

ANNUAL REPORT 2017



บริษัท อีเอ็มซี จำกัด (มหาชน)
EMC PUBLIC COMPANY LIMITED



VISION

To be a leading construction and property development in Thailand by deliver performance to meet international standards under the concept of sustainability and improving the quality of life for the Thai people, Social Quality and to create the highest satisfaction of all stakeholders in all sectors, include of customers, business partners, employees, surrounded community to grow together.

MISSION

Continue creativity while modernize Products and Services, development with highly innovative function consistently. Accompany with organizational development and human resources will be driven companies to achieve business goals to deliver performance and service quality as well as to meet international standards under the transparent resources management and efficiency to contribute the highest effectiveness and verifiability.

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Summary of Financial Information

Summary of Financial Information

	Consolidated Financial Statements					
	2017		2016		2015	
	Mil.Baht	%	Mil.Baht	%	Mil.Baht	%
Total Assets	3,096.61	(6.62)	3,096.61	(6.62)	3,315.99	46.06
Total Liabilities	918.61	0.17	918.61	0.17	917.07	(22.38)
Shareholders' Equity	2,178.00	(9.21)	2,178.00	(9.21)	2,398.92	120.34
Service Revenues	591.62	(24.46)	591.62	(24.46)	783.15	(56.15)
Gross Profit	(30.31)	(684.01)	(30.31)	(684.01)	5.19	(90.92)
Net Profit (Loss)	(271.73)	(8.71)	(271.73)	(8.71)	(297.65)	46.13

Financial Ratio		2016	2015	2014
Gross Profit Margin	(%)	(5.12)	0.66	3.20
Net Profit Margin	(%)	(45.93)	(38.01)	(11.41)
Return on Equity	(%)	(12.48)	(12.41)	(18.71)
Return on Assets	(%)	(8.78)	(8.98)	(8.97)
Total Assets Turnover	(Times)	0.22	0.31	0.93
Debt to Equity Ratio	(Times)	0.42	0.38	1.09

Message from the Chairman

In 2016, the country's economic growth rate was still low displaying that domestic consumption, public and private investment, and exports are still small. Since the growth rate of the construction and real estate industries moving in the same direction of the country's economic growth, the company's performance was affected as well. The real estate development sector has also been affected by the end of the government's stimulus plan and more stringent lending to residential buyers in the banking sector.

For the trend in 2017, the overall expected economy will be low growth rate relatively. The government is supposed to launch a policy to stimulate the economy through public investments. This will be a driving force for the growth of the construction industry, which will benefit from future government investment and accelerate the ongoing projects under construction, especially the investment in transportation, public health system and education development. The real estate development business continues to be another challenging year for real estate developers who must tackle barriers to consumer purchasing power, the supply of products still exceeding the market demand, as well as the tightening of lending in the banking sector.

However, the company continues to strive to offer high quality construction services, deliver on time and bring new technology to support the work to be most effective in order to meet the needs of the public and private sectors. In addition, the company continues to strive to recruit and create new projects under the concept of quality of life development, along with environmental conservation to restore nature to society. The company has a long-term experience in the construction business with the dedication of the management and all employees, therefore the company will be able to overcome the obstacles and will continue to grow steadily in order to return the profit to shareholders sustainably.

The success of the company cannot be achieved without good support from all those involved. On behalf of the Board of Directors, we would like to thank the shareholders, financial supporters, business partners, mass media, public and private organizations and all the participants who have well supported the company over the past year. The company pledges to operate on a sustainable growth basis, and taking into account with the interests of all stakeholders and following the principles of corporate governance continuously.



Mr. Chanachai Leenabanchong
Chairman of the Board



Board of Directors



Mr. Chanachai Leenabanchong

Chairman



Mr. Ratchai Pichayapoom

Vice Chairman



Mr. Voravit Leenabanchong

Vice Chairman



Mr. Krisana Sangarsang

Director



Mr. Boontan Sumetvanit

Director



Mr. Matee Ittirivichai

Director



Miss Praomart Hantra

Chairman of the Audit Committee
and Independent Director



Miss Thaweesri Wikayathipat

Member of the Audit Committee
and Independent Director



Dr. Yaowarin Srichainan

Member of the Audit Committee
and Independent Director



Mr. Pannatee Sriwongthai

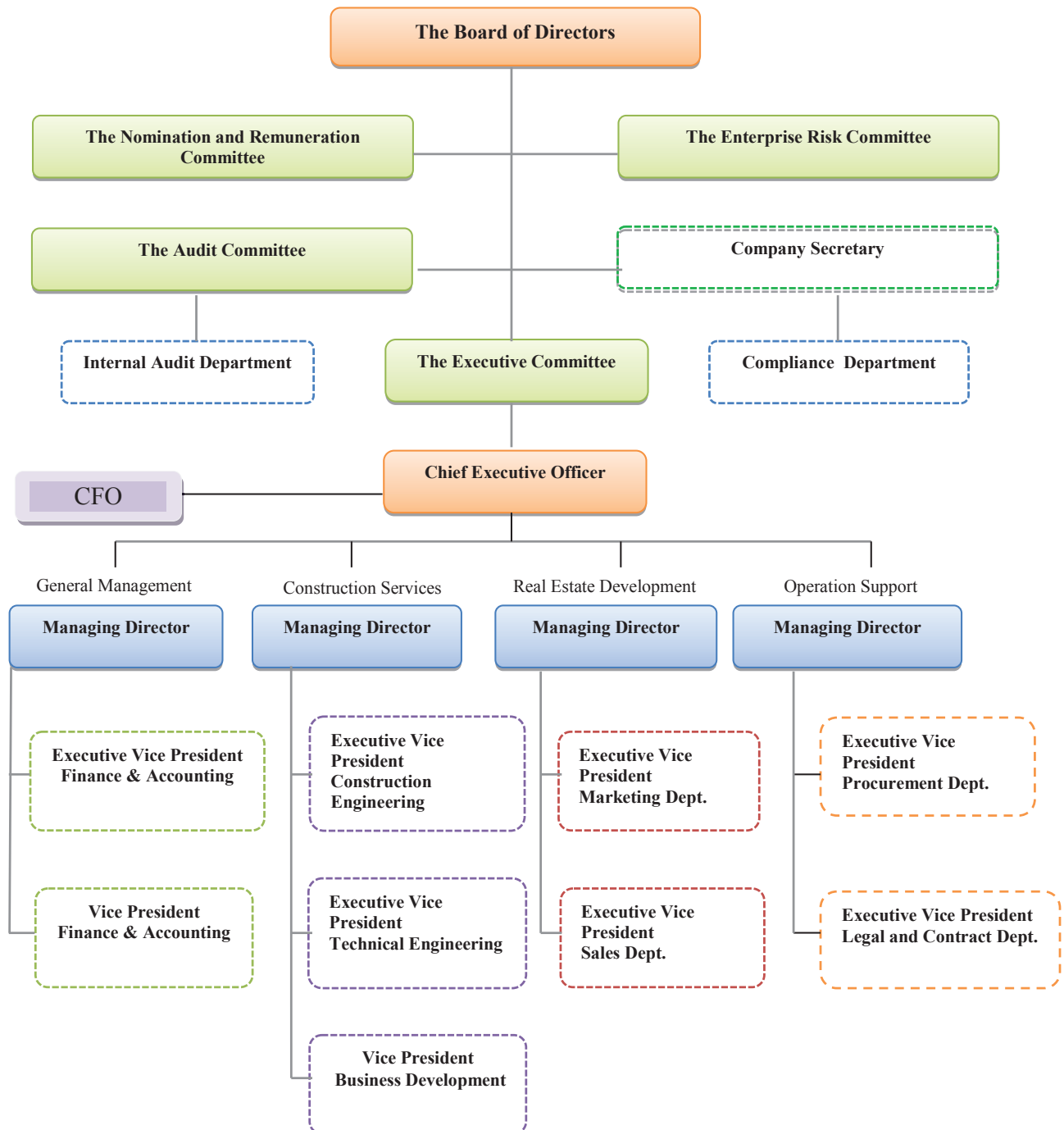
Member of the Audit Committee
and Independent Director



Organization Chart

Management Structure

Organization Chart of EMC Plc. As at December 31, 2017



General Information

1. Company Information

Company Name	:	EMC Public Company Limited
Head Office	:	28-30 Floor, ITF Tower, 140/66-67 Silom Road, Suriyawong, Bangrak, Bangkok 10500
Type of Business	:	Provide integrated civil and mechanical and electrical construction service, and real estate development.
Registration No.	:	0107538000321
Telephone	:	02-615-6100
Facsimile	:	02-615-6128 – 30
Website	:	www.emc.co.th
Registered Capital	:	13,571,245,611 Baht
Paid-up Capital	:	8,433,754,763 Baht
Par value	:	1 Baht per share

2. Juristic persons, which the Company holds more than 10% of shares

No.	Company Name	Shareholding portion	Paid-up Capital	Registered Capital	Paid-up Shares	Par Value
Subsidiary companies in real estate rental business and residential complex						
1	Sajja Bangsean Condominium Company Limited	100%	4,000,000	4,000,000	400,000	10
2	Rich Man Property Company Limited	100%	5,000,000	5,000,000	500,000	10
3	North Property Company Limited	100%	5,000,000	5,000,000	500,000	10
4	Siam Bangkok Development Company Limited	100%	20,000,000	20,000,000	2,000,000	10
5	Imperial Land Company Limited	100%	110,000,000	110,000,000	1,100,000	100
Subsidiary companies in government and state enterprises concession business for contract construction and civil work						
1	BR Construction Company Limited	51%	60,000,000	60,000,000	60,000	1,000
Associate company in contract construction of system engineering construction business						
1	Sanken - EMC Company Limited	48%	10,000,000	40,000,000	400,000	100



