen, together with plant growing according to landscape architect since there were no trees in the construction area.

The Center was expected to accommodate about 100 students, comprising of 22 former students from Ban Tung Fa Pa School, 45 students from Ban Hua Tung School (another school in the neighborhood), and a new group of students (kindergarten) from the area not too far away from the Center making the total of about 100 persons.

Operation after Hand-Over and Tracking Performance

After the School had been handed-over to Mae Prik SAO, a group of ITD staff and external people supported the School by donating money for buying materials, durable goods and other necessary utensils replacing the damaged ones. The School developed the areas that might possibly cause the damage to children such as fences and roof renovation, which previously had been designed to be transparent, but was too hot due to the sunlight. The School then developed the roof by installing the awning connection between the building and canteen. Such development cost was met from the donations.

On January 24, 2018 Corporate Services Division was a representative of the Company to give educational aids, children books together with roof, ceiling innovation and wall fans installation at Child Development Center Mae Prik 1 Subdistrict Administrative Organization (Patronized by ITD) in order to maintain the sustainable policy on educational development. Such policy is considered the precious way for social projects and demonstrates the corporate social responsibility.



In April 2019 the Company has supported the Child Development Center Mae Prik 1 by means as follows:

- Giving a developmental playground for children's outdoor activities in order to boost their physical, emotional, mental and social development
- Renovation of the corridor roof to prevent rain penetration
- Installation of 8 security cameras at the classroom, teacher's room, canteen and around the school for students and teachers' safety, including protecting valuable school assets
- Renovation of the School's gate for more comfortable use and safety
- Renovation of the School landscape to provide a tidy enjoyable environment.

Such projects are part of the continuous activity provided by the corporate social responsibility campaign of educational support, this being one of the CSR projects of the Company demonstrating social responsibility.

Board of Directors and Board of Management

Experience of Board of Directors and Board of Management

1 Dr. Krisorn Jittorntrum

Education:

Ph.D. Computing Research Group, Institute of Advance Studies,
The Australian National University
B.S. (Faculty of Sciences), First honor,
The Australian National University

Awards:

Australian Computer Society Award (1975)
Medal from the Australian National University (1976)

Chairman of the Board of Directors:

Italian-Thai Development Plc.

Chairman of Audit Committee:

Italian-Thai Development Plc.

Vice Chairman of the Board of Directors:

Italian-Thai Development Plc.

Independent Director and Audit Committee:

Italian-Thai Development Plc.

Chairman of the Risk Management Committee:

Italian-Thai Development Plc.

Associate Professor:

Faculty of Sciences, Chiang Mai University

Director:

Information Technology Service Centre, Chiang Mai University

Chairman of Working Group on Law and Digital Signature:

Consulting Committee of Electronic Commerce Project
ASEAN Coordinating Committee on Electronic Commerce

President of Strategic Plan for the Development of Upper North Region Study (1998-2008):

Office of the National Economic and Social Development Board

Advisor to the Minister:

Ministry of Labor

Director:

Asia Pacific Potash Corporation Co., Ltd.

Age: 66 years

Director Position

Date of the first appointment: March 26, 1999

Date of the latest appointment: April 25, 2018

2 Mr. Premchai Karnasuta

Education:

Master of Business Administration
University of Southern California U.S.A
B.S. in Mining Engineering:
Colorado School of Mines, U.S.A.

President:

Italian-Thai Development Plc.

Chairman of the Board of Directors:

First Dhaka Elevated Expressway Co., Ltd.

Director:

Metropolitan Water and Services Co., Ltd.
Momaz Logistics
Ao Po Grand Marina & Residence Co., Ltd.
Nahathai Co., Ltd.
Nhapalarn Crushing Plant Co., Ltd.
Nipa Lodge Co., Ltd.
Nishio Rentall (Thailand) Co., Ltd.
Palang Ngan Sakol Co., Ltd.
Palangthai Kaona Co., Ltd.
Palit Palangngan Co., Ltd.

Age: 65 years

Director Position

Date of the first appointment: March 24, 1994

Date of the latest appointment: April 27, 2017

Bangkok Steel Wire Co., Ltd.

Thai Maruken Co., Ltd.

Amari Orchid Lodge Co., Ltd.

Myanmar Italian-Thai Power 1 Co., Ltd.

Myanmar ITD Co., Ltd.

APPC Holding Co., Ltd.

Asia Industrial and Port Corporation Co., Ltd.

Asia Logistics Development Co., Ltd.

Asia Pacific Potash Corporation Co., Ltd.

Asia Thai Mining Co., Ltd.

Asian Steel Product Co., Ltd.

ATO Asia Turnout Co., Ltd.

Pan African Mining Corp.
 Panoot Co., Ltd.
 Phannin Co., Ltd.
 Praram 9 Square Co., Ltd.
 Praram 9 Square Hotel Co., Ltd.
 PT Thailindo Bara Pratama Co., Ltd.
 Saraburi Construction Technology Co., Ltd.
 Sarithorn Co., Ltd.
 Siam Concrete Brick and Products Co., Ltd.
 Siam Fiber Optics Co., Ltd.
 Siam Machinery and Equipment Co., Ltd.
 Siam Pacific Holding Co., Ltd.
 Siam Steel Syndicate Plc.
 Sin Rae Muang Thai Co., Ltd.
 Sino Lao Aluminum Co., Ltd.
 Southern Industry Co., Ltd. (1996)
 Takolkiat Co., Ltd.
 Tayakee Co., Ltd.
 Thai Mozambique Logistica SA.
 Thai Nippon Steel Engineering & Construction Corp.Co., Ltd.
 Thai Pride Cement Co., Ltd.
 Tongkrai Co., Ltd.
 Tridayuk Co., Ltd.
 Wildemere Co., Ltd.

Bangkok Steel Wire Co., Ltd.
 Bhaka Bhumi Development Co., Ltd.
 Bhantuwong Co., Ltd.
 C.P.K. International Co., Ltd.
 Chantaburi Country Club Co., Ltd.
 Charoong Thai Wire & Cable Plc.
 Dithee Co., Ltd.
 Italian-Thai Development (Myanmar) Co., Ltd.
 Italian-Thai Development Plc.
 Italian-Thai Hongsa Co., Ltd.
 Italian-Thai International Co., Ltd.
 Italian-Thai Land Co., Ltd.
 Italian-Thai Power Co., Ltd.
 ItalThai Marine Co., Ltd.
 ItalThai Trevi Co., Ltd.
 ITD Bangladesh Co., Ltd.
 ITD Cementation India Co., Ltd.
 ITD-EGC Joint Venture
 Kanika Co., Ltd.
 Lao Metal Industry Co., Ltd.
 Lasalle Co., Ltd.
 MCRP Construction Ltd.
 MCRP Holding Corporation Co., Ltd.
 ItalThai Holding Company Co., Ltd.

3 Mrs. Nijaporn Charanachitta

Education:

M.B.A. (Finance) University of Wisconsin (Madison), U.S.A
 B.A. (Faculty of Arts) Chulalongkorn University
 Director Certification Program (DCP)
 (Thai Institute of Directors Association (IOD) 65/2005)

Chairman of the Board of Directors:

Amari Hotel & Resort Co., Ltd.
 Amari Co., Ltd.
 Oriental Residence Bangkok Co., Ltd.
 ItalThai Real Estate Co., Ltd.
 Amari Estate Phuket Co., Ltd.

Director and Senior Executive Vice President:

Italian-Thai Development Plc.

Director and Member of the Nomination and Compensation Committee:

Charoong Thai Wire & Cable Plc.

Director:

Italian-Thai Development Plc.
 Chantaburi Country Club Co., Ltd.
 TTCL Plc.
 Thai Maruken Co., Ltd.
 Palangthai Kaona Co., Ltd.
 Napralan Crushing Plant Co., Ltd.
 Nishio Rentall (Thailand) Co., Ltd.
 Palit Palangan Co., Ltd.
 Praram 9 Square Hotel Co., Ltd.
 Thai Pride Cement Co., Ltd.
 Myanmar ITD Co., Ltd.
 PT Thailindo Bara Pratama Co., Ltd.

Age: 68 years

Director Position

Date of the first appointment: March 24, 1994
 Date of the latest appointment: April 25, 2018

Chao Phraya Development Corporation Co., Ltd.
 OHTL Plc., (Mandarin Oriental, Bangkok)
 Sakdi Sin Prasit Co., Ltd.
 Amari Hua Hin Co., Ltd.

Siam Machinery & Equipment Co., Ltd.
 CPK International Co., Ltd.
 Bangkok Steel Wire Co., Ltd.
 Praram 9 Square Co., Ltd.
 Bhaka Bhumi Development Co., Ltd.
 Myanmar Italian-Thai Power 1 Co., Ltd.
 Siam Concrete Brick and Product Co., Ltd.
 Aquathai Co., Ltd.
 ItalThai Trevi Co., Ltd.
 Italian-Thai Land Co., Ltd.
 Italian-Thai International Co., Ltd.
 Asian Steel Product Co., Ltd.

Asia Pacific Potash Corporation Co., Ltd.
 ATO Asia Turn-out Co., Ltd.
 ItalThai Power Co., Ltd.
 Saraburi Construction Technology Co., Ltd.
 Siam Pacific Holding Co., Ltd.
 Sarithorn Co., Ltd.
 ITD Bangladesh Co., Ltd.
 ItalThai Holding Company Co., Ltd.
 Asia Logistics Development Co., Ltd.
 Italian-Thai Development (Myanmar) Co., Ltd.
 APPC Holding Co., Ltd.
 Italian-Thai Power Co., Ltd.

Siam Steel Syndicate Plc.
 Sino Lao Aluminum Co., Ltd.
 Sankyu Thai Co., Ltd.
 First Dhaka Elevated Expressway Co., Ltd.
 ItalThai Marine Co., Ltd.
 Sin Rae Muang Thai Co., Ltd.
 Asia Industrial and Port Corporation Co., Ltd.
 Palang Ngan Sakol Co., Ltd.
 Momaz Logistics
 Pan African Mining Corp.
 Southern Industry Co., Ltd.

4 Mr. Pathai Chakornbundit

Education:

B.Eng (Civil), Chulalongkorn University (1962-1966)
 Director Certificate Program, the Institute of Directors (IOD)

Director and Senior Executive Vice President:

Italian-Thai Development Plc.

Vice President of Risk Management Committee:

Italian-Thai Development Plc.

Director:

Italian-Thai Development Plc.
 Myanmar Italian-Thai Power 1 Co., Ltd.
 IOT Joint Venture
 Asia Industrial and Port Corporation Co., Ltd.
 Thai Nippon Steel Engineering & Construction Co., Ltd.
 Thai Maruken Co., Ltd.
 PT Thailindo Bara Pratama Co., Ltd.
 Thai Pride Cement Co., Ltd.
 Aquathai Co., Ltd.
 Sin Rae Muang Thai Co., Ltd.
 Italian - Thai International SDN.BHD.
 First Dhaka Elevated Expressway Co., Ltd.
 Italian-Thai Hongsa Co., Ltd.
 Asia Logistics Development Co., Ltd.

Age: 77 years

Director Position

Date of the first appointment: March 21, 2003
 Date of the latest appointment: April 25, 2018

ITD Cementation India Co., Ltd.
 Italian-Thai Development (Myanmar) Co., Ltd.
 Palit Palangan Co., Ltd.
 Palangthai Kaona Co., Ltd.
 Bhaka Bhumi Development Co., Ltd.
 Myanmar ITD Co., Ltd.
 Sarithorn Co., Ltd.
 ItalThai Trevi Co., Ltd.
 ItalThai Marine Co., Ltd.
 Asia Pacific Potash Corporation Co., Ltd.
 ITD-EGC Joint Venture
 Bangkok Steel Wire Co., Ltd.
 APPC holding Co., Ltd.

5 Mr. Tawatchai Suthiprapha

Education:

Bachelor of Engineering (Civil), Chulalongkorn University
 Director Accreditation Program (DAP)
 Finance for Non Finance Director (Thai Institute of Directors Association (IOD))
 Sharing Forum on Financial Instrument for Directors

Director and Senior Executive Vice President:

Italian-Thai Development Plc.

Director:

Siam Steel Tower Co., Ltd.
 ITD - SMCC Joint Venture
 ITD - ETF - MVM Joint Venture
 Saraburi Construction Technology Co., Ltd.
 Asia Logistics Development Co., Ltd.
 Thai Maruken Co., Ltd.
 Asia Fastening System Co., Ltd.

Age: 76 years

Director Position

Date of the first appointment: March 24, 2005
 Date of the latest appointment: April 25, 2018

Italian-Thai Development Plc.
 Thai Pride Cement Co., Ltd.
 Sarithorn Co., Ltd.
 ATO Asia Turn-Out Co., Ltd.
 Bhaka Bhumi Development Co., Ltd.
 Asia Industrial and Port Corporation Co., Ltd.

| | |
|---|--|
| <p>6 Mr. William Lee Zentgraf</p> <p>Education: A.B.(cum laude) Harvard College</p> <p>Independent Director and Audit Committee: Italian-Thai Development Plc.</p> <p>Director: OHTL Plc., (Mandarin Oriental, Bangkok)</p> | <p>Age: 79 years</p> <p>Director Position Date of the first appointment: March 24, 2005 Date of the latest appointment: April 22, 2016</p> |
| <p>7 Mr. Peeti Karnasuta</p> <p>Education: Applied Economics, University of Saint Andrews</p> <p>Senior Executive Vice President: Italian-Thai Development Plc.</p> <p>Risk Management Committee: Italian-Thai Development Plc.</p> <p>Director: Italian-Thai Development Plc. Italian-Thai Power Co., Ltd. Asia Thai Mining Co., Ltd. Myanmar Italian-Thai Power 1 Co., Ltd. Construction Concrete Co., Ltd.</p> <p>Executive Director: Auo Siam Marine Co., Ltd.</p> <p>Managing Director: Construction Concrete Co., Ltd. Intrinsic Resources Co., Ltd.</p> | <p>Age: 38 years</p> <p>Director Position Date of the first appointment: March 24, 2008 Date of the latest appointment: April 22, 2016</p> <p>Pan African Mining Corp. ITD Madagascar S.A Co., Ltd. International Shipping Corporation Co., Ltd. Pan Sakao Coal SA Intrinsic Resources Co., Ltd.</p> <p>Amari Hotel & Resort Co., Ltd.</p> |
| <p>8 Mr. Thoranis Karnasuta</p> <p>Education: Bachelor's degree in Industrial Engineering University of California, Berkeley, USA</p> <p>Director: Italian-Thai Development Plc. LNG Plus International Limited Italhai Real Estate Co., Ltd.</p> <p>Assistant to the President: Italian-Thai Development Plc.</p> <p>Senior Executive Vice President: Italian-Thai Development Plc.</p> | <p>Age: 29 years</p> <p>Director Position Date of the first appointment: April 30, 2014 Date of the latest appointment: April 27, 2017</p> <p>Thai Mozambique Logistica S.A. Amari Co., Ltd.</p> |
| <p>9 Mr. Sai Wah Simon Suen</p> <p>Education: Master of Bussiness Management, Chaminade University of Honolulu, Hawaii, USA Bachelor of Bussiness Management The University of Hawaii, Hawaii, USA</p> <p>Independent Director and Audit Committee: Italian-Thai Development Plc.</p> <p>Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee: Charoong Thai Wire & Cable Plc.</p> | <p>Age: 59 years</p> <p>Director Position Date of the first appointment: June 15, 2018 Date of the latest appointment: June 15, 2018</p> |

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|----|---|---|
| 10 | <p>Mr. Chatichai Chutima</p> <p>Education:</p> <p>Master of Economics from Ohio University, U.S.A.</p> <p>Director Accreditation Program Class 67/2007</p> <p>Successful Formulation & Executive of Strategy Class 12/2001</p> <p>(Thai Institute of Directors Association (IOD))</p> <p>Senior Executive Vice President (Finance):</p> <p>Italian-Thai Development Plc.</p> <p>Risk Management Committee:</p> <p>Italian-Thai Development Plc.</p> <p>Vice President (Finance):</p> <p>Italian-Thai Development Plc.</p> <p>Director:</p> <p>Siam Pacific Electric Wire & Cable Co., Ltd.</p> <p>Siam Steel Syndicate Public Co., Ltd.</p> | <p>Age: 59 years</p> <p>ITD Bangladesh Co., Ltd.</p> |
| 11 | <p>Ms. Kanchana Charoenyot</p> <p>Education:</p> <p>Master of Business Administration (Finance and Banking)</p> <p>Ramkhamhaeng University</p> <p>Vice President (Accounting):</p> <p>Italian-Thai Development Plc.</p> <p>Assistant Vice President (Accounting):</p> <p>Italian-Thai Development Plc.</p> | <p>Age: 57 years</p> |
| 12 | <p>Mr. Anan Amarapala</p> <p>Education:</p> <p>Bachelor of Engineering (Civil), Chulalongkorn University</p> <p>Executive Vice President:</p> <p>Italian-Thai Development Plc.</p> <p>Director:</p> <p>Asia Logistics Development Co., Ltd.</p> <p>Asia Industrial and Port Corporation Co., Ltd.</p> | <p>Age: 73 years</p> |
| 13 | <p>Mr. Virat Kongmaneerat</p> <p>Education:</p> <p>Bachelor of Engineering (Civil)</p> <p>King Mongkut's University of Technology Thonburi</p> <p>Executive Vice President:</p> <p>Italian-Thai Development Plc.</p> <p>Director:</p> <p>Thai Mozambique Logistica S.A.</p> | <p>Age: 65 years</p> |
| 14 | <p>Mr. Sumate Surabotsopon</p> <p>Education:</p> <p>Master of Engineering (Civil)</p> <p>King Mongkut's University of Technology Thonburi</p> <p>Executive Vice President:</p> <p>Italian-Thai Development Plc.</p> <p>Director:</p> <p>First Dhaka Elevated Expressway Co., Ltd.</p> | <p>Age: 55 years</p> <p>ITD Bangladesh Co., Ltd.</p> |

21 **Mr.Prasart Kosarussawadee** **Age: 69 years**
Education:
Bachelor of Engineering (Civil), Chulalongkorn University
Executive Vice President:
Italian-Thai Development Plc.
Director:
Siam Steel Syndicate Public Co., Ltd. Thai Pride Cement Co., Ltd.
PT Thailindo Bara Pratama Co., Ltd.

22 **Mr.Sakchai Puetpaiboon** **Age: 62 years**
Education:
Bachelor of Engineering (Civil), Prince of Songkla University
Executive Vice President:
Italian-Thai Development Plc.

23 **Mr.Wichien Roongrujirat** **Age: 60 years**
Education:
Master of Engineering (Civil), Asian Institute of Technology
Vice President:
Italian-Thai Development Plc.

24 **Mr.Prasert Sanor** **Age: 55 years**
Education:
M.B.A., Ramkhamhaeng University
Vice President:
Italian-Thai Development Plc.

Authority and Responsibility of the Company Secretary

The Company Secretary is required to perform his/her duties with responsibility, caution, and integrity in compliance with the laws, objectives and regulations of the Company, and the resolution of the Board of Directors and Shareholders as defined in Securities and Exchange Act (No. 4) B.E. 2551, Section 89/15 and 89/16, which is effective on August 31, 2008. The Company Secretary is responsible for the following proceedings:

1. Preparing and keeping the following documents:
 - a) A register of Directors
 - b) Notices calling for the Directors' Meetings, minutes of Board of Directors' Meetings, and the Annual Reports
 - c) Notices calling for Shareholders' Meetings and minutes of Shareholders' Meetings
2. Keeping a report on activities reported by the Directors or the Management, and submitting a copy of report according to Section 89/14 to the Chairman of the Board and Audit Committee Chairman for acknowledgement within seven days from the date the report is received.
3. Performing other duties as prescribed by the Capital Market Supervisory Board

Qualification of the Company Secretary

1. To have a comprehensive knowledge and understanding of the Company's business, including the roles and duties related to the work of the Company's secretary, for instance, duties of the Board and the Company, having sound knowledge of related laws and regulations, including the continuous pursuit of knowledge, and the follow-up of data and information for the development of work implementation.
2. The performance of duties in accordance with laws, rules and the Company's regulations, with responsibility, caution, integrity and determination, including lending support for the Company's operations, based on the Company's principles of good corporate governance and code of ethics, so that the Company may fulfill its goal.
3. To strictly adhere to virtue and morality, as well as take into account the interests of all groups of stakeholders, while not acting in a way that will cause damage to the Company's reputation and good image.
4. Not to promote self-interest through the Company's business opportunities, and to strictly maintain the Company's confidential details.
5. Have good human relations and an ability to coordinate with other work units or agencies both inside and outside the Company.

Number of Shares held by ITD Directors and Directors' Remuneration as of January 31, 2019

| Name | Position | Number of Share as of January 31, 2018 | Number of Share as of January 31, 2019 | Change during the Year | Remuneration (Unit: Baht) |
|--------------------------------|--|--|--|------------------------|---------------------------|
| 1. Dr. Krisorn Jittorntrum | Chairman of the Board of Directors | - 0 - | - 0 - | - 0 - | 750,000 (1) |
| | Chairman of the Audit Committee | | | | 535,000 (2) |
| | Chairman of Risk Management Committee | | | | 15,000 (3) |
| 2. Mr. Premchai Karnasuta | Director | 714,479,026 | 663,223,626 | (51,255,400) | 580,000 (1) |
| 3. Mrs. Nijaporn Charanachitta | Director | 367,913,140 | 350,815,140 | (17,098,000) | 580,000 (1) |
| 4. Mr. Pathai Chakornbundit | Director | 69,540 | 69,540 | - 0 - | 580,000 (1) |
| | Vice Chairman of Risk Management Committee | | | | 10,000 (3) |
| 5. Mr. Tawatchai Suthiprapha | Director | - 0 - | - 0 - | - 0 - | 580,000 (1) |
| 6. Mr. William Lee Zentgraf | Independent Director | - 0 - | - 0 - | - 0 - | 580,000 (1) |
| | Audit Committee Member | | | | 415,000 (2) |
| 7. Mr. Peeti Karnasuta | Director | 463 | 463 | - 0 - | 580,000 (1) |
| | Risk Management Committee | | | | 10,000 (3) |
| 8. Mr. Thoranis Karnasuta | Director | 28,210,960 | 28,210,960 | - 0 - | 580,000 (1) |
| 9. Mr. Sai Wah Simon Suen | Independent Director | - 0 - | - 0 - | - 0 - | 459,167 (1) |
| | Audit Committee Member | | | | 170,625 (2) |

Note

(1) the Board of Directors' Remuneration

(2) Audit Committees' Remuneration plus with bonus

(3) Risk Management Committees' Remuneration

The Company continually recognizes the importance of its internal control systems in both levels of the management and operation to prevent and reduce corporate risks. The Board of Directors has conducted the evaluation of internal control and followed up the operation improvement on regularly basis to assure that the internal control be appropriate and sufficient for operation.

The Annual Meeting of Audit Committee No. 4/3/2019 was held on March 15, 2019 by presence of three members of Audit Committee. The Board of Directors has evaluated the sufficiency of the Company's Internal Control Systems by using the format of assessment of internal control of the Securities and Exchange Commission and enquiring information from the management comprising:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The Board of Directors and Audit Committee's opinion states that the Company's Internal Control Systems are appropriate and adequate, also in compliance with the assessment of internal control. In this regards, the Company has provided adequate personnel to efficiently carry out it. In addition, they follow up the operation of the Company and its subsidiaries so that the Company's assets and those of its subsidiaries as well as the business transactions with the persons who may have conflict and connected interest are protected from abuse by the Company Directors and Executives. For other parts of the internal control, the Company deems that it is adequate as well.

The Board of Directors, Audit Committee and the Certified Public Accountant's common opinion states that the Company Internal Control Systems are efficient. Also, no defect has been founded to significantly impact against the auditor's opinion.

Related Party Transactions

| Company | Description of Relations | Transactions | The Value of Transactions ending 31 Dec 2018 (Million Baht) | Details of Transactions | Necessity and Reasonableness of Connected Transactions |
|--|---|--|--|--|---|
| 1. Siam Steel Syndicate Co., Ltd. (Steel Bar Production) | <ul style="list-style-type: none"> - A connected Company - The Company held the amount of 1.15% from the total outstanding shares of Siam Steel Syndicate Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta, Mrs.Nijaporn Charanachitta, and Mr. Peeti Karnasuta) and related persons of the Directors held the amount of 89.27% from the total outstanding shares of Siam Steel Syndicate Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta, Mrs.Nijaporn Charanachitta, and Mr.Thoranis Karnasuta) were the Directors of Siam Steel Syndicate Co., Ltd. | <ul style="list-style-type: none"> - Revenue from office rental, common area services and utilities, and sale of billet , scrap-iron, and construction services - Accounts receivable - Cost of construction services - Accounts payable | <ul style="list-style-type: none"> 300.10 172.91 1,724.78 381.99 | <ul style="list-style-type: none"> - Siam Steel Syndicate Co., Ltd. paid for office rental, common area services. The term of contract was lasting for 3 years and terminating on 31 October 2021. - The Company sold the scrap iron, provided the office space and obtained the common area maintenance fee with 30-60 days of credit term. - The Company purchased the products from Siam Steel Syndicate Co., Ltd. | <ul style="list-style-type: none"> - A supporting business transaction. - Rental price and the common area maintenance fee were related with the market-based pricing and on arm's length basis with the same condition for other clients. - Normal business transaction. - Utility charges were actual cost pricing. - The transaction price was related with the market-based pricing and on arm's length basis that the Company sold the scrap iron to another sellers. - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company purchased from another sellers. |
| 2. Italthai Industrial Co., Ltd. (Machines & Parts Trading) | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mrs. Nijaporn Charanachitta and Mr.Thoranis Karnasuta) and related persons of the Directors held the amount of 8.37% from the total outstanding shares of Italthai Industrial Co., Ltd. - The Directors and the Managements of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Karnasuta, Ms. Prachaya Karnasuta, Mr. Thoranis Karnasuta, and Mr. Piyachai Karnasuta) and related persons of the Directors indirectly held the amount of 89.71% from the total paid-up shares of Italthai Industrial Co., Ltd. via Italthai Holding Co., Ltd. | <ul style="list-style-type: none"> - Cost of machines, spare part, and maintenance expenses - Accounts payable - Revenue from services - Accounts receivable | <ul style="list-style-type: none"> 545.16 124.77 12.34 4.14 | <ul style="list-style-type: none"> - The Company purchased machines, parts and maintenance services from Italthai Industrial Co., Ltd. with 30-60 days of credit term. - The Company provide the building rentals and furniture - Services fee from building repair | <ul style="list-style-type: none"> - A supporting normal business transaction. - Spare sparts, machines and maintenance expenses were related with the market-based pricing and on arm's length basis that the Company purchased from another sellers. - A supporting normal business transaction. - A rental and service fee were related with the market-based pricing on arm's length basis that the Company purchased from another sellers. |
| Transaction with the subsidiaries | | | | | |
| - Dawei Development Co., Ltd. | - The Company purchased the machines, spare parts and maintenance services | - Accounts payable | 3.88 | - Dawei Development Co., Ltd and | - A supporting normal business transaction. |
| - Italian-Thai Hongsa Co., Ltd | - The Company purchased the machines, spare parts and maintenance services | - Accounts payable | 9.86 | Italianthai Hongsa Co., Ltd. purchased the | - Spare sparts, machines and other expenses |
| | | - Cost of the services | 38.17 | machines, spare parts and maintenance services from Italthai Industrial Co., Ltd. with 30-60 days of credit term. | were related with the market-based pricing on arm's length basis that Italian-Thai Hongsa Co., Ltd. purchased from another sellers. |

| Company | Description of Relations | Transactions | The Value of Transactions ending 31 Dec 2018 (Million Baht) | Details of Transactions | Necessity and Reasonableness of Connected Transactions |
|--|---|---|---|--|--|
| 3. ItalThai Engineering Co., Ltd. (Construction and Installation of Gas and Air Conditioning Systems) | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Karnasuta, Ms. Prachaya Karnasuta, Mr. Thoranis Karnasuta, and Mr. Piyachai Karnasuta) and related persons of the Directors indirectly held the amount of 95.53% from the total outstanding shares of ItalThai Engineering Co., Ltd. via ItalThai Holding Co., Ltd. and Sak Di Sin Prasit Co., Ltd. | <ul style="list-style-type: none"> - Accounts payable - Cost of the construction services - Revenue from services - Accounts receivable | <ul style="list-style-type: none"> 411.72 539.06 36.08 9.71 | <ul style="list-style-type: none"> - The Company hired ItalThai Engineering Co., Ltd. to install the electric and communication systems and the construction. - The Company constructed the High Voltage Station Project, Pattalung Province (Civil works) | <ul style="list-style-type: none"> - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company hired another employers. - Normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| 4. Auo -Po Grand Marina Co., Ltd. (Hotel and Resort) | <ul style="list-style-type: none"> - A connected Company - The Director of the Company (Mr. Premchai Karnasuta) indirectly held the amount of 90% from the total outstanding shares of Auo-Po Grand Co., Ltd. via 3 B Holding Co., Ltd. - The Director of the Company (Mr. Premchai Karnasuta) was the Director of Auo -Po Grand Marina Co., Ltd. | <ul style="list-style-type: none"> - Accounts receivable | <ul style="list-style-type: none"> 80.78 | <ul style="list-style-type: none"> - The Company provided the jetty and Yacht Club construction services at Auo-Po, Phuket Province. (Provision for loses in excess of 12 months in the amount of Baht 38.66 million.) | <ul style="list-style-type: none"> - Normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. - Auo-Po Grand Marina Co., Ltd. had a repayment plan and gradually paid debt upon its financial capabilities [remark: It was in the process of following up the debt repayment plan] |
| 5. NWR-SBCC Joint Venture (Coal Extraction and Overburden Excavation) | <ul style="list-style-type: none"> - A connected Company (Saraburi Coal Co., Ltd. invested in the amount of the amount of 50% of NWR-SBCC Joint Venture) - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) were the Directors of Saraburi Coal Co., Ltd. since 21 July 2008 | <ul style="list-style-type: none"> - Revenue from services - Cost of the Machine and Vehicle - Accounts payable | <ul style="list-style-type: none"> 9.99 1,152.32 192.67 | <ul style="list-style-type: none"> - The building space, timing belt, and services fee - The Company purchased the machine and vehicle, and office equipment from NWR - SBCC Joint Venture | <ul style="list-style-type: none"> - The supporting normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. - The supporting business transaction. - The transaction price was related with the actual market-based pricing and on arm's length basis without any differences. |
| <u>Transaction with the subsidiaries</u> - Thai Pride Cement Co., Ltd. | <ul style="list-style-type: none"> - Thai Pride Cement Co., Ltd. provided the financial services | <ul style="list-style-type: none"> - Other revenue | <ul style="list-style-type: none"> 4.17 | <ul style="list-style-type: none"> - Thai Pride Cement Co., Ltd. provided the accounting services to NWR-SBCC Joint Venture | <ul style="list-style-type: none"> - Normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| 6. Pan African Mining Corp. (Holding Company) | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) indirectly held the amount of 90% from the total outstanding shares of Pan African Mining Corp via Asia Thai Mining Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) were the Directors of Pan African Mining Corp. | <ul style="list-style-type: none"> - Accounts receivable | <ul style="list-style-type: none"> 103.57 | <ul style="list-style-type: none"> - The Company provided the project management services for SAKOA Coal Mine Project in Madagascar with 30-60 days of credit term. - Provision for loses in the amount of Baht 103.57 million | <ul style="list-style-type: none"> - A supporting normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |

| Company | Description of Relations | Transactions | The Value of Transactions ending 31 Dec 2018 (Million Baht) | Details of Transactions | Necessity and Reasonableness of Connected Transactions |
|--|--|--|---|--|---|
| 7. Asia Thai Mining Co., Ltd. (Holding Company& Coal Mine) <u>Transaction with the subsidiaries</u> | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) indirectly held the amount of 90% from the total outstanding shares of Asia Thai Mining Co., Ltd. via Palang Ngan Sakol Co., Ltd. and Saraburi Coal Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, and Mr. Peeti Karnasuta) were the Directors of Asia Thai Mining Co., Ltd. | <ul style="list-style-type: none"> - Sales cost - Accounts payable | 187.65 30.15 | <ul style="list-style-type: none"> - Thai Pride Cement Co.,Ltd purchased the coal from Asia Thai Mining Co., Ltd. | <ul style="list-style-type: none"> - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that Thai Pride Cement Co., Ltd. purchased from another sellers. |
| 8. PAM SAKOA COAL SA (Coal Mine) <u>Transaction with the subsidiaries</u> | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) indirectly held the amount of 89.73% from the total outstanding shares of PAM SAKOA COAL SA via Asia Thai Mining Co., Ltd. - The Director of the Company(Mr.Peeti Karnasuta) was the Director of PAM SAKOA COAL SA | <ul style="list-style-type: none"> - Accounts receivable - Short term loan and advance payment | 58.63 14.91 | <ul style="list-style-type: none"> - ITD Madagascar provided the consultancy service for coal mining project of PAM SAKOA COAL SA in Madagascar. - Provision for losses in the amount of Baht 58.63 million - Advance payment for Import duty of Machinery and expenses for Mining Coal - Project Provision for losses in the amount of Baht 14.91 million | <ul style="list-style-type: none"> - A supporting normal business transaction. - The services fee was related with the market-based pricing and on arm's length basis with the same condition for other clients. - A financial assistance transaction. - Import fee on behalf of the project owner (PAMS) to ITD Madagascar and in a precess of TAX benefits approval. Once the Government issued BOI to PAMS, PAMS would regain the paid-up tax and advance. Then, it would return the regained tax to ITD Madagascar. |
| 9. Siam Machinery Equipment Co., Ltd. (Casting and Machine) | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) and related persons of the Directors held the amount of 53.75% from the total outstanding shares of Siam Machinery Equipment Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) were the Directors of Siam Machinery Equipment Co., Ltd. | <ul style="list-style-type: none"> - Sales cost | 12.37 | <ul style="list-style-type: none"> - The Company employed Siam Machinery Equipment Co., Ltd. for Grating and Frame work with 30-60 days of credit term. | <ul style="list-style-type: none"> - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company hired another employers. |
| 10. LNG Plus International Co., Ltd. (Manufacture and distribution of electricity) | <ul style="list-style-type: none"> - A connected Company - The Director of the Company (Mr. Thoranis Karnasuta) was the Director of LNG Plus International Co., Ltd. | <ul style="list-style-type: none"> - Accounts payable - Accounts payable | 4.89 20.00 | <ul style="list-style-type: none"> - The Company purchased the Electricity for Dawei Industrial Estate Project. - The Compensation for breach a contract of Dawei Project with 30-60 days of credit term. | <ul style="list-style-type: none"> - The transaction price was based on Take or Pay Agreement |