3. Other References

- Company Registrar
 - Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building,
Ratchadaphisek Road, Klongtoey, Bangkok 10110
Telephone 02-229-2800 Facsimile 02-654-5427
Call Center 02-229-2888 Website : www.tsd.co.th
- Auditor
 - 1. Ms. Susan Aimwanitcha CPA no. 4306 and/or
 - 2. Mr. Suchart Panichjareon CPA no. 4475 and/or
 - 3. Ms. Yupin Chumjai CPA no.8622 and/or
 - 4. Ms. Sheunta Chommeon CPA no. 7570 and/or
 - 5. Ms. Wandee Aimwanitcha CPA no. 8210 and/or
 - 6. Mr. Kiattisak Vanichhanon CPA no. 9922

SP Audit Company Limited
503/31 KSL Tower, Sriyuthaya Road, Rachadhevee, Bangkok 10400
Telephone 02-642-6172-4 Facsimile 02-642-6253
E-mail : spaudit@asianet.co.th
- Legal Counsels
 - R&K LEGAL CONSULTANT
69 Soi Pasee 2, Ekamai Road, Wattana, Bangkok 10110, Thailand
Tel. 092-832-0199
 - Srisamlan Law Office
40/131 Katiya Village 3 BangPud , Pak Kret District, NONTHABURI 11120
Telephone 081-939-5330 Facsimile 02-938-7515-7

Policy and Overall Business Operations

Vision and Mission of the company

The company's Board of Directors has determined the vision and mission of the company for the purpose and procedure of business operation. The details are as follow;

Vision

To be a leading construction and property development in Thailand by deliver performance to meet international standards under the concept of sustainability and improving the quality of life for the Thai people, Social Quality and to create the highest satisfaction of all stakeholders in all sectors, include of customers, business partners, employees, surrounded community to grow together.

Mission

Continue creativity while modernize Products and Services, development with highly innovative function consistently. Accompany with organizational development and human resources will be driven companies to achieve business goals to deliver performance and service quality as well as to meet international standards under the transparent resources management and efficiency to contribute the highest effectiveness and verifiability.

The company aims to operate the business as follows.

1. Move towards an excellent organization by focusing on best practice management of the organization, broader vision, along with capability to solve problems quickly and efficiently.
2. Our company is concentrated in providing and delivering punctually quality work with an effective management system, in order to satisfy customer needs effectively.
3. Our company defines a distinct operation strategy throughout the organization, so that everyone could understand and operate in the same direction, along with conduct together to meet the determined targets.
4. Our company gives precedence to community and social responsibility by highest recognizing in construction safety management, as well as conserving the environment in construction area to avoid an affect to community.



5. Our company gives precedence to our staff by strengthening and developing their capability with knowledge and skills. Focusing on both effective external and in-house training, we emphasize on managing the development of skills in order to prepare for future competition.

6. The company is determined in conducting the operation and management to be of good quality and in accordance with the international standard. Managing with transparency which can be inspected under the good governance as well as maintaining the managerial system (ISO 9001, year 2008) and developing information system with new and modern technology for increasing the capability for a better operation.

Significant changes and development

In the past 3 years, the company had significant changes in shareholding structure and capital structure as follows;

Year 2015 Crucial changes and development

March

- Adjust the paid capital from 3,557,231,596 Baht to 3,564,580,836 Baht on account of exercising the right according to the warrant EMC-W4 No. 3 for the amount of 6,260,000 units which are equivalent to 7,349,240 shares at the par value at 1 Baht per share.

1. The committee meeting has considered to approve an investment in subsidiaries and to purchase the project as follows;

- Siam Bangkok Development Company Limited Through doing transaction of shares purchasing for 100%

2. Purchasing the projects from Siam Grand Property Company Limited as follows;

-American Town A and B project

-Siam Dhara Mantra project

- East Venice project

- Extraordinary general meeting of shareholders No. 1/2015

The meeting has a resolution to shares issuance for private placement for 1,200,000 Million shares at the price of 0.85 Baht and has approved the investment in Imperial Company Limited from Auewittaya Public Company Limited and altered the registered capital from 4,719,646,689 Baht to 6,219,646,689 Baht by issuance of newly issued ordinary shares for 1,500,000,000 shares at the par value of 1 baht per share for private placement and supporting adjustment of right for the warrant EMC-W4.

April

- To indicated the reservation date for purchasing and get paid for the newly issued ordinary shares for private placement no. 1/ 2015. Investors with no relation and not being related person pursuant to The Office of the Securities and Exchange Commission of Thailand are of 650,000,000 shares equivalent to the total sum of 552,500,000 Baht.

-To adjust the paid capital from 3,564,580,836 Thai Baht to 4,214,580,836 Baht on account of issuance of newly issued ordinary shares for private placement for 650,000,000 shares at 0.85 Baht at the par value of 1 Baht per share.

May

-Also, to appoint Mr. Setawat Tangwatcharapong, executive vice president, real estate, replacing Mr. Paiboon Thongra-ar who resigned on 15th May 2015.

June

-Too modify the paid capital from 4,214,580,836 THB to 4,214,986,570 THB on account of exercising the right of warrant EMC-W4 No.4 for 345,600 units for 405,734 shares at the par value of 1 THB per share.

September

-To adjust the paid capital from 4,214,986,570 THB to 4,215,021,790 THB on account of exercising the right of warrant EMC-W4 No. 5 for the amount of 30,000 units for 35,220 shares at the par value of 1 THB per share.

-The BOD meeting 11/2015 has a resolution to approve the appointment to replace committees who resigned, Mr. Kittipan Oyamapan to replace Mr. Teun Pinhathaiwut, who resigned on 28th September 2015.

November

-The extraordinary general meeting of shareholders no. 2/ 2015 has approved the registered capital increase of company from 5,669,646,689 THB to 12,492,179,374 THB by issuance of newly issued ordinary shares for the amount of 6,822,532,685 shares at the par value of 1 THB per share for selling existing shareholders and supporting the remaining newly issued ordinary shares for private placement and supporting the exercising of right of warrant EMC-W5 and supporting the adjustment of right of warrant EMC-W4.

- To stipulate the reservation date of purchasing and get paid of newly issued ordinary shares during the period of 23rd-27th November 2015.



-To adjust the paid capital from 4,215,021,790 THB to 8,430,043,580 THB on account of exercising the reserved right to purchase newly issued ordinary shares for the amount of 4,215,021,790 shares at the par value of 1 THB per share.

December

- The committee meeting no. 14/ 2015 dated on 18th December 2015 according to EMC Company (public) Limited, “The Company”, has been approved at the extraordinary general meeting of shareholders no. 1/ 2015 dated on 25th March 2015 to purchase ordinary shares of Imperial Company Limited in which conducts its business in the Station one project from Auewittaya Public Company Limited. The Company would like to notify that there is no significant progressiveness of investment at the current time so the Company shall not make any payment. Any progress will be informed by the 1st quarter of year 2016.

-The committee meeting no. 14/ 2015 has a resolution to approve the appointment to replace committees who resigned as follows;

Mr. Supachai Limnasiri to replace Mr. Siripong Wongvutpornchai, who resigned on 18th December 2015.

Mr. Sunan Yiemvanichnan to replace Mr. Kissana Sangasang, who resigned on 18th December 2015.

Mr. Voravit Leenabunchong to replace Mr. Sethawat Tungwacharapong, who resigned on 18th December 2015.

Year 2016 Crucial changes and development

February

- Change of paid-up capital from 8,430,043,580 THB to 8,433,734,716 THB due to the exercise of the right under the EMC-W4 of 2,764,899 units at par value of 1 THB.

March

- Mr. Supachai Limasiri has resigned from the position of the Company's director effective from March 31, 2016.

April

- Mr. Kittipan Oyamapan has resigned from the position of the Company's director effective from April 30, 2016.

May

- Ms.Vipaporn Sakulyeunyongsuk has resigned from the position of the Company's director. Effective from May 3, 2016.

- Dr. Churairat Unhaka

- Mrs. Sunee Sornchaithanasuk

- Mr. Chupong Thanasetakorn

Resigned from the position of Audit Committee Member, Independent Director, Nomination and Remuneration Committee effective from May 27, 2016

- Mr. Chumpol Isarangkun Na Ayutthaya has resigned from Chief Operating Officer.

June

- The Board of Directors Meeting No. 5/2016, held on June 23, 2016, approved the appointment of new directors to replace those who resigned as follows;

Mr. Jittichai Saengthong to replace Ms.Vipaporn Sakulyeunyongsuk, who retains the position of director.

Ms. Kannat Rattanasribuathong to replace Mr. Supachai Limnasiri, who retains the position of director.

Mr. Setthawat Tangvatcharapong to replace Mr. Kittipong Oyanapan, who retains the position of director.

Ms. Paowmatr Huntra to replace Dr. Churairat Unhaka, the Chairman of the Audit Committee, Nomination and Remuneration Committee Member, Independent Director.

Ms. Taveesri Vikyathipat to replace Mrs. Sunee Sornchaithanasuk, Director of Audit Committee, the Chairman of the Nomination and Remuneration Committee, Independent Director.

Dr. Yaowarin Srichainan to replace Mr. Chupong Thanasetakorn, Director of Audit Committee Director, Nomination and Remuneration Committee, Independent Director,

- Mr. Chumpol Isarangkun Na Ayutthaya has resigned from the position of the Company's director and Vice Chairman of the Board of Director from June 30, 2016.

July

- Mr. Sunan Yiemvanichnan resigned from the board of directors effective from July 15, 2016.



August

- Ms. Kannat Rattanasribuathong resigned from the board of directors effective from August 1, 2016.

- Mr. Jittichai Saengthong resigned from the board of directors effective from August 2, 2016.

- The Board of Directors' Meeting No. 6/2016, held on August 15, 2016, passed the resolution to appoint the new directors to replace those who resigned as follows;

Mr. Krissana Songsang to replace Mr. Sunan Yiemvanichnan.

Mr. Ratchai Pichayapoom to replace Ms. Kannat Rattanasribuathong.

October

- The Board of Directors Meeting No. 7/2016, on October 5, 2016, has progress in acquiring shares of Imperial Land Company Limited, has resolved to pay for the shares to be completed by October 2016 in accordance with the resolution of the shareholders' meeting No. 1/2015 held on March 25, 2015, and resolved to appoint;

- Mr. Boontan Sumetvanich to replace Mr. Chumpol Isarangkun Na Ayudhya, the position of director.

Year 2017

Significant changes and development

February

- The Board of Directors' Meeting No.1/2017 appointed two Vice Chairman of the Board of Directors are consisted of

1. Mr. Ratchai Pichayapoom Vice Chairman No.1

2. Mr. Voravit Leenabanchong Vice Chairman No.2

Effective from February 27, 2017 onwards.

March

- The Board of Directors' Meeting No. 2/2017 held on March 14, 2017 resolved to appoint the new director to replace who resigned. The resolution was passed to appoint **Mr. Matee Ittirivichai** as the Director in place of Mr. Jittichai Saengthong.

April

- As the Securities and Exchange Commission No.23/2017 accused that Ms. Neeranuch Na Ranong, former Vice Chairman and Executive Chairman of Triton Holding Public

Company Limited (TRITN), formerly known as Live Incorporation Public Company Limited (LIVE), as a result, she was immediately vacated. To confirm and reserve her position, therefore, the Board of Directors has to arrange a meeting of the Board of Directors and propose to the Annual General Meeting of Shareholders Year 2017 to consider and confirm that the Board of Directors which consisted of 12 directors by preserving the position of Ms. Neeranuch Na Ranong who resigned from her position as a director during a term.

- The Annual General Meeting of Shareholders, to consider and approve the increase of the registered capital of the company by allocation of ordinary shares as General Mandate by issue the new ordinary shares not exceeding 2,530,000,000 shares with a par value of 1 Baht and not exceeding 500,000,000 shares to support the right adjustment of the Warrants to Purchase Ordinary Shares No.5 ("The 5th warrant" or "EMC-W5") in case of capital increase, RO price below 90% of market price.

August

- The Board of Directors Meeting of EMC Public Company Limited No. 5/2017 held on August 15, 2017 as resolved to provide financial assistance for Sanken - EMC Co., Ltd. which is an affiliated company for 2,500,000 baht and has appointed **Mrs. Anchalee Leenabanchong** as an Executive Director.

November

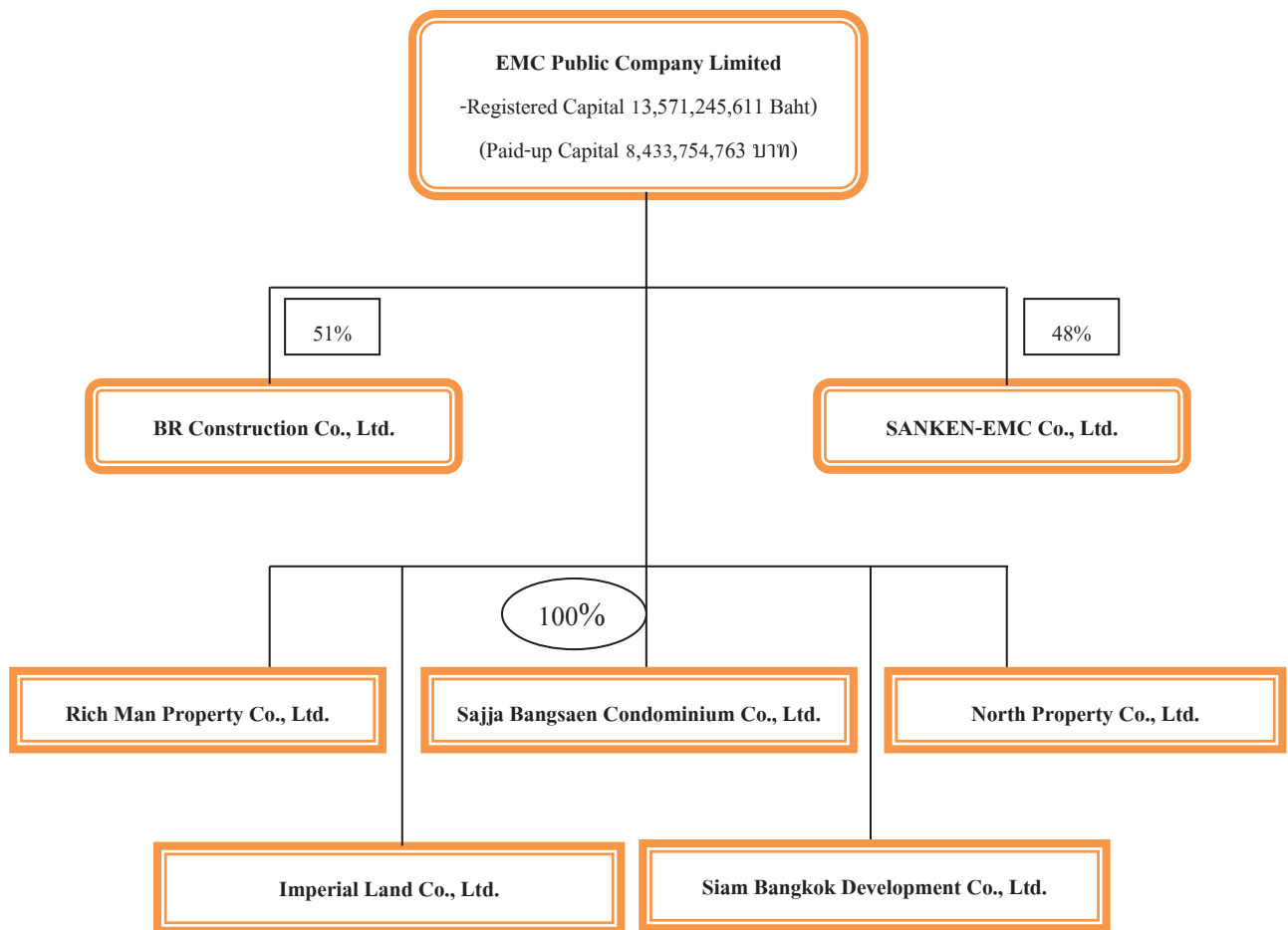
- The paid capital changed from 8,433,734,716 Baht to 8,433,754,763 Baht resulting from the last exercise of the warrants of EMC-W5 amounting to 20,047 units with a par value of 1 Baht.

- Mr. Settawat Tangwatcharapong resigned from the position of the Company's Director. Effective from November 30, 2017.



Business Operations of Subsidiary Companies

Shareholding Structure



Richman Property Company Limited has registered as a company limited in Thailand at 22nd February 2010 to operate the real estate development in Chonburi Province.

North Property Company Limited has registered as a company limited in Thailand at 22nd February 2010 to operate the real estate development in Chonburi Province.

Sajja Bangsean Condominium Company Limited has registered as a company limited in Thailand at 22nd June 2007 to operate the real estate development in Chonburi Province.

Siam Bangkok Development Company Limited has registered as a company limited in Thailand at 26th December 2007 to operate the real estate development in Chonburi Province.

Imperial Land Company Limited has registered as a company limited in Thailand at 27th May 1991 to operate the real estate development in Yoawarach, namely Station 1 @ China Town.

BR construction Company Limited has registered as the company limited in Thailand on the date of 22nd December 1978 conducting its business in the field of public concession and states enterprises for the subcontractor work and all types of construction work. Presently, the company does not operate.

SANKEN- EMC Company Limited is the joint venture by the company, Sanken Setzubi Kyoko Company Limited and Mr. Sumeth Jaito, settled up at 10th September 2013 with the proportion of shareholding at 48%, 49% and 3% respectively, in order to undertake subcontractor works for engineering system for general buildings and industrial plants.

No.	Company Name	Office Location	Shareholding portion of the Company	Paid-up Capital	Registered Capital	Paid-up Shares	Par Value
Subsidiary companies in real estate rental business and residential complex							
1	Sajja Bangsean Condominium Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	100%	4,000,000	4,000,000	400,000	10
2	Rich Man Property Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	100%	5,000,000	5,000,000	500,000	10
3	North Property Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	100%	4,000,000	4,000,000	400,000	10
4	Siam Bangkok development Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	100%	20,000,000	20,000,000	2,000,000	10
5	Imperial Land Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	100%	110,000,000	110,000,000	1,100,000	100



No.	Company Name	Office Location	Shareholding portion of the Company	Paid-up Capital	Registered Capital	Paid-up Shares	Par Value
Subsidiary companies in government and state enterprises concession business for contract construction and civil work							
1	BR Construction Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	51%	60,000,000	60,000,000	60,000	1,000
Associate company in contract construction of system engineering construction business							
1	Sanken - EMC Company Limited	140/66 ITF Tower, Floor 28, Silom Road, Suriyawongse, Bangrak, Bangkok	48%	10,000,000	40,000,000	400,000	100

Relationships with the business group of the major shareholders.

The main business of the Company is not related to other major business operations of the major shareholders.

Nature of Business

EMC Public Co., Ltd. (“EMC” or “the Company”), formerly named EMC Engineering Ltd., Part., was founded on April 4, 1979. The business was later expanded and registered under the named EMC Co., Ltd. on March 1, 1988 with an initial registered capital of 2,000,000 baht. Objectives of the Company establishment were to provide construction contracting services in civil construction and installation of electrical and plumbing systems.

EMC was transformed into a public company on June 9, 1995 and listed on the Stock Exchange of Thailand on May 15, 1996 in Property Development sector.

In August 2014 the Company has expanded its business by investing into the real estate development for residences and commerce. The Company has a strong intention to develop the residential projects under the notion of sustainability and quality of life improvement for Thai people. Building the qualified residences for qualified society and ultimately satisfying customers. The Company has followed the meeting's resolution which is to approve to expand investment in real estate development business in the horizontal line such as single house, town house, commercial buildings, department stores and so on. For the vertical line, such as condominium and so on. Since the Company forecasts the business will make a huge profits which is in accordance with the current business operation, i.e. the Company conducts its business in area of subcontracting of skyscraper, condominium, department store, stadium and others including the installation of all internal system in the buildings with experiences and expertise in construction area over than 37 years enabling the potentiality of the Company to expand its business and becoming the real estate developer. The Company has prepared managers and experienced individuals in the real estate business to take part in the team strengthening the Company and constituting the potentiality for real estate business. All of these results in the business extension and exploiting the resources and manpower of the Company to earn higher incomes. And ultimately, the remuneration shall return to our shareholders.