| Company | Description of Relations | Transactions | The Value of Transactions ending 31 Dec 2018 (Million Baht) | Details of Transactions | Necessity and Reasonableness of Connected Transactions |
|--|---|--|---|---|---|
| 11. Construction Concrete Co., Ltd. (Concrete Trading) <u>Transaction with Subsidiaries</u> - Thai Pride Cement Co., Ltd. (Manufacture and distribution of cement) | - A connected Company - The Director of the Company (Mr. Peeti Karnasuta) held the amount of 99.99% from the total outstanding shares of Construction Concrete Co., Ltd. | - Cost of construction services - Accounts payable - Revenue from sales - Accounts receivable | 282.09 77.32 42.13 49.39 | - The Company purchased concrete from Construction Concrete Co., Ltd. with 60 days of credit term. - Thai Pride Cement Co., Ltd. sold the cement powder to Construction Concrete Co., Ltd. with 30-60 days of credit term. | - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company purchased from another sellers. - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that Thai Pride Cement Co., Ltd. sold to other clients. |
| 12. Charoong Thai Wire and Cable Plc. (CTW) (Wire and Cable Manufacture and Distributor) | - A connected Company - The Company held the amount of 12.90% from the total outstanding shares of CTW - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta and Mr. Sai Wah Simon Suen) were the Directors of Charoong Thai Wire and Cable Plc. | - Cost of construction services - Accounts payable | 209.49 184.05 | - The Company purchased the raw material from Charoong Thai Wire and Cable Plc. with 30-60 days of credit term. | - Normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company purchased from another sellers. |
| 13. Nishi-O Rent All (Thailand) Co., Ltd. (Machine rental for construction) (Former name was Thai rent All Co. Ltd.) | - A connected Company - The Company held the amount of 15% from the total outstanding shares of Nishi-O Rent All (Thailand) Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) were the Directors of Nishi-O Rent All (Thailand) Co., Ltd. | - Cost of construction services - Accounts payable | 135.94 122.75 | - The Company rented the machines from Nishi-O Rent All (Thailand) Co., Ltd. with 30-60 days of credit term. | - A supporting normal business transaction. - The transaction price was related with the market-based pricing and on arm's length basis that the Company rented from another sellers with the same condition. |
| 14. Praram 9 Square Co., Ltd. (Department Store Development) | - A connected Company - The Company held the amount of 6.32% from the total outstanding shares of Praram 9 Square Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) were the Directors of Praram 9 Square Co., Ltd. | - Cost of construction services - Accounts receivable | 19.24 34.15 | - The Company provided the construction services for steel reinforcement to G Tower, The Grand Rama 9 project with 30-60 days of credit term. | - Normal business transaction - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| 15. Siam Fiber Optic Co., Ltd. (Manufacture and distribution of optic fibers) | - A connected Company - The Company held the amount of 10% from the total outstanding shares of Siam Fiber Optics Co., Ltd. - The Director of the Company (Mr. Premchai Karnasuta) was the Director of Siam Fiber Optics Co., Ltd. | - Cost of construction services - Accounts payable | 8.77 6.42 | - The Company purchased the materials from Siam Fiber Optics Co., Ltd. with 30-60 days of credit term. | - Normal business transaction - The transaction price was related with the market-based pricing and on arm's length basis that the Company purchased from another sellers. |
| 16. Amari Pattaya Co., Ltd. (Hotel and Resort) | - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Karnasuta, and Mr. William Lee Zentgraf) and related persons of the Directors indirectly held the amount of 77.21% from the total outstanding shares of Amari Pattaya Co., Ltd. via Amari Co., Ltd. and Baan Rao Holding Co., Ltd. - The Director of the Company (Mrs. Nijaporn Charanachitta) was the Director of Amari Pattaya Co., Ltd. | - Revenue from construction service - Accounts receivable | 239.57 82.36 | - The Company constructs Amari Orchid Pattaya with 30-60 days of credit term. | - Normal business transaction - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |

| Company | Description of Relations | Transactions | The Value of Transactions ending 31 Dec 2018 (Million Baht) | Details of Transactions | Necessity and Reasonableness of Connected Transactions |
|--|--|---|---|--|---|
| 17. Ozo Pattaya Co., Ltd. (Hotel and Resort) | <ul style="list-style-type: none"> - A connected Company - The Director of the Company (Mrs. Nijaporn Charanachitta) and related persons of the Directors held the amount of 46.76% from the total outstanding shares of Ozo Pattaya Co., Ltd. via Sak Di Sin Prasit Co., Ltd. - The Director of the Company (Mrs. Nijaporn Charanachitta) was the Director of Ozo Pattaya Co., Ltd. | <ul style="list-style-type: none"> - Revenue from services - Accounts receivable - Amount received in advance for construction work (Accounts payable) | 79.55 14.42 19.46 | <ul style="list-style-type: none"> - The Company constructed Ozo Pattaya with 30-60 days of credit term. | <ul style="list-style-type: none"> - Normal business transaction - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| 18. Ozo Kata Co., Ltd. (Hotel and Resort) | <ul style="list-style-type: none"> - A connected Company - The Director of the Company (Mrs. Nijaporn Charanachitta) and related persons of the Directors indirectly held the amount of 90.14% from the total outstanding shares of Ozo Kata Co., Ltd. via Sak Di Sin Prasit Co., Ltd., Amari Co., Ltd. and Italthai Real Estate Co., Ltd. - The Director of the Company (Mrs. Nijaporn Charanachitta) was the Director of Ozo Kata Co., Ltd. | <ul style="list-style-type: none"> - Revenue from services | 4.61 | <ul style="list-style-type: none"> - Italthai Trevi Co., Ltd. provided the drilling services, foundation pile, and infrastructure with 30-60 days of credit term | <ul style="list-style-type: none"> - Normal business transaction - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| Transaction with Subsidiaries - Italthai Trevi Co., Ltd. | | | | | |
| 19. C.P.K. Plantation Co., Ltd. (Manufacturing and Distributing winter fruits and vegetables) | <ul style="list-style-type: none"> - A connected Company - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta, Mr. Peeti Karnasuta and Mr. Thoranis Karnasuta) and related persons of the Directors held the amount of 48.75 from the total outstanding shares of C.P.K. Plantation Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta and Mrs. Nijaporn Charanachitta) were the Director of C.P.K. Plantation Co., Ltd. | <ul style="list-style-type: none"> - Product cost - Accounts payable | 4.13 1.08 | <ul style="list-style-type: none"> - The Company purchased products from C.P.K. Plantation Co., Ltd. for new year gifts to the Company's customers with 30-60 days of credit term | <ul style="list-style-type: none"> - A supporting normal business transaction. - The transaction price was in accordance with the cost plus margin pricing and on arm's length basis with the same condition for other clients. |
| 20. Mr. Premchai Karnasuta | <ul style="list-style-type: none"> - The Director of the Company - The Director of the Company (Mr. Premchai Karnasuta) and related persons of the Directors held the amount of 0.1 from the total outstanding shares of Asian Steel Product Co., Ltd. - The Directors of the Company (Mr. Premchai Karnasuta, Mrs. Nijaporn Charanachitta and Mr. Thoranis Karnasuta) were the Director of Asian Steel Product Co., Ltd. | <ul style="list-style-type: none"> - Loan for Director | 7 | <ul style="list-style-type: none"> - Asian Steel Product Co., Ltd. offered THB 7 million worth of loan to the Director of the Company at 2% interest rate per yer. - Due to repay was when debt collection claimed | <ul style="list-style-type: none"> - A offering or financial support transaction. |
| Transaction with Subsidiaries - Asian Steel Product Co., Ltd. | | | | | |

Summary of Financial Information

(1) Financial Statement of The Company Only

| Description | Unit : Year | 2018 | 2017* | 2016* |
|---|--------------|---------------|--------|--------|
| Total Assets | Million Baht | 79,561 | 69,186 | 59,668 |
| Share Capital | Million Baht | 5,280 | 5,280 | 5,280 |
| Shareholder's Equity | Million Baht | 14,099 | 14,139 | 14,149 |
| Revenues from Construction Work, Sales and Services | Million Baht | 42,310 | 37,913 | 26,416 |
| Gross Profit | Million Baht | 3,220 | 2,744 | 2,063 |
| Net Profit after Tax | Million Baht | 153 | 101 | 111 |
| EBITDA | Million Baht | 3,854 | 2,879 | 2,869 |
| EPS | Baht | 0.03 | 0.02 | 0.02 |
| Book Value | Baht | 2.67 | 2.68 | 2.68 |
| Par Value | Baht | 1 | 1 | 1 |
| DPS | Baht | 0.01 | 0.00 | 0.01 |
| DPS x 100 EPS | % | 49.83 | 0.00 | 48.85 |

(2) Financial Statements of Consolidated

| as of 31 st December | Unit : Year | 2018 | 2017* | 2016* |
|---|--------------|---------------|--------|--------|
| Total Assets | Million Baht | 98,015 | 87,829 | 78,120 |
| Total Liabilities | Million Baht | 81,544 | 73,057 | 63,786 |
| Total Shareholder's Equity | Million Baht | 16,470 | 14,773 | 14,333 |
| Revenues from Construction Work, Sales and Services | Million Baht | 60,644 | 55,096 | 47,320 |
| Total Revenues | Million Baht | 61,730 | 56,079 | 48,389 |
| Gross Profit | Million Baht | 6,561 | 6,573 | 4,518 |
| Net Profit (Loss)** | Million Baht | 306 | 413 | (109) |
| EBITDA | Million Baht | 6,792 | 5,886 | 4,988 |

(3) Financial Ratios and Results of Operation of the Company and its Subsidiaries for 3 years

| | Unit | 2018 | | 2017* | | 2016* | |
|---|-------|---------------------|-----------------|---------------------|--------------|---------------------|--------------|
| | | Consolidated F/S | Separate F/S | Consolidated F/S | Separate F/S | Consolidated F/S | Separate F/S |
| Current Ratio | | | | | | | |
| Current Ratio | Times | 1.07 | 1.11 | 1.06 | 1.09 | 1.06 | 1.14 |
| Quick Ratio | Times | 0.33 | 0.35 | 0.33 | 0.36 | 0.32 | 0.35 |
| A/R Turnover | Times | 4.76 | 3.65 | 4.89 | 3.74 | 4.40 | 2.90 |
| Collection Period | Days | 75.57 | 98.72 | 73.58 | 96.26 | 81.86 | 124.08 |
| Inventory Turnover | Times | 12.58 | 14.59 | 15.00 | 18.50 | 13.74 | 15.75 |
| Return on Sales | Days | 28.63 | 24.68 | 23.99 | 19.46 | 26.19 | 22.86 |
| A/P Turnover | Times | 3.96 | 3.72 | 3.53 | 3.91 | 2.92 | 2.85 |
| Payment Period | Days | 90.82 | 96.73 | 101.84 | 92.16 | 123.16 | 126.14 |
| Cash Cycle | Days | 13.38 | 26.67 | (4.27) | 23.55 | (15.11) | 20.80 |
| Profitability Ratio | | | | | | | |
| Gross Profit | % | 10.82 | 7.61 | 11.90 | 7.24 | 9.55 | 7.81 |
| Net Profit | % | 0.50 | 0.35 | 0.73 | 0.26 | (0.23) | 0.41 |
| Return on Equity | % | 1.96 | 1.08 | 2.84 | 0.71 | (0.76) | 0.78 |
| Efficiency Ratio | | | | | | | |
| Return on Assets | % | 0.33 | 0.21 | 0.50 | 0.16 | (0.14) | 0.19 |
| Return on Fixed Assets | % | 15.57 | 16.34 | 14.71 | 14.66 | 12.69 | 17.04 |
| Assets Turnover | Times | 0.66 | 0.58 | 0.68 | 0.60 | 0.62 | 0.47 |
| Financial Ratio Analysis | | | | | | | |
| Debt to Equity | Times | 4.95 | 4.64 | 4.95 | 3.89 | 4.45 | 3.22 |
| Interest Coverage | Times | 2.06 | 2.21 | 1.72 | 1.47 | 3.41 | 2.62 |
| Dividend Payout Ratio | % | 24.88 | 49.83 | 0.00 | 0.00 | N/A | 48.85 |
| Debt to Equity (Under Terms and Conditions of Bond Issuer and Bond Holders) | Times | 2.58 | 2.54 | 2.47 | 2.07 | 2.22 | 1.83 |
| Data per Share and Growth Ratio of Business | | | | | | | |
| Growth Ratio | | | | | | | |
| Total Assets | % | 11.60 | 15.00 | 12.43 | 3.07 | 0.03 | 3.07 |
| Total Liabilities | % | 11.62 | 18.92 | 14.53 | 4.40 | 0.42 | 4.40 |
| Revenues from Construction Services | % | 9.79 | 11.60 | 16.73 | (15.74) | (7.75) | (15.74) |
| Cost of Services | % | 11.13 | 11.15 | 13.70 | (14.51) | (8.72) | (14.51) |
| Net Earning | % | (25.94) | 51.11 | 477.64 | (48.21) | 69.79 | (48.21) |
| Data per Share | | | | | | | |
| Book Value | Baht | 3.12 | 2.67 | 2.80 | 2.68 | 2.71 | 2.68 |
| EPS | Baht | 0.07 | 0.04 | 0.08 | 0.02 | (0.02) | 0.02 |
| Dividend per Share | Baht | 0.01 | 0.01 | 0.00 | 0.00 | 0.01 | 0.01 |

Note: * Restated

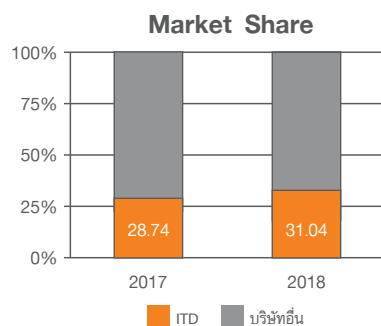
** Net income (loss) in the portion of the Company's shareholders

Management's Discussion and Analysis of Results of Operations and Financial Condition as at December 31, 2018

1. Overview

1.1 Results of operation and factors of major changes

Market share 31.04% in 2018



As of December 31, 2018, backlog for construction and concession Baht 297,489 million, the backlog for construction Baht 149,495 million was in public sector 70.05% and in Thailand 67.93%

ITD is considered to be a large civil engineering and construction firm on the Stock Exchange of Thailand as measured by total revenues of construction companies listed on the Stock Exchange of Thailand (SET). The Company's market share of the total construction industry revenues was 31.04% and 28.74% in year ended of 2018 and the year ended 2017, respectively. In 2018, the total revenue of the Company was Baht 61,730 million which was mainly the revenue from construction services and the allocation of profit under the portion of the Company's shareholders in the amount of Baht 306 million.

As at December 31, 2018 the Company's backlog for construction and concession was Baht 297,489 million, compared to Baht 282,930 million in December 31, 2017. In addition to the Company's backlog at December 31, 2018, as at March 4, 2019 the Company has signed new contracts valued at Baht 1,102 million and has been awarded, but has yet to sign, contracts for a further Baht 1,769 million. The Company's current backlog, therefore, has an accumulated value of Baht 300,360 million.

As at December 31, 2018, the backlog for construction (by Italian-Thai Development Public Company Limited, joint ventures, consortium and subsidiaries with the Company's role) was Baht 149,495 million, of which over 70.05% comprised public sector infrastructure development and 67.93% comprised work in Thailand

In 2018, the Company signed new large construction contracts which will increase the future revenues such as:

- Overburden Excavation-Removal, and Coal Extraction at Mae Moh Mine Contract 9 Baht 29,579 million
- One Bangkok Mixed-Use (Substructure) Baht 8,250 million
- Dhaka Mass Transit Development, Contract CP-06 Baht 6,996 million (In joint operation method)
- PTTLNG Nong Fab, LNG Receiving Terminal Baht 5,349 million
- Training Centre and Welfare, Immigration Bureau Baht 1,397 million

1.2 Economic and industry conditions to operation

The GDP of Thai economy in 2018 had expanded to 4.1% and GDP of the construction industry to 2.7%. The Company had turnover more than Baht 60,000 million which was among the highest.

1.3 Policy, strategy or option to business decisions

Vision: "To be the leading contractor in Southeast Asia"

Strategy:

- Build credibility and trust of the Company through quality and on-time delivery work
- Develop and innovate construction technology by using advanced techniques
- Develop and enhance the management of the organization while continually modernized its human resource

The Company also aims at supporting and developing projects such as

- The Dawei SEZ project in Myanmar
- The Potash project in Udon Thani
- The Dhaka Elevated Expressway project in Bangladesh
- The Port and Railway Construction Services project in the Republic of Mozambique
- The Bauxite Mining and Production of Alumina project in Lao PDR

These projects are under studying for commencement which will increase turnover to the Company continuously.

1.4 Explanation by business segments

The operations of the Company and subsidiaries for the years ended 31 December 2018 and 2017 were mainly engaged in a single industry segment, construction service, and were conducted in the following geographical segments.

| | Consolidated F/S | | | | | | | | | | | |
|--------------------------------|---------------------------------|--------|--------|--------|-----------------|-------|--------|--------|-----------|--------|-------------|--------|
| | For the years ended 31 December | | | | | | | | | | | |
| | Thailand | | India | | Other countries | | Total | | Eliminate | | Grand Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| (Unit: Million Baht) | | | | | | | | | | | | |
| Revenue from construction work | 36,410 | 36,631 | 13,883 | 12,923 | 5,751 | 1,422 | 56,044 | 50,976 | -1,280 | -796 | 54,764 | 50,180 |
| Revenue from sale and service | 4,748 | 4,250 | - | - | 2,379 | 2,063 | 7,127 | 6,313 | -1,247 | -1,256 | 5,880 | 5,057 |
| Total | 41,158 | 40,881 | 13,883 | 12,923 | 8,130 | 3,485 | 63,171 | 57,289 | -2,527 | -2,052 | 60,644 | 55,237 |

In 2018, the Company had the revenues from construction work, and from sale and service in total of Baht 60,644 million. The major revenues were from construction work at Baht 54,764 million and from sale and service of Baht 5,880 million mainly from the increase of revenues of satellite building and other large-scale buildings in Thailand.

1.5 Auditor's opinion

The trade accounts receivable of an overseas subsidiary worth total of Baht 270 million (net allowance for doubtful account of Baht 37 million). Such receivable is in the process of debt settlement in accordance with the plan. The Company's management, therefore, believes that such amounts can be realized and the allowance for impairment recognized in the accounts based on discounted cash flows from the repayment plan of such receivable which is adequate and appropriate. Auditor is unable to assess the potential impact (if any) to such outstanding balances and the corresponding impact to consolidate and separate financial position, and the results of operations for current year.

In Note 8 to the financial statements, the Company has not received payments for some portion of construction work total of Baht 825 million for amount billed to a State Enterprise for construction work since the Company was not able to complete some parts of construction work following the milestones plan. The Company has been negotiating for the employer to approve the extension of time approval for the construction completion period. This process has initially been considered by the project consultant and will be processed for submission to the clients' work inspection committee of the employer. The proceeds for the billing values depends on the approval of the employer for the extension of the milestone for the completion of construction work. The Company's management believes that the Company will get the approval in the near future and will receive the full payment for its bill. The Company therefore has not set up allowance for the amount that might be uncollectable for some parts of such outstanding amount for construction work which was not completed in accordance with the milestones plan.

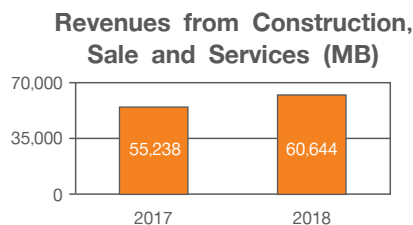
1.6 Extraordinary items

In 2018, the Company's allowance for doubtful accounts were Baht 142 million, a decrease of Baht 622 million from the same period of the previous year which in this period mainly come from the allowance of oversea subsidiaries.

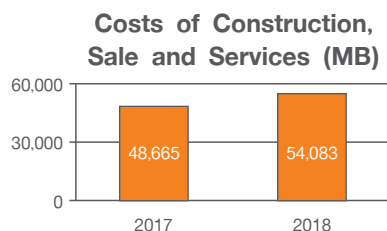
For more information on business, please find them under topic of the policy and business overview and topic of the nature of business.

2. Operations Results and Profitability

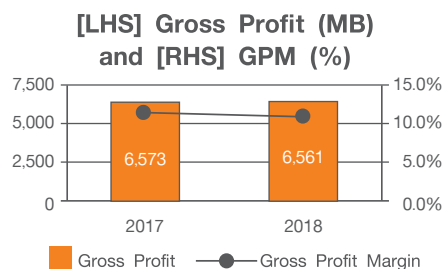
Revenues from construction work, sales and services Baht 60,644 million in 2018 increased 9.79% y-o-y



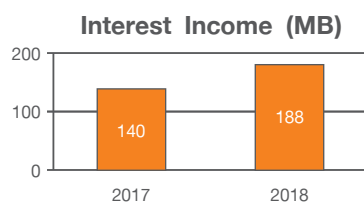
Costs of construction work, sales and services Baht 54,083 million in 2018 increased 11.13% y-o-y



Gross profit Baht 6,561 million and gross profit margin 10.82% in 2018



Interest income Baht 188 million in 2018 increased 34.02% y-o-y



Revenues from construction Work, sale and services

In 2018 the Company's revenues from construction work, sales and services were Baht 60,644 million, an increase of Baht 5,406 million from the same period of the previous year partially from the increase of revenue of the overseas subsidiaries and the revenue from the progress of large projects such as the Dhaka Mass Rapid Transit Development Contract NO. CP-03 & CP-04 project, the Track Doubling project: Map Kabao – Thanon Chira Junction, the MRT Orange Line Contract 3 project, the Track Doubling: Hua Hin – Prachuap Khiri Khan project and the EPC Contract for the 1st Transmission Pipeline Life Extension project (RC-670).

Costs of construction work, sale and service

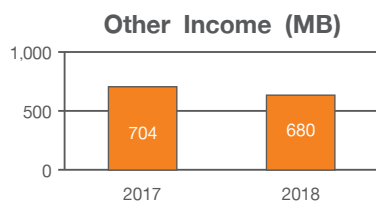
In 2018 the Company's costs of construction work, sales and services were Baht 54,083 million, an increase of Baht 5,419 million from the same period of the previous year.

In 2018 the Company's gross profit was Baht 6,561 million, similar to the same period of the previous year for which the gross profit was Baht 6,573 million. While the Company's gross profit margin in 2018 was 10.82%, closed to the same period of the previous year for which the gross profit margin was 11.90% partially from the decrease of gross profit margin in overseas subsidiaries.

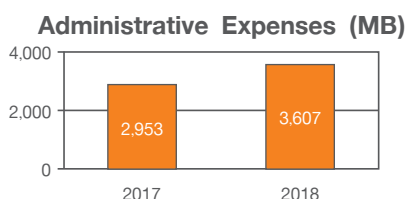
Interest income

In 2018 the Company's interest income were Baht 188 million, an increase of Baht 48 million from the same period of the previous year mainly from the increase of interest income on the promissory notes in a construction project

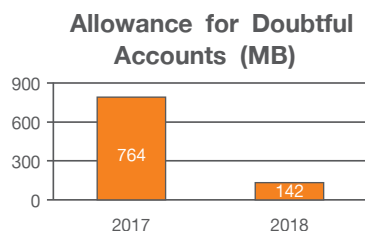
Other income Baht 680 million in 2018 decreased 3.46% y-o-y



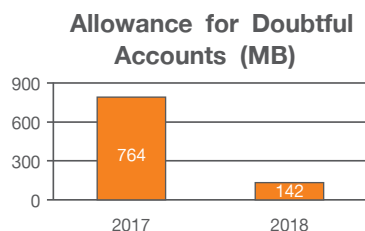
Administrative expenses Baht 3,607 million in 2018 increased 22.16% y-o-y



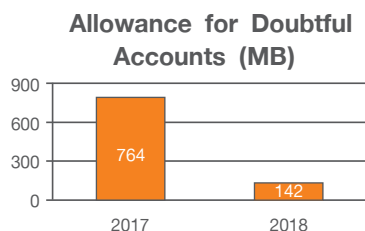
Allowance for doubtful accounts Baht 142 million in 2018 decreased 81.43% y-o-y



Loss on exchange rate Baht 252 million in 2018 decreased 28.01% y-o-y



Reversal of allowance for impairment of investment Baht 199 million in 2018 increased 100% y-o-y



Other income

In 2018 the Company's other income were Baht 680 million, a slightly decrease of Baht 24 million from the same period of the previous year. Partial of other income were the gain on disposal of fixed assets, rental income as well as other income in subsidiaries.

Administrative expenses

In 2018 the Company's administrative expenses were Baht 3,607 million, an increase of Baht 654 million from the same period of the previous year mainly from the increase of administrative expenses in the station and viaduct of the mass transit project in the oversea.

Allowance for doubtful accounts

In 2018 the Company's allowance for doubtful accounts were Baht 142 million, a decrease of Baht 622 million from the same period of the previous year, of which in this period mainly from the allowance of the oversea subsidiaries.

Loss on exchange rate

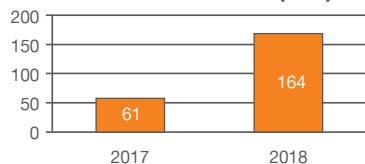
In 2018 the Company's loss on exchange rate was Baht 252 million, a decrease of Baht 98 million from the same period of the previous year. The loss in this period was partially from the depreciation of Rupiah against Baht more than previous year which increased the loss on exchange rate from loans in a subsidiary.

Reversal of allowance for impairment of investment

In 2018 the Company reversed allowance for impairment of investment Baht 199 million because a company had recovered its profit and need not to provide such allowance.

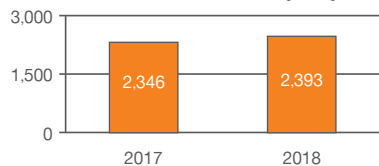
*Share of profit from investment in associated companies
Baht 164 million in 2018 increased 171.30% y-o-y*

Share of Profit from Investment in Associated Companies and Joint Ventures (MB)



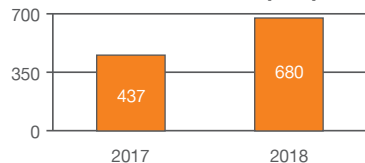
*Financial Cost Baht 2,393 million in 2018 increased
2.00% y-o-y*

Financial Cost (MB)



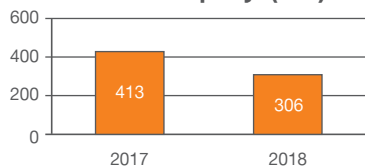
*Income tax Baht 680 million in 2018 increased 55.60%
y-o-y*

Income Tax (MB)



*Profit for the period attributable to equity holders of the
Company Baht 306 million in 2018 decreased 25.94% y-o-y*

Profit for the Period Attributable to Owners of the Company (MB)



Share of profit from investment in associated companies and joint ventures

In 2018 the Company's share of profit from investment in associated companies were Baht 164 million, an increase of Baht 104 million from the same period of the previous year partially from the share of profit in the joint venture of the overseas subsidiary.

Financial Costs

In 2018 the Company's financial costs were Baht 2,393 million, a slightly increase of Baht 47 million from the same period of the previous year.

Income tax

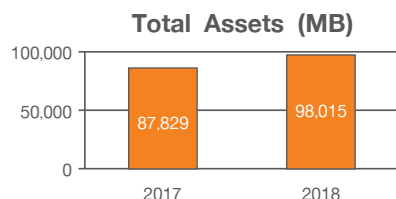
In 2018 the Company's income tax was Baht 680 million, an increase of Baht 243 million from the same period of the previous year mainly from the increase of the income tax in the overseas entities.

Profit for the period attributable to shareholders of the Company

As a result of the foregoing, in 2018 the Company's profit for the period attributable to equity holders of the company were Baht 306 million, a decrease of Baht 107 million from the same period of the previous year.

3. Assets Management Abilities

Total assets Baht 98,015 million at the year ended 2018 increased 11.60% y-o-y



Total assets

The Company's total assets were Baht 98,015 million in 2018, an increase of Baht 10,185 million from 2017, or by approximately 11.60%. In 2018, the Company's current assets was Baht 51,899 million, an increase of Baht 4,618 million from 2017, or by approximately 9.77%. It was mainly from the increase of the earned revenues not yet billed, the trade accounts receivable and the inventories and work in process. At the year ended 2018, the Company's non-current assets were Baht 46,115 million, an increase of Baht 5,567 million from 2017, or by approximately 13.73% according to the purchase of new equipment for operation and the deferred concession costs and costs of project under development.

3.1 Quality of trade accounts receivable, aging analysis, provision and sufficiency of allowance for doubtful accounts

The gross trade accounts receivable-unrelated parties as at December 31, 2018 was Baht 11,466 million. The Company already set up the allowance for doubtful account Baht 954 million and the net trade accounts receivable-unrelated parties was Baht 10,512 million, an increase of Baht 1,815 million from 2017, or approximately 20.87%. It was partially from the increase of the accounts receivable on the interior work for the MRT Green Line (North) Contract 1 project, the Queen Savang Vadhana Memorial Hospital Phase 2 project, the Bang Pakong Combined Cycle Power Plant project (Unit 1-2 Replacement), the Track Doubling.Map Kabao – Chira Junction Contract 1 project and the 400 Bed Chulalongkorn Hospital Building, Medical Service Expansion (Phase 1).

For the receivable ages more than 12 months as at December 31, 2018 was Baht 1,180 million, a decrease of Baht 51 million, or approximately 4.11% mainly because of receiving payment from overdue customers.

| Receivable Ages (Unit: Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Less than 3 months | 8,387,542 | 7,632,380 | 6,536,377 | 6,658,682 |
| 3 – 6 months | 438,802 | 449,812 | 243,969 | 158,943 |
| 6 – 12 months | 1,459,357 | 353,200 | 1,168,619 | 7,635 |
| More than 12 months | 1,180,290 | 1,230,896 | 260,046 | 402,137 |
| Total | 11,465,991 | 9,666,288 | 8,209,011 | 7,227,397 |
| Less : Allowance for doubtful accounts | (953,801) | (969,052) | (326,274) | (396,706) |
| Net | 10,512,190 | 8,697,236 | 7,882,737 | 6,830,691 |

The Company sets up a full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except as stated below:

- As at December 31, 2018, the consolidated financial statements include trade account receivable of an overseas subsidiary of Baht 269.76 million (net of an allowances for doubtful account amount to Baht 36.93 million) (December 31, 2017 : Baht 309.98 million) which the debtor had complied with the repayments schedule as planned. During the period, the subsidiary's management considered recognizing an allowance for impairment in value of such receivable by using discounted cash flow from the repayment plan of such receivable and recognized an allowance for impairment of Baht 36.93 million. The subsidiary's management believes that such allowance for impairment is reasonable.
- As at December 31, 2018, the consolidated and separate financial statements include trade receivable from the State Enterprise for a construction project which has been under process of negotiation to extend the construction period further from the ended of contract date. The Company has not received payment for outstanding receivable total of Baht 825.33 million since the Company has not completed some construction work as scheduled. However, the Company has completed such construction work within the contract period and it has been inspected from project consultant and employer. The repayment of construction work depends on the approval for extend the construction period from the ended of contract date. This process has been initially considered by the project consultant and the work inspection committee. On December 20, 2018, the Company, project consultant and client's representative have a meeting to find out the solution as well as an approval for the time extension of construction contract. The Company's management believes that they will obtain the extension of the construction period and will receive the outstanding receivable in full amount. The Company therefore has not set up provision loss for the delay submit some part of construction work which is not in accordance with the plan.

As at February 28, 2019, the project consultant agreed and submitted details to the employer to consider approving of the extension of construction period to May 17, 2019.

In 2018, the Company received payment and the retentions receivable from a customer Baht 82 million who set up allowance for doubtful; therefore, the Company reversed the said allowance for doubtful in the statement of profit and loss.