Currently, the Company has registered capital of 13,571,245,611 THB and paid-up capital of 8,433,754,763 THB.

Revenue Structure

Consolidated revenue structure of EMC Public Co., Ltd., dating back 3 years (2015-2017) can be classified types of core businesses as follows:-

Description	Consolidated					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenue from construction	559.03	83.27	572.10	88.43	631.83	77.38



Revenue from sales of residential condominium unit	92.07	13.72	14.18	2.29	145.85	17.86
Project consultant fees	1.10	0.16	4.24	0.66	5.48	0.68
Rental and Leasehold Revenue	7.02	1.05	0.47	0.07	0.00	0
Other revenue						
Interest income	2.07	0.31	8.89	1.37	4.66	0.56
Others	10.08	1.5	46.42	7.18	28.77	3.52
Total Revenues	671.37	100	646.93	100	816.59	100
Revenue increase (decrease) ratio		3.78		-20.78		-55.52

Description	Separate Financial Statements					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues						
Revenue from construction	559.03	85.26	572.10	87.68	631.83	88.72
Revenue from sales of residential condominium unit	10.39	1.58	0.00	0	26.34	3.7
Project consultant fees	12.87	1.96	5.26	0.80	5.48	0.77
Rental and Leasehold Revenue	1.85	0.28	0.00	0	0.00	0
Other revenue						
Interest income	61.91	9.44	49.31	7.56	27.50	3.86
Others	9.60	1.46	25.82	3.96	21.03	2.95
Total Revenues	655.65	100	652.49	100	712.18	100
Revenue increase (decrease) ratio		0.48		-8.38		-61.01

Business Overview

The company's business operation is divided into two main categories as follows.

1. *Construction Business*
2. *Real Estate Business*

1. Construction Business

Type of business

The company's type of business is divided into two main categories such as general construction and electrical and mechanical engineering. The details are as follow.

1.1 General Construction

To provide services regarding contracting for construction of skyscrapers and industrial construction. The details are as follow.

A) Building Construction

The company renders one-stop service of building construction which covers designing and construction. The company has experiences in construction of economic buildings, sport complexes, educational institutes, accommodation buildings, hospitals, retail business buildings and facilities in industrial factories and residences.

B) Industrial Construction

Industrial construction shall be in form of turn-key projects. The company provides services of designing, construction and system planning necessary to usage in factories such as sanitary system and electrical system that the company has experiences in food industrial construction, petrochemical construction, polyester construction and so on.

C) Civil Construction

Civil construction is of work of public sector such as dam construction, waterway construction, soil destruction prevention, roadway construction, etc.

1.2 Electrical and Mechanical Engineering

The company provides services of installing public utilities with a design, installing electrical system, plumbing system and ventilation system for several buildings such as hotel, hospital, condominium, office, shopping mall and industrial factory.

A) Electrical system

The company has a competency to serve installing various electrical system in form of full packaging to satisfy the needs of customers. Services of electrical system is composed of

- Electrical system installation
- Fire alarm system and fire prevention system installation
- Sound system installation
- Communication and Telecommunication system installation
- MATV installation
- CCTV installation
- Lighting protection system installation
- BAS: Building Automation System installation (e.g. controlling temperatures and light)

B) Plumbing and Sanitary System

The company provides services of plumbing and sanitary system covering a design and installation of waste water treatment system in accommodation buildings, offices and industrial factories. Such services is composed of



- Water heating system, water cooler system and drinking water system installation
- Fire extinction system installation
- Sewerage system installation
- Waste water treatment system installation
- Gutter system installation
- Sanitary system installation

C. Air Conditioning and Ventilation System

Services of Air Conditioning and Ventilation System are composed of

- Cooler system installation in buildings and factories
- Air conditioning system installation
- Air conditioner's air diffusion system installation
- Air piping system installation
- Temperature controlling system installation
- Air filter system installation

Project Awarded and Construction in 2015-2017

Project Name	Location	Scope of Work	Contract Value (Million baht)	Progress (%)
Taokaenoi Food and Marketing Public Co., Ltd.	Rojana Industrial Park 3 Uthai district. Ayutthaya.	Civil, Architecture, M&E	304.11	100.00
Thai Travel Center	Huamark, Bangkok, Bangkok	Civil, Architecture, M&E	137.96	100.00
School Buildings Vajiravudh 2 groups (4 Buildings)	Dusit, Bangkok	Civil, Architecture, M&E	439.11	100.00
Bangkhunthian Elderly Hospital	Bangkhunthian, Bangkok	Civil, Architecture, M&E	2,782.86	16.10
New Production Plant	Bang poo industrial Estate Samutprakan	Civil, Architecture, M&E	185.70	88.99
			3,849.74	

Marketing Strategy and Competition

1. The strategy for marketing and competition

To achieve the business objectives, the Company plans for marketing strategies and competition as follows;

1. Fully integrated service provider

The Company has thus becomes a source of capable and experienced executives and engineers with potential to push for project achievements. Its efficiency improvement efforts have started to bear fruit as

its cost reduction and expense saving have been achieved as planned. With such full-fledged contractor services, the Company has been well prepared for contract mega-projects or turn-key projects. Other than that, another policy of the Company is for expansion of the construction in various styles, such as small sized mall in the form of community mall, as well as factory group in order for reducing risks in work operations.

2. Nation-class, leading system contractor

EMC is a leading contractor for electrical, mechanical and sanitation system engineering. Its credentials and achievements in system works have earned acceptability across the nation. The Company focuses on efficient and quality works with punctual delivery under the management certification of ISO 9001:2008, where the existing work systems have been developed and upgraded.

The Company has also developed its cost control and accounting system to allow for consistent monitoring of the cost status. Its personnel development has been an on-going process, with performance-based compensation and under good corporate governance principles. Its strategies have been set out mainly with a view to cost reduction and efficiency improvement.

3. Extend target group to government

To support stimulate economic policy of government, the company has established team for extended target group from private sector to governmental sector. Extension target group will reduce the operation risk of private sector and project for government will have better support credit facilities from financial institution.

4. Policy on quality, efficiency and punctuality, as well as security at workplace

The Company has instituted the key policy of producing quality works by staff with efficient and secure performance and completed as scheduled, being up to the standard of the ISO 9001:2008 certification. It also has good internal audit system in place, with development of computer system and software programs to ensure consistent monitoring of construction work status. This has allowed for top executives' access to clear and accurate information for timely decision making.

5. Business alliance

Business alliance is a key factor in competing with construction companies, both local and overseas. Besides collaborating with its alliances for local projects, EMC has expanded its work scope to overseas markets with its system engineering works.

6. Clients' confidence and trust

Having projects completed with high quality all along, the Company has gained full confidence and trust with consistent bidding invitations by the existing clients, the new clients as recommended by the existing ones, and the new clients who have seen its past achievements.



7. Executives with keen experience

Besides the managerial expertise, the Company's management team has accumulated knowledge and long-time experience in engineering contractor works with on-going management system development to enhance work efficiency, cut down cost and ensure generation of quality works in a rapid pace.

8. Pricing policy

The Company has instituted a marked to market pricing policy, with calculation of raw material cost plus wages, miscellaneous expenses and gross profit margin pursuant to the criteria and with due regards to reasonableness and fairness to the consumers.

Target customer profile

EMC's target customers can be classified into 2 groups, one being government agencies and state enterprises, and the other being private sector customers. The revenue proportion between these 2 groups is indefinite, as the Company's business operations are of the project by project nature. Project bidding may take place at any time, and the type of customers will depend on the nature of the project and the time of the bidding on a case by case basis.

Distribution and distribution channels

In the construction contractor business, direct contacts with the customers are the main channel for the contractors. The Company set up Business Development Department to follow up latest news on the bidding invitations by both the public and private sectors. The Company may acquire private projects in an unlimited contract value, but for public projects, there are stricter requirements. Particularly, past track records with public sector projects are required. The Company has thus compiled its achievements for use in the bidding for government projects. To retain its private sector distribution channels, the Company has a policy of maintaining good relationship with the project owners, with assessment conducted from time to time to retain the existing customer base, while the new customer base is expanded through generation of quality contract works and reliable track records.

2. Industry Conditions and Competitions

The industry condition and trend

Condition of the general construction contract business is moving in the same direction with the expansion of the domestic construction sector. While the construction industry is changing in the same direction with the growth rate of GDP (Gross Domestic Products: GDP). If we consider according to the type of investment, we will find out that the construction industry of government and private sectors generally have changed in the opposite direction. That is, when the economy is in the expansion, investment in the construction of private sector is high while the government sector will reduce its investment in the construction

to slow up the economy and the price level (inflation) to be not in a too high level that will harm the stability of the economy of the country as a whole. In contrast, when the economy is in a downturn or recession, investment in the construction of the private sector will be low while the government sector has to stimulate the economy through investments in the construction industry.

For value of the construction industry, 60-70 percent of total construction value comes from the investment of government sector while the remaining 30-40 percent of its investment comes from the private sector. This is because of the government policy to stimulate the government's construction business including an expectation that public sector investment would still be the main factor that will drive the growth of the construction industry in the future. This is a result of the investment projects that the government will start in the future including in-process ongoing projects, especially investment in the transportation sector and the development of public health and education system. All of these would be a major driving force in the government's construction business.

The characteristics of entrepreneurs in same competitive market

1. The entrepreneurs in industry of electrical and mechanical engineering system in large and medium size

Such entrepreneurs shall have wide experiences in business operation in electrical and mechanical engineering line as well as having renowned accomplishment of work. The entrepreneurs are mainly from bidders as main contractors such as EMC Public Co., Ltd., Powerline Engineering Public Co., Ltd., Jardin Mathison Co., Ltd (Thailand), Secco Co., Ltd, Sangpradit Engineering Co., Ltd.

2. The entrepreneurs in industry of electrical and mechanical engineering system in small size

Such entrepreneurs have working capitals in limited amount. Normally, they are not allowed to attend biddings as main contractor but shall be sub-contractor from entrepreneurs in large and medium size.

3. The entrepreneurs in construction industry in large size

Such entrepreneurs have investment budgets in construction in amount of more than 200 million baht.

4. The entrepreneurs in construction industry in small size

Such entrepreneurs have investment budgets in construction in amount of less than 200 million baht.

5. The entrepreneurs in construction industry in full packaging

Such entrepreneurs are in minority group that serve construction in full packaging. They are mostly large entrepreneurs such as Powerline Engineering Public Co., Ltd.



3. Sourcing of the products

3.1 Method to source the products

Capacity to produce

Capacity of business in construction engineering and mechanical and electrical engineering unable to calculate in a figure clearly because of production capacity of this type of business have many variable factors such as

- *Number of engineer* which are project director, project manager, project engineer and engineer.
- *Number of sub-contractor* who have talent, experience and expertise in the construction and installation engineering for each type.

The company will manage the number of engineers and the number of sub-contractor each projects for deliver within the determinate time and serve demand of customers.

Raw material

a. The main raw material used in construction

Main raw material used in the electrical and mechanical engineering can be classified as division as the details in the following :

Electrical system : electrical cable, electrical pipe, transformer BUS DUCT, electricity generator, plug, lamp, communications equipment, fire alarm equipment, audio equipment, TV antenna equipment, CCTV equipment, security devices.

Sanitation and Fire : PVC pipe, galvanized steel pipe, black iron pipe, turn off water valves, water pump, septic toilet tank, fire cabinet, fire line, Fire water dispenser, fire pumps, water supply.

Air conditioning : Water pipes, refrigerant piping, air duct, air duct ventilation, air nozzle air conditioning, ventilation fan, the tower just air, cold water machine, water pump.

The main raw material used in the engineering construction general, construction engineering, infrastructure and environmental engineering and engineering in the petrochemical industry and energy is a common material used in construction such as concrete, cement, steel, rebar, surface materials, wall surfaces and materials, lotus wall oriented material, ceiling materials, wood, composite roof, window and door, color. But with some material that will vary according to their career and the needs of customers.

b. Sourcing of raw materials

The company purchased all raw materials from domestic supplier; these included the domestic manufacturers and distributors within the country. Most of the material that the company purchases from manufacturers are common material used in electrical and mechanical engineering and general construction engineering such as steel, cement, electricity wire, PVC pipe etc. The raw material that company purchase

from local distributors are the material's that characteristic needs of customers such as expensive luxury such as lamp, transformer, switches, high power pump, refrigerator, fire cabinet, fire alarms.

3.2 Responsibility towards Environment

The company's business operation in general construction constitutes environmental impacts towards community nearby construction area in respect of dust, noise and reverberation that the company has a policy to reduce the size and impact towards community as such to be of the least. To achieve this, the company shall

- Use canvas to prevent dust during construction.
- Try to understand and build good relationship with people living nearby.
- Get an insurance for protection of damage in all risks for risky projects.

4. Work in Progress in 2017

The contract value of the on-going projects is 2,968.56 million Baht, and the remaining unrealized value is 2,355.36 million Baht as follows:

Project Name	Contract Value (Million Baht)	Backlog (Million Baht)
Bangkhunthian Elderly Hospital	2,782.86	2,334.92
New Production Plant	185.70	20.44
Total	2,968.56	2,355.36

2. Real Estate Development

The nature of business divided into products as follows

2.1 Residential business

In August 2015, the Company has expanded its business from construction business to real estate development with the notion of sustainability and life uplifting to Thai people. Besides the Company is determined to increase the profits since real estate business gain profits far better than that of construction business and for the faster income acknowledgement. Also, this will lessen the risk at the initial stage of real estate development business. The Company has done business transaction by purchasing entities from previous experienced entrepreneurs in such area. Also the income of projects purchased is partly acknowledged in the 2nd quarter, year of 2015.

Projects the Company has purchased as follows;



North Beach Resort project: Residential buildings 6 floors, 4 buildings expected to be finished constructed in 2016 for 2 buildings. The selling area is of 200 units under the Rich Man Property Company Limited.



North land Condominium project: Recently, the project's name is changed to Palmio which consists of residential buildings 8 floors, 2 buildings, construction in process by commencing in 2015 under Sajja Bangsand Condominium Company Limited and residential buildings 8 floors, 11 buildings, starting the construction for the 1st phase for 1 building in the beginning of 2015 under North Property Company Limited.

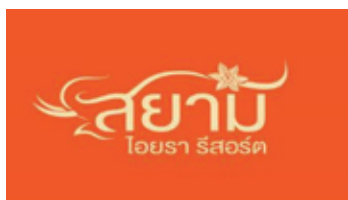


Furthermore, the Company has developed real estate project under EMC Company (Public) Limited which consists of URBITIA, a low rise project, for 8 buildings, 130 units in the alley Sukhumvit 36 where is away from BTS Thonglor only 230 meters. The size begins at 28-97 sqm. which is open to reserve the right to purchase in 2016 and expected to construct in the middle of 2016.

Apart from the projects aforementioned, the Company has a plan to develop the residential projects in 2016 on the land nearby the public transportation system existing and about to exist in the future as well as in other provinces where the center of business and traveling attraction with high demand in market stand so that the Company shall become fully engaged in real estate business. With the experiences and expertise in the construction over than 37 years, the Company is ready to expand its business and to become real estate developer.

2.2 Housing and land estate

In March 2015, to accelerate the income acknowledgement and lessen the business risk at the initial stage, the Company has entered into the transaction of purchasing from previous experienced entrepreneurs in the area and the Company is about to acknowledge partly incomes at the 2nd quarter in 2015. The Company has invested in real estate business for residential project in horizontal in form of Townhome along with developing the projects purchased as follows;



Iyara Project: Townhome 3 floors and 2 floors, total units: 251 under Siam Bangkok Development Company Limited.

2.3 Real estate Development (Mixed uses)

The Company has developed real estate (Mixed uses) projects consisting of community mall and commercial buildings under EMC Company (Public) Limited as follows;



Landmark Mahachai Project: Community Mall and Commercial buildings projects

Near the Nikom Mahachai railway residences around Wongwien Yai - Mahachai of Thai railway station by acquiring the land lease right in land developing projects for the period of 34 years. The duration of construction agreement is of 4 years and land use agreement for the period of 30 years which has been already affixed the signatures and shall be effective on 2nd January 2015. The Company has a plan to develop project to be of community mall under Landmark Mahachai project consisting of plaza building 6,607 sqm. and commercial building for 101 units with 21,210 sqm. which shall be sold in 2nd quarter of year 2015.

In October 2016, the Company acquired Imperial Land Co., Ltd. The location of the project is located on Charoenkrung Road, next to the Dragon Temple or Wat Leng Ne Yi, away from the Dragon Temple Station subway just 110 meters. The project is located near the economic district of Yaowarat, and is a complete construction project.

The projects that the company has purchased include:



Station One: Commercial area 1-3, sales area 1,074.40 sqm., and living space for 4-7 floors of 56 units sales area of 1,910.22 sqm., currently under sale of space.

The Market and Competition Condition

1. Competition strategy

Market and competition strategy

Real estate market in Thailand which composes of various real estate developers and variety of size as well as behaviors and being a deciding factor to purchase for customers at the present time such as affordable price, location, quality and standard of house, residential buildings, types of project and of house patterns and function arrangement in house or in room with the reputation of entrepreneurs that satisfy the customers. Accordingly, there are competition in design, product and service quality, environment and facilities in projects as well as pricing competition in certain product. Therefore not only the Company has many competitors in registered in SET but also competitors not registered in SET and other small competitors. The nature of competition shall depend upon the form of products, pattern and quality, location and pricing.



The Company has a potentiality and capability to compete with other entrepreneurs by means of competition strategy as follows;

Product and service Strategy

- The Company prioritizes location of project to be of potentiality by considering to choose location where community extension tends to be and public transportation expansion in future. To emphasize the quality of structure and pattern with facilities and modern design with green space. The building is designed to be open-aired and decent ventilation with natural light being utilized for family as well as saving energy, solid foundation in long run and no useless space. Besides, building society to be of quality is crucial in the project. Enhancing the relation within family and community in projects.
- To manufacture products to cover various residences such as house, twin house, townhouse, town home, commercial buildings and Low rise condominiums in different areas throughout Bangkok and other provinces where the growth of economic is on the rise. Such location shall be potential with high demand to reflect the demand in the market and spread the risk of investment.

Pricing strategy

Improving pricing strategy by employing the financial principles together with marketing principles for pricing to compete with competitors nearby. To be beneficial in products, price and satisfaction of customers and take -off in units sold and gained initial profits. All of these constitutes utmost benefits to the Company.

Promotion strategy

To properly and continuously support the activities of promotion and marketing in each project to be the deciding factor in the mind of customers such as Aggressive Pricing Strategy for certain units/ Projects.

Uniqueness of products and services strategy

- To gradually improve innovation of production such as choosing the effective construction method with international standard, choosing high quality material, improving designing of house and residences to reflect lifestyles or way of life of new generation people as well as to correspond with saving energy and environment. To effectively improve the system of inspection and approval of work and the after- service to satisfy the customers.
- To improve innovation of service mind system for customers allowing the convenience for customers before and after selling such as improving online reservation system in sale offices so that the customers can see the unit plan and deduct units via online reservation by sending information directly to headquarter office of the Company resulting in the precise and faster service. To improve channel for payment such as payment by bar code card, payment by deducting bank account or credit card.

Confidences in customers Strategy

- To improve the projects and constructions in process to be completely finished within due date and deliver to customers on time.