The retentions receivable as at December 31, 2018 were Baht 3,185 million, an increase of Baht 275 million from the same period of previous year or approximately 9.47% partially for the Company has not completed some construction work in accordance with the milestone plan. However, the Company has completed such construction work within the contract period and it has been inspected from project consultant and employer. The repayment of construction work depends on the approval for extend the construction period from the ended of contract date.

3.2 Inventories and depletion or obsolete

As of December 31, 2018 the inventories and work in progress were Baht 5,070 million, an increase of Baht 1,538 million from the same period of previous year or approximately 43.56% partially from the increase of raw material for new projects such as the Track Doubling Map Kabao – Thanon Chira Junction Contract 1 project and the Track Doubling Hua Hin – Prachuab Kirikhun project.

Costs of property development projects as of December 31, 2018 were Baht 419 million similar to the same period of the previous year.

In 2018, the Company's obsolete inventories were Baht 14 million mainly from idle spare parts.

3.3 Investment, goodwill and impairment (If any)

The investments in subsidiaries, associated companies and joint ventures as of December 31, 2018 were Baht 819 million, an increase of Baht 59 million from the same period of previous year or approximately 7.81% and the other long-term investments as of December 31, 2018 were Baht 910 million, an increase of Baht 49 million from the same period of previous year or approximately 5.65%. No impairment of investment in this year. The details of the investments were in the note to financial statements no. 15, no. 16 and no. 47.

The goodwill as of December 31, 2018 was Baht 864 million, a decrease of Baht 79 million from the same period of previous year or approximately 8.34% according to the translation adjustments. Based on impairment test for goodwill by increasing discount rate for 0.5 percent, the Company does not have to recognize an impairment of goodwill in the consolidated financial statements for the year end December 31, 2018. The details were in the note to financial statements no. 24.

3.4 Other component of other assets and reasons of change

The fixed deposits less than one year as of December 31, 2018 were Baht 449 million, an increase of Baht 431 million from the same period of previous year, or approximately 2,442.78% due to the increase of the short term deposits of subsidiaries and oversea joint ventures.

The restricted deposits with banks as of December 31, 2018 were Baht 163 million, a decrease of Baht 283 million from the same period of previous year, or approximately 63.48% due to the withdrawal of restricted deposits with banks by an oversea subsidiary and the reclassification of non-current assets of the obligation from bank guarantee for credit facilities and compliance with agreement for an indirect subsidiary.

As of December 31, 2018, the refundable value added tax were Baht 1,450 million, a decrease of Baht 282 million from the same period of previous year or approximately 16.29% from the decrease of refundable value added tax in an oversea subsidiary.

The other current assets as of December 31, 2018 were Baht 645 million, a decrease of Baht 452 million from the same period of previous year or approximately 40.87% mainly from the decrease of receivable on sale of assets from the oversea subsidiaries and joint ventures which completed projects.

Waiting land development as of December 31, 2018 was Baht 296 million, a decrease of Baht 475 million from the same period of previous year or approximately 61.62% because the said land was used as fixed assets in the Company's operation.

The advances in machinery purchases as of December 31, 2018 were Baht 623 million, an increase of Baht 522 million from the same period of previous year or approximately 589.34% mainly for oversea project.

The deferred concession costs and costs of project under development as of December 31, 2018 were Baht 4,594 million, an increase of Baht 824 million from the same period of previous year or approximately 21.87% mainly from the Dhaka Elevated Expressway project in Bangladesh. The details were in the note to financial statements no. 25.

The other non-current assets as of December 31, 2018 were Baht 913 million, an increase of Baht 498 million from the same period of previous year of approximately 120.36% partially from the increase of prepaid expenses in track doubling project and the Company had obligation from bank guarantee for credit facilities and compliance with agreement for an indirect subsidiary.

4. Liquidity and sufficiency of funds

4.1 Source and use of funds, and liquidity

Summary of cash flow statement

| Activities (Expressed in thousand Baht) | 2018 | 2017 | 2016* |
|--|-------------|-------------|-------------|
| Net cash provided from (used in) operating activities | 1,865,451 | 1,259,520 | 5,702,682 |
| Net cash provided from (used in) investing activities | (5,968,786) | (2,787,135) | (4,181,871) |
| Net cash provided from (used in) financing activities | 4,024,727 | 2,438,128 | (1,369,242) |
| Translation adjustment on foreign currency financial statement | (56,260) | (64,890) | (64,881) |
| Cash and cash equivalents at beginning of year | 3,434,053 | 2,588,430 | 2,501,742 |
| Cash and cash equivalents at end of year | 3,377,793 | 3,434,053 | 2,588,430 |

*Note * Restated financial statements*

As shown in the table above, in 2018 the cash flow provided from operating activities was at Baht 1,865 million because the increase of operating activities and the increase of operating liabilities such as the customer advances under construction contracts and the trade accounts and other payable.

In 2018, cash flow used in investing activities amounted to Baht 5,969 million mainly from the purchase of assets for construction and the costs of project under development.

The Company's net cash provided for financing activities mainly from the loans for project financing and the bonds issuance for redemption of the maturity bonds and the cash received from share capital increment in subsidiary.

The Company's current ratios were about 1.07 times and 1.06 times at year ended 2018 and 2017, respectively, according to the increase of current portion of long term loan and quick ratios remained 0.33 times at year ended 2018 and 2017.

4.2 Capital expenditure, financial resource, repayment ability and capability to provide additional source of funds

4.2.1 Capital expenditure

The Company intends to invest in other businesses related to construction services i.e. manufacturing and providing construction materials, real estate development, power business, mining business, port business and logistic business.

4.2.2 Financial resources and commitments

- **Short-term debt:** The Company's short-term debt consists of works as follows:

- 1) general working capital; and
- 2) project specific loans in Thailand and Internationally.

It was the Company's practice to advance funds to its joint ventures for working capital. The Company's short-term debt was incurred at the parent Company level and Branch levels in other countries.

At December 31, 2018 and 2017 the Company, on a consolidated basis, had Baht 7,754 million and Baht 8,492 million, respectively, outstanding in bank overdrafts and loans from financial institutions. On a stand-alone basis, the Company's corresponding amounts were Baht 4,467 million and Baht 5,349 million, respectively. This kind of project tied debt will normally be repaid as the projects progress, with full repayment being achieved at project completion.

Besides, the Company's Liabilities under trust receipt agreements at December 31, 2018 and 2017, on a consolidated basis, were Baht 1,530 million and Baht 699 million respectively.

- **Long-term debt:** The Company's long-term debt consists of as follows:

- 1) long-term foreign loans for investing in assets, project finance and working capital; and
- 2) long-term Thai Baht loans for purchasing equipment and project financing and working capital.

The Company has used long-term loans to support the Company's long term projects. As of December 31, 2018 and 2017 the Company had outstanding long-term loans and debentures of Baht 35,865 million and Baht 29,790 million respectively.

- **Share capital :**

As of December 31, 2018, the Company's common shares were Baht 6,338 million while the share issued and fully paid-up were Baht 5,280 million. The Company also registered Warrants with The Thailand Securities Depository Co., Ltd 1,055,934,093 units. One Warrant is entitled to purchase 1.002 newly issued ordinary share with the exercise price Baht 13.971 per share and its maturity will be on May 13, 2019.

4.3 Covenant

The Company committed to maintain the debt to equity ratio not excess than 3.0 times under the conditions of debentures and some banks on each consecutive half year and ended year on its consolidated financial statements. As at December 31, 2018 and 2017, the debt to equity ratio from the Company's consolidated financial statement were 2.58 times and 2.47 times, respectively.

The details of the factors on the ability to pay debts and to comply with the financial covenants are in the Risk Factors no. 3 and 4.

5. Contingent liabilities and off-balance sheets

Guarantees

As at December 31, 2018 and 2017, there were outstanding guarantees of approximately Baht 65,588 million and Baht 57,417 million, respectively, issued by financial institutions on behalf of the Company, subsidiaries and its joint ventures in respect of certain performance bonds required in the normal course of business of the Company, subsidiaries, and its joint ventures.

As at December 31, 2018 and 2017, there were guarantees of approximately Baht 6,490 million and Baht 6,536 million, respectively, issued by the Company to financial institutions and its ventures to secure credit facilities granted by those financial institutions and ventures to subsidiaries, associated and related companies and joint ventures. The Company had issued guarantees in proportion to its shareholding, except for ItalThai Trevi Co., Ltd. ItalThai Marine Co., Ltd., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd. and ITD Cementation India Limited., for which the Company issued full guarantees for the credit facilities. Such guarantees were necessary for regular operation of the Company, its subsidiaries and its joint ventures.

6. Factors to the future operation

The fluctuation of construction materials cost, the possibility to increase the interest rate, the changes in accounting standards and the labor cost as well as the changes in labor acts are influence to construction industry. The uncertainty on 2019 election may impact the government's policy on infrastructure development. Nonetheless, the Company beliefs that the new government will further support infrastructure development policy which will push the construction business in the future.

Independent Auditors' Report and Consolidated Financial Statements of
Italian-thai Development Public Company Limited and Its Subsidiaries
For the Year Ended 31 December 2018

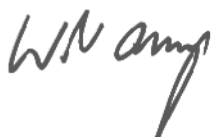
The Board of Director's Report on their Responsibilities for Financial Reports for the year 2018

The Financial Statements for Italian-Thai Development Public Company Limited and its subsidiaries have been prepared in accordance with the policy of the Board of Directors which requires the compliance with generally accepted accounting principles and careful book-keeping to reflect the accurate performance of the Company.

The Financial Statements provide for the significant disclosure of additional substantial information as shown in the notes attached to the Financial Statements, as well as explanations and analysis for the benefit of the shareholders and general investors.

The Company's Board of Directors recognizes the importance of the Financial Statements by auditing the input financial data. In this regard, the Board of Directors has appointed the Audit Committee comprising independent and non-executive members of the Board to oversee the quality of financial reports. Their opinion is shown in the Report of Audit Committee included in this Annual Report.

Based on the management structure and internal audit system as mentioned above, as well as the Audit Report produced by the certified public auditor, the Board of Directors is convinced that the Financial Statements for the Company and its subsidiaries as of December 31, 2018 reasonably represent an accurate statement of the financial status, business performance and cash flow of the Company in accordance with generally accepted accounting principles.



(Mr. Premchai Karnasuta)
President



(Mrs. Nijaporn Charanachitta)
Senior Executive Vice President

To the Shareholders of Italian – Thai Development Public Company Limited

Qualified Opinion

I have audited the consolidated financial statements of Italian – Thai Development Public Company Limited and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit and loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Italian – Thai Development Public Company Limited (the “Company”), which comprise the separate statement of financial position as at 31 December 2018, the statements of profit and loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2018, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

The basis for my qualified opinion are as follows:

- As at 31 December 2018, the consolidated financial statements include trade accounts receivable of an overseas subsidiary totaling Baht 269.76 million (net allowance for doubtful account of Baht 36.93 million). Such receivable is in the process of debt settlement in accordance with the plan. The Company’s management therefore, believes that such amounts can be realized and the allowance for impairment recognized in the accounts based on discounted cash flows from the repayment plan of such receivable is adequate and appropriate. I am unable to assess the potential impact (if any) to such outstanding balances and the corresponding impact to consolidated and separate financial position and consolidated and separate results of operations for current year.
- As discussed in Note 8 to the financial statements, the Company has not received payments for some portion of construction work totaling Baht 825.33 million for amount billed to a State Enterprise for construction work since the Company was not able to complete some parts of construction work following the milestones plan. The Company has been negotiating for the employer to approve the extension of time for the construction completion. This process has been initially considered by the project consultant and will be processed for submission to the work inspection committee of the employer. The proceeds for the billing values is dependent on the approval of the employer for the extension of the milestone for the completion of construction work. The Company’s management believes that the Company will get the approval in the near future and will receive the full payment for its bill. The Company therefore has not set up allowance, for amount that might be uncollectable for some parts of such outstanding amount for construction work which was not completed in accordance with the milestones plan, in the financial statements for the year ended 31 December 2018 since the reliable estimate of the amount cannot be made. I am unable to assess the potential impact (if any) to the consolidated and separate financial position and consolidated and separate results of operations for the current year from such matter which outcome cannot presently be concluded.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

I draw attention to the following information which does not change my qualified opinion above:

- 1) As discussed in Note 17 to the financial statements, the Company has land lease concessions in the Dawei Special Economic Zone that it has incurred projects development costs totaling Baht 7,738.42 million. This project depends on the cooperation of the governments of Thailand and the Republic of the Union of Myanmar who defined the project development policy. The Company has the right to reimburse such amount from new partners of each project or else obtain additional right over the procession of land.

- 2) As discussed in Note 18 to the financial statements, a subsidiary company has acquired potash mining rights for a value of Baht 2,293.49 million for which the application for potash mining concessions is still in process. The Company's management believes that this project will be approved by the government and will become operational in the near future as the process for concessionaire application has been completed.
- 3) As discussed in Note 37 to the financial statements, during the 4th quarter of the year 2018, the Company entered into management service agreements with a subsidiary and charged for total fees of Baht 130 million in addition to the normal service charges of Baht 421.20 million.
- 4) I had previously expressed a modified opinion on the consolidated and separate financial statements for the year 2017 in respect of doubtful of trade accounts receivable from and short – term loans to related companies totaling Baht 178.96 million and Baht 103.57 million, respectively. Such receivables have been under process of project feasibility study and negotiation with strategic investors to join the operations in the future. As discussed in Notes 9 and 11 to the financial statements, during the year 2018, the management of the Company and the overseas subsidiary had reassessed the recoverability of such balances to be more remote and therefore decided to set up full allowances in the accounts. My opinion on the current year financial statements is not modified on this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section. I have determined the matters described below to be the key audit matters to be communicated in my report.

| Key audit matters | How the matter was addressed in the audit |
|---|---|
| <p>Revenue recognition for construction contract</p> <p>The Group and the Company have revenues from construction services for the year ended 31 December 2018 of Baht 54,763.85 million and Baht 40,239.97 million, respectively. Revenue recognition for construction services requires significant judgement and estimates to assess the appropriateness assessment of revenue relating to construction services under the contracts. The Group's and Company's revenues are recognized based on the percentages of completion. Such revenues from construction services are material and have a significant impact to related accounting transactions including earned revenues not yet billed, receipts in excess of contracted work in progress, and costs of construction. The percentage of completion requires management's judgement and continuous review of estimated revenues and cost budget throughout the construction periods and the estimates needs to be adjusted as necessary.</p> <p>The Group and the Company disclosed accounting policies for revenue recognition for construction in Note 4 to financial statements.</p> | <p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> - Obtained an understanding and the process for the preparation of reports and budgets used for the determination of the percentages of completion of construction projects of the Group and the Company. - Sampling tested cost budgets estimation for construction projects by making inquiry of responsible executives and assessed the appropriateness of estimation. - Tested and assessed the appropriateness of changes in estimated costs during the year. - Verified the actual costs with supporting documents and assessed the reasonableness of estimated costs to complete for the construction projects. - Compared gross profit from the start of projects up to the end of the year for analysis and assessment for the appropriateness of estimated costs. - Evaluated the possible losses on construction projects by analysis the reasonableness of actual costs incurred against total estimates project costs. - Tested the bills for payment from customer during the year with construction contracts and customers' acceptance documents to determine the appropriateness of earned revenues not yet billed and receipts in excess of contracted work in progress. - Performed site visit for significant projects, inquired the progress of projects from engineers and compared and assessed the appropriateness of the percentages of completion of construction projects for comparison with accounting percentages of completion. - Assessed the adequacy of the Group's and the Company's disclosure for revenues recognition. |

| Key audit matters | How the matter was addressed in the audit |
|--|--|
| <p>Impairment of trade accounts receivable</p> <p>The Group and the Company have trade accounts receivable (net of allowance for doubtful accounts) as at 31 December 2018 of Baht 11,427.97 million and Baht 10,658.00 million, respectively. During the year, the Group and the Company recognized allowance for doubtful accounts of Baht 101.31 million and Baht 8.80 million, respectively. The estimation of allowance for doubtful accounts is to reflect impairment of receivables that may result from non-collection. Management is required to use judgement to assess the estimation using assumption, including the probability for collection based on circumstances, except for the matters discussed under the basis for qualified opinion.</p> <p>The Group and the Company disclosed balance of trade accounts receivable in Notes 8 and 9 to financial statements.</p> | <p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> - Obtained an understanding of the internal controls and procedures for impairment testing for trade accounts receivable to determine the appropriateness of management estimates. - Reviewed the periods of receivables that have been long outstanding and developed allowance for doubtful accounts based on the circumstances for comparison with the allowance for doubtful accounts recognized by the Group and the Company. Considered the reason for the differences and the appropriateness of allowance for doubtful accounts. - Assessed the net realizable values of receivables including subsequent collection testing together with the assessment of the cash flows projection of debtors to assess their ability to settle their accounts in the future. - Assessed the adequacy of the Group's and the Company's disclosure for trade accounts receivable and allowance for doubtful accounts. |
| <p>Impairment of investment in subsidiaries and goodwill</p> <p>The Company has investments in subsidiaries (net of allowance for impairment of investment) of Baht 7,226.95 million. In consideration of allowances for impairment of investments, management is required to use judgement for the assessment of appropriate estimates and significant assumptions relating to the subsidiaries' ability to operate profitably, their cash flows and discount rates used for the calculation of net realizable values.</p> <p>The Company disclosed detail of investment in subsidiaries in Note 15 to financial statements.</p> <p>The Company has goodwill of Baht 863.57 million as at 31 December 2018 which arose from the acquisition of investments in Potash mining, cement business in Thailand and construction business in India. According to Thai Financial Reporting Standard, the Company has to annually test impairment of goodwill. Goodwill impairment requires management to make significant judgement, which is complicate, and use of assumptions about cash flows projection and expenses from the continuing operations of such business units and the use of the appropriate discount rate to discount cash flows projection.</p> <p>The Group disclosed information of goodwill in Note 24 to financial statements.</p> | <p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process for assessment of recoverable amounts of investments in subsidiaries and group of business units. - Considered the indication of impairment for investments in subsidiaries and goodwill of each business unit. - Considered the reasonableness of management's assumptions and procedures for calculation of cash flow projections. - Examined the documents supporting the best estimates of management, especially the projected growth in revenues, gross margins and operating net income of subsidiaries and business units. - Tested the calculation and assess the appropriateness of discount rate used by management. - Tested calculation for the recoverable amounts from investments. - Considered the key drivers as the sensitivity analysis and the impact to recoverable amounts. - Considered the adequacy and appropriateness of the Group's disclosures for investment in subsidiary, allowance for goodwill and investments in subsidiaries. |

| Key audit matters | How the matter was addressed in the audit |
|--|--|
| <p>Impairment of project costs on investments in projects development</p> <p>As at 31 December 2018, the Group and Company have a number of significant investment projects in various locations which are in various stages of completion. The total amount of the investments in the Group and Company financial statements are Baht 15,576.19 million and Baht 7,069.64 million, respectively. The assessment of the realizable value of the investments in such projects requires significant judgement about the future project feasibility, forecasted cash flows and expenses from operations in such projects and the use of the appropriate discount rate to discount cash flows projection.</p> <p>The details of the investments are disclosed in Notes 17, 18, 19 and 25.</p> | <p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> - Obtained an understanding of the process for assessment of recoverable amounts of investments and group business units. - Considered indication of impairment of project costs on investments in projects development. - Considered the reasonableness of management's assumptions and procedures used for calculation of cash flows projection. - Examined the documents supporting the best estimates of management, especially the projected growth in revenues, gross margins and operating net income of subsidiaries and business units. - Tested the calculation and assessed the appropriateness of discount rate used by management. - Tested the calculation for the recoverable amounts of projects under development. - Considered the adequacy and appropriateness of the Group's and Company's disclosures for investments in projects and intangible assets. |

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The annual report is expected to be made available to my review after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and revised a material misstatement.

However, as described in the Basis for Qualified Opinion section with respect to the uncertainty in the collection of trade accounts receivable of overseas subsidiaries and the matter which cannot be concluded regarding to the allowance for amount that might be uncollectible for some parts of amounts billed for construction work which work was not completed in accordance with the milestones plan which my opinion is qualified. Therefore, should the management prepare other information based on financial statements that is different from such fact, other information will be materially misstated with respect to the value and other information in annual report which will impact by the uncertainty in the collection of accounts receivable and allowance for amount that might be uncollectible for some part of construction work.

Responsibilities of Management and Those Charged with Governance for the preparation of Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

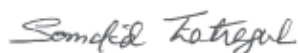
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Mr. Somkid Tiatragul
Certified Public Accountant
Registration No. 2785

Grant Thornton Limited
Bangkok
28 February 2019

STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT 31 DECEMBER

| (Unit : Thousand Baht) | | Consolidated F/S | | Separate F/S | |
|---|----|------------------|------------|--------------|------------|
| | | 2018 | 2017 | 2018 | 2017 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | 3,377,793 | 3,434,053 | 2,165,224 | 1,817,040 |
| Fixed deposits less than one year | | 448,851 | 17,652 | - | 3,287 |
| Restricted deposits with banks | 6 | 162,738 | 445,634 | 4,186 | 138,431 |
| Current portion of promissory notes | 7 | 50,000 | - | 50,000 | - |
| Trade accounts receivable - unrelated parties - net | 8 | 10,512,190 | 8,697,236 | 7,882,737 | 6,830,691 |
| Trade accounts receivable - related parties - net | 9 | 915,779 | 2,061,225 | 2,775,264 | 3,538,470 |
| Current portion of finance lease receivable - subsidiary | 10 | - | - | 6,202 | 4,178 |
| Short - term loans and advances to subsidiaries and related parties - net | 11 | 270,869 | 260,694 | 1,421,567 | 1,372,425 |
| Earned revenues not yet billed | | 23,402,870 | 20,854,766 | 19,909,976 | 17,490,272 |
| Retentions receivable | | 3,184,872 | 2,909,441 | 2,485,486 | 1,929,346 |
| Inventories and work in process - net | 12 | 5,069,828 | 3,531,490 | 3,264,482 | 2,095,369 |
| Costs of property development projects - net | 13 | 419,169 | 431,874 | - | - |
| Income tax withheld at sources | | 1,205,179 | 1,021,471 | 838,070 | 675,143 |
| Refundable value added tax | | 1,450,256 | 1,732,534 | 149,260 | 125,469 |
| Advances for purchases of construction materials and sub-contractors | | 775,012 | 611,511 | 584,770 | 482,892 |
| Other current assets | 37 | 654,078 | 1,106,077 | 270,798 | 320,905 |
| Non - current assets classified as held for sale - net | 14 | - | 165,716 | - | 165,716 |
| Total current assets | | 51,899,484 | 47,281,374 | 41,808,022 | 36,989,634 |
| NON - CURRENT ASSETS | | | | | |
| Finance lease receivable - subsidiary - net | 10 | - | - | 32,746 | 34,468 |
| Promissory notes - net | 7 | 435,939 | - | 435,939 | - |
| Investments in subsidiaries, associated companies, and joint ventures - net | 15 | 819,495 | 760,161 | 7,924,917 | 7,576,150 |
| Other long - term investments - net | 16 | 909,765 | 861,138 | 749,030 | 691,793 |
| Land lease concession and project under development | 17 | 7,738,424 | 7,651,755 | 5,205,964 | 5,130,170 |
| Potash mining right | 18 | 2,293,489 | 2,293,489 | - | - |
| Deferred exploration and development costs | 19 | 949,976 | 948,527 | - | - |
| Long - term loans and advances to subsidiaries - net | 20 | - | - | 5,734,105 | 5,671,067 |
| Land awaiting development - net | 21 | 295,769 | 770,615 | - | 474,846 |
| Investment properties | 22 | 2,030,872 | 2,113,270 | 1,068,821 | 1,151,219 |
| Advances for purchases of machinery | | 623,208 | 90,406 | 615,211 | 45,795 |
| Property, plant and equipment - net | 23 | 23,390,010 | 19,646,861 | 13,450,377 | 9,488,112 |
| Goodwill | 24 | 863,572 | 942,112 | - | - |
| Deferred concession costs and costs of project under development | 25 | 4,594,297 | 3,769,973 | 1,863,679 | 1,740,234 |
| Deferred tax assets | 33 | 257,850 | 285,566 | - | - |
| Other non - current assets | | 912,585 | 414,128 | 672,169 | 192,484 |
| Total non - current assets | | 46,115,251 | 40,548,001 | 37,752,958 | 32,196,338 |
| TOTAL ASSETS | | 98,014,735 | 87,829,375 | 79,560,980 | 69,185,972 |

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

STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT 31 DECEMBER

| (Unit : Thousand Baht) | Notes | Consolidated F/S | | Separate F/S | |
|---|-------|------------------|------------|--------------|------------|
| | | 2018 | 2017 | 2018 | 2017 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Bank overdrafts and short - term loans | | | | | |
| from financial institutions | 26 | 7,754,242 | 8,491,581 | 4,466,748 | 5,348,803 |
| Liabilities under trust receipt agreements | | 1,529,608 | 698,700 | 1,501,483 | 698,700 |
| Trade accounts and other payable - unrelated parties | | 12,253,748 | 11,574,330 | 8,947,044 | 7,376,573 |
| Trade accounts payable - related parties | 27 | 1,887,305 | 1,572,656 | 2,802,770 | 1,879,528 |
| Receipts in excess of contracted work in progress | | 460,917 | 1,466,291 | 460,917 | 1,466,291 |
| Customer advances under construction contracts | | | | | |
| due for revenue recognition within 1 year | | 7,147,688 | 6,807,963 | 6,111,757 | 5,965,538 |
| Current portion of finance lease payables | 28 | 712,878 | 629,534 | 636,371 | 524,987 |
| Current portion of long - term loans | 29 | 10,608,923 | 8,823,130 | 8,300,934 | 7,398,073 |
| Current portion of debentures | 30 | 1,499,818 | 830,000 | 1,499,818 | 830,000 |
| Current portion of liabilities under employee benefits obligation | 31 | 523,580 | 445,791 | 453,581 | 396,207 |
| Income tax payable | | 184,804 | 70,628 | 42,732 | 9,997 |
| Value added tax payable | | 268,175 | 370,350 | 237,728 | 346,312 |
| Accrued expenses | | 1,678,076 | 1,325,512 | 699,830 | 517,979 |
| Accounts payable for purchase of investments | | | | | |
| - related parties | | 62,484 | 62,484 | 56,809 | 56,809 |
| Retentions payable | | 941,256 | 774,905 | 866,102 | 689,935 |
| Allowance for losses on construction projects | 38 | 186,000 | - | 186,000 | - |
| Other current liabilities | | 583,391 | 575,392 | 376,675 | 336,945 |
| Total current liabilities | | 48,282,893 | 44,519,247 | 37,647,299 | 33,842,677 |
| NON - CURRENT LIABILITIES | | | | | |
| Customer advances under construction contracts - net | | 6,782,648 | 5,828,417 | 6,047,219 | 4,166,782 |
| Finance lease payables - net | 28 | 1,066,665 | 780,413 | 976,903 | 620,950 |
| Long - term loans - net | 29 | 10,475,412 | 6,413,416 | 6,767,860 | 1,811,654 |
| Debentures - net | 30 | 13,281,231 | 13,723,330 | 13,281,231 | 13,723,330 |
| Allowance for losses on construction projects | 38 | 46,780 | 169,712 | 46,780 | 167,179 |
| Employee benefits obligation - net | 31 | 761,026 | 708,257 | 535,903 | 506,857 |
| Deferred tax liabilities | 33 | 743,337 | 806,209 | 158,889 | 207,616 |
| Other non - current liabilities | | 104,415 | 107,677 | - | - |
| Total non - current liabilities | | 33,261,514 | 28,537,431 | 27,814,785 | 21,204,368 |
| TOTAL LIABILITIES | | 81,544,407 | 73,056,678 | 65,462,084 | 55,047,045 |

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

STATEMENTS OF FINANCIAL POSITION

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
AS AT 31 DECEMBER

| | | Consolidated F/S | | Separate F/S | |
|--|-------|------------------|------------|--------------|------------|
| (Unit : Thousand Baht) | Notes | 2018 | 2017 | 2018 | 2017 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (Continued) | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital - ordinary share at Baht 1 par value | | | | | |
| Registered - 6,337,920,861 shares | 34 | 6,337,921 | 6,337,921 | 6,337,921 | 6,337,921 |
| Issued and fully paid - up - 5,279,840,848 shares | | 5,279,841 | 5,279,841 | 5,279,841 | 5,279,841 |
| Share premium | | 8,547,392 | 8,547,392 | 8,547,392 | 8,547,392 |
| Retained earnings (deficit) | | | | | |
| Appropriated - legal reserve | 41 | 526,753 | 519,124 | 500,153 | 492,524 |
| Unappropriated | | (266,601) | (485,844) | 91,690 | 16,598 |
| Other components of shareholders' equity | | (283,394) | (634,706) | (320,180) | (197,428) |
| Equity attributable to the Company's shareholders | | 13,803,991 | 13,225,807 | 14,098,896 | 14,138,927 |
| Non - controlling interests | | 2,666,337 | 1,546,890 | - | - |
| Total shareholders' equity | | 16,470,328 | 14,772,697 | 14,098,896 | 14,138,927 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 98,014,735 | 87,829,375 | 79,560,980 | 69,185,972 |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER

| (Unit : Thousand Baht) | Notes | Consolidated F/S | | Separate F/S | |
|--|--------|--------------------|-------------|--------------------|-------------|
| | | 2018 | 2017 | 2018 | 2017 |
| REVENUES | | | | | |
| Revenues from construction work | | 54,763,846 | 50,180,327 | 40,239,972 | 36,610,429 |
| Revenues from sales and services | | 5,880,049 | 5,057,339 | 2,069,630 | 1,302,080 |
| Total revenues | 37, 47 | 60,643,895 | 55,237,666 | 42,309,602 | 37,912,509 |
| COSTS | | | | | |
| Costs of construction work | | 49,437,875 | 44,939,523 | 37,361,012 | 34,306,633 |
| Costs of sales and services | | 4,645,427 | 3,725,215 | 1,728,095 | 861,730 |
| Total costs | 37, 43 | 54,083,302 | 48,664,738 | 39,089,107 | 35,168,363 |
| Gross profit | | 6,560,593 | 6,572,928 | 3,220,495 | 2,744,146 |
| Dividend income and share profit from joint venture | | 19,825 | 19,170 | 197,038 | 121,822 |
| Interest income | 47 | 187,659 | 140,019 | 147,247 | 83,264 |
| Gain on revaluation of investment properties | 22 | - | 119,443 | - | 42,712 |
| Other income | 42 | 679,730 | 704,067 | 355,879 | 397,184 |
| Profit before expenses | | 7,447,807 | 7,555,627 | 3,920,659 | 3,389,128 |
| Selling expenses | | (59,406) | (58,194) | - | - |
| Administrative expenses | 43 | (3,606,957) | (2,952,618) | (1,682,644) | (1,157,049) |
| Reversal of allowance (provision) for doubtful accounts | | (141,890) | (764,058) | 302,490 | (464,474) |
| Loss on impairment of assets | | (1,970) | (26,558) | - | (26,558) |
| Gain (loss) on exchange rate | 47 | (252,278) | (350,431) | (37,379) | (103,150) |
| Reversal of allowance (provision) for impairment of investment | 47 | 198,518 | - | (370,354) | - |
| Total expenses | | (3,863,983) | (4,151,859) | (1,787,887) | (1,751,231) |
| Profit from operations | | 3,583,824 | 3,403,768 | 2,132,772 | 1,637,897 |
| Share of profit from investment in associated companies and joint ventures | 47 | 164,465 | 60,622 | - | - |
| Profit before finance costs and income tax | | 3,748,289 | 3,464,390 | 2,132,772 | 1,637,897 |
| Financial costs | 47 | (2,393,369) | (2,346,331) | (1,676,848) | (1,502,943) |
| Profit before income tax | | 1,354,920 | 1,118,059 | 455,924 | 134,954 |
| Income tax | 33, 47 | (679,654) | (436,809) | (303,354) | (33,988) |
| Profit for the year | | 675,266 | 681,250 | 152,570 | 100,966 |

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER

| (Unit : Thousand Baht) | Notes | Consolidated F/S | | Separate F/S | |
|--|-------|------------------|-----------|------------------|-----------|
| | | 2018 | 2017 | 2018 | 2017 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Item not to be reclassified subsequently to profit or loss | | | | | |
| Actuarial loss - net of tax | | (86,213) | (103,843) | (69,849) | (79,374) |
| Items to be reclassified subsequently to profit or loss | | | | | |
| Unrealised gain (loss) on changes in value of investments - net of tax | | (121,097) | 12,348 | (114,210) | 11,582 |
| Translation adjustments for foreign currency financial statements | | (244,959) | (60,378) | (8,542) | 10,755 |
| Total other comprehensive income (loss) for the year | | (452,269) | (151,873) | (192,601) | (57,037) |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | 222,997 | 529,377 | (40,031) | 43,929 |
| PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO : | | | | | |
| Shareholders of the Company | | 305,621 | 412,649 | 152,570 | 100,966 |
| Non-controlling interests | | 369,645 | 268,601 | - | - |
| | | 675,266 | 681,250 | 152,570 | 100,966 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | | | | | |
| ATTRIBUTABLE TO : | | | | | |
| Shareholders of the Company | | 2,413 | 307,799 | (40,031) | 43,929 |
| Non-controlling interests | | 220,584 | 221,578 | - | - |
| | | 222,997 | 529,377 | (40,031) | 43,929 |
| BASIC EARNINGS PER SHARE | | | | | |
| Profit (Baht per share) | 36 | 0.0579 | 0.0782 | 0.0289 | 0.0191 |
| Weighted average number of ordinary shares | | | | | |
| (Unit : Thousand shares) | | 5,279,841 | 5,279,841 | 5,279,841 | 5,279,841 |