- To engage in the international standard ISO 9001: 2008 to standardize products and services including inspection of working system and controlling the quality of work of subcontractors, employees, consultants and other suppliers by providing team to scrutinize every stages of construction and put “QC sticker” on prior to delivery of house and residences to customers as well as issuance of warranty to customers for reassurance in products and services as after service.

Targeted customer group

Targeted customer group of the Company shall be customers who have purchasing power as follows;

(1) Residential housing and buildings

Targeted customer group shall be office workers, directors, entrepreneurs and middle class persons as follows;

- Customers with low average incomes in the range of 20,000 - 50,000 THB per month
- Customers with average incomes in the range of 50,000- 120,000 THB / month
- Customers with top average incomes in the range of 120,000 THB/ month onwards

(2) Mixed use project consisting of community mall and commercial buildings

Targeted customers group such as entrepreneurs, businessmen and persons who seek the area for selling products and services to extend their branches to new trading area in the heart of the city such as Mahachai.

Distribution and Channel

The Company Group has main channel to distribute as follows;

The Company engages in distribution channel through sale offices located in each project and selling online via website of the Company and agent by advertising and broadcasting the information relating to the Company Group and the progressiveness of the project through various media for penetrating the targeted customer group such as newspaper, advertising board, e-mail, website, facebook and so on.

2. Industrial and competition condition

The Real Estate Market in Y'2018 has shown promising trends according to economic growth in the business sector and continuously investment supporting of public sector since Y'2017 such as the GPD increasing trends which is likely expand to 4% which is higher than the estimation at 3.6%. Inflation rate which is slightly increase, reflect to the growth of consumer goods in the economy. Export and Tourism Expansion especially Chinese tourist which is 8.8 Million peoples in Y' 2017 although there is suppression of Zero-Dollar Tour in the first half year 2017 but it doesn't matter for the Chinese tourist which still travel in end of year as the same. This result is effect to increase the money flow in both of business sector and service



sector which expand to various provinces. Although all sectors are still concerned about household debt to GDP which still be high but the monetary policy for the small loan borrowers of many banks are reliefs the tension of many credit refusals in the year 2017 especially low – middle incomes segment which is the most affected. Therefore, the most entrepreneurs focus on target the customers who are in middle – high incomes segment especially high end segment which isn't effect to the power of purchase in any economic situation.

Real estate business continues to be a key driver of the country's economy, accounting for 27% of GDP. The government has accelerated to push and approval of infrastructure projects such as the new routes to connect the outer city to the CBD (central business district), work generation, revenue generation which are lead to generate the new demands. Real estate market has the constantly movement. The small – large entrepreneurs produce the goods to response the demands continuously, both low rise; detached house, semidetached house and townhouse in the suburb and high rise; and high rise especially condominiums in urban CBD and along the BTS route that the project is launched every month. While some land prices increase as 25 – 30% per year, that effect to the development costs and lead to be higher price of condominiums as 7 -9 % approximately, This result effects to behavior changing of real estate development in urban area from land purchase to long term lease in order to reduce the land cost and supply cost in urban area which is less available. Mostly project developments are mixed –use platform that is worth to investment. As Y'2017, the launching of the huge grand projects which various projects is the long term lease platform. But if purchase the land for development, it is closed to buy – sell land which the land cost is reach to 2-3 Millions bath per square two-meters. It means the buyer in Y'2018 will be the middle to high income people.

Not only Bangkok and surroundings Bangkok, the government also encourages the investment including high speed train, twin track railway, exclusive expressway to link between Bangkok and various provinces in the nationwide. The highlight of this year is the push to upgrade U-Tapao Airport to become the third international airport and to push it into commercial and aviation airports to support all transportation modes. The expansion of Map Ta Phut and Laem Chabang Port projects to support the development of the special Eastern Economic Corridor (EEC) which is consisted of Chachoengsao, Chonburi and Rayong. Include of the investment of high speed rail project to link Don Mueang, Suvarnabhumi and U-Tapao Airports as the large investment and tourism sector HUB in the Eastern District. It simulates the employment and investment of the private sector. Then, the capital will be into economy and also real estate market is able to distribute in this region which lead to demand – supply growth in Chachoengsao, Chonburi and Rayong which is in line with the EMC's strategy which sees the opportunities and selects the investment in Chonburi which is growing both of tourism and service and industry sector. To conform with the expansion of housing as the government investment plan, the company launched the North Beach condominium project which is located on Bangsaen Beach, Palmio condominium project which is located near Amatanakorn Industrial Estate and Siam Iyara Housing Project which is located in Ban Bueng District.

3. Product Supplier

○ Land supply and forms of project development.

The business development department is a main unity to allocate land, explore, for selection of location for project development, to enhance potentiality to select proper lands. This department shall analyze and study the probability in project development through working together with other departments such as design and product developer, project developer, legal and financial and marketing to scrutinize and decide to choose the types of residences suitable for such location such as condominium, single house, townhouse, commercial buildings with taking legal matters into account such as the height of buildings, set back, so on. Design and product developer shall consider the nature of land, planning projects to be in properness by taking account of legal matters and project developer shall consider the probability of the construction, the budget. Also, business developer shall estimate the entire selling amount by employing marketing information from marketing and sales department or explore new markets for enhancing the precise predictions and specifying the selling price in accordance with the current situation.

○ Material purchasing

The Company purchases all material from suppliers in the country who are manufacturer and distributors in Thailand. The material purchased mostly are general material for electrical engineering and machines and construction engineers such as steel, plaster, wire, PVC, water pipe, etc. The material purchased from distributors in Thailand shall be customized as customers' order such as luxurious material with high price such as lamp, electric transformer, high voltage switch, cooler, fire extinguisher, fire alarm.

For Quality control, the Company has selected manufacturers and suppliers by comparing the volume of products and potentiality in providing material at the decent price as well as delivery on time to guarantee the suppliers shall provide materials with high standard and specified quantity within timeframe delivery. The Company shall regularly estimate the performance of each supplier to be ensured all of the standard stated by the Company.

○ Subcontractors supply

Supply of Subcontractors who can deliver the good quality of work within timeframe is a crucial factor in business operation. Therefore the selection of subcontractors, the Company shall consider the capability of subcontractors in construction by taking quality of work, timeframe and delivery on time into account. The Company shall consider the budget and standard for single house and townhouse development project. Most of projects are in Chonburi province. Hence the Company employs local subcontractors which the cost is low compared to the cost of subcontractors in Bangkok since there is no transportation and material delivery. The Company provides small subcontractors for construction leading to the flexibility in altering construction plan to respond the changing situation. For condominium, the Company shall firstly consider the power of manufacturing of construction of the Company whether it can proceed the construction or not. If construction works are overloaded, the Company shall hire subcontractors outside the Company. Such hire shall be



exclusive subcontractor to complete the whole process of construction so as to control the construction cost. Besides, the Company still has a system to control construction to be in accordance with specific plan and has quality control system in a stringent manner according to ISO 9001: 2008

Environmental responsibility

The Company is in process of planning in managing public utility system of project to be in line with laws of land management as well as studying the impact of environment within the project according to laws for the projects unnecessary to require studying the impact on environment. The Company takes into account of the effect on environment and nearby community.

4. Projects not submitted in 2017

The Company has value of work not submitted in each project as follows;

Project	Location	Type	Project	Sales (sq.m.)	Project Progress	Sales area		Transferred.		Total			
						Total				Sales		Wait for sale	
						Unit	Value (Baht)	Unit	Value (Baht)	Unit	Value (Baht)	Unit	Value (Baht)
Residential project													
โครงการบ้าน	T. Nong Bon Daeng, Ban Bung, Chon Buri	Townhouse	1/3/15	5,685	76%	251	407,401,500	113	186,029,500	5	8,030,000	133	213,342,000
Condominium projects													
North Beach	Bangsaeen Beach Road, Wonnapi Beach, Sansuk, Chonburi	Condominium	1/8/14	7,825	100%	200	550,848,754	0	0	50	149,525,033	150	401,323,721
Palmio	Wat U-Tapao Chonburi (Amata Nakorn), Piboon Pracharoen	Condominium	1/8/14	7,476	39%	231	254,315,500	0	0	33	32,132,900	198	222,182,600
Urbitalia	Sukhumvit 36, Sukhumvit Road (230 m. From BTS Thonglor)	Condominium	1/2/16	5,299	75%	130	935,607,350	0	0	111	761,418,350	19	174,188,955
Mixed-type projects													
**Landmark	Samrat Sakhon, Samut Sakhon Province	Commercial	1/11/14	21,210	90%	101	750,155,280	0	0	37	319,040,656	64	431,114,624
		COMMUNITY MALL		6,338		6,338	406,667,777	2,891.80	59,221,633	1,431.00	53,162,211	2,015.20	294,283,934
***Station One	Charoenkrung Road, Pomprab, Pom Prap Sattru Phai	Plaza	1/10/16	1,074.40	100%	61	431,616,908	246.73	16,871,775	53.43	2,820,812	774.24	411,924,321
		Condominium		1,910.22		56	168,274,250	0	0	1,910.22	52,794,530	0.00	115,479,720

Remark: ** The total value of Landmark Mahachai calculate from the lease term throughout the lease term of 30 years and then return to the present value separately, community mall total 406,667,777 baht and commercial buildings 750,155,280 baht. The community mall sale make contract with period from 1 to 3 years and extend every 3 years, depending on the agreement in each by the benefit of the company. Therefore, the area delivered to the shop amounted to 2,891.80 sq.m., the total value of the lease agreement that the company made with the customer. The current amount is approximately 59,221,633 baht and the area sold. 1,431.00 sq.m., the total value of the lease agreement with the customer. The current amount is approximately 53,162,211 baht.