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER

| (Unit : Thousand Baht)Notes | | Equity attributable to the Company’s shareholders | | | | | | | | | | |
|---|-----------|---|---------------|-----------------------------|----------------|---|---|--|------------|---|-----------------------------|-------|
| | | Issued and paid-up share capital | Share premium | Retained earnings (Deficit) | | Other components of shareholders’ equity | | | | Total equity attributable to the Company’s shareholders | Non - controlling interests | Total |
| | | | | | | Unrealised gain (loss) on changes in value of investments | Translation adjustments for foreign currency financial statements | Surplus (discount) on dilution of investment in subsidiary companies | Total | | | |
| | | | | Legal Reserve | Unappropriated | | | | | | | |
| Consolidated F/S | | | | | | | | | | | | |
| Balance as at 1 January 2017 | 5,279,841 | 8,547,392 | 514,074 | (741,940) | 197,179 | (623,930) | (200,444) | (627,195) | 12,972,172 | 1,361,222 | 14,333,394 | |
| Dividend paid | 35 | - | - | (54,164) | - | - | - | - | (54,164) | - | (54,164) | |
| Dividend paid from subsidiaries | | - | - | - | - | - | - | - | - | (35,910) | (35,910) | |
| Transactions with shareholderes | | - | - | (54,164) | - | - | - | - | (54,164) | (35,910) | (90,074) | |
| Profit for the year | | - | - | 412,649 | - | - | - | - | 412,649 | 268,601 | 681,250 | |
| Other comprehensive income (loss) for the year | | - | - | (97,339) | 12,348 | (19,859) | - | (7,511) | (104,850) | (47,023) | (151,873) | |
| Total comprehensive income (loss) for the year | | - | - | 315,310 | 12,348 | (19,859) | - | (7,511) | 307,799 | 221,578 | 529,377 | |
| Appropriated for legal reserve | 41 | - | - | 5,050 | (5,050) | - | - | - | - | - | - | |
| Balance as at 31 December 2017 | 5,279,841 | 8,547,392 | 519,124 | (485,844) | 209,527 | (643,789) | (200,444) | (634,706) | 13,225,807 | 1,546,890 | 14,772,697 | |
| Balance as at 1 January 2018 | 5,279,841 | 8,547,392 | 519,124 | (485,844) | 209,527 | (643,789) | (200,444) | (634,706) | 13,225,807 | 1,546,890 | 14,772,697 | |
| Dividend paid from subsidiaries | | - | - | - | - | - | - | - | - | (59,968) | (59,968) | |
| Subsidiary increase share capital during the year | | - | - | - | - | - | - | - | - | 1,534,807 | 1,534,807 | |
| Increase in non-controlling interests during the year | | - | - | 2,569 | - | 61,665 | 511,537 | 573,202 | 575,771 | (575,976) | (205) | |
| Transactions with shareholderes | | - | - | 2,569 | - | 61,665 | 511,537 | 573,202 | 575,771 | 898,863 | 1,474,634 | |
| Profit for the year | | - | - | 305,621 | - | - | - | - | 305,621 | 369,645 | 675,266 | |
| Other comprehensive income (loss) for the year | | - | - | (81,318) | (121,097) | (100,793) | - | (221,890) | (303,208) | (149,061) | (452,269) | |
| Total comprehensive income (loss) for the year | | - | - | 224,303 | (121,097) | (100,793) | - | (221,890) | 2,413 | 220,584 | 222,997 | |
| Appropriated for legal reserve | 41 | - | - | 7,629 | (7,629) | - | - | - | - | - | - | |
| Balance as at 31 December 2018 | 5,279,841 | 8,547,392 | 526,753 | (266,601) | 88,430 | (682,917) | 311,093 | (283,394) | 13,803,991 | 2,666,337 | 16,470,328 | |

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER

| | Notes | Issued and paid-up share capital | Share premium | Retained earnings | | Other components of shareholders' equity | | | Total |
|--|-------|----------------------------------|---------------|-------------------|----------------|---|---|-----------|------------|
| | | | | Legal Reserve | Unappropriated | Unrealised gain (loss) on changes in value of investments | Translation adjustments for foreign currency financial statements | Total | |
| (Unit : Thousand Baht) | | | | | | | | | |
| Separate F/S | | | | | | | | | |
| Balance as at 1 January 2017 | | 5,279,841 | 8,547,392 | 487,474 | 54,220 | 185,990 | (405,755) | (219,765) | 14,149,162 |
| Dividend paid | 35 | - | - | - | (54,164) | - | - | - | (54,164) |
| Transactions with shareholders | | - | - | - | (54,164) | - | - | - | (54,164) |
| Profit for the year | | - | - | - | 100,966 | - | - | - | 100,966 |
| Other comprehensive income (loss) for the year | | - | - | - | (79,374) | 11,582 | 10,755 | 22,337 | (57,037) |
| Total comprehensive income (loss) for the year | | - | - | - | 21,592 | 11,582 | 10,755 | 22,337 | 43,929 |
| Appropriated for legal reserve | 41 | - | - | 5,050 | (5,050) | - | - | - | - |
| Balance as at 31 December 2017 | | 5,279,841 | 8,547,392 | 492,524 | 16,598 | 197,572 | (395,000) | (197,428) | 14,138,927 |
| Balance as at 1 January 2018 | | 5,279,841 | 8,547,392 | 492,524 | 16,598 | 197,572 | (395,000) | (197,428) | 14,138,927 |
| Profit for the year | | - | - | - | 152,570 | - | - | - | 152,570 |
| Other comprehensive income (loss) for the year | | - | - | - | (69,849) | (114,210) | (8,542) | (122,752) | (192,601) |
| Total comprehensive income (loss) for the year | | - | - | - | 82,721 | (114,210) | (8,542) | (122,752) | (40,031) |
| Appropriated for legal reserve | 41 | - | - | 7,629 | (7,629) | - | - | - | - |
| Balance as at 31 December 2018 | | 5,279,841 | 8,547,392 | 500,153 | 91,690 | 83,362 | (403,542) | (320,180) | 14,098,896 |

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

STATEMENTS OF CASH FLOWS

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEARS ENDED 31 DECEMBER

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|--------------------|-------------|--------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash flows from operating activities | | | | |
| Profit before taxation | 1,354,920 | 1,118,059 | 455,924 | 134,954 |
| Adjustments :- | | | | |
| Depreciation and amortisation | 3,043,915 | 2,422,066 | 1,721,727 | 1,240,767 |
| Unrealised loss (gain) on exchange rate | 35,045 | (15,294) | 34,367 | 107,362 |
| Dividend income | (19,825) | (19,170) | (197,038) | (121,822) |
| Share of profit from investments in associated companies and joint ventures | (164,465) | (60,622) | - | - |
| Provision (Reversal of allowance) for doubtful accounts | 141,890 | 764,058 | (302,490) | 464,474 |
| Provision (Reversal of allowance) on impairment of investments | (198,518) | - | 370,354 | - |
| Gain on revaluation of investment property | - | (119,443) | - | (42,712) |
| Loss on impairment of assets | 1,970 | 23,597 | - | 23,597 |
| Loss on revaluation of non - current assets classified as held for sale | - | 2,961 | - | 2,961 |
| Loss (gain) on disposal of assets | (17,481) | (121,790) | (39,961) | 15,925 |
| Provision (reversal of allowance) for loss on construction projects | 8,031 | (129,241) | 25,776 | (53,921) |
| Provision for devaluation of inventories | 3,535 | 21,500 | - | 18,150 |
| Provision for litigation | - | 76,448 | - | - |
| Provision for liability | 91,670 | 13,310 | 91,670 | - |
| Loss on liquidation of joint venture | - | 5,151 | - | - |
| Provision for employee benefits obligation | 88,953 | 51,012 | 58,429 | 48,698 |
| Interest expense | 2,393,369 | 2,346,331 | 1,676,848 | 1,502,943 |
| Income from operating activities before changes in operating assets and liabilities | 6,763,009 | 6,378,933 | 3,895,606 | 3,341,376 |
| Decrease (increase) in operating assets:- | | | | |
| Trade accounts receivable - unrelated parties | (2,273,750) | (2,831,691) | (1,433,454) | (2,102,215) |
| Trade accounts receivable - related parties | 467,125 | (156,910) | 667,892 | (304,411) |
| Loans and advances to subsidiaries and related parties | 485,459 | (65,373) | 147,023 | (594,439) |
| Earned revenues not yet billed | (2,493,067) | (3,086,166) | (2,379,879) | (3,291,417) |
| Retentions receivable | (275,623) | (783,583) | (556,332) | (716,150) |
| Inventories and work in process | (1,541,873) | (597,831) | (1,169,113) | (407,165) |
| Costs of property development projects | 12,705 | 40,263 | - | - |
| Refundable value added tax | 282,278 | (362,631) | (23,791) | 17,175 |
| Advances for purchases of construction materials and sub - contractors | (163,501) | (35,868) | (101,878) | (45,112) |
| Other current assets | 447,143 | (800,801) | 46,635 | (257,136) |
| Other non - current assets | (552,222) | (164,987) | (533,157) | (118,507) |
| Increase (decrease) in operating liabilities: | | | | |
| Trade accounts and other payable - unrelated parties | 665,081 | (1,578,262) | 1,570,626 | 643,976 |
| Trade accounts payable - related parties | 314,649 | 342,068 | 923,242 | (134,006) |
| Receipts in excess of contracted work in progress | (1,005,374) | 937,022 | (1,005,374) | 937,022 |
| Customer advances under construction contracts | 1,293,956 | 3,479,884 | 2,026,656 | 3,317,468 |
| Value added tax payable | (102,175) | 226,484 | (108,584) | 223,614 |
| Accrued expenses | 352,564 | 232,872 | 181,851 | 118,616 |
| Retentions payable | 166,351 | 166,344 | 176,167 | 170,533 |
| Other current liabilities | (104,940) | 203,781 | (70,507) | 64,696 |
| Employee benefits obligation | (90,894) | (49,558) | (63,806) | (48,732) |
| Other non - current liabilities | (3,291) | 1,650 | - | - |
| Cash received from operations | 2,643,610 | 1,495,640 | 2,189,823 | 815,186 |
| Income tax refund | 726,494 | 474,684 | 644,144 | 467,046 |
| Income tax payment | (1,504,653) | (710,804) | (1,100,480) | (607,204) |
| Net cash provided from operating activities | 1,865,451 | 1,259,520 | 1,733,487 | 675,028 |

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

STATEMENTS OF CASH FLOWS (CONTINUED)

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 DECEMBER

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Cash flows from (used in) investing activities | | | | |
| Decrease (increase) in fixed deposits and restricted deposits with banks | (148,303) | 326,510 | 137,532 | (72,553) |
| Decrease (increase) in investments in subsidiaries, associated companies and joint ventures | 31,000 | 2,059 | (912,519) | (242,832) |
| Cash received from dividend and shares of profit from associated companies and joint ventures | 19,825 | 19,170 | 197,038 | 121,822 |
| Payment for land lease concession and project under development | (86,669) | (92,763) | (75,794) | (104,966) |
| Payment for deferred exploration and development costs | (1,449) | (4,562) | - | - |
| Cash refund from deferred exploration and development costs | - | 6,723 | - | - |
| Purchases of land awaiting development | - | (5,491) | - | - |
| Disposal of investment properties | 96,235 | 27,392 | 96,235 | 27,392 |
| Disposal of fixed assets | 544,451 | 451,855 | 357,559 | 61,435 |
| Purchases of fixed assets | (5,599,552) | (3,069,667) | (4,265,540) | (1,546,289) |
| Payment for deferred concession costs | (824,324) | (448,361) | (123,445) | (183,236) |
| Net cash used in investing activities | (5,968,786) | (2,787,135) | (4,588,934) | (1,939,227) |
| Cash flows from financing activities | | | | |
| Interest payment | (2,325,590) | (2,289,727) | (1,625,079) | (1,407,851) |
| Increase (decrease) in bank overdrafts and short - term loans from financial institutions | (737,339) | 201,040 | (882,055) | 238,025 |
| Increase in liabilities under trust receipts | 404,438 | 37,481 | 376,313 | 56,014 |
| Decrease in finance lease payables | (892,126) | (691,766) | (752,338) | (712,598) |
| Increase in long - term loans | 10,517,379 | 7,218,177 | 9,379,821 | 5,307,269 |
| Payment of long - term loans | (4,636,874) | (2,811,410) | (3,522,868) | (2,235,646) |
| Proceed from issuance of debentures | 1,050,000 | 7,364,407 | 1,050,000 | 7,364,407 |
| Payment for debentures redemption | (830,000) | (6,500,000) | (830,000) | (6,500,000) |
| Dividend paid | - | (54,164) | - | (54,164) |
| Dividend paid from subsidiary companies | (59,968) | (35,910) | - | - |
| Cash received from share capital increment in subsidiary | 1,534,807 | - | - | - |
| Net cash provided from financing activities | 4,024,727 | 2,438,128 | 3,193,794 | 2,055,456 |
| Translation adjustment on foreign currency financial statements | 22,348 | (64,890) | 9,837 | 14,371 |
| Net increase (decrease) in cash and cash equivalents | (56,260) | 845,623 | 348,184 | 805,628 |
| Cash and cash equivalents at beginning of the year | 3,434,053 | 2,588,430 | 1,817,040 | 1,011,412 |
| Cash and cash equivalents at end of the year | 3,377,793 | 3,434,053 | 2,165,224 | 1,817,040 |
| Supplemental cash flows information | | | | |
| Non cash transactions:- | | | | |
| Unrealised gain (loss) on changes in value of investments | (151,371) | 15,435 | (142,763) | 14,478 |
| Purchase assets under finance lease agreements | 1,688,192 | 558,984 | 1,646,145 | 525,089 |
| Accounts payable from purchases of assets | 426,470 | 41,081 | - | 41,081 |
| Transferred investment property for debt settlement from trade accounts receivable - related company | - | (95,856) | - | (95,856) |
| Transferred investment property to settlement debt with trade accounts payable of indirect subsidiary | 13,837 | - | 13,837 | - |
| Debt settlement by promissory note | 485,939 | - | 485,939 | - |
| Transferred assets held for sale to fixed assets | 165,716 | - | 165,716 | - |
| Transferred land awaiting development to land used in operation | 474,846 | - | 474,846 | - |
| Transferred assets from changed in portion from investment in joint venture to subsidiary | 89,905 | - | 89,905 | - |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ITALIAN - THAI DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Italian - Thai Development Public Company Limited (“the Company”) is incorporated and domiciled in Thailand. The Company and subsidiaries are principally engaged in the construction business both in Thailand and overseas, and in addition providing soil and coal extraction and removal services. Its registered office address is 2034/132-161, New Petchburi Road, Kwaeng Bangkapi, Khet Huaykwang, Bangkok.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRINCIPLE OF CONSOLIDATION

2.1 Statement of compliance

The accompanying financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards (“TFRS”) issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to other languages must conform to the official report in Thai.

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Italian-Thai Development Public Company Limited and subsidiaries which the Company can exercise control as follows:-

| Name of Entity | Country of incorporation | Percentage of share held by the Company | |
|--|--------------------------|---|--------|
| | | 2018 | 2017 |
| <u>Overseas subsidiaries</u> | | | |
| Myanmar ITD Co., Ltd. | Myanmar | - | 99.99 |
| PT.Thailindo Bara Pratama | Indonesia | 99.99 | 99.99 |
| ITD Cementation India Limited | India | 46.64 | 51.63 |
| ITD - Madagascar S.A. | Madagascar | 99.98 | 99.98 |
| ITD Construction SDN. BHD. | Malaysia | 99.99 | 99.99 |
| First Dhaka Elevated Expressway Co., Ltd. | Bangladesh | 99.99 | 99.99 |
| ITD Bangladesh Company Limited | Bangladesh | 99.99 | 99.99 |
| Italian - Thai Development Vietnam Co., Ltd. | Vietnam | 80.00 | 80.00 |
| ITD Mozambique Limitada | Mozambique | 99.00 | 99.00 |
| Thai Mozambique Logistica SA | Mozambique | 60.00 | 60.00 |
| Momaz Logistics | Republic of Mauritius | 100.00 | 100.00 |
| Italian - Thai Development (Myanmar) Co., Ltd. | Myanmar | 99.90 | 99.90 |
| <u>Local subsidiaries</u> | | | |
| Italian - Thai International Co., Ltd. | Thailand | 99.99 | 99.99 |
| Bhaka Bhumi Development Co., Ltd. | Thailand | 99.99 | 99.99 |
| Thai Pride Cement Co., Ltd. | Thailand | 99.99 | 99.99 |
| Nha Pralan Crushing Plant Co., Ltd. | Thailand | 99.99 | 99.99 |
| Siam Concrete and Brick Products Co., Ltd. | Thailand | 99.80 | 99.80 |
| Italthai Marine Co., Ltd. | Thailand | 92.59 | 92.59 |
| Italthai Trevi Co., Ltd. | Thailand | 90.94 | 90.94 |
| Asian Steel Product Co., Ltd. | Thailand | 69.90 | 69.90 |
| Thai Maruken Co., Ltd. | Thailand | 50.96 | 50.96 |
| Italian Thai Land Co., Ltd. | Thailand | 99.99 | 99.99 |
| Palit Palangngan Co., Ltd. | Thailand | 74.93 | 74.93 |
| Palang Thai Kaowna Co., Ltd. | Thailand | 99.94 | 99.94 |
| Italian Thai Power Co., Ltd. | Thailand | 99.99 | 99.99 |
| Saraburi Construction Technology Co., Ltd. | Thailand | 99.93 | 99.93 |
| Asia Logistics Development Co., Ltd. | Thailand | 99.93 | 99.93 |
| Asia Industrial and Port Corporation Co., Ltd. | Thailand | 99.93 | 99.93 |
| Myanmar Italian – Thai Power I Co., Ltd. | Thailand | 99.95 | 99.95 |
| Italian – Thai Hongsa Co., Ltd. | Thailand | 99.97 | 99.97 |
| APPC Holding Co., Ltd. | Thailand | 60.00 | 60.00 |
| <u>Indirect overseas subsidiaries</u> | | | |
| Italian – Thai Development (BVI) Co., Ltd. | British Virgin Islands | 99.99 | 99.99 |
| Ayeyarwady Multitrade Co., Ltd. | Myanmar | 99.99 | 99.99 |
| ITD Cementation Projects India Limited | India | 99.99 | 99.99 |
| Koh Kong Power Light Co., Ltd. | Cambodia | 93.00 | 93.00 |

| Name of Entity | Country of incorporation | Percentage of share held by the Company | |
|--|--------------------------|---|--------|
| | | 2018 | 2017 |
| ITD Vertex Consortium SDN. BHD | Malaysia | 70.00 | 70.00 |
| Dawei Development Company Limited (BVI) | British Virgin Islands | 75.00 | 75.00 |
| Dawei Development Company Limited (Myanmar) | Myanmar | 75.00 | 75.00 |
| Future Prosperity Investment Company Limited | Republic of Mauritius | 99.99 | 99.99 |
| APPC Hong Kong Company Limited | Hong Kong | 100.00 | 100.00 |
| THAI INTERNATIONAL INDUSTRIAL ESTATE DEVELOPMENT PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| THAI POWER DEVELOPMENT PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| THAI TELECOM DEVELOPMENT PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| DAWEI TELECOM HOLDING PRIVATE COMPANY LIMITED | Singapore | 100.00 | 100.00 |
| DAWEI RESIDENCE HOLDING PTE LTD. | Singapore | 50.00 | 50.00 |
| DAWEI POWER HOLDING PTE LTD. | Singapore | 100.00 | 100.00 |
| DAWEI LNG TERMINAL HOLDING PTE LTD. | Singapore | 50.00 | 50.00 |
| MYANDAWEI INDUSTRIAL ESTATE HOLDING PTE LTD. | Singapore | 50.00 | 50.00 |
| DAWEI TELECOM COMPANY LIMITED | Myanmar | 100.00 | 100.00 |
| DAWEI RESIDENCE COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
| DAWEI POWER COMPANY LIMITED | Myanmar | 100.00 | 100.00 |
| DAWEI LNG TERMINAL COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
| MYANDAWEI INDUSTRIAL ESTATE COMPANY LIMITED | Myanmar | 50.00 | 50.00 |
| <u>Indirect local subsidiaries</u> | | | |
| Aquathai Co., Ltd. | Thailand | 99.99 | 99.99 |
| Sarithorn Co., Ltd. | Thailand | 99.99 | 99.99 |
| Southern Industries (1996) Co., Ltd. | Thailand | 99.99 | 99.99 |
| Asia Pacific Potash Corporation Limited | Thailand | 90.00 | 90.00 |
| Lasalle Company Limited | Thailand | 99.30 | 99.30 |
| Tongkrai Company Limited | Thailand | 99.40 | 99.40 |
| Tayakhee Company Limited | Thailand | 99.40 | 99.40 |
| Ditheer Company Limited | Thailand | 99.40 | 99.40 |
| Panoot Company Limited | Thailand | 99.40 | 99.40 |
| Phannin Company Limited | Thailand | 99.40 | 99.40 |
| Takolkiat Company Limited | Thailand | 99.40 | 99.40 |
| Tridayuk Company Limited | Thailand | 99.40 | 99.40 |
| Bhantuwong Company Limited | Thailand | 99.40 | 99.40 |
| Nahathai Company Limited | Thailand | 99.40 | 99.40 |
| Kanika Company Limited | Thailand | 99.40 | 99.40 |
| Sin Rae Muang Thai Co., Ltd. | Thailand | 99.99 | 99.99 |
| Wildemere Co., Ltd. | Thailand | 99.99 | 99.99 |
| APPC Holding Co., Ltd. | Thailand | 40.00 | 40.00 |

2.3 Significant changes during the year 2018 are as follows:

- An overseas subsidiary company increased its share capital but the Company did not participate in additional investment. This diluted the Company proportion of investment from 51.63% to 46.64%. However, the Company continues to consolidate the financial statements of such subsidiary since it has not lost control from the change of shareholding structure in such subsidiary. In addition, such overseas subsidiary company has investment in a joint venture of 40.00%. This also causes the dilution of the Company equity of such joint venture from 20.70% to 18.66%
- The Company and Sumitomo Mitsui Corporation Company Limited jointly invested in SMCC-ITD Joint Venture for which 49% is invested by the Company. Such Joint venture is incorporated under the laws of Bangladesh and is principally engaged in the construction of Dhaka Mass Transit Development project (CP-06) at Dhaka, Bangladesh.
- The Company made an investment for share capital increment of Italian Thai Power Co., Ltd of Baht 550.00 million. Its proportion of investment still remains at 99.99%.
- The Company made additional payment of BDT 821.06 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
- A local Joint Venture registered the liquidation of Joint Venture.
- An overseas subsidiary registered the liquidation of company.

2.4 Significant changes during the year 2017 are as follows :

- The Company registered to establish a branch in Bangladesh.
- The Company made additional payment of BDT 585.63 million for share capital of First Dhaka Elevated Expressway Co., Ltd.
- An indirect subsidiary registered the liquidation of 13 group companies in overseas.
- The Company registered the liquidation of 2 domestic and overseas joint ventures.
- The Company and Sinohydro Corporation Limited invested in ITD-SINOHYDRO Joint Venture which was incorporated under the laws of Bangladesh and is principally engaged in providing construction service. The Company has 51% investment in the joint venture.
- The Company and Right Tunnelling Co., Ltd. entered into a joint venture Agreement under the name of “ITD-RT Joint Venture” to engage in the construction of Track Doubling Project : Map Kabao – Thanon Chira Junction, Contract No.3 Tunnel Works. The Company’s portion in the joint venture is 70%.
- An indirect subsidiary increased its proportion of investment from 35% to 50% of registered share capital in 2 group companies established in Singapore and Republic of the Union of Myanmar.

2.5 The financial statements of the overseas project offices, branches and subsidiaries are translated into Thai Baht using exchange rates at the statement of financial position date for assets and liabilities, and using the monthly average exchange rates for revenues and expenses. The resultant differences are presented under the caption “Translation adjustments for foreign currency financial statements” in other comprehensive income, other components of shareholders’ equity.

2.6 Significant transactions and account balances with subsidiaries have been eliminated from the consolidated financial statements, except for intercompany profit in inventories at the end of the year, which has insignificant effect on the consolidated financial statements.

2.7 Non-controlling interests represent the portion of subsidiary companies’ profit or loss and net assets that are not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.

2.8 All subsidiaries have the same reporting date of 31 December and have been prepared with the same accounting policies as the separate financial statements for the same accounting transactions or accounting events.

2.9 Dilution gains (loss) arose on shares issued by subsidiaries and sold to third parties are recognized as surplus (discount) on dilution of investment in subsidiary companies, which is presented in shareholders’ equity in the consolidated financial statements.

2.10 The Company’s financial statements for the years ended 31 December 2018 and 2017 include the audited financial statements of 2 overseas project offices, 5 overseas branches, 9 overseas subsidiaries, and 3 overseas joint ventures with aggregate assets and revenues in Baht equivalent as follows:-

| (Unit : Million Baht) | 2018 | | 2017 | |
|--|---------------|----------------|---------------|----------------|
| | Total assets | Total Revenues | Total assets | Total revenues |
| KOLDAM Project Office | 1,009 | 1 | 1,132 | 7 |
| West Bengal Project Office | 8 | - | 12 | 10 |
| Italian – Thai Development Public Co., Ltd. – Philippines Branch | 51 | - | 56 | 1 |
| Italian – Thai Development Public Co., Ltd. – Taiwan Branch | 2 | 1 | 7 | 14 |
| Italian – Thai Development Public Co., Ltd. – India Branch | 660 | 249 | 505 | 193 |
| Italian – Thai Development Public Co., Ltd. – Cambodia Branch | 9 | 283 | 64 | 111 |
| Italian – Thai Development Public Co., Ltd. – Bangladesh Branch | 5,712 | 4,376 | 2,276 | 727 |
| ITD Cementation India Limited | 12,384 | 13,120 | 11,804 | 11,775 |
| PT. Thailindo Bara Pratama | 544 | 260 | 512 | 23 |
| ITD Madagascar S.A. | 30 | 3 | 115 | 10 |
| First Dhaka Elevated Expressway Co., Ltd. | 2,952 | 1 | 2,338 | 11 |
| ITD Bangladesh Company Limited | 2 | - | 2 | - |
| Italian – Thai Development Vietnam Co., Ltd. | 3 | - | 3 | - |
| Italian – Thai Development (Myanmar) Co., Ltd. | 2 | - | 3 | 4 |
| ITD Mozambique Limitada | 144 | 8 | 126 | 12 |
| Thai Mozambique Logistica SA | 209 | - | 212 | - |
| ITD – Cemindia JV | 67 | 24 | 29 | 27 |
| ITD – ITD CEM JV | 1,724 | 806 | 2,164 | 758 |
| ITD – ITD CEM JV (Consortium) | 44 | - | 54 | 8 |
| Total | 25,556 | 19,132 | 21,414 | 13,691 |

2.11 The Company’s management considered the economic content of the joint venture agreements and concluded that the investments in some arrangements are joint operations. The Company therefore, prepared and presented the financial statements by recognizing assets, liabilities, revenues and expenses of such joint operations proportionately based on the Company’s interest.

Joint operations are as follows:

| Name of Entity | Interest in joint operations (percent) | | Type of businesses |
|------------------------|---|-------|--|
| | 2018 | 2017 | |
| ITD – SQ Joint Venture | 50.00 | 50.00 | Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand |

| Name of Entity | Interest in joint operations (percent) | | Type of businesses |
|-----------------------------|---|-------|---|
| | 2018 | 2017 | |
| ITD – Unique Joint Venture | 60.00 | 60.00 | Construction harbour at Trad Province for the Marine Department, Ministry of Transport, Thailand |
| SQ – ITD Joint Venture | 50.00 | 50.00 | Soil and coal extraction and removal services for the Electricity Generating Authority of Thailand |
| ITD – SMCC Joint Venture | 40.00 | 40.00 | Construction the Chao Phraya River Crossing Bridge at Nonthaburi 1 Road Construction Project with the Department of Rural Roads under the Ministry of Transport, Thailand |
| Samsung – ITD Joint Venture | 24.00 | 24.00 | Construction the LPG expansion project at Khao Bo Ya, Chonburi Province with PTT Public Company Limited, Thailand |
| ITD – RT Joint Venture | 70.00 | 70.00 | Construction the double track train from Map Kabao – Thanon Chira junction, Contract No.3 tunnel works under the state railway of Thailand |
| SMCC – ITD Joint Venture | 49.00 | - | Construction of Dhaka Mass Transit Development project (CP-06) at Dhaka, Bangladesh with Dhaka Mass Transit Company Limited. |

The consolidated and separate financial statements as at 31 December 2018 and 2017 and for the years then ended included assets, liabilities, revenues and expenses of such joint operations are as follows:

| (Unit : Million Baht) | 2018 | | | | 2017 | | | |
|-----------------------------|----------------|----------------------|---------------------|---------------------------|----------------|----------------------|---------------------|---------------------------|
| | Current assets | Non – current assets | Current liabilities | Non – current liabilities | Current assets | Non – current assets | Current liabilities | Non – current liabilities |
| ITD – SQ Joint Venture | 922 | 678 | 554 | 233 | 704 | 884 | 1,781 | 277 |
| ITD – Unique Joint Venture | 9 | - | - | - | 18 | - | 226 | - |
| SQ – ITD Joint Venture | 53 | - | - | - | 248 | 142 | 44 | - |
| ITD – SMCC Joint Venture | 22 | - | 1 | - | 24 | - | 3 | - |
| Samsung – ITD Joint Venture | 27 | 1 | 1 | - | 255 | 4 | 460 | - |
| ITD – RT Joint Venture | 709 | 34 | 271 | 431 | 6 | - | 6 | - |
| SMCC – ITD Joint Venture | 957 | 97 | 32 | 1,144 | - | - | - | - |

| (Unit : Million Baht) | 2018 | | 2017 | |
|-----------------------------|--------------|--------------|----------|----------|
| | Revenues | Expenses | Revenues | Expenses |
| ITD – SQ Joint Venture | 1,372 | 1,637 | 837 | 953 |
| ITD – Unique Joint Venture | 1 | 3 | 4 | 7 |
| SQ – ITD Joint Venture | 31 | 23 | 5 | 29 |
| ITD – SMCC Joint Venture | - | - | - | 2 |
| Samsung – ITD Joint Venture | 311 | 137 | 1 | 12 |
| ITD – RT Joint Venture | 39 | 28 | 5 | 5 |
| SMCC – ITD Joint Venture | 321 | 307 | - | - |

3. NEW AND REVISED FINANCIAL REPORTING STANDARDS, INTERPRETATIONS AND GUIDANCE

3.1 Amendments and interpretations to existing Standards that are effective from 1 January 2018

The Federation of Accounting Professions has issued revised Thai Financial Reporting Standards (TFRS), interpretations and guidance, that are effective for annual accounting periods beginning on or after 1 January 2018. The changes are to align with the corresponding International Financial Reporting Standards where most of the changes are relating to the revision of wording and terminology, and the provision of interpretations and accounting guidance to users of the standards.

The adoption of these revised TRFS has not had a material impact on the consolidated and separate financial statements except for the addition disclosures required under TAS 7 (see Note 32).

3.2 New Standards that are effective from 1 January 2019

During the year, the Federation of Accounting Professions issued Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” (TFRS 15). TFRS 15 is effective for annual accounting periods beginning on or after 1 January 2019, and defines new requirements for the recognition of revenue, replacing Thai Accounting Standard No. 18 “Revenue”, Thai Accounting Standard No.11 “Construction Contracts”, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas which are limited in detail under existing Thai Financial Reporting Standards.

The Group is planning to adopt TFRS 15 commencing from 1 January 2019 using the Standard’s modified cumulative catch-up (modified) approach, which will be adjusted the cumulative impact of the adoption to equity with no restatement of the cumulative effect on the comparative information. The Group’s management is currently assessing the final impact of adoption of this standard.

3.3 New Standards that are effective from 1 January 2020

During the year, the Federation of Accounting Professions issued Thai Financial issue several TFRSs for financial instruments, which consists of TFRS 9 “Financial instruments”, TAS 32 “Financial instruments: Presentation”, TFRS 7 “Financial instruments: Disclosure”, TFRIC 16 “Hedges

of a Net Investment in a Foreign Operation” and TFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, which are effective for annual accounting periods beginning on or after 1 January 2020. The new TFRS establishes new requirements relating to the definition, recognition, classification, measurement, impairment of financial assets and liabilities, as well as providing guidance on hedge accounting.

The Group will adopt these new standards when they become effective, and management is in the process to assess the impact on the financial statements in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues recognition

Revenues from construction work

Revenues from construction work are recognized when services have been rendered taking into account the stage of completion measured by the proportion of actual construction costs incurred up to the end of the year and the total anticipated costs to complete the construction. Provision for the total anticipated loss on construction projects is made in the accounts as soon as the possibility of loss is ascertained.

Revenue from sales

Revenue from sales are recognized when the significant risks and rewards of ownership of the goods have passed to the buyers. Revenue from sales are presented at invoiced values, excluding value added tax, of goods supplied after deducting discounts and allowances.

Revenue from services

Revenue from services are recognized when the services have been rendered.

Interest income

Interest income is recognized over time – period on an accrued basis.

Dividend income

Dividend income is recognized when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company and subsidiaries provide allowances for doubtful accounts for the estimated losses that may occur in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on a specific account basis.

4.4 Earned revenues not yet billed/receipt in excess of contract work in progress

The recognized revenues which are not yet due as per contracts are presented as “Earned revenues not yet billed” in the statement of financial position. The instalment amounts due and received according to the contracts but not yet recognized as revenue is presented as “Receipt in excess of contract work in progress” in the statement of financial position.

4.5 Inventories and work in process

Inventories and work in process are valued at the lower of weighted average cost and net realizable value and are charged to production costs whenever consumed. Management periodically review and provide allowance for obsolete inventories.

4.6 Costs of property development projects

Costs of property development projects are presented at costs or net realizable value whichever is lower. Project development costs include land cost, construction costs and expenses directly related to the development projects, including interest expense incurred from related loan interest. These will be amortized to cost of sales based on the percentage of sold area of each project.

4.7 Borrowing costs

Interest expense incurred on loans to finance the acquisition and development of the project is capitalized as a cost of each project. The Group will cease the capitalization of interest when the project is completed, or if suspended, until development is resumed.

4.8 Non – current assets held – for – sale

Asset groups are classified as held-for-sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets. Management must commit to the sale of the assets and they must be actively marketed at a price that is reasonable compared to their current fair value, with the expectation that sale should be recorded as completed within 1 year from the date of classification. These disposed asset groups are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

The Company ceases to depreciate plant and equipment from the date the assets meet the criteria for classification as assets held – for – sale.

4.9 Investments

a) Investments in available for sale securities are presented at fair value. Gains or losses arising from changes in the value of such investments are separately presented as part of shareholders’ equity under the caption “Unrealized gain/loss on changes in value of investments”. When the securities are sold, the change is included in the statement of profit or loss.

b) Investments in non-marketable equity securities, which the Company classifies as other investments, are presented at cost net of allowance for impairment (if any).

c) Investments in subsidiaries, associated companies and joint ventures are accounted for by the cost method in the separate financial statements. Investments in associated companies and joint ventures are accounted for by the equity method in the consolidated financial statements.

The fair value of available-for-sale securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The weighted average method is used for computation of the cost of investments.

The Company and subsidiaries will record impairment losses (if any) for the investment in subsidiaries, associated companies, joint ventures and other investments in the statement of profit or loss when the carrying amount exceeds the recoverable amount.

4.10 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associated companies

Associated companies are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Company's share of the total recognized gains or losses of associated companies by the equity accounting method, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate company, the Company will account for the share of losses not exceeding its investments and further losses are no longer accounted for, except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associated company.

Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control in an entity. A joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Under the equity method of accounting, interests in joint ventures are initially recorded at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Company's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Company will recognize such losses as obligation of the Company's interest in the joint ventures.

The Company recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

4.11 Land awaiting developments

Land awaiting developments are valued at cost or net realisable value whichever is lower.

4.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Company and subsidiaries state investment properties at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the statement of profit or loss.

On disposal of investment properties, the Company and subsidiaries recognized the difference between the net disposal proceeds and the carrying amount of the asset in the statement of profit or loss in the period when the asset is derecognized.

4.13 Property, plant and equipment, and depreciation

Property, plant and equipment are presented at cost less accumulated depreciation and allowance for impairment of assets (if any). Costs are measured by the cash or cash equivalent price including interest expense on incurred from related loan for the acquisition of asset that bring it to the location and condition necessary for its intended use.

The Company and subsidiaries depreciate buildings and equipment by the straight – line method over their estimated useful lives based on the segregation of components of assets, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows:

| | |
|--|--------------|
| Buildings | 20 years |
| Machinery and equipment | 3 – 25 years |
| Furniture, fixtures and office equipment | 3 – 7 years |
| Vehicles | 5 – 12 years |
| Site offices and temporary camps | 5 – 12 years |

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

4.14 Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the share of the identifiable net assets which the Company acquired. Goodwill is measured at cost less allowance for impairment. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

4.15 Potash mining right

Potash mining right represents the excess of the cost of investment over the fair value of the subsidiary's net assets which, in management's view, represents future economic benefits attributable to the potash mining rights. Potash mining right will be amortized using the units of potash production over the estimated potash reserve from the start of production.

4.16 Deferred exploration and development costs

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of the mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or the abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable recoverable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be recorded as expenses.

4.17 Advances from customers under construction contracts

Advances from customers under construction contracts will be deducted from the bill of work over the period as indicated in the construction agreement. Advances from customers under construction contracts spanning more than 1 year are classified as non - current liabilities.

4.18 Debentures

Debentures are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, debentures are presented at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowing on an effective interest basis. Gains or losses on early redemption are recognized in the statement of profit or loss upon redemption.

4.19 Lease – where the Company and subsidiaries are the lessees

Leases of equipment where the Company and subsidiaries assume substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the fair value of the leased assets or estimated present value of the underlying lease payments, whichever is lower. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. Lease payments deducted by financial charges are recognized as liabilities under finance lease agreements. The financial expense is charged to the statement of profit or loss over the lease period. Assets acquired under finance lease agreements are depreciated over the useful lives of the assets.

Leases of assets in which the lessor effectively retains all the risks and benefits of ownership, are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on the straight – line basis over the lease period. When an operating lease is terminated before expiry date of the lease period, any payment required by the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4.20 Leases – where the Company and subsidiaries are the lessors

Assets leased out under operating leases are included in building and equipment in the statement of financial position. Depreciation is calculated over their estimated useful lives on a basis consistent with other similar assets. Rental income is recognized on a straight – line basis over the lease period.

4.21 Hire – purchase payables

These represent hire - purchase payables less deferred interest. The repayment sub-schedules of the hire - purchase contracts are for 24 – 60 months. The fixed assets acquired under hire - purchase agreements are recorded as assets of the Company at their cash prices and will be registered in the name of the Company upon the completion of payments. Interest on hire purchases payable is recognized as an expense in the statement of profit or loss.

4.22 Impairment of asset

The Company and subsidiaries assess whether there is an indication that any assets may be impaired. If any such indication exists, the Company and subsidiaries make an estimate of the assets recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An asset recoverable amount is the higher of fair value less cost to sell and value in use.

4.23 Income tax

Income tax expense for the year comprises current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years, which is different from profit or loss in the financial statements.

Deferred tax

Deferred taxes are calculated on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they are intended to be settled on a net basis or when tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that the related tax benefit will be realized.

4.24 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Financial assets and liabilities, denominated in foreign currencies, which are outstanding at the reporting date, are translated into Baht at the exchange rates ruling on the reporting date. Gains and losses on exchange are included in the statement of profit or loss.

4.25 Employee benefits

Short-term employment benefits

Salaries, wages, bonuses and contribution to the social security are recognized as expenses when incurred on the accrual basis.

Post-employment benefits (Defined contribution plan)

The Company and subsidiaries, and their employees have jointly established a provident fund plan whereby monthly contribution are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company's and subsidiaries' assets. The Company's and subsidiaries' contributions to the fund are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under the labour law.

The obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains or losses for the computation of post-employee benefits are recognised in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation, fair value of plan assets and actuarial gains (losses).

The expected rate of return of plan assets is the Company's expectation of the average long – term rate of return expected on investments of the fund during the estimated term of obligations. Plan assets are measured at fair value as at the reporting date.

4.26 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.27 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

4.28 Basic earnings per share

Basic earnings per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year.

4.29 Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of outstanding common shares is assumed to be converted to common shares that dilute the total number of shares.

A calculation is done to determine the potential number of shares that could have been acquired at market price (determined as the average share price of the Company's shares during the year) based on the outstanding warrants to determine the number of potential common shares to be additionally issued.

4.30 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of comprehensive income.

Cross currency and interest rate swap agreements

Receivables and payables arising from the cross-currency swap agreements are translated into Baht at the rates of exchange ruling on the reporting date. Unrealized gains and losses from the translation are included in the statement of profit or loss. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the hedged financial obligations in the statement of comprehensive income.

4.31 Provision for liabilities and expenses, and contingent assets

The Company and subsidiaries recognised provision for liabilities and expenses in the financial statements when they have present legal or constructive obligations as a result of past events with probable future outflows of resources to settle the obligations, and where a reliable estimate of the amount can be made. The contingent asset will be recognized as a separate asset only when the realization is virtually certain.

4.32 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into 3 levels of a fair value hierarchy. The 3 levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable comparable for the asset or liability, either directly or indirectly
- Level 3: no observable inputs for the asset or liability.

5. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGEMENT

The preparation of the financial statements requires management to undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Critical accounting estimates, assumption and judgments are as follows:

1. Construction revenues

The stage of completion of any construction contract is assessed by management by taking into consideration all information available at the reporting date. In this process, management carries out significant judgements about milestones, actual work performed and the estimated costs to complete the work. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. Actual outcomes in terms of actual costs or revenues may be higher or lower than estimates at reporting date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

2. Claims income

A claim is an amount that the Company and subsidiaries seek to collect from their customers or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed

variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations.

3. Allowance for loss on construction projects

The Company and subsidiaries review their construction work-in-progress to determine whether there is any indication of foreseeable losses. Identified foreseeable losses are recognized immediately in the statement of comprehensive income when it is probable that total contract costs will exceed total contract revenue as determined by the management.

4. Impairment of receivables

The Company and subsidiaries account for allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on historical collection experience coupled with a review of outstanding receivables at reporting date.

5. Allowance for obsolete, slow-moving and defective inventories

The Company and subsidiaries provide allowances for obsolete, slow-moving and defective inventories to reflect impairment of inventories. The allowance is based on consideration of inventory turnover and deterioration of each category and such requires management judgment.

6. Allowance for diminution in value of cost of property development projects and land held for development

The Company and subsidiaries treat cost of property development projects and land held for development, as diminution when the management judges that there have been significant or prolonged declines in the fair value below their cost. The management determines the devaluation of such cost of property development projects and land held for development based on net realisable value. The determination of what is “significant” or “prolonged” and such devaluation requires management judgment.

7. Allowance for impairment of investments

The Company and subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

8. Impairment of goodwill

The Company annually reviews goodwill from investments in subsidiary companies to determine whether it is impaired or not. The recoverable amounts of cash-generating units are determined based on value in use calculations. These calculations require the use of management estimates.

9. Non – current assets classified as held for sale

The Company presents non-current assets held for sale at the fair value and recognize loss on decline value on initial classification as held for sales and subsequent gains and losses on remeasurement are recognized in the statement of profit or loss. The fair value of non-current assets held for sales is determined by the independent appraiser by using the depreciated replacement cost approach which the valuation involves certain assumptions and estimates.

10. Property, plant and equipment and intangible assets

Management regularly determines the estimated useful lives and residual values for plant and equipment and intangible assets and will revise the depreciation and amortization charge where useful lives and residual values previously estimated have changed or subject to be written off for their technical obsolescence or if they are no longer in use.

11. Investment property

The Company and subsidiaries present investment property at the fair value estimated by an independent appraiser, and recognize changes in the fair value in profit or loss. The fair values of investment properties are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

12. Allowances for impairment of assets

The Company and subsidiaries consider allowances for impairment of assets when there is an indication that an asset may be impaired. If any such indication exists when there has been a significant decline in the fair value below their cost, the Company and subsidiaries, make an estimate of the assets recoverable amount. The determination of recoverable amount requires management judgment.

13. Post-employment benefits under defined benefit plans

Obligation under defined benefit plans is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. Actual post-retirement costs may ultimately differ from these estimates.

14. Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company and subsidiaries future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in tax jurisdictions.

15. Litigation

The Company and subsidiaries normally have contingent liabilities as a result of disputes and litigation. Management use judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

6. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2018 and 2017, the consolidated and separate financial statements have savings and fixed deposits of the Company and subsidiaries totaling approximately Baht 162.74 million and Baht 445.63 million, respectively (the separate financial statements : Baht 4.19 million and Baht 138.43 million) have been pledged with banks as the normal course of business of the Company, subsidiaries, and the overseas branches and collaterals for loans obtained by the Company and subsidiaries to finance specific projects, Most of these restricted deposits with banks are turned over within one year so they are classified as current assets

7. PROMISSORY NOTES – NET

| (Unit : Thousand Baht) | Consolidated and Separate F/S | |
|------------------------|-------------------------------|------------------|
| | 31 December 2018 | 31 December 2017 |
| Promissory Notes | 485,939 | - |
| Less : Current portion | (50,000) | - |
| Net | 435,939 | - |

During the year 2018, the Company entered into an agreement with a debtor for the repayment of construction work. Such debtor agreed to settlement the debt by issues promissory notes to the Company for installment payments of 10 years with interest at 4.18 percent per annum.

As at 31 December 2018, the Company has long-term loan from a local financial institution of Baht 485.94 million. Such loan bears interest at 4 percent per annum. The principal and interest are repayable when the Company received debt settlement from the promissory notes from the debtor mentioned above.

8. TRADE ACCOUNTS RECEIVABLE – UNRELATED PARTIES – NET

The aging of outstanding trade accounts receivable balances as at 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Receivable Ages | Consolidated F/S | | Separate F/S | |
|--|-----------------|------------------|-----------|--------------|-----------|
| | | 2018 | 2017 | 2018 | 2017 |
| Less than 3 months | | 8,387,542 | 7,632,380 | 6,536,377 | 6,658,682 |
| 3 – 6 months | | 438,802 | 449,812 | 243,969 | 158,943 |
| 6 – 12 months | | 1,459,357 | 353,200 | 1,168,619 | 7,635 |
| More than 12 months | | 1,180,290 | 1,230,896 | 260,046 | 402,137 |
| Total | | 11,465,991 | 9,666,288 | 8,209,011 | 7,227,397 |
| Less : Allowance for doubtful accounts | | (953,801) | (969,052) | (326,274) | (396,706) |
| Net | | 10,512,190 | 8,697,236 | 7,882,737 | 6,830,691 |

The Company sets up a full allowance for doubtful accounts for receivables from major private customers that have been overdue for more than 12 months and at 50 percent for those accounts overdue for more than 6 months, except for the following receivables:

- At as 31 December 2018, the consolidated financial statements include trade account receivable of an overseas subsidiary of Baht 269.76 million (net of an allowances for doubtful account amount to Baht 36.93 million) (31 December 2017 : Baht 309.98 million) which the debtor had complied with the repayments schedule as planned. During the period, the subsidiary's management considered recognizing an allowance for impairment in value of such receivable by using discounted cash flow from the repayment plan of such receivable and recognized an allowance for impairment of Baht 36.93 million. The subsidiary's management believes that such allowance for impairment is reasonable.
- As at 31 December 2018, the consolidated and separate financial statements include trade receivable from the State Enterprise for a construction project which has been under process of negotiation to extend the construction period from the ended of contract date. The Company has not received payment for outstanding receivable totaling Baht 825.33 million since the Company has not completed some construction work according to the milestone plan. However, the Company has completed such construction work within the contract period and it has been inspected from project consultant and employer. The repayment of construction work depends on the approval for extend the construction period from the ended of contract date. This process has been initially considered by the project consultant and the work inspection committee. On 20 December 2018, the Company, project consultant and employer's representative have meeting to find out the solution as well as the approval for the extension of construction contract. The Company's management believes that they will obtain the extension of the construction period and will receive the outstanding receivable in full amount. The Company therefore has not set up provision loss for the delay submit some part of construction work which is not according with the plan.

As at 28 February 2019, the project consultant agreed and submit details for the employer to consider approving for the extension of construction period to 17 May 2019.

During the year 2018, the Company received a payment of works and retentions for a trade receivable totaling to Baht 81.67 million. The Company has previously recognized full allowance for doubtful accounts for such receivable. Therefore, the Company reversed such allowance for doubtful accounts in the statement of profit or loss in this year.

9. TRADE ACCOUNTS RECEIVABLE – RELATED PARTIES – NET

The outstanding balances as at 31 December 2018 and 2017 are as follows :

| (Unit: Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Subsidiaries | - | - | 2,083,301 | 1,761,470 |
| Associated companies and joint ventures | 1,020,417 | 1,182,412 | 940,977 | 1,129,910 |
| Related parties | 624,458 | 1,470,758 | 512,039 | 1,308,318 |
| Joint operations | 5,368 | 25,958 | 5,368 | 25,958 |
| Total | 1,650,243 | 2,679,128 | 3,541,685 | 4,225,656 |
| Less : Allowance for doubtful accounts | (734,464) | (617,903) | (766,421) | (687,186) |
| Trade accounts receivable – related parties – net | 915,779 | 2,061,225 | 2,775,264 | 3,538,470 |

The ages of outstanding balances of accounts receivable – related parties as at 31 December 2018 and 2017 are as follows :

| Outstanding Ages (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Less than 3 months | 508,252 | 447,786 | 1,027,870 | 790,904 |
| 3 – 6 months | 13,244 | 108,456 | 163,297 | 877,501 |
| 6 – 12 months | 62,112 | 116,637 | 426,939 | 303,972 |
| More than 12 months | 1,066,635 | 2,006,249 | 1,923,579 | 2,253,279 |
| Total | 1,650,243 | 2,679,128 | 3,541,685 | 4,225,656 |
| Less : Allowance for doubtful accounts | (734,464) | (617,903) | (766,421) | (687,186) |
| Net | 915,779 | 2,061,225 | 2,775,264 | 3,538,470 |

As at 31 December 2017, the consolidated and separate financial statements include trade accounts receivable - related companies totaling Baht 162.94 million and Baht 103.57 million, respectively. Such related companies had been negotiating with strategic investors for project feasibility study to join the operations in the future. Debt repayment from such debtors depends on the materialization of the project feasibility and financial support from financial institution for project operation. However, managements have assessed an opportunity to recover such receivables to be remote and therefore recognized full allowance for doubtful accounts in the financial statements for year ended 31 December 2018.

During the year 2018, the Company received the repayment of receivable from a local subsidiary of Baht 27.48 million. The Company had previously recognized full allowance for doubtful accounts for such receivable. The Company, therefore reversed allowance for doubtful account for such receivable during the year.

During the year 2018, a joint venture sold machineries and vehicles to the Company for debt settlement totaling to Baht 947.79 million

10. FINANCE LEASE RECEIVABLE - SUBSIDIARY - NET

| (Unit : Thousand Baht) | Separate F/S | |
|--|--------------|----------|
| | 2018 | 2017 |
| Not over 1 year | 10,240 | 6,400 |
| Over 1 year but not over 5 years | 19,200 | 19,200 |
| Over 5 years | 27,840 | 31,680 |
| Total | 57,280 | 57,280 |
| Less : Unearned finance income | (16,412) | (18,634) |
| Total | 40,868 | 38,646 |
| Less : Allowance for doubtful accounts | (1,920) | - |
| Total | 38,948 | 38,646 |
| Less : Current portion | (6,202) | (4,178) |
| Net | 32,746 | 34,468 |

The above finance lease receivable is for machinery and equipment with a subsidiary with scheduled repayment terms of 15 years.

11. SHORT - TERM LOANS AND ADVANCES TO SUBSIDIARIES AND RELATED PARTIES - NET

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|----------|--------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Subsidiaries | - | - | 3,377,042 | 3,233,016 |
| Associated companies and joint ventures | 280,113 | 255,908 | 222,620 | 198,730 |
| Related companies | 15,481 | 16,018 | - | - |
| Joint operations | - | 23 | - | 23 |
| Other joint venture partner | 2,278 | - | 2,278 | - |
| Total | 297,872 | 271,949 | 3,601,940 | 3,431,769 |
| Less : Allowance for doubtful accounts | (27,003) | (11,255) | (2,180,373) | (2,059,344) |
| Short – term loans and advances to Subsidiaries and related parties – net | 270,869 | 260,694 | 1,421,567 | 1,372,425 |

Movements in the short - term loans and advances to subsidiaries and related parties for the year ended 31 December 2018 are as follows :

| (Unit: Thousand Baht) | Consolidated F/S | | | |
|--------------------------------------|------------------|-----------------|----------|-------------|
| | 1 January | During the year | | 31 December |
| | 2018 | Increase | Decrease | 2018 |
| Associated company and joint venture | 255,908 | 24,205 | - | 280,113 |
| Related companies | 16,018 | - | 537 | 15,481 |
| Joint operations | 23 | - | 23 | - |
| Other joint venture partner | - | 2,278 | - | 2,278 |
| Total | 271,949 | 26,483 | 560 | 297,872 |

| (Unit: Thousand Baht) | Separate F/S | | | |
|--------------------------------------|--------------|-----------------|----------|-------------|
| | 1 January | During the year | | 31 December |
| | 2018 | Increase | Decrease | 2018 |
| Subsidiaries | 3,233,016 | 144,026 | - | 3,377,042 |
| Associated company and joint venture | 198,730 | 23,890 | - | 222,620 |
| Joint operations | 23 | - | 23 | - |
| Other joint venture partner | - | 2,278 | - | 2,278 |
| Total | 3,431,769 | 170,194 | 23 | 3,601,940 |

As at 31 December 2017, the consolidated financial statements include short – term loans and advances to related companies totaling to Baht 16.02 million. Debt repayment from such related companies depends on the condition discussed in Note 9 to the financial statements. However, the Subsidiary's management assessed an opportunity to recover such loans to be remote and recognized full allowance for non-collection in the financial statement for the years ended 31 December 2018.

12. INVENTORIES AND WORK IN PROCESS - NET

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Work in process | 269,026 | 108,535 | 143,182 | - |
| Materials and inventories | 4,860,865 | 3,510,750 | 3,166,987 | 2,164,053 |
| Total | 5,129,891 | 3,619,285 | 3,310,169 | 2,164,053 |
| Less : Allowance for obsolete inventories | (60,063) | (87,795) | (45,687) | (68,684) |
| Net | 5,069,828 | 3,531,490 | 3,264,482 | 2,095,369 |

During the years 2018 and 2017, movements in the allowance for obsolete inventories are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|-------------------------------|------------------|---------|--------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 87,795 | 54,867 | 68,684 | 34,153 |
| Add : Additional allowance | 13,700 | 38,469 | 13,700 | 35,341 |
| Less : Reversal of allowance | (40,995) | (4,731) | (36,260) | - |
| Less : Translation adjustment | (437) | (810) | (437) | (810) |
| Balance as at 31 December | 60,063 | 87,795 | 45,687 | 68,684 |

13. COSTS OF PROPERTY DEVELOPMENT PROJECTS – NET

| (Unit : Thousand Baht) | Consolidated F/S | |
|---|------------------|-------------|
| | 2018 | 2017 |
| Land | 332,909 | 1,069,053 |
| Cost of property development projects | 446,925 | 2,153,282 |
| Utilities installation | 69,084 | 114,860 |
| Capitalized borrowing costs | 5,127 | 43,479 |
| Total | 854,045 | 3,380,674 |
| Less : Accumulated amounts transferred to cost of sales | (434,876) | (2,948,800) |
| Net | 419,169 | 431,874 |

As at 31 December 2018 and 2017, the above land and constructions have been pledged as collaterals for overdraft, loan and credit facilities with local banks as discussed in Note 26.

During the years 2018 and 2017 the Company capitalized interest amounting to Baht 7.60 million and Baht 3.32 million, respectively, to the cost of property development project. The capitalization rates of interest are based on the borrowing costs as discussed in Note 26.

The changes in cost of property development projects for the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | |
|------------------------------------|------------------|-----------|
| | 2018 | 2017 |
| Balance as at 1 January | 431,874 | 472,137 |
| Add : Cost of property development | 422,171 | 403,643 |
| Less : Cost of sales | (434,876) | (443,906) |
| Balance as at 31 December | 419,169 | 431,874 |

14. NON - CURRENT ASSETS HELD FOR SALE – NET

SQ-ITD Joint venture had completed its soil and coal extraction and removal service to Electricity Generating Authority of Thailand (EGAT) and ITD-SQ Joint venture during June 2015 and September 2016, respectively. It has been confined itself to the follow-up of collections for the sales of assets from joint venture partner.

As at 31 December 2017, the non-current assets held-for-sale of Baht 165.72 million (net of impairment of assets) represented machineries and equipment of the joint venture in proportion held by the Company which are in the process of agreed price with such joint venture.

On 28 November 2018, the joint venture agreed to sale machineries and equipment to joint venture partner at the mutually agreed price. The Company received the transfer of those assets in the year 2018.

15. INVESTMENTS

15.1 Investments in subsidiaries – net

Movements in investments in subsidiaries for the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Separate F/S | |
|--|--------------|-----------|
| | 2018 | 2017 |
| Balance as at 1 January | 6,878,187 | 6,635,355 |
| Add : Additional investments during the year | 919,121 | 242,832 |
| Less : Provision for impairment | (570,354) | - |
| Balance as at 31 December | 7,226,954 | 6,878,187 |

Investments in subsidiaries as at 31 December 2018 and 2017 comprise investments as follows:

| (Unit : Thousand Baht) | Nature of business | Paid-up Capital | Percentage of shareholding (%) | | Separate F/S | |
|--|--|------------------|--------------------------------|-------|------------------|-----------|
| | | | | | Cost | |
| | | | 2018 | 2017 | 2018 | 2017 |
| Investments in subsidiaries | | | | | | |
| Italian-Thai International Co., Ltd. | Holding company | 400,000 | 99.99 | 99.99 | 400,000 | 400,000 |
| Less : Allowance for impairment | | | | | (400,000) | (400,000) |
| Net | | | | | - | - |
| Bhaka Bhum Development Co., Ltd. | Real estate development | 5,075 | 99.99 | 99.99 | 5,075 | 5,075 |
| Thai Pride Cement Co., Ltd. | Manufacture and distribution of cement | 1,300,000 | 99.99 | 99.99 | 1,585,000 | 1,585,000 |
| Nha Pralan Crushing Plant Co., Ltd. | Rock quarrying, processing and distribution | 31,000 | 99.99 | 99.99 | 30,999 | 30,999 |
| Less : Allowance for impairment | | | | | (30,999) | (10,999) |
| Net | | | | | - | 20,000 |
| Siam Concrete and Brick Products Co., Ltd. | Manufacture and distribution of concrete products | 126,000 | 99.80 | 99.80 | 124,296 | 124,296 |
| ItalThai Marine Co., Ltd. | Production and sale of vessels and equipment | 810,000 | 92.59 | 92.59 | 430,000 | 430,000 |
| Less : Allowance for impairment | | | | | (430,000) | (430,000) |
| Net | | | | | - | - |
| ItalThai Trevi Co., Ltd. | Foundation and piling work services | 80,000 | 90.94 | 90.94 | 84,189 | 84,189 |
| Asian Steel Product Co., Ltd. | Manufacture and distribution of large steel pipes | 20,000 | 69.90 | 69.90 | 7,004 | 7,004 |
| Thai Maruken Co., Ltd. | Lease and sale of sheet piles and beams for foundation construction work | 20,000 | 50.96 | 50.96 | 10,196 | 10,196 |
| Italian-Thai Land Co., Ltd. | Not yet operational | 10,000 | 99.99 | 99.99 | 50 | 50 |
| Less : Allowance for impairment | | | | | (50) | (50) |
| Net | | | | | - | - |
| Palang Thai Kaowna Co., Ltd. | Not yet operational | 1,000 | 99.94 | 99.94 | 650 | 650 |
| Less : Allowance for impairment | | | | | (650) | (650) |
| Net | | | | | - | - |
| Palit Palang Ngan Co., Ltd. | Not yet operational | 1,000 | 74.93 | 74.93 | 50 | 50 |
| Less : Allowance for impairment | | | | | (50) | (50) |
| Net | | | | | - | - |
| Italian Thai Power Co., Ltd. | Production and distribution of electricity | 650,000 | 99.99 | 99.99 | 650,000 | 100,000 |
| Less : Allowance for impairment | | (2017 : 100,000) | | | (650,000) | (100,000) |
| Net | | | | | - | - |
| Saraburi Construction Technology Co., Ltd. | Manufacture, distribution and installation of concrete sheet | 250 | 99.93 | 99.93 | 250 | 250 |
| Asia Logistics Development Co., Ltd. | Not yet operational | 1,000 | 99.93 | 99.93 | 999 | 999 |
| Asia Industrial and Port Corporation Co., Ltd. | Not yet operational | 1,000 | 99.93 | 99.93 | 999 | 999 |
| Myanmar Italian-Thai Power 1 Co., Ltd. | Not yet operational | 250 | 99.95 | 99.95 | 250 | 250 |
| Italian - Thai Hongsa Co., Ltd. | Coal mining contractor | 250 | 99.97 | 99.97 | 250 | 250 |
| APPC Holding Co., Ltd. | Holding company | 3,795,987 | 60.00 | 60.00 | 2,277,592 | 2,277,592 |
| ITD-ETF Joint venture | Construction services | 27,841 | 100.00 | - | 27,841 | - |

| (Unit : Thousand Baht) | Nature of business | Paid-up Capital | Percentage of shareholding (%) | | Separate F/S | |
|---|--|-----------------|--------------------------------|--------|--------------|-----------|
| | | | | | Cost | |
| | | | 2018 | 2017 | 2018 | 2017 |
| Overseas subsidiary companies | | | | | | |
| Myanmar ITD Co., Ltd. | Service agent for Myanmar companies | 1,483 | - | 99.99 | - | 1,483 |
| Less : Allowance for impairment Net | | | | | - | (1,483) |
| PT. Thailindo Bara Pratama | Coal mining contractor | 25,250 | 99.99 | 99.99 | 108,071 | 108,071 |
| | | Million IDR | | | | |
| ITD Cementation India Limited | Construction services in India | 172 | 46.64 | 51.63 | 2,143,951 | 2,143,951 |
| | | (2017 : 155) | | | | |
| | | Million INR | | | | |
| ITD–Madagascar S.A. | Mining business | 20 | 99.98 | 99.98 | 99,527 | 99,527 |
| | | Million MGA | | | | |
| Less : Allowance for impairment Net | | | | | (99,527) | (99,173) |
| ITD Construction SDN.BHD. | Construction services in Malaysia | 0.75 | 99.99 | 99.99 | 7,312 | 7,312 |
| | | Million MYR | | | | |
| Less : Allowance for impairment Net | | | | | (7,312) | (7,312) |
| First Dhaka Elevated Expressway Co., Ltd. | Concession for constructing elevated expressway in Bangladesh | 1,941 | 99.99 | 99.99 | 798,627 | 463,949 |
| | | (2017 : 1,120) | | | | |
| | | Million BDT | | | | |
| ITD Bangladesh Company Limited | Construction services in Bangladesh | 4 | 99.99 | 99.99 | 1,546 | 1,546 |
| | | Million BDT | | | | |
| Italian–Thai Development Vietnam Co., Ltd. | Not yet operational | 6,000 | 80.00 | 80.00 | 9,160 | 9,160 |
| | | Million VND | | | | |
| Less : Allowance for impairment Net | | | | | (9,160) | (9,160) |
| ITD Mozambique Limitada | Construction services in the Republic of Mozambique | 1,187,915 | 99.00 | 99.00 | 39,986 | 38,447 |
| | | USD | | | | |
| Thai Mozambique Logistica SA. | Concession for constructing Port and Railway in the Republic of Mozambique | 302,000 | 60.00 | 60.00 | 10,018 | 4,955 |
| | | USD | | | | |
| Momaz Logistics | Not yet operational | - | 100.00 | 100.00 | - | - |
| | | USD | | | | |
| Italian - Thai Development (Myanmar) Co., Ltd | Construction services in the Republic of the Union of Myanmar | 25,000 | 99.90 | 99.90 | 814 | 814 |
| | | USD | | | | |
| Total Investments in subsidiaries - net | | | | | 7,226,954 | 6,878,187 |

On 2 February 2018, an overseas subsidiary re-issued 16,629,684 new shares at price of 202.55 INR per share (par value at 1 INR per share) to Qualified Institutional Buyers by legal and received paid-up share capital amounting to INR 3,368.34 million (net cash received from share issuance expenses of Baht 1,531.67 million). Such subsidiary increased its registered share capital from 155,157,900 shares to 171,787,584 shares. Consequently, the proportion the Company's investment was diluted from 51.63% to 46.64%. However, the Company still continues to consolidate the financial statements of such subsidiary since it has not lost control from the change of shareholding structure. As a result of the increase share capital of subsidiary, the Company's surplus on investment in subsidiary increases by Baht 511.54 million, which is recognized in other components of shareholders' equity during the year.

During the year 2018, the Company paid for share capital increase of a local subsidiary of Baht 550 million which was used for debt settlement to the Company. The Company, then recognized full provision for impairment of such investment.