*** The total value of the Station One project is calculated from the total lease term of 30 years, then the value of the current portion of the plaza is 431,616,908 baht and the residential area is 168,274,250 baht. For the community mall, the company makes contract with period from 1 to 3 years and extend every 3 years,

depending on the agreement in each by the maximum benefit of the company. The area delivered to the shop and leased of the plaza is 246.73 sq.m., the total value of the lease agreement that the company made with the customer of the current amount is approximately 16,871,775 baht and the area sold waiting for deliver 53.43 sq.m., with the total value of the lease agreement 2,820,812 baht. The Company leased out the residential and office space of 1,910.22 sq.m., totaling amount of the leased contract approximately 52,794,530 baht.



Risk Factors

1. Risk from delay of the project

Project risk of delay can be caused by many factors which effect toward project completion time. This may occur from the employer changing of the objectives or the project details, contractor hiring and financial which is supported project error. In additional, the delay risk may occur from the construction materials shortage or materials changing in the period of construction including the lack of experiences from construction manager. Those delay reasons may be effect toward the expenditure and the construction timeline. However, our company recognizes about the risk management and clearly set the direction of implementation to protect the mistake which can be occurring. Company has clearly planned and always monitors to make sure which is on track. Moreover, if there is a delay issue, the company will communicate about the cause of problem and propose the solving solution to the project owner in order to complete on the committed schedule. By prepare enough of the expertise human resources include of the efficiently and modern construction materials. However, the most important is our company always recognizes the optimal and efficiently resource management.

2. Risk from cost of construction materials, labor cost, and fuel cost fluctuation

Important factors of construction management in each profitable project are the accurate cost estimation and cost controlling. For construction and real estate development, the main cost estimation is depends on the construction materials cost. If the fluctuate economy or significantly changing of increasing construction material, it will be negative effect to construction cost including labor cost will be changing as the demand and supply level in each situations. Indirect risk which is occurring from fuel cost fluctuation will be affected toward estimate controlling which is the cause of inaccurate project estimation. However, company recognized those risks, company plans and manages to reduce the risk from construction cost by providing the main source of construction materials to meet the demand in many sources and increase bargaining power of purchasing a large quantity of construction materials per purchase. In additional, to reduce the construction materials cost but also protects the shortage of construction materials indirectly and the rising price of materials beyond reasonable price. Moreover, Company manages those risks by advance committed materials price to avoid the price fluctuation which

leads to cost controlling ability along the whole project. However, company regularly reviews the construction work plan to complete the construction schedule time period.

3. Risk of Financial Liquidity from unpaid or delay payment

For Construction Business and Real Estate Development, the financial liquidity is influence to the completion schedule of project construction which is the important factor according to require sufficient working capital in order to provide the materials and labors. However, company attempts to reduce the risk by monitoring the financial status including the credibility of project owner, which will be ensured by company such as verify the financial status through the bank where the customer requests a loan and also consider the other factors. Including, company prepare the financial projection of each project and negotiate appropriate terms of payment before committing to the contract which is reduce risk in term of financial liquidity from unpaid or delayed payments.

4. Risk from competition increase

According to the construction companies are increase, and the effort to keep the liquidity of the business is also the another factor that causes a higher competition especially the price competition to win the auction. However, in the higher competitive situation, company has a policy to auction the work which company expertise. To be able to control costs and keep gross margin as the reasonable rate. In the same time, increase the competitiveness of the auction. In additional, the company potential which is able to provide the variety of construction services such as architectural work, architecture Electrical Engineering and Sanitation including Security systems and we are trusted by engineers consultants and project owners to continuously submit the bids to participate in the auction. However, company plans to reduce the risk from the higher competition by seeking a place that meet the customer needs continuously. And also focuses on developing and maintaining long-term relationships with both private and public sector clients in order to increase the service opportunities and also maintain customer base continuously.

5. The risk from insufficiency of qualified subcontractors and qualified labors

A qualified subcontractor is one important factor that results in the project completion within project timeline period. If lack of qualified subcontractor, it will affect the cost and deliver period



because the qualified subcontractor is able to plan, control, and monitor the operation plan, including the equipment allocation, labor allocation include of the efficiently communication. In the same way, risk from insufficiency qualified labor, which causes delayed construction and cannot deliver on the schedule. However, company recognizes those risk factors, and company set the policy to select efficient subcontractor base on the credibility and the work experiences. In additional, company has project engineers to control and solve the problem. Including, company also clearly systematic supervises the subcontractors and convenes the subcontractor regularly to ensure that each contractor will be able to operate efficiently under the same quality standard. Moreover, company reduced the risk of insufficiency labor by available provide some of foreign workers which in line with the government's free trade policy and indirect advantages from labor cost reducing as well.

6. *Risk from country economy*

The growth of Construction business is growing in line with the economic condition includes of national development projects such as infrastructure projects, residential building and office buildings. The risk of the construction business is at the political and economic stability. This is a factor that affects the purchasing power and the confidence of our target customers. However, company recognizes to reduce this risk by set the policy to be in line with the economic situation in each period. In additional, company plans to select the products that response the targeted customer needs as much as possible. This will result in the company can generate revenues and sustainable growth.

Securities and Shareholders Highlights

THE NUMBER OF REGISTERED CAPITAL AND PAID-UP CAPITAL

Ordinary Shares

As at December 31, 2017, the Company has registered capital at the amount of 13,571,245,611 Baht consisting of 13,571,245,611 ordinary shares at the par value of 1 Baht each. The paid-up capital is 8,433,754,763 Baht consisting of 8,433,754,763 shares at the par value of 1 Baht each.

● Shareholders

The distribution of shareholdings is divided by the range of shares held by shareholders as follows:

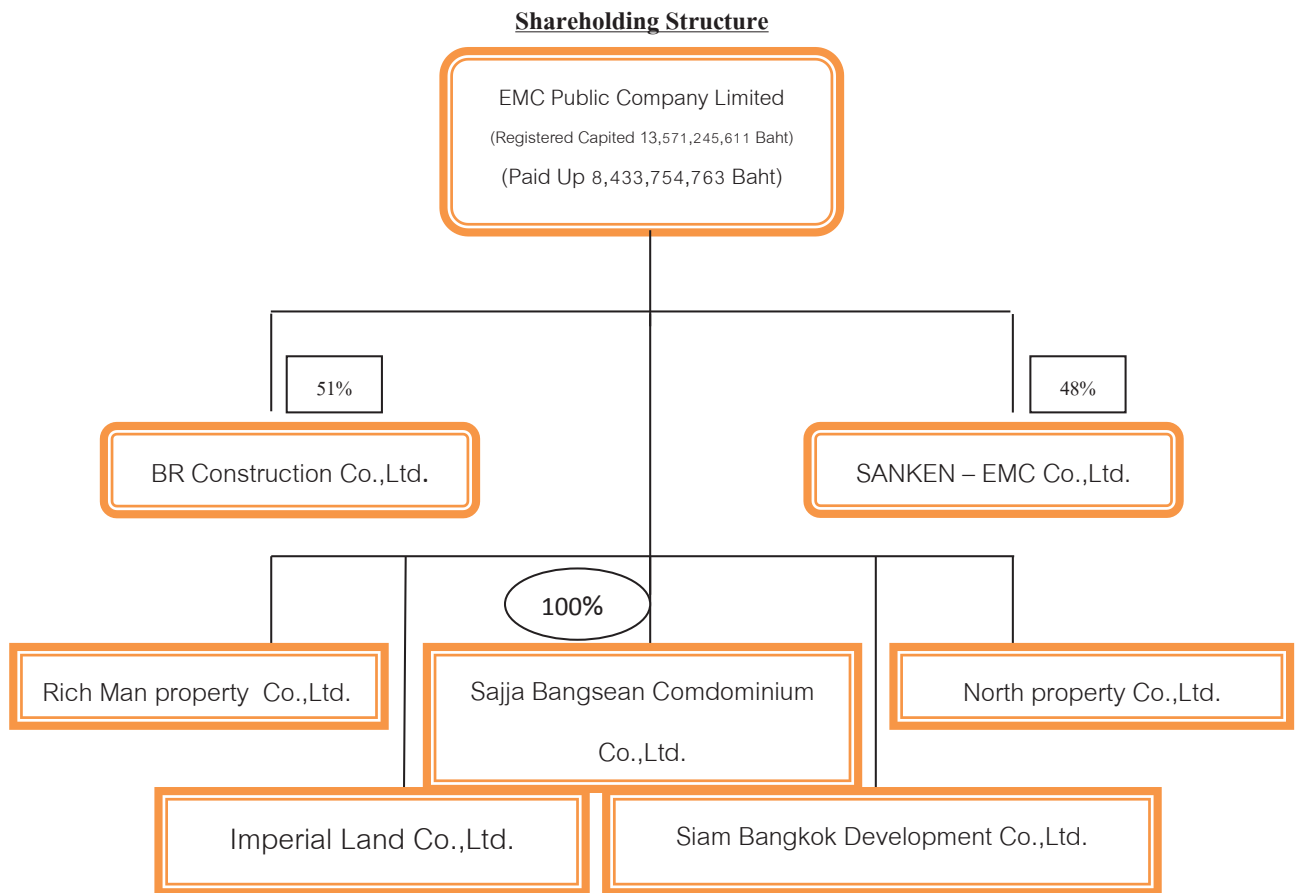
Range of Shareholding	As at December 30, 2017		
	Amount of Share	Amount of Shareholder	Percentage of Shareholder
1 - 999,999	829,903,318	6,263	90.88
1,000,000 – 10,000,000	1,583,425,692	549	7.97
10,000,000 and above	6,020,425,753	79	1.15
Total	8,433,754,763	6,891	100.00

(1) As of the latest registration book closing on December 30, 2017 provided by Thailand Securities Depository Co., Ltd., the list of 10 Major Shareholders is as follows:

Shareholders' Name	Amount of Shareholding	Percentage (%)
1. Mr. Chinchai Leenabanchong	1,339,041,615	15.877
2. Capital Engineering Network Plc.	1,101,753,384	13.064
3. Mr. Voravit Leenabanchong	560,370,000	6.644
4. Miss Chinsiree Leenabanchong	421,676,491	5.000
5. Miss Chinree Leenabanchong	360,000,000	4.269
6. Mr. Chanachai Leenabanchong	185,308,847	2.197
7. Thai NVDR	155,331,638	1.842
8. Mr. Jirawut Kuwanan by Siam Night Fund	152,479,736	1.808
9. Mr. Ekaphop Rataphongphaisal	112,128,100	1.330
10. Miss Numthip Cholsaiphun	110,000,000	1.304



(2) As at December 31, 2017, the Company had shareholdings in its subsidiaries and the joint investment company as follows:



Shareholding Structure of BR Construction Co., Ltd.