During the year 2018, the Company purchases stake of interests in a joint venture from joint venture partner in the proportion of 35% for an amount of Baht 27.84 million. Such transaction affected the change of investment in joint venture change to investment in subsidiary since October 2018 with detail of net assets as follows:

| | Thousand Baht |
|---|---------------|
| Assets | |
| Cash and cash equivalents | 18,403 |
| Trade accounts receivable – unrelated parties | 16,688 |
| Trade accounts receivable – related parties | 22,016 |
| Retentions receivable | 240 |
| Inventories and work in process | 1,188 |

| | Thousand Baht |
|--|---------------|
| Income tax withheld at sources | 4,020 |
| Refundable value added tax | 854 |
| Other current assets | 589 |
| Property, plant and equipment | 31,793 |
| Other non – current assets | 26 |
| Liabilities | |
| Trade accounts and other payable – unrelated parties | 2,135 |
| Trade accounts payable – related parties | 39,620 |
| Accrued expenses | 397 |
| Retentions payable | 166 |
| Other current liabilities | 287 |
| Short – term loan – related parties | 17,238 |
| Identifiable net assets | 35,974 |
| Cash paid for purchase investment in joint venture | 27,841 |
| Consideration transferred | 27,841 |

The Company included the results of operations for the business since the acquisition date in the preparation of the consolidated statement of profit or loss for the year ended 31 December 2018. Significant details are as follow:

| | Thousand Baht |
|---|---------------|
| Revenue from sales and services | 51,933 |
| Loss for the period attributable to equity holders of the Company | (6,876) |

NON – CONTROLLING INTERESTS

Subsidiaries with material non-controlling interests are as follows :

| Name (Unit: Million Baht) | Proportion of ownership interests held by the NCI (Percentage) | | Comprehensive Income (loss) allocated to NCI | | Accumulated NCI | |
|-------------------------------|--|-------|---|------|-----------------|-------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ItalThai Trevi Co., Ltd. | 9.06 | 9.06 | 13 | 18 | 63 | 56 |
| Asian Steel Product Co., Ltd. | 30.10 | 30.10 | 6 | 2 | 45 | 45 |
| Thai Maruken Co., Ltd. | 49.04 | 49.04 | 13 | 34 | 211 | 228 |
| ITD Cementation India Limited | 53.36 | 48.37 | 347 | 226 | 2,480 | 1,341 |
| ItalThai Marine Co., Ltd. | 7.41 | 7.41 | 1 | (7) | (31) | (32) |
| APPC Holding Co., Ltd. | 10.00 | 10.00 | (4) | (7) | 348 | 352 |

During the year 2018, Subsidiaries paid dividends to the non-controlling-interests of Baht 59.97 million (2017 : Baht 35.91 million).

Significant financial information of the subsidiaries with material non-controlling interest in the aggregate amounts before eliminations are summarized as follows :

| | For the years ended 31 December | | | | | | | | | | | |
|--|---------------------------------|-------|-------------------------------------|------|---------------------------|------|-------------------------------------|--------|------------------------------|-------|---------------------------|-------|
| | ItalThai Trevi Co., Ltd. | | Asian Steel Product Co., Ltd. | | Thai Maruken Co., Ltd. | | ITD Cementation India Limited | | ItalThai Marine Co., Ltd. | | APPC Holding Co., Ltd. | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| (Unit : Million Baht) | | | | | | | | | | | | |
| Current assets | 1,125 | 815 | 127 | 132 | 251 | 197 | 9,640 | 9,069 | 222 | 37 | 10 | 9 |
| Non – current assets | 491 | 406 | 55 | 51 | 602 | 562 | 2,744 | 2,735 | 57 | 60 | 4,004 | 4,004 |
| Current liabilities | 713 | 512 | 21 | 22 | 386 | 260 | 6,779 | 7,249 | 685 | 519 | 67 | 68 |
| Non - current liabilities | 210 | 85 | 10 | 11 | 36 | 33 | 957 | 1,781 | 10 | 12 | 465 | 422 |
| Equity attributable to the Company's shareholder | 630 | 568 | 106 | 105 | 220 | 238 | 2,168 | 1,432 | (385) | (402) | 3,134 | 3,171 |
| Non – controlling interests | 63 | 56 | 45 | 45 | 211 | 228 | 2,480 | 1,342 | (31) | (32) | 348 | 352 |
| Revenue | 1,482 | 1,331 | 154 | 89 | 506 | 596 | 13,120 | 11,775 | 360 | 233 | - | 41 |
| Profit (loss) for attributable to the Company's shareholders | 139 | 178 | 14 | 3 | 13 | 36 | 304 | 242 | 14 | (87) | (35) | (59) |
| Profit (loss) for attributable to non – controlling interests | 13 | 18 | 6 | 2 | 13 | 34 | 347 | 226 | 1 | (7) | (4) | (7) |
| Profit (loss) for the year | 152 | 196 | 20 | 5 | 26 | 70 | 651 | 468 | 15 | (94) | (39) | (66) |

| (Unit : Million Baht) | For the years ended 31 December | | | | | | | | | | | |
|---|---------------------------------|------|-------------------------------|------|------------------------|------|-------------------------------|------|---------------------------|------|------------------------|------|
| | ItalThai Trevi Co., Ltd. | | Asian Steel Product Co., Ltd. | | Thai Maruken Co., Ltd. | | ITD Cementation India Limited | | ItalThai Marine Co., Ltd. | | APPC Holding Co., Ltd. | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Other comprehensive income (loss) | (2) | (1) | - | (1) | (1) | (3) | (14) | (51) | 3 | (1) | (1) | (2) |
| Total comprehensive income (loss) to the Company's shareholder | (2) | (1) | - | (1) | (1) | (3) | (7) | (26) | 3 | (1) | (1) | (2) |
| Total comprehensive income (loss) attributable to non – controlling interests | - | - | - | - | - | - | (7) | (25) | - | - | - | - |
| Total comprehensive income (loss) for the year | (2) | (1) | - | (1) | (1) | (3) | (14) | (51) | 3 | (1) | (1) | (2) |

| (Unit : Million Baht) | For the year ended 31 December 2018 | | | | | |
|--|-------------------------------------|-------------------------------|------------------------|-------------------------------|---------------------------|------------------------|
| | ItalThai Trevi Co., Ltd. | Asian Steel Product Co., Ltd. | Thai Maruken Co., Ltd. | ITD Cementation India Limited | ItalThai Marine Co., Ltd. | APPC Holding Co., Ltd. |
| Net cash from (used in) operating activities | 144 | (25) | 136 | (1,172) | (93) | (39) |
| Net cash from (used in) investing activities | (196) | (12) | (151) | (580) | (1) | (2) |
| Net cash from (used in) financing activities | 68 | (20) | 16 | 1,487 | 96 | 41 |
| Net cash inflows (outflows) | 16 | (57) | 1 | (265) | 2 | - |

15.2 Investments in associated companies - net

Significant judgement and assumptions

Associated are those companies in which the Company has significant influence, but not control, over the financial and operating policies. The Company's share voting right 20 - 50 percentage of voting right. Except Siam Pacific holding which the company holding 46.69 percentage and a subsidiary holding 4.30 percentage (totalling 50.99 percentage) because the Company has no control such company and classifies as associated investments.

Investment in associated companies are initially recorded at cost and adjusted thereafter to recognise profit or loss by the proportion of the Company in the associated companies.

Movements in investments in associated companies, which are accounted for using the equity method in the consolidated financial statements, for the year ended 31 December 2018 and 2017 are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|----------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 633,637 | 658,947 | 697,963 | 697,963 |
| Add (Less) : Share of profit (loss) from associated companies | (20,662) | 15,588 | - | - |
| Less: Dividend from associated companies | (2,971) | (2,064) | - | - |
| Less: Translation adjustment for foreign currency financial statements | (7,984) | (38,834) | - | - |
| Balance as at 31 December | 602,020 | 633,637 | 697,963 | 697,963 |

A reconciliation of the condensed financial information for the carrying amounts of the investments in associated companies are as follows:

| (Unit : Thousand Baht) | 31 December 2018 | | | | | | | |
|---|-----------------------------|--------------------------------|------------------------------|--------------------------------------|--|---------------------------------------|--------------|-----------|
| | ATO-Asia Turnouts Co., Ltd. | Siam Pacific Holding Co., Ltd. | Bangkok Steel Wire Co., Ltd. | Oriental Residence Bangkok Co., Ltd. | MCRP Construction Corporation, Philippines | Sino Lao Aluminum Corporation Limited | MCRP Holding | Total |
| Total net assets of associated companies | 64,709 | 56,828 | 497,591 | (210,240) | - | 807,080 | - | 1,215,968 |
| Proportion of ownership interests held by the Company (%) | 48.99 | 46.69 | 19.98 | 15 | 24 | 50* | 24 | - |
| Net assets by the Company's proportion | 31,700 | 26,534 | 99,419 | (31,536) | - | 403,540 | - | 529,657 |
| Other adjustment | - | 2,525 | 868 | 31,536 | - | 37,434 | - | 72,363 |
| Carrying amount of the investment in associated companies | 31,700 | 29,059 | 100,287 | - | - | 440,974 | - | 602,020 |
| Dividend received from associated company | - | - | 2,971 | - | - | - | - | 2,971 |

| | 31 December 2017 | | | | | | | |
|--|-----------------------------------|--------------------------------------|------------------------------------|---|---|--|-----------------|-----------|
| | ATO-Asia Turnouts Co., Ltd. | Siam Pacific Holding Co., Ltd. | Bangkok Steel Wire Co., Ltd. | Oriental Residence Bangkok Co., Ltd. | MCRP Construction Corporation, Philippines | Sino Lao Aluminum Corporation Limited | MCRP Holding | Total |
| (Unit : Thousand Baht) | | | | | | | | |
| Total net assets of associated companies | 71,853 | 57,002 | 502,620 | (197,902) | - | 886,587 | - | 1,320,160 |
| Proportion of ownership interests held by the Company (%) | 48.99 | 46.69 | 19.98 | 15 | 24 | 50* | 24 | - |
| Net assets by the Company's proportion | 35,199 | 26,615 | 100,423 | (29,685) | - | 443,294 | - | 575,846 |
| Other adjustment | - | 2,525 | 869 | 29,685 | - | 24,712 | - | 57,791 |
| Carrying amount of the investment in associated companies | 35,199 | 29,140 | 101,292 | - | - | 468,006 | - | 633,637 |
| Dividend received from associated company | - | - | 2,064 | - | - | - | - | 2,064 |

* The Company had paid for share capital for its portion of 34% in accordance with agreement but a shareholder has not paid for its share capital in accordance with shareholder agreement. As a result, the Company's interest become 50% of share capital.

Unrecognized loss from associated companies

| (Unit : Thousand Baht) | 2018 | 2017 |
|--|--------|--------|
| Unrecognized loss from associated companies | 1,851 | 539 |
| Cumulative share of losses of associated companies | 31,536 | 29,685 |

Investments in associated companies as at 31 December 2018 and 2017, comprise investments in the following:

| (Unit : Thousand Baht) | Nature of business | Paid-up Capital | Percentage of shareholding (%) | | Consolidated F/S | | Separate F/S | |
|--|--|-----------------|--------------------------------|-------|------------------|----------|--------------|----------|
| | | | | | Equity | | Cost | |
| | | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| <u>Investments in associated companies</u> | | | | | | | | |
| ATO-Asia Turnouts Co., Ltd. | Production and distribution of turnouts for railway projects | 5,000 | 48.99 | 48.99 | 31,700 | 35,199 | 2,450 | 2,450 |
| Siam Pacific Holding Co., Ltd. | Holding company | 58,625 | 46.69 | 46.69 | 26,534 | 26,615 | 27,373 | 27,373 |
| Bangkok Steel Wire Co., Ltd. | Production and distribution of P.C. wire | 313,000 | 19.98 | 19.98 | 100,287 | 101,292 | 71,603 | 71,603 |
| Oriental Residence Bangkok Co., Ltd. | Real estate development | 500,000 | 15.00 | 15.00 | - | - | 75,000 | 75,000 |
| <u>Overseas companies</u> | | | | | | | | |
| MCRP Construction Corporation, Philippines | Construction contractor in Philippines | 25 Million Peso | 24.00 | 24.00 | 12,000 | 12,000 | 12,000 | 12,000 |
| Less : Allowance for impairment Net | | | | | (12,000) | (12,000) | (12,000) | (12,000) |
| MCRP Holding Corporation, Philippines | Holding company in Philippines | 5 Million Peso | 24.00 | 24.00 | 3,000 | 3,000 | 3,000 | 3,000 |
| Less : Allowance for impairment Net | | | | | (3,000) | (3,000) | (3,000) | (3,000) |
| Sino Lao Aluminum Corporation Limited | Bauxite mine business in Laos | 32 Million USD) | 34.00 | 34.00 | 440,974 | 468,006 | 521,537 | 521,537 |
| Total Investments in associated companies – net | | | | | 599,495 | 631,112 | 697,963 | 697,963 |
| <u>Investments in associated companies held by subsidiaries</u> | | | | | | | | |
| Siam Pacific Holding Co., Ltd. | Holding company | 58,625 | 4.30 | 4.30 | 2,525 | 2,525 | - | - |
| Total investments in associated companies held by subsidiaries | | | | | 2,525 | 2,525 | - | - |
| Total Investments in associated companies – net | | | | | 602,020 | 633,637 | 697,963 | 697,963 |

Significant financial information of the associate companies in the aggregate amounts are summarized as follows:

| (Unit : Million Baht) | For the years ended 31 December | | | | | | | |
|---------------------------------------|---------------------------------|-------|----------------------|-------|---------------------|-------|---------------------------|-------|
| | Current assets | | Non - current assets | | Current liabilities | | Non - current liabilities | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ATO-Asia Turnouts Co., Ltd. | 145 | 133 | 48 | 49 | 128 | 110 | - | - |
| Bangkok Steel Wire Co., Ltd. | 835 | 774 | 290 | 309 | 607 | 522 | 20 | 59 |
| Oriental Residence Bangkok Co., Ltd. | 2,124 | 2,036 | 1,235 | 1,330 | 2,590 | 2,495 | 979 | 1,069 |
| Sino Lao Aluminum Corporation Limited | 2 | 3 | 1,370 | 1,385 | 316 | 290 | 249 | 211 |
| Siam Pacific Holding Co., Ltd. | - | - | 63 | 63 | - | - | 6 | 6 |
| Total | 3,106 | 2,946 | 3,006 | 3,136 | 3,641 | 3,417 | 1,254 | 1,345 |

| (Unit : Million Baht) | For the years ended 31 December | | | | | |
|---------------------------------------|---------------------------------|-------|---------------|------|----------------------------|------|
| | Revenues | | Profit (loss) | | Other comprehensive income | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ATO-Asia Turnouts Co., Ltd. | 192 | 302 | (7) | 24 | - | - |
| Bangkok Steel Wire Co., Ltd. | 1,308 | 1,094 | 17 | 41 | - | - |
| Oriental Residence Bangkok Co., Ltd. | 357 | 361 | (22) | (18) | - | - |
| Sino Lao Aluminum Corporation Limited | - | 18 | (56) | (8) | 5 | 13 |
| Total | 1,857 | 1,775 | (68) | 39 | 5 | 13 |

15.3 Investments in joint ventures - net

Movements in investments in joint ventures, which are accounted for by using the equity method in the consolidated financial statements, during the year ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|---------|--------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 126,524 | 90,812 | - | - |
| Add : Share of profit from joint ventures | 185,127 | 45,063 | - | - |
| Less : Receipt of capital from joint ventures | - | (5,146) | - | - |
| Less : Receipts for the share of profit from joint venture | (31,000) | - | - | - |
| Less : Transferred investment in joint ventures to subsidiary company | (66,804) | - | - | - |
| Add (less) : Translation adjustment on financial statements | 3,628 | (4,205) | - | - |
| Balance as at 31 December | 217,475 | 126,524 | - | - |

Investments in joint ventures as at 31 December 2018 and 2017, comprise investments in the following entities :

| (Unit : Thousand Baht) | Nature of business | Percentage of Shareholding (%) | | Consolidated F/S | | Separate F/S | |
|---|--|--------------------------------|---------|------------------|-----------|--------------|-----------|
| | | | | Equity | | Cost | |
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Investments in joint ventures | | | | | | | |
| ITD-EGC Joint Venture | Construction services in Republic of China | 55.00 | 55.00 | 299,430 | 295,766 | 295,206 | 295,206 |
| Less : Allowance for impairment | | | | (289,977) | (292,896) | (295,206) | (295,206) |
| Net | | | | 9,453 | 2,870 | - | - |
| ITD – ETF Joint Venture | Machinery rental services | - | 65.00 | - | 52,525 | - | - |
| ITD – ETF – MVM Joint Venture | Construction services | - | 55.25 | - | 19,831 | - | - |
| IOT Joint Venture | Construction services | 40.00 | 40.00 | - | - | - | - |
| CMC/ITD/SONG DA Joint Venture | Construction services | 30.00 | 30.00 | 125,388 | 48,223 | - | - |
| ITD SINOHYDRO Joint Venture | Construction services | 51.00 | 51.00 | 16,138 | 3,075 | - | - |
| Total investments in joint venture – net | | | | 150,979 | 126,524 | - | - |
| Investments in joint ventures held by subsidiaries | | | | | | | |
| CEC-ITD Cem-TPL Joint Venture | Construction services | 18.66 * | 20.70 * | 66,496 | - | - | - |
| Total investments in joint venture held by subsidiaries – net | | | | 66,496 | - | - | - |
| Total investments in subsidiaries, associated companies and joint venture – net | | | | 819,495 | 760,161 | 7,924,917 | 7,576,150 |

* The Company has investment in joint ventures held by this subsidiary of 40%. During the year 2018, such subsidiary increased its share capital. Consequently, the proportion of investment in such subsidiary was diluted from 51.63% to 46.64%. Therefore, the proportion of the Company in the joint venture also was diluted from 20.70% to 18.66%.

A reconciliation of the condense financial information to the carrying amounts of the investments in joint ventures are as follows:

| (Unit : Million Baht) | For the years ended 31 December | | | | | | | | | | | | | |
|--|---------------------------------|------|-------------------------|------|-------------------------------|--------|-------------------|------|------------------------------|------|-----------------------------|------|-------------------------------|--------|
| | ITD – EGC Joint Venture | | ITD – ETF Joint Venture | | ITD – ETF – MVM Joint Venture | | IOT Joint Venture | | CMC/ITD/SONGDA Joint Venture | | ITD-SINOHYDRO Joint Venture | | CEC-ITD CEM-TPL Joint Venture | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total net assets of joint venture | 17 | 5 | - | 81 | - | 36 | - | - | 418 | 161 | 32 | 6 | 111 | - |
| Proportion of ownership Interest (%) | 55% | 55% | - | 65% | - | 55.25% | 40% | 40% | 30% | 30% | 51% | 51% | 18.66% | 20.70% |
| Net assets by proportion | 9 | 3 | - | 53 | - | 20 | - | - | 125 | 48 | 16 | 3 | 21 | - |
| Other adjustment | - | - | - | - | - | - | - | - | - | - | - | - | 45 | - |
| Carrying amount of the investment (obligation) | 9 | 3 | - | 53 | - | 20 | - | - | 125 | 48 | 16 | 3 | 66 | - |

Significant financial information of the joint ventures in the aggregate amounts are summarised as follows :

| (Unit : Million Baht) | For the years ended 31 December | | | | | | | | | | | | | | | |
|--|---------------------------------|------|-------------------------|------|-------------------------------|------|-------------------|------|-----------------------------|------|------------------------------|-------|-------------------------------|-------|-------|-------|
| | ITD - EGC Joint Venture | | ITD - ETF Joint Venture | | ITD - ETF - MVM Joint Venture | | IOT Joint Venture | | ITD-SINOHYDRO Joint Venture | | CMC/ITD/SONGDA Joint Venture | | CEC-ITD CEM-TPL Joint Venture | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Cash and cash equivalents | 11 | 3 | - | 9 | - | 14 | - | - | 54 | 464 | 559 | 657 | 444 | 537 | 1,068 | 1,684 |
| Other current assets | 6 | 65 | - | 190 | - | 44 | - | - | 555 | 77 | 1,536 | 1,011 | 687 | 817 | 2,784 | 2,204 |
| Total current assets | 17 | 68 | - | 199 | - | 58 | - | - | 609 | 541 | 2,095 | 1,668 | 1,131 | 1,354 | 3,852 | 3,888 |
| Non-current assets | - | - | - | 102 | - | 1 | - | - | 93 | 28 | 1,360 | 1,456 | 682 | 747 | 2,135 | 2,334 |
| Other current liabilities (including trade payables and provision) | - | 57 | - | 220 | - | 23 | - | - | 115 | 24 | 3,037 | 2,963 | 613 | 2,100 | 3,765 | 5,387 |
| Total current liabilities | - | 57 | - | 220 | - | 23 | - | - | 115 | 24 | 3,037 | 2,963 | 613 | 2,100 | 3,765 | 5,387 |
| Non-current liabilities | - | 6 | - | - | - | - | - | - | 555 | 539 | - | - | 1,089 | 1 | 1,644 | 546 |
| Net assets | 17 | 5 | - | 81 | - | 36 | - | - | 32 | 6 | 418 | 161 | 111 | - | 578 | 289 |

| (Unit : Million Baht) | For the years ended 31 December | | | | | | | | | |
|-----------------------------------|---------------------------------|-------|---------------|------|-----------------------------------|------|-------------------------------|------|------|------|
| | Revenues | | Profit (loss) | | Other comprehensive income (loss) | | Depreciation and amortization | | Tax | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| ITD – EGC Joint Venture | 3 | 4 | (1) | (13) | - | - | - | - | - | - |
| ITD – ETF Joint Venture | 139 | 218 | 22 | 9 | - | - | 13 | 21 | - | - |
| ITD – ETF – MVM Joint Venture | - | 77 | (4) | (6) | - | - | - | 2 | - | - |
| IOT Joint Venture | - | - | - | - | - | - | - | - | - | - |
| CMC/ITD/SONGDA Joint Venture | 4,116 | 2,168 | 266 | 158 | - | - | 324 | 71 | 30 | 37 |
| ITD-SINOHYDRO Joint Venture | 948 | 78 | 26 | 6 | - | - | 12 | 1 | 23 | 3 |
| CEC – ITD CEM – TPL Joint Venture | 2,338 | 1,274 | 113 | - | - | - | 205 | 32 | 63 | - |
| Total | 7,544 | 3,819 | 422 | 154 | - | - | 554 | 127 | 116 | 40 |

The Company regularly assesses the values of investments in subsidiaries, associated and joint ventures. An allowance for impairment is promptly taken up when there is a reliable indication that the decline value can be determined.

16. OTHER LONG – TERM INVESTMENTS – NET

Movements in other long – term investments during the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|---------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 861,138 | 845,703 | 691,793 | 677,315 |
| Add : Reversal of allowance for impairment of investment | 200,000 | - | 200,000 | - |
| Add : Unrealized gain (loss) from changes in value of investments | (151,373) | 15,435 | (142,763) | 14,478 |
| Balance as at 31 December | 909,765 | 861,138 | 749,030 | 691,793 |

Other long – term investments as at 31 December 2018 and 2017 comprise investments as follows :

| | Nature of business | Percentage of Shareholding (%) | | Consolidated F/S | | Separate F/S | |
|--|--|--------------------------------|-------|------------------|-----------|--------------|-----------|
| (Unit : Thousand Baht) | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Investments in other companies | | | | | | | |
| a) <u>Non-listed companies</u> | | | | | | | |
| M-Home SPV 3 Co., Ltd. | Real estate development | 11.54 | 11.54 | 12 | 12 | 12 | 12 |
| Less : Allowance for impairment | | | | (12) | (12) | (12) | (12) |
| Net | | | | - | - | - | - |
| Siam Steel Syndicate Plc. | Manufacture and distribution for construction | 1.15 | 1.15 | 55,885 | 55,885 | 55,885 | 55,885 |
| Siam Fiber Optics Co., Ltd. | Manufacture and distribution of optic fibers | 10.00 | 10.00 | 24,000 | 24,000 | 24,000 | 24,000 |
| Bell Development Co., Ltd. | Real estate development | 2.29 | 2.29 | 47,313 | 47,313 | 47,313 | 47,313 |
| The Bangkok Club Co., Ltd. | Entertainment services | 0.44 | 0.44 | 3,000 | 3,000 | 3,000 | 3,000 |
| Less : Allowance for impairment | | | | (1,985) | (1,985) | (1,985) | (1,985) |
| Net | | | | 1,015 | 1,015 | 1,015 | 1,015 |
| Nishio Rent All (Thailand) Co., Ltd. | Construction machinery Rental | 15.00 | 15.00 | 7,500 | 7,500 | 7,500 | 7,500 |
| Praram 9 Square Co., Ltd. | Real estate development and rental | 6.32 | 6.32 | 200,000 | 200,000 | 200,000 | 200,000 |
| Less : Allowance for impairment | | | | - | (200,000) | - | (200,000) |
| Net | | | | 200,000 | - | 200,000 | - |
| Total Investment in other non – listed companies – net | | | | 335,713 | 135,713 | 335,713 | 135,713 |
| b) <u>Listed companies</u> | | | | | | | |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of wire and cable | 12.90 | 12.90 | 308,715 | 308,715 | 308,715 | 308,715 |
| Add : Unrealized gain from changes in value of investments | | | | 101,902 | 240,485 | 101,902 | 240,485 |
| Net market value | | | | 410,617 | 549,200 | 410,617 | 549,200 |
| TTCL Plc. | Construction services | 0.07 | 0.07 | 400 | 400 | 400 | 400 |
| Add : Unrealized gain from changes in value of investments | | | | 2,300 | 6,480 | 2,300 | 6,480 |
| Net market value | | | | 2,700 | 6,880 | 2,700 | 6,880 |
| Total Investment in other listed companies – net | | | | 413,317 | 556,080 | 413,317 | 556,080 |
| Total Investments in other companies – net | | | | 749,030 | 691,793 | 749,030 | 691,793 |
| Investments held by subsidiaries | | | | | | | |
| a) <u>Non-listed companies</u> | | | | | | | |
| Bell Development Co., Ltd. | Real estate development | 6.55 | 6.55 | 135,226 | 135,226 | - | - |
| b) <u>Listed company</u> | | | | | | | |
| Charoong Thai Wire and Cable Plc. | Manufacture and distribution of wire and cable | 0.80 | 0.80 | 19,178 | 19,178 | - | - |
| Add : Unrealized gain from changes in value of investments | | | | 6,331 | 14,941 | - | - |
| Net market value | | | | 25,509 | 34,119 | - | - |
| Total investment held by subsidiaries – net | | | | 160,735 | 169,345 | - | - |
| Total other long-term investments – net | | | | 909,765 | 861,138 | 749,030 | 691,793 |

During the year 2018, the Company's management reversed an allowance for impairment of investment in a company of Baht 200 million since the assessment of its financial position and operations indicates no longer impaired.

17. LAND LEASE CONCESSION AND PROJECT UNDER DEVELOPMENT

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---------------------------|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Land lease concession | 30,198 | 30,198 | - | - |
| Project under development | 7,708,226 | 7,621,557 | 5,205,964 | 5,130,170 |
| Total | 7,738,424 | 7,651,755 | 5,205,964 | 5,130,170 |

As at 31 December 2018 and 2017, the Company has costs for acquisition of the right to develop the industrial estate and related infrastructure and utilities in the Dawei Special Economic Zone (“DSEZ”) amounting to Baht 7,738.42 million and Baht 7,651.76 million, respectively.

This project has been supported by the governments of Thailand and the Republic of the Union of Myanmar who have established the Special Purpose Vehicle (“SPV”) to mutually manage the development policy of the project. It was agreed that the Company has the right to reimburse such costs and other investments from new investors or to be granted the right to develop additional industrial estate land in accordance to the due diligence results as conducted by the advisory firm of the SPV under the Tripartite Memorandum and Supplemental Memorandum of Understanding to the Tripartite Memorandum as signed by and between the Company, SPV, and the Dawei SEZ Management Committee (“DSEZ MC”).

At present, the Company along with its partners were granted for the DSEZ Initial Phase concessions under the concession agreements as signed with the DSEZ MC on the 5th August 2015 to develop 27 square kilometers of industrial estate land and its related infrastructure and utilities. Wherein each respective partner of the individual concessions will be responsible for the Company’s previous investment through the due diligence. The progress of the project development is as follows:

1. Submission of the reports of Detailed Design and Environmental Impact Assessment Reports (“EIA Reports”) to the DSEZ MC

In accordance with the obligations of the concession agreements, the Company and its partners have conducted and submitted the reports of Detailed Design and Environmental Impact Assessment Reports (“EIA Reports”) for each respective concession to the DSEZ MC. In March 2018, the DSEZ MC arranged the last Public Consultation Meeting for all concessions. Thereafter, the EIA Reports for all concessions were approved by the Environmental Conservation Department under the Myanmar Ministry of Natural Resources and Environmental Conservation.

2. Land lease agreements from the Government of the Republic of Union of Myanmar

The concessionaires have had ongoing discussions with the DSEZ MC and its Legal Advisory Team in order to finalize the agreements in due course. Recently, the DSEZ MC and its Legal Advisory Team held an internal meeting in January 2019 to discuss the content and principle of the land lease agreements to be in line with international practice in order to further continue discussions with the concessionaires going forward.

3. Government support for construction of the 2-lane road linking the DSEZ to the Thailand-Myanmar border

In March 2018, the Government of the Republic of the Union of Myanmar approved the terms and conditions of a loan offered by the Government of Thailand for construction of the 2-lane road linking the DSEZ to the Thailand-Myanmar border. In May 2018, the Joint Technical Taskforce under both governments arranged the meeting to discuss the engineering issues of the 2-lane road as well as discuss the terms of loan offered by the Government of Thailand. Thereafter, it was agreed by both governments to select an engineering advisory firm to conclude the construction plan of the 2-lane road and related information necessary for the construction tendering process and the loan document between the two governments and the selected engineering advisory firm was later engaged in February 2019. This support from both governments is an advancement for the cooperation between the two countries. The development of this road linkage infrastructure will effectively generate economic and social benefits for both countries and will also create a positive impact to the DSEZ Initial Phase project development and the betterment of the well-being and livelihood of the population in DSEZ and the surrounding areas of both countries.

18. POTASH MINING RIGHT

The Company holds a 90% investment in a potash mine project through a group of subsidiary companies with has total investment of Baht 2,293.49 million. The Ministry of Finance also holds 10% of the registered share capital.

The subsidiary company has the right to do potash exploration in Udon Thani Province in Northeast of Thailand, and has successfully identified two large potash resources at South Udon and North Udon. Such project is under process application for potash mining concessions from the government. The progress of mining project are as follows;

During the year 2016, the Udon Thani Governor had organized a public hearing meeting of the stakeholders as stipulated in the Mining Act. and submitted such report to the Department of Primary Industries and Mines (DPIM) in order to consideration for the mining license approval.

During the year 2017, the Office of the Attorney General issued a letter to the Department of Primary Industries and Mines (DPIM) clarifying legal issues associated with the right to explore potash mining. The letter confirmed that government authorities have executed the process in accordance with the concession contract regarding to compensation to the state made since 1984. As a result, the subsidiary company has met the requirements and takes to proceed to a step for obtaining a mining license.

At the present, DPIM is in process review the documents for the mining license application approval for the approval of subsidiary to the Ministry of Industry. In June 2018, DPIM made the legal consultations letter to the Office of the Council of State to request an opinion for proper implementations and compliance with both the concession agreement and the Mineral Act. B.E. 2017.

In January 2019, the Office of the Council of State has response such letter to DPIM in order to continued process consideration for the approval of mining concession of subsidiary company in accordance with the Mineral Act. B.E. 2017 and adhere to the commitment made between the subsidiary company and the Government to proceed the consideration process for the concession application. DPIM has to establish the Committee to determine the compensation and gather the information and documentation of subsidiary company for mining application to submit to the Mineral’s Board for the consideration and propose to the Director-General of DPIM to sign for the grant of mining license of subsidiary company.

The Company’s management believes that this project will generate benefits both for neighboring area and for the country. The project is expected to be approved by the government and become operational as planned. The management of the Company believes that there will be no impairment in the value of investment.

19. DEFERRED EXPLORATION AND DEVELOPMENT COSTS

All costs incurred in relation to the exploration for mineral reserves and expenses for the application of mining concession are recorded as deferred exploration and development costs until the commencement of the commercial production or abandonment of the project. These costs will be amortized based on the proportion of the units of production and the total estimated proven and probable reserves, from the commencement of the commercial operations. When the project is proven not commercially feasible and the property is abandoned or becomes worthless, these costs will be written off as expenses.

| (Unit : Thousand Baht) | Consolidated F/S | |
|--|------------------|---------|
| | 2018 | 2017 |
| <u>Exploration expenditures cost</u> | | |
| Beginning balance | 566,570 | 566,570 |
| Increase during the year | - | - |
| Ending balance | 566,570 | 566,570 |
| <u>Mining license expenditures cost</u> | | |
| Beginning balance | 381,957 | 384,118 |
| Increase during the year | 1,449 | 4,562 |
| Adjustment during the year | - | (6,723) |
| Ending balance | 383,406 | 381,957 |
| Total deferred exploration and development costs | 949,976 | 948,527 |

20. LONG - TERM LOANS AND ADVANCES TO SUBSIDIARIES - NET

The outstanding balances as at 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|------|--------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Subsidiaries | - | - | 6,667,554 | 7,026,668 |
| Less : Allowance for doubtful accounts | - | - | (933,449) | (1,355,601) |
| Net | - | - | 5,734,105 | 5,671,067 |

Significant movements in the long - term loans and advances to subsidiaries and related parties for the year ended 31 December 2018 are as follows :

| (Unit : Thousand Baht) | Separate F/S | | | |
|------------------------|-------------------|-----------------|----------|---------------------|
| | 1 January 2018 | During the year | | 31 December 2018 |
| | | Increase | Decrease | |
| Subsidiaries | 7,026,668 | 162,700 | 521,814 | 6,667,554 |

During the year 2018, a local subsidiary repaid its long-term loans and advance to the Company amounted to Baht 520.62 million. The Company had previously recognized full allowances for doubtful accounts of such long-term loans and advance. The Company, therefore reversed allowances for doubtful account of such long-term loans and advance during the year.

21. LAND AWAITING DEVELOPMENT – NET

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|-----------------------------------|------------------|---------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Land awaiting development | 770,615 | 765,124 | 474,846 | 474,846 |
| Add : Purchase during the year | - | 5,491 | - | - |
| Less : Reclassify to fixed assets | (474,846) | - | (474,846) | - |
| Land awaiting development – net | 295,769 | 770,615 | - | 474,846 |

As at 31 December 2018 and 2017, land awaiting of development of the Company and its subsidiaries of Baht 284.04 million and Baht 758.88 million, respectively, are the land for using in Map Ta Phut Jetty Project and Potash Mining Project in Udon Thani province.

During the year 2018, the Company classified certain units of land included as part of the land awaiting development for its own use to fixed assets. The net book value of such unit is Baht 474.85 million.

22. INVESTMENT PROPERTIES

As at 31 December 2018, investment properties presented at fair value consist of :

| (Unit : Thousand Baht) | Consolidated F/S | Separate F/S |
|------------------------|------------------|--------------|
| Land | 1,727,270 | 765,219 |
| Building | 303,602 | 303,602 |
| Total | 2,030,872 | 1,068,821 |

During the year 2017, the Company hired independent appraisers to re-appraise the value of land and building under the market approach.

Movements in investment properties for the years ended 31 December 2018 and 2017 are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Net book value as at 1 January | 2,113,270 | 1,925,363 | 1,151,219 | 1,040,043 |
| Add : Increased during the year | - | 95,856 | - | 95,856 |
| Less : Disposal during the year | (82,398) | (27,392) | (82,398) | (27,392) |
| Add : Gain on revaluation of assets | - | 119,443 | - | 42,712 |
| Net book value as at 31 December | 2,030,872 | 2,113,270 | 1,068,821 | 1,151,219 |

During the year 2017, the Company received the transfer of a condominium unit from a related company for debt settlement of construction service of Baht 95.86 million according to the Board of Directors meeting in 2016.

During the year 2018, the Company transferred condominium units for a total value of Baht 13.84 million for the repayment of the debt of an indirect subsidiary.

23. PROPERTY, PLANT AND EQUIPMENT – NET

| (Unit : Thousand Baht) | Consolidated F/S | | | | | |
|--|------------------|------------------------|--|---------------------------------|--|-------------|
| | Land | Building and factories | Machinery, Office equipment, Furniture and vehicle | Site office and temporary camps | Machinery and equipment under installation | Total |
| Cost | | | | | | |
| 1 January 2017 | 1,297,901 | 6,209,516 | 32,610,847 | 1,225,283 | 725,811 | 42,069,358 |
| Acquisitions / Transfer in | 34,873 | 278,960 | 3,281,657 | 13,518 | 1,103,163 | 4,712,171 |
| Disposals / Transfer out | - | - | (1,831,494) | (12,310) | (727,407) | (2,571,211) |
| Translation adjustment | (852) | (3,498) | (268,811) | (1,870) | (868) | (275,899) |
| 31 December 2017 | 1,331,922 | 6,484,978 | 33,792,199 | 1,224,621 | 1,100,699 | 43,934,419 |
| 1 January 2018 | 1,331,922 | 6,484,978 | 33,792,199 | 1,224,621 | 1,100,699 | 43,934,419 |
| Acquisitions / Transfer in | 50,970 | 57,357 | 5,584,795 | 61,996 | 2,038,089 | 7,793,207 |
| Increase acquisition | - | - | 287,095 | - | - | 287,095 |
| Disposals / Transfer out | - | (11,390) | (2,608,318) | (28,003) | (1,121,976) | (3,769,687) |
| Reclassify from Land awaiting development | 474,846 | - | - | - | - | 474,846 |
| Translation adjustment | (2,514) | (13,467) | (530,168) | (222) | (31,549) | (577,920) |
| 31 December 2018 | 1,855,224 | 6,517,478 | 36,525,603 | 1,258,392 | 1,985,263 | 48,141,960 |
| Accumulated depreciation | | | | | | |
| 1 January 2017 | - | 4,255,106 | 18,044,464 | 789,246 | - | 23,088,816 |
| Depreciation for the year | - | 264,011 | 1,994,413 | 105,948 | - | 2,364,372 |
| Depreciation for disposals | - | - | (1,090,464) | (7,711) | - | (1,098,175) |
| Translation adjustment | - | (923) | (168,884) | (411) | - | (170,218) |
| 31 December 2017 | - | 4,518,194 | 18,779,529 | 887,072 | - | 24,184,795 |
| 1 January 2018 | - | 4,518,194 | 18,779,529 | 887,072 | - | 24,184,795 |
| Depreciation for the year | - | 361,204 | 2,546,644 | 96,646 | - | 3,004,494 |
| Depreciation from increase acquisition | - | - | 185,303 | - | - | 185,303 |
| Accumulated depreciation for disposals | - | (152) | (2,270,018) | (62,544) | - | (2,332,714) |
| Accumulated depreciation from transfer in (transfer out) | - | - | 23,000 | (23,000) | - | - |
| Translation adjustment | - | (2,906) | (306,797) | (64) | - | (309,767) |
| 31 December 2018 | - | 4,876,340 | 18,957,661 | 898,110 | - | 24,732,111 |
| Less Allowance for impairment | | | | | | |
| 31 December 2017 | 15,219 | 1,818 | 85,726 | - | - | 102,763 |
| 31 December 2018 | 15,219 | 1,818 | 2,802 | - | - | 19,839 |
| Net book value | | | | | | |
| 31 December 2017 | 1,316,703 | 1,964,966 | 14,926,944 | 337,549 | 1,100,699 | 19,646,861 |
| 31 December 2018 | 1,840,005 | 1,639,320 | 17,565,140 | 360,282 | 1,985,263 | 23,390,010 |
| Depreciation for the year 2017 | | | | | | 2,364,372 |
| Depreciation for the year 2018 | | | | | | 3,004,494 |

| | Separate F/S | | | | | |
|--|--------------|------------------------|--|---------------------------------|--|-------------|
| | Land | Building and factories | Machinery, Office equipment, Furniture and vehicle | Site office and Temporary Camps | Machinery and equipment under installation | Total |
| (Unit : Thousand Baht) | | | | | | |
| Cost | | | | | | |
| 1 January 2017 | 1,077,815 | 4,476,405 | 16,361,510 | 1,061,325 | 566,547 | 23,543,602 |
| Acquisitions / Transfer in | 34,873 | 243,619 | 1,569,032 | 13,119 | 750,689 | 2,611,332 |
| Disposals / Transfer out | - | - | (668,651) | (9,939) | (585,749) | (1,264,339) |
| Translation adjustment | - | - | (22,643) | (152) | - | (22,795) |
| 31 December 2017 | 1,112,688 | 4,720,024 | 17,239,248 | 1,064,353 | 731,487 | 24,867,800 |
| 1 January 2018 | 1,112,688 | 4,720,024 | 17,239,248 | 1,064,353 | 731,487 | 24,867,800 |
| Acquisitions / Transfer in | 50,970 | 30,311 | 4,059,905 | 58,970 | 1,805,063 | 6,005,219 |
| Disposals / Transfer out | - | - | (2,038,830) | (28,003) | (773,211) | (2,840,044) |
| Reclassify from Land awaiting development | 474,846 | - | - | - | - | 474,846 |
| Translation adjustment | - | - | (30,839) | (7) | (9,236) | (40,082) |
| 31 December 2018 | 1,638,504 | 4,750,335 | 19,229,484 | 1,095,313 | 1,754,103 | 28,467,739 |
| Accumulated depreciation | | | | | | |
| 1 January 2017 | - | 3,361,554 | 10,603,652 | 763,179 | - | 14,728,385 |
| Depreciation for the year | - | 188,424 | 927,719 | 92,593 | - | 1,208,736 |
| Depreciation for disposals | - | - | (531,797) | (7,190) | - | (538,987) |
| Translation adjustment | - | - | (18,388) | (58) | - | (18,446) |
| 31 December 2017 | - | 3,549,978 | 10,981,186 | 848,524 | - | 15,379,688 |
| 1 January 2018 | - | 3,549,978 | 10,981,186 | 848,524 | - | 15,379,688 |
| Depreciation for the year | - | 283,565 | 1,316,932 | 83,664 | - | 1,684,161 |
| Accumulated depreciation for disposals | - | - | (1,962,366) | (62,544) | - | (2,024,910) |
| Accumulated depreciation from transfer in (transfer out) | - | - | 23,000 | (23,000) | - | - |
| Translation adjustment | - | - | (21,570) | (7) | - | (21,577) |
| 31 December 2018 | - | 3,833,543 | 10,337,182 | 846,637 | - | 15,017,362 |
| Net book value | | | | | | |
| 31 December 2017 | 1,112,688 | 1,170,046 | 6,258,062 | 215,829 | 731,487 | 9,488,112 |
| 31 December 2018 | 1,638,504 | 916,792 | 8,892,302 | 248,676 | 1,754,103 | 13,450,377 |
| Depreciation for the year 2017 | | | | | | 1,208,736 |
| Depreciation for the year 2018 | | | | | | 1,684,161 |

During the year 2018, the Company classified certain units of land included as part of the land awaiting development for its own use to fixed assets. The net book value of such unit is Baht 474.85 million.

During the year 2018, the Company received the transfer of machineries and equipment from a joint venture as discussed in Note 14.

As at 31 December 2018 and 2017, certain building, machinery and equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 10,929.04 million and Baht 10,217.95 million, respectively (Separate F/S : Baht 8,095.81 million and Baht 7,829.77 million, respectively).

As at 31 December 2018 and 2017, the Company and subsidiaries' machinery, equipment and vehicles with a total net book value of Baht 3,351.19 million and Baht 2,764.40 million, respectively, were acquired under finance leases/ hire purchase agreements (Separate F/S: Baht 3,090.27 million and Baht 2,530.60 million, respectively).

As at 31 December 2018 and 2017, the Company has assets under construction for precast and limestone production to support the project under development of Baht 122.44 million and Baht 138.49 million, respectively. The Company's management believes that these assets are not impaired.

24. GOODWILL

| | Consolidated F/S | |
|---|------------------|----------|
| | 2018 | 2017 |
| (Unit : Thousand Baht) | | |
| Goodwill | 958,785 | 958,785 |
| Less : Allowance for impairment | (16,673) | (16,673) |
| Less : Translation adjustment for foreign currency financial statements | (78,540) | - |
| Net | 863,572 | 942,112 |

A segment - level summary of the goodwill allocation is presented as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | |
|------------------------|--------------------------------|------------------------------|-----------------------------------|
| | Cement business in Thailand | Potash mining in Thailand | Construction business in India |
| Goodwill allocation | 275,619 | 458,699 | 129,254 |

Impairment tests of goodwill

The Company annually tested impairment of goodwill resulting from cement, mining and construction business. The Company compared the carrying amount of goodwill and recoverable amount of cash generated unit which is consider based on the estimated financial value of the cash flows for the period of 5 - 25 years.

Key assumptions used in the recoverable amount assessment include:

| | Cement business | Construction business in India |
|-------------------|-----------------|-----------------------------------|
| Gross margin (%) | 20 | 20 |
| Growth rate (%) | 2 | 7 |
| Discount rate (%) | 10 | 19 |

The Group assesses recoverable value from Potash Mining Project by considering project feasibility and internal rate of return (IRR) with the discount rate of 8% which management considered appropriate. Based on this assessment, the recoverable value from the project is higher than the carrying amount of investment.

Cash flow assumptions

Management determines budgeted gross margin to approximate the normal gross margin from past experiences and the expectations of market development. Management believes that this is the best available input for this projection.

Growth rate

Weighted average growth rate is based on the industry growth. Weighted average growth rate is used to extrapolate cash flows after cash flow projection of 5 years.

Discount rate

Discount rate reflect the current market assessments of the time value of money and risks specific to assets.

The Company recognizes impairment losses on goodwill in the statement of profit or loss when the recoverable amounts of cash generate unit is lower than book value and cannot reverse in the future.

Based on impairment test for goodwill by increasing discount rate for 0.5 percent, the Company does not have to recognize an impairment of goodwill in the consolidated financial statements for the year end 31 December 2018.

25. DEFERRED CONCESSION COST AND COSTS OF PROJECT UNDER DEVELOPMENT

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2018 | 31 December 2017 | 31 December 2018 | 31 December 2017 |
| Project under development | | | | |
| – Mozambique | 2,061,382 | 1,943,705 | 1,863,679 | 1,740,234 |
| – Bangladesh | 2,532,915 | 1,826,268 | - | - |
| Total | 4,594,297 | 3,769,973 | 1,863,679 | 1,740,234 |

Project under development – Mozambique

In the year 2013, An overseas subsidiary has signed the Concession agreement with the Ministry of Transportation and Communications, Government of the Republic of Mozambique. The Company will hold 60% of project.

On 24 November 2017, an overseas subsidiary has been amendment of the Concession agreement as proposed by the financial advisor to confident a supporting bank to be bankable the contract. The project value of USD 4,500 million equivalents to Baht 148,500 million and project details are as follows:

1. Construction of a Heavy Haul Railway Lines from Moatize to Macuse Port, the approximate length of the standard gauge railways is about 613 kilometers.
2. Construction of a Deep-Sea Port at Macuse with the starting port capacity, for exporting coal, of 40 million tons annually to the maximum capacity of 100 million tons annually.
3. Operation of the Heavy Haul Railway Lines and Macuse Deep Sea Port on the Concession Agreement of 30 years (including the Construction) and the Concession period could be extended for another 10 years.

The Company paid USD 5 million within 30 days after signing the concession agreement and USD 5 million will be used in human development program and formation of national framework from the start-up of the project.

Currently, an overseas subsidiary is selected Engineering Procurement and Construction (EPC Contractor) and already completed Environmental and Social Impact Assessment (ESIA) processes. In addition, an overseas subsidiary is under negotiation process to sign Take or Pay agreement (ToP) with Mines owner which has progress more than 60% and after signed ToP agreement, they will be prepare for Financial Close process.

Project under development – Bangladesh

During the year 2011, the Company entered into a Concession Agreement with Bangladesh Bridge Authority of the Government of the People's Republic of Bangladesh to proceed with the development of the Dhaka Elevated Expressway. Total project development value is approximately Baht 41,192 million. The Company established and registered Project Company as the concessionaire, to operate the project in according to the legal of the

People's Republic of Bangladesh. The Company will be appointed as the EPC Contractor for the design, construction and completion of the project. On 1 April 2018, Bangladesh Bridge Authority has issued the Construction Commencement Date notification which is considered as formal permission to start the project. The construction and inception of concession period is 25 years included 42 months of construction period. Currently, the Company has performed the construction work for the 1st Tranche of construction distance of 7.45 kilometers which work progress of approximately 28.47%

26. BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

The outstanding balances of bank overdrafts and short – term loans from financial institutions as at 31 December 2018 and 2017 are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Bank overdrafts | 1,590,879 | 791,468 | 122,913 | - |
| Short – term loans from financial institutions | 6,163,363 | 7,700,113 | 4,343,835 | 5,348,803 |
| Total | 7,754,242 | 8,491,581 | 4,466,748 | 5,348,803 |

These represent loans obtained from local and overseas financial institutions in the following currencies:

| (Unit : Million) | Consolidated F/S | | Separate F/S | |
|------------------|------------------|-------|--------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| THB | 4,975 | 5,738 | 4,327 | 5,349 |
| INR | 2,521 | 3,845 | - | - |
| USD | 0.5 | - | 0.5 | - |

These loans are subject to interest at domestic market rates for Thai Baht currency loans and at the market rates of India for Rupee currency loans.

The subsidiary companies have loan agreements with commercial banks for credit facilities of Baht 215.04 million. These loans bear interest per annum at MLR – 0.75%. Such long – term loans are collateralized by its land and structure including most present and future thereon, and the guarantee of the Company and subsidiary. The subsidiary companies will reduce credit facilities upon the redemption of the mortgage at 70% – 80% of selling price of the projects' assets as stipulated in the agreements. The payback period for the principals are within 36 – 42 months from agreements date.

As at 31 December 2018 and 2017, part of loans amounting to Baht 2,760.92 million and Baht 3,869.50 million, respectively, have been used to finance certain specific projects (Project Finance). The lending banks had set a condition for the Company to process the cash transactions from the projects through the Company's accounts with those banks.

As at 31 December 2018 and 2017, bank overdrafts and short – term credit facilities that have not been drawn down amounted to Baht 13,067.15 million and Baht 7,100.72 million, respectively.

27. TRADE ACCOUNTS PAYABLE – RELATED PARTIES

The outstanding balances as at 31 December 2018 and 2017 are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Subsidiaries | - | - | 986,426 | 460,569 |
| Associated companies and joint ventures | 285,176 | 389,174 | 260,647 | 372,829 |
| Related companies | 1,602,129 | 1,183,482 | 1,555,697 | 1,046,130 |
| Total trade accounts payable – related parties | 1,887,305 | 1,572,656 | 2,802,770 | 1,879,528 |

28. FINANCE LEASES PAYABLE – NET

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---------------------------------------|------------------|-----------|------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Not over one year | 769,156 | 684,920 | 681,101 | 561,648 |
| Over one year but not over five years | 1,117,073 | 816,403 | 1,020,137 | 641,672 |
| Total | 1,886,229 | 1,501,323 | 1,701,238 | 1,203,320 |
| Less : Deferred interest | (106,686) | (91,376) | (87,964) | (57,383) |
| | 1,779,543 | 1,409,947 | 1,613,274 | 1,145,937 |
| Less : Current portion | (712,878) | (629,534) | (636,371) | (524,987) |
| Net | 1,066,665 | 780,413 | 976,903 | 620,950 |

The above finance leases payable are for machinery, equipment and vehicles leases with scheduled repayment terms of 2 - 5 years.

29. LONG - TERM LOANS - NET

As at 31 December 2018 and 2017, the outstanding balance of long - term loans are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|------------------------|---------------------|-------------|--------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Outstanding balances | 21,084,335 | 15,236,546 | 15,068,794 | 9,209,727 |
| Less : Current portion | (10,608,923) | (8,823,130) | (8,300,934) | (7,398,073) |
| Net | 10,475,412 | 6,413,416 | 6,767,860 | 1,811,654 |

Movements in the long – term loans for the years ended 31 December 2018 and 2017 are summarised as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-------------|--------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 15,236,546 | 10,994,098 | 9,209,727 | 6,138,104 |
| Add : Additional borrowings | 10,517,379 | 7,218,177 | 9,379,821 | 5,307,269 |
| Less : Repayments | (4,636,874) | (2,811,410) | (3,522,868) | (2,235,646) |
| Add (less) : Translation adjustment for foreign currency financial statements | (32,716) | (164,319) | 2,114 | - |
| Balance as at 31 December | 21,084,335 | 15,236,546 | 15,068,794 | 9,209,727 |

As at 31 December 2017, a subsidiary company has not been able to maintain some financial ratios as stipulated in the loan agreements with a bank. As a result, a subsidiary company has presented the balance of such loan as current liabilities in the statement of financial position.

The outstanding balance of long - term loans as at 31 December 2018 and 2017 are as follows:

| Loan | Credit amount (Million Baht) | Interest rate (Percentage) | Condition | Guarantee | Million Baht | | | |
|--------------|---------------------------------|--|--|---|------------------|---------|--------------|---------|
| | | | | | Consolidated F/S | | Separate F/S | |
| | | | | | 2018 | 2017 | 2018 | 2017 |
| The Company | | | | | | | | |
| | 18,104 | MLR – 0.50 per annum | Repayment within 2018 or upon completion of the project, whichever is earlier | Assignment on revenue from construction contract | 15,069 | 9,210 | 15,069 | 9,210 |
| | | MLR – 1 per annum | Repayable within 2019 – 2020 or upon completion of the project, whichever is earlier | Assignment on revenue from construction contract | | | | |
| | | MLR – 1.25 per annum | Repayable within 2018 and 2020 or upon completion of the project, whichever is earlier | Assignment on revenue from construction contract | | | | |
| | | MLR – 1.50 per annum | Repayable within 2019 – 2021 or upon completion of the project, whichever is earlier | Assignment on revenue from construction contract | | | | |
| | | MLR – 1.375 per annum | Repayable within 2017 – 2021 or upon completion of the project, whichever is earlier | Assignment of collection from construction contract | | | | |
| | | MLR – 2 per annum | Repayable within 2028 or upon completion of the project, whichever is earlier | Assignment of collection from construction contract | | | | |
| | | Libor + 4% per annum | Repayment per contract | - | | | | |
| | | Market rate per annum | Repayable within 2019 - 2020 upon completion of the project, whichever is earlier | Bank account opened for receive revenue from construction | | | | |
| | | 4% per annum | Repayable per contract | - | | | | |
| Subsidiaries | | | | | | | | |
| 1 | 250 | MLR – 1 and MLR - 1.70 per annum | Repayment within 36 months from initial drawdown | Machinery | 234 | 65 | - | - |
| 2 | 951 | MLR per annum | Repayment per agreement | Land and Machinery | 296 | 329 | - | - |
| 3 | 265 Million INR | 10.15 per annum | Repayable by quarterly start from November 2017 | Construction and Equipment | - | 135 | - | - |
| 4 | 10,242 | MLR – 1.50 per annum | Repayable within 2018 – 2026 | Assignment on revenue from construction contract | 3,758 | 4,235 | - | - |
| 5 | 8,000 Million BDT | Floating rate of Bank of Bangladesh plus 6 percent per annum | Repayment per contract | Guarantee by parent company | 1,727 | 1,263 | - | - |
| | | | | Total | 21,084 | 15,237 | 15,069 | 9,210 |
| | | | | Less : Current portion | (10,609) | (8,823) | (8,301) | (7,398) |
| | | | | Net | 10,475 | 6,414 | 6,768 | 1,812 |

30. DEBENTURES – NET

| Debtenture (Unit : Thousand Baht) | Duration | Date of issue | Maturity date | Interest rate (% p.a.) | Consolidated and Separate F/S | |
|--------------------------------------|-------------------------|-------------------|-------------------|---------------------------|-------------------------------|------------|
| | | | | | 2018 | 2017 |
| 1 | 5 years 1 day | 21 September 2015 | 22 September 2020 | 4.95 | 3,495,478 | 3,492,858 |
| 2 | 5 years | 8 June 2016 | 8 June 2021 | 4.40 | 3,496,165 | 3,494,590 |
| 3 | 3 years 2 days | 15 September 2016 | 17 September 2019 | 4.00 | 199,896 | 199,750 |
| 4 | 2 years 1 month 29 days | 27 February 2017 | 25 April 2019 | 4.20 | 249,922 | 249,672 |
| 5 | 5 years 3 days | 26 June 2017 | 29 June 2022 | 4.70 | 5,989,929 | 5,987,044 |
| 6 | 269 days | 29 August 2017 | 25 May 2018 | 3.00 | - | 630,000 |
| 7 | 270 days | 20 October 2017 | 17 July 2018 | 3.00 | - | 200,000 |
| 8 | 2 years 5 month 27 days | 30 November 2017 | 27 May 2020 | 4.10 | 299,659 | 299,416 |
| 9 | 270 days | 25 May 2018 | 19 February 2019 | 3.00 | 850,000 | - |
| 10 | 269 days | 17 July 2018 | 12 April 2019 | 3.00 | 200,000 | - |
| Total | | | | | 14,781,049 | 14,553,330 |
| Less: Current Portion | | | | | (1,499,818) | (830,000) |
| Debentures – net | | | | | 13,281,231 | 13,723,330 |

Movements of debentures for the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated and Separate F/S | |
|---|-------------------------------|-------------|
| | 2018 | 2017 |
| Balance as at 1 January | 14,553,330 | 13,662,803 |
| Add : Newly issued debentures | 1,050,000 | 7,380,000 |
| Less : Redemption of former debentures | (830,000) | (6,500,000) |
| Less : Cost of issuing debentures | - | (15,593) |
| Add : Amortization of costs of issuing debentures | 7,719 | 26,120 |
| Balance as at 31 December | 14,781,049 | 14,553,330 |
| Less : Current Portion | (1,499,818) | (830,000) |
| Net | 13,281,231 | 13,723,330 |

On 25 May 2018, the Company issued new short-term debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 850 million with 270 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 3 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 19 February 2019. The Company used the proceeds from this issuance to repay debts.

On 17 July 2018, the Company issued new short-term debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 200 million with 269 days tenure and with a face value of Baht 1,000. These bear interest at a rate of 3 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 12 April 2019. The Company used the proceeds from this issuance to repay debts.

On 27 February 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 250 million with two-years, one-month and twenty-nine days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.20 percent per annum which is payable quarterly. The debentures will be due for redemption on 25 April 2019. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

On 26 June 2017, the Company exercised its right for early redemption of the debentures under the terms and conditions of ITD196A of Baht 6,000 million, with 0.25 percent per annum redemption fee. On the same day, the Company issued new debenture to specific persons, unsecured, unsubordinated with representative holder for the same amount of principal with five-years and three-days tenure with a face value of Baht 1,000. This bears interest at a rate of 4.70 percent per annum which is payable quarterly. The new debenture will be due for redemption on 29 June 2022.

On 29 August 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 630 million with two hundred and sixty-nine days tenure with a face value of Baht 1,000. This bears interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 25 May 2018. The Company used the proceeds from this issuance to repay debts.

On 20 October 2017, the Company issued new short-term debenture to specific persons, unsecured, unsubordinated with on representative holders, for a principle amount of Baht 200 million with two hundred and seventy days tenure with a face value of Baht 1,000. These bear interest at a rate of 3.00 percent per annum which is payable on the redemption date. The debentures will be due for redemption on 17 July 2018. The Company used the proceeds from this issuance to repay debts.

On 30 November 2017, the Company issued new debentures to specific persons, unsecured, unsubordinated with no representative holders, for a principal amount of Baht 300 million with two-years, five-month and twenty-seven days tenure with a face value of Baht 1,000. These bear interest at a rate of 4.10 percent per annum which is payable quarterly. The debentures will be due for redemption on 27 May 2020. The Company used the proceeds from this issuance to repay debts and/or for working capital required to fund business expansion.

The debentures were issued with covenants relating to various matters such as the decrease in share capital, merger, the payment of dividend and limitations on the execution of new loan obligation.

31. EMPLOYEE BENEFITS OBLIGATION - NET

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Present value of employee benefits obligation as at 31 December | 1,383,694 | 1,245,173 | 989,484 | 903,064 |
| Fair value of plan assets as at 31 December | (99,088) | (91,125) | - | - |
| Obligation – net | 1,284,606 | 1,154,048 | 989,484 | 903,064 |
| <u>Employee benefits obligation</u> | | | | |
| Balance as at 1 January | 1,245,173 | 1,100,406 | 903,064 | 800,856 |
| Current service costs | 117,393 | 66,624 | 58,429 | 48,698 |
| Interest on obligation | 41,963 | 39,473 | 22,012 | 22,844 |
| Actuarial loss | 90,032 | 107,671 | 69,849 | 79,374 |
| Benefit paid | (92,185) | (63,354) | (63,806) | (48,732) |
| Translation adjustments for foreign currency financial statements | (18,682) | (5,647) | (64) | 24 |
| Balance as at 31 December | 1,383,694 | 1,245,173 | 989,484 | 903,064 |
| Less : Current Portion | (523,580) | (445,791) | (453,581) | (396,207) |
| Net | 860,114 | 799,382 | 535,903 | 506,857 |
| <u>Plan assets</u> | | | | |
| Balance as at 1 January | 91,125 | 85,115 | - | - |
| Expected returns on plan assets | 6,643 | 6,148 | - | - |
| Contribution | 28,440 | 15,612 | - | - |
| Benefit paid | (1,291) | (13,796) | - | - |
| Actuarial gain (loss) | (17,347) | 721 | - | - |
| Translation adjustments for foreign currency financial statements | (8,482) | (2,675) | - | - |
| Balance as at 31 December | 99,088 | 91,125 | - | - |

Plan assets invested with two insurance companies as at 31 December 2018 and 2017 are Baht 99.09 million and Baht 91.13 million, respectively. The management believes that the assets in these portfolios are well diversified risk and, as such, the long term return thereon is expected to be higher than the rate of return on Government Bonds.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amount of employee benefits obligation, plan assets, the deficit thereof and the experiences of adjustments on plan assets and plan liabilities of overseas entities for the current and previous 3 years are as follows :

| (Unit : Thousand Baht) | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|----------|----------|
| Employee benefits obligation | 225,309 | 195,808 | 172,205 | 145,870 |
| Plan assets | 99,088 | 91,125 | 85,115 | 74,187 |
| Deficit | (126,221) | (104,683) | (87,090) | (71,683) |
| Experience adjustments on plan assets | 17,347 | (721) | (2,513) | 2,282 |
| Experience adjustment on plan liabilities | (12,254) | (17,226) | (14,707) | (20,695) |

The employee benefit obligations of the Company and subsidiaries are measured using actuarial techniques. The estimated amount is computed by the discounted cash flows for amounts to be paid in the future based on the government bond interest rate with a term to maturity that approximates the term of the related obligation. The estimated future cash outflows are based on employee wages, turnover rate, retirement ages, mortality, length of service and others. The employee benefits expenses are recognized in the statement of profit or loss to allocate the expenses through the hiring period. Principal actuarial assumptions are as follows:

| | Consolidated F/S | | Separate F/S | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| <u>Financial assumptions</u> | | | | |
| Discount rates | 2.18 – 8.21% per annum | 1.87 – 7.85% per annum | 2.47 – 2.50% per annum | 2.29% per annum |
| Future average salary increment rates | 1.79 – 8.00% per annum | 0.06 – 6.33% per annum | 1.79 – 5.63% per annum | 1.81 – 5.43% per annum |
| <u>Demographic assumptions</u> | | | | |
| Mortality rate | Thai Mortality Table 2017 | Thai Mortality Table 2017 | Thai Mortality Table 2017 | Thai Mortality Table 2017 |
| Normal retirement ages | 50 - 60 years | 60 years | 60 years | 60 years |
| Weighted average duration of the defined benefit obligation (years) | 5 - 28 years | 5 - 28 years | 8 - 9 years | 8 years |

- Defined benefit plan expenses

Amounts recognised in profit or loss related to employee benefits obligation are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|--------|---------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Current service cost | 88,953 | 51,012 | 58,429 | 48,698 |
| Net interest expense | 35,320 | 33,325 | 22,012 | 22,844 |
| Total expenses recognized in profit or loss | 124,273 | 84,337 | 80,441 | 71,542 |

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

Amounts recognized in other profit or loss related to the employee benefits obligation plans are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|-----------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Actuarial loss from changes in experience assumptions | (91,831) | (75,364) | (71,344) | (58,952) |
| Actuarial loss from changes in demographic assumptions | (1,189) | (27,457) | (29) | (24,400) |
| Actuarial gain (loss) from changes in financial assumptions | (2,771) | (7,594) | 1,524 | 3,978 |
| Translation adjustments for foreign currency financial statement | 9,578 | 860 | - | - |
| Total income (loss) recognised in other profit or loss | (86,213) | (109,555) | (69,849) | (79,374) |

All expenses summarised above were included within item that will not be reclassified subsequently to profit or loss.

- Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

| (Unit : Thousand Baht) | Consolidated F/S | | | | Separate F/S | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2018 | | 2017 | | 2018 | | 2017 | |
| | Increase 0.5% | Decrease 0.5% | Increase 0.5% | Decrease 0.5% | Increase 0.5% | Decrease 0.5% | Increase 0.5% | Decrease 0.5% |
| Discount rate | | | | | | | | |
| Increment (decrement) of employee benefit obligation | (55,535) | 151,151 | (50,149) | 136,180 | (24,334) | 24,792 | (22,602) | 22,213 |
| Future salary growth | | | | | | | | |
| Increment (decrement) of employee benefit obligation | 149,670 | (56,446) | 135,887 | (50,048) | 24,071 | (23,904) | 21,555 | (22,210) |

- As at 31 December 2018 and 2017, expected maturity of employee benefits obligation before discount are as follow:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|------------------------|------------------|---------|----------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Within 1 year | 523,580 | 445,791 | 453,581 | 396,207 |
| Between 2 – 5 years | 390,929 | 348,799 | 300,317 | 271,005 |
| Between 6 – 10 years | 532,236 | 442,726 | 390,885 | 338,060 |
| Between 11 – 15 years | 484,062 | 371,232 | 311,191 | 286,704 |

On 13 December 2018, the National Legislative Assembly approved the Labor Protection Act, that will become effective 30 days after its publication in the Government Gazette This will require the Company to pay compensation, if an employee work consecutively period of 20 years or more, employees has right to receives severance payment of 400 days of wages at the most recent rate. When the labor law come into force, the Group will recognise the increase in provision for employee benefits including past services cost of Baht 310.64 million in the consolidated FS and Baht 277.95 million in the separate financial statement. The Group selected to recognise such effect in the year 2019.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, requires the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

| (Unit : Thousand Baht) | Consolidated F/S | | | |
|--|------------------------|--------------------|-------------------|--------------|
| | Finance lease payables | Short - term loans | Long - term loans | Total |
| 1 January 2018 | 1,408,880 | 7,563,270 | 15,236,546 | 24,208,696 |
| Cash-flows: | | | | |
| - Repayment | (1,277,479) | (20,972,050) | (4,636,873) | (26,886,402) |
| - Proceeds | - | 19,751,793 | 10,517,379 | 30,269,172 |
| Non-cash: | | | | |
| - Acquisition | 1,137,597 | - | - | 1,137,597 |
| - Translation adjustments for foreign currency financial statement | - | (25,909) | (32,716) | (58,625) |
| 31 December 2018 | 1,268,998 | 6,317,104 | 21,084,336 | 28,670,438 |
| 1 January 2017 | 1,583,491 | 7,297,541 | 10,994,098 | 19,875,130 |
| Cash-flows: | | | | |
| - Repayment | (697,569) | (21,928,611) | (2,811,410) | (25,437,590) |
| - Proceeds | - | 22,194,340 | 7,218,177 | 29,412,517 |
| Non-cash: | | | | |
| - Acquisition | 522,958 | - | - | 522,958 |
| - Translation adjustments for foreign currency financial statement | - | - | (164,319) | (164,319) |
| 31 December 2017 | 1,408,880 | 7,563,270 | 15,236,546 | 24,208,696 |

| (Unit : Thousand Baht) | Separate F/S | | | |
|--|------------------------|--------------------|-------------------|--------------|
| | Finance lease payables | Short - term loans | Long - term loans | Total |
| 1 January 2018 | 1,145,936 | 5,348,803 | 9,209,727 | 15,704,466 |
| Cash-flows: | | | | |
| - Repayment | (1,156,781) | (18,734,546) | (3,522,868) | (23,414,195) |
| - Proceeds | - | 17,729,364 | 9,379,821 | 27,109,185 |
| Non-cash: | | | | |
| - Acquisition | 1,091,904 | - | - | 1,091,904 |
| - Translation adjustments for foreign currency financial statement | - | 214 | 2,114 | 2,328 |
| 31 December 2018 | 1,081,059 | 4,343,835 | 15,068,794 | 20,493,688 |
| 1 January 2017 | 1,374,527 | 5,110,778 | 6,138,104 | 12,623,409 |
| Cash-flows: | | | | |
| - Repayment | (614,660) | (20,099,976) | (2,235,646) | (22,950,282) |
| - Proceeds | - | 20,338,001 | 5,307,269 | 25,645,270 |
| Non-cash: | | | | |
| - Acquisition | 386,069 | - | - | 386,069 |
| 31 December 2017 | 1,145,936 | 5,348,803 | 9,209,727 | 15,704,466 |

33. INCOME TAX

The analysis of deferred tax assets and liabilities are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--------------------------|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Deferred tax assets | 414,928 | 476,077 | - | - |
| Deferred tax liabilities | (900,415) | (996,720) | (158,889) | (207,616) |
| Deferred tax – net | (485,487) | (520,643) | (158,889) | (207,616) |

The movements in deferred tax assets and liabilities are as follows:

| | Consolidated F/S | | | |
|---|------------------|--------------------------------|----------------------|------------------|
| | 1 January 2018 | Recognised as income (expense) | | 31 December 2018 |
| | | Statement of profit and loss | Shareholders' Equity | |
| (Unit : Thousand Baht) | | | | |
| Deferred tax assets | | | | |
| From allowance for doubtful accounts | 88,582 | 13,592 | (8,174) | 94,000 |
| From allowance for obsolete inventories | 556 | (93) | - | 463 |
| From depreciation of assets | 264,508 | (59,356) | (22,480) | 182,672 |
| From employee benefits obligations | 113,595 | 22,146 | (8,654) | 127,087 |
| From finance lease payables | 8,836 | (3,648) | - | 5,188 |
| From other timing differences | - | 5,628 | (110) | 5,518 |
| Total | 476,077 | (21,731) | (39,418) | 414,928 |
| Deferred tax liabilities | | | | |
| From unrealized gain on changes in the value of investments | 52,382 | - | (30,276) | 22,106 |
| From finance lease payables | 97,150 | (11,543) | - | 85,607 |
| From depreciation of machinery | 270,557 | (38,045) | (17,012) | 215,500 |
| From debentures | 5,334 | (1,543) | - | 3,791 |
| From potash mining right | 458,699 | - | - | 458,699 |
| From investment properties | 97,248 | 2,974 | - | 100,222 |
| From other timing differences | 15,350 | 523 | (1,383) | 14,490 |
| Total | 996,720 | (47,634) | (48,671) | 900,415 |

| | Consolidated F/S | | | |
|---|------------------|--------------------------------|----------------------|------------------|
| | 1 January 2017 | Recognised as income (expense) | | 31 December 2017 |
| | | Statement of profit and loss | Shareholders' Equity | |
| (Unit : Thousand Baht) | | | | |
| Deferred tax assets | | | | |
| From allowance for doubtful accounts | 109,904 | (18,034) | (3,288) | 88,582 |
| From allowance for obsolete inventories | 951 | (395) | - | 556 |
| From depreciation of assets | 326,681 | (52,612) | (9,561) | 264,508 |
| From loss carry forward | 7,512 | (7,512) | - | - |
| From employee benefits obligations | 92,161 | 22,795 | (1,361) | 113,595 |
| From finance lease payables | 13,358 | (4,522) | - | 8,836 |
| From provision for loss on construction project | 8,838 | (8,513) | (325) | - |
| From other timing differences | (2,008) | - | 2,008 | - |
| Total | 557,397 | (68,793) | (12,527) | 476,077 |
| Deferred tax liabilities | | | | |
| From unrealized gain on changes in the value of investments | 49,295 | - | 3,087 | 52,382 |
| From finance lease payables | 97,348 | 69 | (267) | 97,150 |
| From depreciation of machinery | 291,992 | (14,867) | (6,568) | 270,557 |
| From debentures | 7,439 | (2,105) | - | 5,334 |
| From potash mining right | 458,699 | - | - | 458,699 |
| From investment properties | 70,232 | 27,016 | - | 97,248 |
| From other timing differences | 15,561 | - | (211) | 15,350 |
| Total | 990,566 | 10,113 | (3,959) | 996,720 |

| (Unit : Thousand Baht) | Separate F/S | | | |
|---|----------------|--------------------------------|----------------------|------------------|
| | 1 January 2018 | Recognised as income (expense) | | 31 December 2018 |
| | | Statement of profit or loss | Shareholders' Equity | |
| Deferred tax liabilities | | | | |
| From unrealized gain on changes in the value of investments | 49,394 | - | (28,554) | 20,840 |
| From finance lease payables | 85,300 | (9,049) | - | 76,251 |
| From depreciation of machinery | 42,296 | (12,280) | (275) | 29,741 |
| From debentures | 5,334 | (1,543) | - | 3,791 |
| From Investment properties | 25,292 | 2,974 | - | 28,266 |
| Total | 207,616 | (19,898) | (28,829) | 158,889 |

| (Unit : Thousand Baht) | Separate F/S | | | |
|---|----------------|--------------------------------|----------------------|------------------|
| | 1 January 2017 | Recognised as income (expense) | | 31 December 2017 |
| | | Statement of profit or loss | Shareholders' Equity | |
| <u>Deferred tax liabilities</u> | | | | |
| From unrealized gain on changes in the value of investments | 46,498 | - | 2,896 | 49,394 |
| From finance lease payables | 82,173 | 3,127 | - | 85,300 |
| From depreciation of machinery | 32,093 | 10,915 | (712) | 42,296 |
| From debentures | 7,439 | (2,105) | - | 5,334 |
| From Investment properties | 14,992 | 10,300 | - | 25,292 |
| Total | 183,195 | 22,237 | 2,184 | 207,616 |

Income tax consist of:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Domestic income tax | | | | |
| Current tax | 48,451 | 59,483 | 2,431 | - |
| Overseas income tax | | | | |
| Current tax | 657,106 | 298,420 | 320,821 | 11,751 |
| | 705,557 | 357,903 | 323,252 | 11,751 |
| Deferred tax | | | | |
| Change in temporary differences | (25,903) | 78,906 | (19,898) | 22,237 |
| Total | 679,654 | 436,809 | 303,354 | 33,988 |
| Income tax recognised in other comprehensive income | | | | |
| Unrealised gain (loss) on changes in value of investments | 30,276 | (3,087) | 28,554 | (2,896) |
| Actuarial loss | (8,654) | (1,361) | - | - |
| Others | (12,369) | 4,120 | 275 | 712 |
| Total | 9,253 | (328) | 28,829 | (2,184) |

Reconciliation of effective tax rate

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|--------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| Accounting profit before income tax | 1,354,920 | 1,118,059 | 455,924 | 222,954 |
| Tax rate for parent company (%) | 20 | 20 | 20 | 20 |
| Tax expense | 270,984 | 223,612 | 91,185 | 44,591 |
| Adjustment for tax – rate difference in foreign jurisdictions | 262,666 | (12,486) | 214,788 | 9,834 |
| Adjustment for eliminate transaction | 42,167 | 65,149 | 10,517 | (13,910) |
| Tax on deductible for revenue code | (469,406) | (457,163) | (275,038) | (162,618) |
| Tax on expenses not subject to tax for revenue code | 369,950 | 356,876 | 177,671 | 173,403 |
| Recognition of previously unrecognized loss carry forward | (81) | (48,852) | - | (48,550) |
| Current year losses for which no deferred tax asset was recognized | 203,374 | 309,673 | 84,231 | 31,238 |
| Tax expense | 679,654 | 436,809 | 303,354 | 33,988 |

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statement are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|-----------------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Temporary differences | 1,416,111 | 1,498,755 | 1,386,860 | 1,469,115 |
| Unused loss carried forward | 341,565 | 393,498 | 213,442 | 220,593 |
| Total | 1,757,676 | 1,892,253 | 1,600,302 | 1,689,708 |

The tax losses will expire in 2018 to 2022. The deductible temporary differences do not expire under current tax legislation. The Company and subsidiaries have not recognized deferred tax assets in respect of these items because it is not probable that future taxable profit will be available against which the Company and subsidiaries can utilize the benefits.

34. SHARE CAPITAL AND WARRANT

34.1 Share capital

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to increase the registered share capital from Baht 6,335,808,993 (6,335,808,993 shares at Baht 1 par value) to Baht 6,337,920,861 (6,337,920,861 shares at Baht 1 par value) to reserve for the adjustment of the warrants no.1 (ITD-W1) exercising. The Company registered such changes with the Department of Business Development on 19 May 2017.

34.2 Warrant

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to adjust the exercising price and exercising ratio of the warrant no.1 (ITD-W1), from the existing rights offering 1 unit of warrant for 1 common share at Baht 14 each, to 1 unit of warrant for 1.002 common share at Baht 13.971 each.

1 unit of warrant is exercisable to purchase 1 common share at Baht 14 each within 4 years starting from 14 May 2015 to 13 May 2019. It first exercise is on 30 June 2015 and able to exercise on the last working day of each quarter. The Company has the exercise of warrants No. 6 on 30 September 2016 that the warrant holders exercised 20 warrants to buy 20 common shares. As at 31 December 2016, the Company has the outstanding warrant totaling 1,055,934,093 units unexercised warrants.

35. DIVIDEND PAYMENT

At the Annual General Shareholders Meeting held on 27 April 2017, shareholders passed a resolution to approve the dividend payment from the operations for the year 2016 at Baht 0.01026 per share for 5,279.84 million shares, totaling of Baht 54.17 million. The Company paid for such dividend on 26 May 2017.

36. EARNING PER SHARE

There is no potential dilution in earnings per share arose from warrant because the average share price during this period was lower than the exercise price. The Company therefore, has not computed the diluted earnings per share from warrant.

37. RELATED PARTY TRANSACTIONS

During the year, the Company and subsidiaries has significant business transactions with related parties, which have been conducted on commercial terms and based on agreed upon in the ordinary course of businesses between the Company and those related parties, as follows :

| Transaction | Pricing policy |
|--|-------------------------------|
| Turn - key construction service income | Cost plus margin |
| Construction service income, exclusive the procurements of materials | Cost or cost-plus margin |
| Land rental income | Mutually agreed rate |
| Sales of equipment | Cost or mutually agreed price |
| Sales of investment | Market price |
| Purchases of construction materials | Approximate market price |
| Turn - key construction expenses | Cost plus margin |
| Hire of construction services, exclusive procurements of materials | Cost |
| Purchases of investments | Approximate net book value |
| Purchases of assets | Mutually agreed prices |
| Interest on loans with related parties | Mutually agreed rate |
| Rental expenses | Mutually agreed rate |

Below are summaries of significant related party transactions during the year :

| (Unit : Million Baht) | Consolidated F/S | | Separate F/S | |
|--|---------------------------------|------|--------------|-------|
| | For the years ended 31 December | | | |
| | 2018 | 2017 | 2018 | 2017 |
| <u>Transactions with subsidiaries</u> | | | | |
| Construction services, sales and other income | - | - | 927 | 773 |
| Sales of equipment | - | - | - | 37 |
| Purchases of construction materials and services | - | - | 1,563 | 1,434 |

| (Unit : Million Baht) | Consolidated F/S | | Separate F/S | |
|--|---------------------------------|-------|--------------|-------|
| | For the years ended 31 December | | | |
| | 2018 | 2017 | 2018 | 2017 |
| <u>Transactions with associated companies and joint ventures</u> | | | | |
| Construction services, sales and other income | 251 | 251 | 177 | 244 |
| Sales of equipment | - | 25 | - | 25 |
| Purchases of construction materials and services | 350 | 274 | 287 | 229 |
| <u>Transactions with related parties</u> | | | | |
| Construction services, sales and other income | 763 | 471 | 701 | 336 |
| Sales of equipment | - | 1 | - | 1 |
| Purchases of construction materials and services | 3,259 | 2,825 | 3,015 | 2,486 |
| Purchases of equipment | 1,646 | 474 | 1,604 | 278 |
| <u>Key management personnel compensation</u> | | | | |
| Short - term employee benefits | 155 | 145 | 124 | 114 |
| Post - employment benefits | 14 | 12 | 2 | 2 |

During the 4th quarter of the year 2018, the Company entered into management service agreements with a subsidiary and charged for total fees of Baht 130 million in addition to the normal service charges of Baht 421.20 million.

As at 31 December 2018, a subsidiary has loan to director amounted to Baht 7.00 million which bear interest at rate 2.00 per annum and repayment at call. Furthermore, the Company also has significant transactions with its related parties in respect of loans and advances. The outstanding balances of such transactions are presented as separate items in the statement of financial position.

Accrued rental expenses

As at 31 December 2018, a subsidiary has accrued rental expenses of Baht 79.94 million (2017 : Baht 77.38 million).

38. ALLOWANCE FOR LOSSES ON PROJECT

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|--|------------------|---------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Allowance for losses on project | 232,780 | 169,712 | 232,780 | 167,179 |
| Less : Classified to current liability | (186,000) | - | (186,000) | - |
| Net | 46,780 | 169,712 | 46,780 | 167,179 |

Movements of allowance for losses on project for the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|-----------|--------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Balance as at 1 January | 169,712 | 291,587 | 167,179 | 221,100 |
| Allowance (reversal) for loss on projects | 63,068 | (121,875) | 65,601 | (53,921) |
| Balance as at 31 December | 232,780 | 169,712 | 232,780 | 167,179 |

39. PROVIDENT FUND

The Company and subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, and subsidiaries, contributed to the fund monthly at the rate of 2.00 – 15.00 percent of basic salary. The fund, which is managed by CIMB - Principal Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2018 and 2017, the Company and its subsidiaries contributed Baht 129.70 million and Baht 124.68 million, respectively. (Separate F/S : Baht 56.22 million and Baht 53.32 million, respectively).

40. COST OF CONSTRUCTION WORK

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|---------------|---------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Accumulated aggregate costs incurred and recognized profit | 176,405,074 | 131,210,661 | 123,887,313 | 110,056,128 |
| Less : Accumulated aggregate loss recognised and progress billing | (153,463,121) | (111,822,186) | (104,438,254) | (94,032,147) |
| Balance | 22,941,953 | 19,388,475 | 19,449,059 | 16,023,981 |
| Add : Reclassify to billing in excess | 460,917 | 1,466,291 | 460,917 | 1,466,291 |
| Earned revenues not yet billed | 23,402,870 | 20,854,766 | 19,909,976 | 17,490,272 |

41. LEGAL RESERVE

Pursuant to Section 116 of the Public Company Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

42. OTHER INCOME

Significant other income for the years ended 31 December 2018 and 2017 are as follows:

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---------------------------------|------------------|---------|--------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Royalty income | 38,760 | 45,843 | 38,760 | 45,843 |
| Rental income | 54,925 | 67,508 | 71,985 | 116,714 |
| Insurance claim | 14,409 | 27,468 | 2,697 | - |
| Subcontractor and labour charge | - | 18,870 | - | 16,721 |
| Gain on disposal of assets | 15,312 | 181,470 | 9,384 | 54 |
| Claim income | - | 68,393 | - | 68,393 |
| Income from reduction debt | 104 | 35,940 | - | - |
| Service income | 109,798 | 72,989 | 5,032 | 8,542 |
| Consulting income | 37,635 | 40,474 | 37,635 | 40,474 |
| Bad debt written back | 49,003 | 38,160 | 46,630 | 54 |
| Income from sale scrap | 77,346 | 18,193 | 73,660 | 16,520 |
| Others | 282,438 | 88,759 | 70,096 | 83,869 |
| Total | 679,730 | 704,067 | 355,879 | 397,184 |

43. EXPENSES BY NATURE

Significant expenses by nature are as follows :

| (Unit : Thousand Baht) | Consolidated F/S | | Separate F/S | |
|---|------------------|------------|--------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Salaries, wages and other employee benefits | 12,201,036 | 10,429,343 | 9,005,906 | 7,690,649 |
| Depreciation | 3,004,494 | 2,364,372 | 1,684,161 | 1,208,736 |
| Amortisation | 39,421 | 57,694 | 37,566 | 32,031 |
| Rental expenses | 2,128,019 | 1,724,073 | 1,626,793 | 1,185,220 |
| Materials and supplies used | 21,100,371 | 19,364,915 | 14,165,803 | 13,727,431 |
| Subcontract costs | 14,351,377 | 13,072,753 | 10,570,821 | 9,354,698 |
| Utilities expenses | 1,106,180 | 892,303 | 621,279 | 354,833 |
| Transportation expenses | 763,104 | 602,172 | 472,491 | 327,071 |
| Repair and maintenance expenses | 719,002 | 669,424 | 351,088 | 364,526 |
| Prebid expenses | 30,407 | 25,657 | 27,698 | 21,405 |
| Professional fee | 1,048,258 | 672,717 | 444,686 | 275,545 |
| Fuel expenses | 1,839,366 | 1,495,091 | 1,295,185 | 1,007,086 |

44. GUARANTEES

As at 31 December 2018, the Company and subsidiaries have outstanding guarantees totaling approximately Baht 65,588.00 million issued by financial institutions on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business. The Company does not expect to incur losses from these guarantees.

As at 31 December 2018, the Company has outstanding guarantees approximately Baht 6,490.10 million issued to financial institutions to collateralize credit facilities granted by those financial institutions to the subsidiaries and joint venture. The Company issued guarantees in proportion to its shareholding (except for ItalThai Trevi Co., Ltd., ItalThai Marine Co., Ltd., Aquathai Co., Ltd., Sarithorn Co., Ltd., Asian Steel Product Co., Ltd., and ITD Cementation India Limited for which the Company issued full guarantees for the credit facilities).

45. COMMITMENTS

45.1 As at 31 December 2018, the Company, subsidiaries and joint venture have outstanding commitments with major subcontractors, classified by currencies as follows :

| (Unit : Million Baht) | Baht Equivalent | |
|-----------------------|------------------|--------------|
| | Consolidated F/S | Separate F/S |
| Currency | | |
| THB | 5,996.77 | 5,159.61 |
| INR | 1,453.63 | 0.69 |
| BDT | 522.52 | 455.65 |

- 45.2 As at 31 December 2018, the Company and subsidiaries have the following outstanding commitments, proportionately, for purchases of materials, machinery, software, related services and service contracts :

| (Unit : Million Baht) | Baht Equivalent | |
|-----------------------|------------------|--------------|
| | Consolidated F/S | Separate F/S |
| Currency | | |
| THB | 2,233.39 | 2,168.90 |
| USD | 1,292.33 | 538.44 |
| INR | 173.97 | - |
| EUR | 1,510.33 | 1,507.93 |
| VND | 10.98 | 10.98 |
| BDT | 2,328.15 | 2,506.99 |

- 45.3 As at 31 December 2018, the Company has outstanding commitments in respect of the un-callable portion of investments in nine subsidiary companies of Baht 2.25 million, USD 1.50 million, BDT 26,579.13 million and MMK 344.17 million.
- 45.4 As at 31 December 2018, the Company has outstanding commitments of USD 8.35 million for purchase shares transfer agreement of an associated company from existing shareholder.
- 45.5 A subsidiary company has a commitment to apply for and to obtain a mining concession from the Government of Thailand prior to the commencement of the potash mining operations. A fee of USD 5 million is payable to the Ministry of Industry upon receipt of the mining concession and an annual fee subsidizing the Education Fund of USD 0.20 million is payable to the Department of Primary Industries and Mines in accordance with an agreement between the Ministry of Industry and the Department of Primary Industries and Mines and the Company.
- 45.6 A subsidiary company entered into a land purchase and sale agreement for the land located in the mining project area in Udon Thani Province. The total area of land is approximately 1,239 rais for a total cost of Baht 279 million. The subsidiary company has paid a deposit of Baht 1.58 million for the land purchase, and the balance will be paid according to the terms of the agreements.
- 45.7 Several indirect subsidiary companies entered service agreements for project consultant with commitment to pay fee at the rate as specified in agreements.
- 45.8 An overseas subsidiary has a commitment to pay Environmental and Social Impact Assessment license (ESIA License) for the construction of Deep-Sea Port and Heavy Haul Railway for USD 1.60 million and USD 3.90 million, respectively.

46. CONTINGENT LIABILITIES

The Company and subsidiary companies have been claimed by certain customers for breaches of service agreements amounting to Baht 866.08 million.

47. SEGMENT REPORTING

Consolidated financial statements as at 31 December 2018 and 2017 and for the years ended 31 December 2018 and 2017 combined geographic segment reporting as follows:

| (Unit : Million Baht) | Consolidated F/S | | | |
|------------------------|---------------------------------|--------|-----------------------|--------|
| | Revenues from construction work | | Non - current assets* | |
| | 2018 | 2017 | 2018 | 2017 |
| Geographic information | | | | |
| Thailand | 35,295 | 35,865 | 28,584 | 24,362 |
| India | 13,718 | 12,893 | 2,802 | 2,923 |
| Others | 5,751 | 1,422 | 13,608 | 12,035 |
| Total | 54,764 | 50,180 | 44,994 | 39,320 |

* Exclude deferred tax asset and goodwill

External customers of the Group are in Thailand and India which is major markets, revenue have been identified on the basis of the customer's geographical location. Non - current assets are allocated based on their physical location.

The operations of the Company and subsidiaries for the years ended 31 December 2018 and 2017 are mainly engaged in a single industry segment, construction services, and are conducted in the following geographical segments as follows:

| (Unit : Million Baht) | Consolidated F/S | | | | | | | | | | | |
|---------------------------------|---------------------------------|--------|--------|--------|-----------------|-------|--------|--------|-----------|-------|-------------|--------|
| | For the years ended 31 December | | | | | | | | | | | |
| | Thailand | | India | | Other countries | | Total | | Eliminate | | Grand Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue from construction work | | | | | | | | | | | | |
| Gross segment revenues | 35,295 | 35,865 | 13,718 | 12,893 | 5,751 | 1,422 | 54,764 | 50,180 | - | - | 54,764 | 50,180 |
| Inter - segment revenues | 1,115 | 766 | 165 | 30 | - | - | 1,280 | 796 | (1,280) | (796) | - | - |
| Net revenues from third parties | 36,410 | 36,631 | 13,883 | 12,923 | 5,751 | 1,422 | 56,044 | 50,976 | (1,280) | (796) | 54,764 | 50,180 |

| (Unit : Million Baht) | Consolidated F/S | | | | | | | | | | | |
|--|---------------------------------|---------|-------|-------|-----------------|-------|---------|---------|-----------|---------|-------------|---------|
| | For the years ended 31 December | | | | | | | | | | | |
| | Thailand | | India | | Other countries | | Total | | Eliminate | | Grand Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue from sale and service | | | | | | | | | | | | |
| Gross segment revenues | 4,055 | 3,480 | - | - | 1,825 | 1,577 | 5,880 | 5,057 | - | - | 5,880 | 5,057 |
| Inter - segment revenues | 693 | 770 | - | - | 554 | 486 | 1,247 | 1,256 | (1,247) | (1,256) | - | - |
| Net revenues from third parties | 4,748 | 4,250 | - | - | 2,379 | 2,063 | 7,127 | 6,313 | (1,247) | (1,256) | 5,880 | 5,057 |
| Gross profit (loss) | 3,086 | 2,992 | 2,352 | 2,643 | 1,203 | 880 | 6,641 | 6,515 | (80) | 58 | 6,561 | 6,573 |
| Other income | 404 | 438 | 229 | 370 | 76 | 136 | 709 | 944 | (29) | (240) | 680 | 704 |
| Interest income | 148 | 82 | 87 | 94 | 2 | 4 | 237 | 180 | (49) | (40) | 188 | 140 |
| Interest expense | (1,772) | (1,603) | (475) | (584) | (193) | (198) | (2,440) | (2,385) | 47 | 39 | (2,393) | (2,346) |
| Depreciation and amortization | (1,959) | (1,781) | (407) | (185) | (689) | (468) | (3,055) | (2,434) | 11 | 12 | (3,044) | (2,422) |
| Reversal of allowance (provision) for doubtful accounts | 311 | (469) | (40) | (609) | (120) | 1 | 151 | (1,077) | (293) | 313 | (142) | (764) |
| Gain (loss) on exchange rate | 9 | (128) | 3 | 3 | (264) | (225) | (252) | - | - | - | (252) | (350) |
| Share of profit from investment in associated companies and joint ventures | | | | | | | | | | | 164 | 61 |
| Income tax expense | | | | | | | | | | | (680) | (437) |
| Profit for the year | | | | | | | | | | | 675 | 681 |

| (Unit : Million Baht) | Thailand | | India | | Other countries | | Total | | Elimination | | Grand total | |
|-------------------------------------|----------|--------|--------|--------|-----------------|--------|---------|---------|-------------|----------|-------------|--------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Property, plant and equipment - net | 14,466 | 11,188 | 2,460 | 2,624 | 6,475 | 5,857 | 23,401 | 19,669 | (11) | (22) | 23,390 | 19,647 |
| Other assets | 66,681 | 63,832 | 13,437 | 13,418 | 14,404 | 9,865 | 94,522 | 87,115 | (19,897) | (18,933) | 74,625 | 68,182 |
| Total assets | 81,147 | 75,020 | 15,897 | 16,042 | 20,879 | 15,722 | 117,923 | 106,784 | (19,908) | (18,955) | 98,015 | 87,829 |
| Total liabilities | 58,632 | 52,836 | 14,682 | 16,639 | 22,603 | 17,632 | 95,917 | 87,107 | (14,373) | (14,050) | 81,544 | 73,057 |

Major Customer

For the year ended 31 December 2018, the Company and subsidiaries revenues derived from Government agencies amounting of Baht 40,861.87 million (2017: Baht 32,838.37 million).

48. FINANCIAL INSTRUMENTS

Financial risk management

The Company and subsidiaries have financial instruments principally comprise cash and cash equivalent, pledged deposits at banks, trade accounts receivable, loans, investments, bank overdrafts and short – term loans from financial institutions, loans, finance lease payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and subsidiaries have exposure to credit risk primarily with respect to trade accounts receivable, loans, and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses since most of the credit grantings are covered with contracts and guarantees. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, and other receivables as presented in the statement of financial position.

Interest rate risk

The Company and subsidiaries exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts and short-term loans from financial institutions, short-term loans, finance lease payables, debentures and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Foreign currency risk

The Company and subsidiaries have exposure to foreign currency risk from trading transactions and borrowings that are denominated in foreign currencies. The Company, subsidiaries and joint ventures seek to manage this risk by entering into forward exchange and currency swap contracts when it considers appropriate.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2018 are summarized as follows :

| Foreign currency | Consolidated F/S | | Separate F/S | | Average exchange rate as at 31 December 2018 (Baht per foreign currency unit) |
|------------------|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|---|
| | Financial assets (Million) | Financial liabilities (Million) | Financial assets (Million) | Financial liabilities (Million) | |
| USD | 26 | 6 | 49 | 6 | 32.3223 |
| LAK | - | 416 | - | - | 0.0038 |
| JPY | - | 1 | - | 1 | 0.296963 |
| INR | - | - | 20 | - | 0.4340 |

Forward exchange contracts which remaining outstanding as at 31 December 2018 are summarised as follows :

| Currency | Balance (Million) | Forward contract exchange rate |
|-----------|-------------------|--------------------------------|
| EUR (buy) | 3 | 38.6800 |
| CNY (buy) | 1 | 4.7600 |

As at 31 December 2018, significant foreign currency denominated assets and liabilities which are unhedged of the Company, subsidiaries and joint venture as follow:

| | Consolidated F/S (Net) | | |
|---|------------------------|----------------|----------------|
| | USD Million | EUR Million | LAK Million |
| Trade accounts receivable and retention | 9 | - | - |
| Trade accounts receivable and loan to – related companies | 17 | - | - |
| Trade accounts payable | 2 | 1 | 416 |
| Loans from financial institutions | 4 | - | - |

| | Separate F/S (Net) | | |
|---|--------------------|----------------|----------------|
| | USD Million | JPY Million | INR Million |
| Trade accounts receivable and loan to – related companies | 49 | - | 20 |
| Trade accounts payable | 2 | 1 | - |
| Loans from financial institutions | 4 | - | - |

In addition, the Company and subsidiaries have foreign currency exposure risk with respect to their investments in subsidiaries and associated companies in overseas which are not covered by the hedges against foreign currency risk.

As at 25 September 2017, a subsidiary has restructured the detail of derivatives totaling Baht 2,702.39 million signed with a financial institution in Year 2015 to be Baht 2,706 million, starting from 25 September 2017 to 30 December 2022. The objective is to reduce financial cost by adjusting the hedging management in terms of foreign currency exchange risk and interest risk in present situation.

49. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: no observable inputs for the asset or liability.

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2018:

| (Unit : Thousand Baht) | Consolidated F/S | | | |
|-------------------------------|------------------|------------------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Current investments | - | 46 | - | 46 |
| Other long – term investments | 438,826 | - | - | 438,826 |
| Investment properties | - | 2,030,872 | - | 2,030,872 |
| Total | 438,826 | 2,030,918 | - | 2,469,744 |
| Liabilities | | | | |
| Forward contract liabilities | - | 8,339 | - | 8,339 |
| Total | - | 8,339 | - | 8,339 |

| (Unit : Thousand Baht) | Separate F/S | | | |
|------------------------------|----------------|------------------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Other long – term investment | 413,317 | - | - | 413,317 |
| Investment properties | - | 1,068,821 | - | 1,068,821 |
| Total | 413,317 | 1,068,821 | - | 1,482,138 |
| Liabilities | | | | |
| Forward contract liabilities | - | 8,339 | - | 8,339 |
| Total | - | 8,339 | - | 8,339 |

The following table present financial and liabilities assets that are measured at fair value as at 31 December 2017:

| (Unit : Thousand Baht) | Consolidated F/S | | | |
|-------------------------------|------------------|------------------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Forward contract assets | - | 3,792 | - | 3,792 |
| Current investments | - | 46 | - | 46 |
| Other long – term investments | 590,199 | - | - | 590,199 |
| Investment properties | - | 2,113,270 | - | 2,113,270 |
| Total | 590,199 | 2,117,108 | - | 2,707,307 |

| (Unit : Thousand Baht) | Separate F/S | | | |
|------------------------------|----------------|------------------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Forward contract assets | - | 3,865 | - | 3,865 |
| Other long – term investment | 556,080 | - | - | 556,080 |
| Investment properties | - | 1,151,219 | - | 1,151,219 |
| Total | 556,080 | 1,155,084 | - | 1,711,164 |

Investment properties are carried out using a market approach comparable with market price of the same assets reflects were observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the investment properties in question, including plot size, location, encumbrances and current use.

50. CAPITAL RISK MANAGEMENT

The Company's and subsidiaries' objective in the management of capital are to safeguard their ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital. In addition, the Company and subsidiaries are required to maintain a debt to equity ratio as stipulated in loan facility agreements.

In order to maintain or adjust the capital structure, the Company and subsidiaries may adjust the dividend payment to shareholders, issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

51. EVENT AFTER REPORTING PERIOD

On 15 February 2019, the Company issued debentures to specific persons, unsecured, unsubordinated with representative holders, for a principal amount of Baht 2,000 million with 5 years tenure and with a face value of Baht 1,000. These bear interest at a rate of 5.25 percent per annum which is payable quarterly. The debentures will be due for redemption on 15 February 2024. The Company used the proceeds from this issuance to repay debts.

52. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 28 February 2019.





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