● Miss Tipkanang Lertkomolsuk	48.9984%
● Mr. Peerapol Pipawakorn	0.0016%
● EMC Plc.	51.0000%
Total	100%

Shareholding Structure of SANKEN-EMC Co., Ltd.

● SANKEN Setsubi Kogyo Co., Ltd.	49.00000%
● EMC Plc.	47.99950%
● Mr. Siriphong Vongvuttipornchai	3.00000%
● Mr. Paiboon Thongra-ar	0.00025%
● Mr. Krisana Sngar-saeng	0.00025%
Total	100%

The shareholders in such subsidiaries are not connected persons.

(3) The agreement between shareholders that has the impact towards the issuance and offering of securities or the Company's management, including the substantial that affects the Company's operation.

- None -

Convertible Securities

The Extraordinary General Meeting of Shareholders No.2/2015, held on November 3, 2015, had approved the Company to issue and offer 2,107,510,895 units of Warrants to purchase ordinary shares No.5 (EMC-W5) of the Company for the existing shareholders who subscribed and paid for such shares at the ratio of 2 existing shares to 1 unit of warrant. Any fraction shall be disregarded. The term of warrant shall be valid for 2 years without offering price. The exercise price is 0.25 Baht per share at the exercise ratio of 1 unit of warrant to 1 ordinary share (the exercise ratio and the exercise price may be changed in case of right adjustment).

Details of Warrants to Purchase Ordinary Shares No.5 (EMC-W5) of the Company

Type of Warrants	: Specify Warrant Holders and Transferable
Offer to	: The existing shareholders of the Company who subscribe for the newly issued ordinary shares and their names are listed on the register book on the date on which the Company determines the names of shareholders who are entitled for subscriptions of shares on October 13, 2015 and for compiling the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 by the method of closing the Share Register Book on October 14, 2015, at the ratio of 2 new ordinary shares per 1 unit of Warrant. Any fraction of share will be disregarded.
Offering price per unit	: 0 Baht (Zero Baht)
Number of warrants	: 2,107,510,895 units
Number of underlying shares	: 2,107,510,895 shares
Issuing date of warrants	: December 14, 2015
Maturity date	: October 30, 2017
Warrant term	: 2 years from the issuing date of warrants
Exercise ratio	: 1 unit of Warrant to 1 ordinary share unless there will be right adjustment, it shall be adjusted according to the right adjustment conditions.
Exercise price	: 0.25 Baht, unless there will be right adjustment, it shall be adjusted according to the right adjustment conditions.



Exercise period : The first exercise date is on April 30, 2016, thereafter the exercise date shall be on every 30th of January, April, July and October of each calendar year throughout the term of warrants.

The results of the first exercise on 29 April 2016.

There are no users.

The results of the 2nd exercise on 29 July 2016

There are no users.

The result of the 3rd exercise on October 28, 2016.

There are no users.

The results of the No.4 exercise on January 30, 2017.

There are no users.

The result of the No.5 exercise on April 28, 2017.

There are no users.

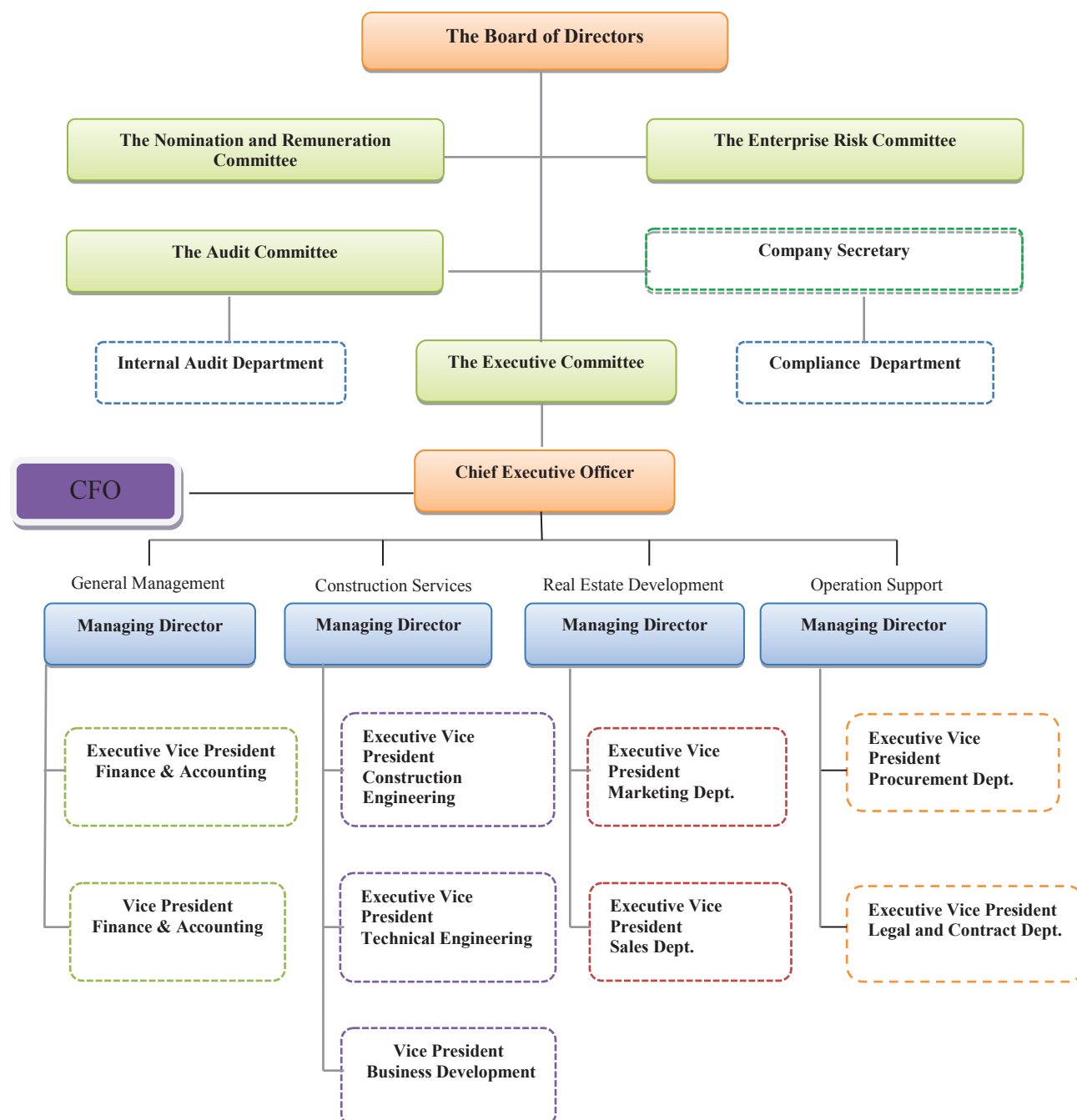
Result of the Last exercise on October 30, 2017

The number of exercised warrants was 20,047 units representing 20,047 ordinary shares

Number of unused units 2,107,490,848 units

Management Structure

Organization Chart of EMC Plc. As at December 31, 2017





Management Lists, Authorities, and Responsibilities

The management structure of the Company consists of 5 management teams, namely, the Board of Directors, the Nomination and Remuneration Committee, the Audit Committee, the Executive Committee, and the Enterprise Risk Committee. Scope of authorities, duties and responsibilities of each team are as follows:

1. The Board of Director

As at December 31, 2017, the Board of Directors consists of 10 Directors as follows:

			<u>Appointed Date</u>
1. Mr. Chanachai	Leenabanchong	Chairman	April 27, 2007
2. Mr. Ratchai	Pichayapoom	Vice Chairman	August 15, 2015
3. Mr. Voravit	Leenabanchong	Vice Chairman	December 18, 2014
4. Mr. Krisana	Sangarsang	Director	August 15, 2015
5. Mr. Boontan	Sumetvanit	Director	October 5, 2016
6. Mr. Matee	Ittirivichai	Director	March 15, 2017
7. Miss Praomart	Hantra	Chairman of the Audit Committee and Independent Director	June 23, 2016
8. Miss Thaweesri	Wikayathipat	Member of the Audit Committee and Independent Director	June 23, 2016
9. Dr. Yaowarin	Srichainan	Member of the Audit Committee and Independent Director	June 23, 2016
10. Mr. Pannatee	Sriwongthai	Member of the Audit Committee and Independent Director	April 24, 2008

Company Secretary : Mr. Matee Ittirivichai

Authorized Signatory Directors

Names and number of the Directors who are authorized to sign on behalf of the Company

“Mr. Chanachai Leenabanchong or Mr. Ratchai Pichayapoom or Mr. Voravit Leenabanchong cosigns with Mr. Krisana Sangarsang or Mr. Boontan Sumetvanit altogether two Directors and affix the Company's seal”.

The Board of Directors has to perform its duties in accordance with the laws, the Company's objectives and Articles of Association, as well as the resolutions of the Shareholders' Meetings except the matter that requires the approval of the shareholders' meeting before proceeding such as the matter that the resolution of the shareholders' meeting is required by laws, the connected transaction, the acquisition and disposition of significant asset as per the regulations of the Stock Exchange of Thailand or any other relevant authorities, etc.;

Scope of Authority, Duties and Responsibilities of the Board of Directors

1. To perform its duties in accordance with the laws, the Company's objectives and Articles of Association, as well as the resolutions of the shareholders' meetings, with honesty, integrity, prudence, and attention to the benefit of all stakeholders;

2. To determine the business policy, the annual plan and budget of the Company, and to conduct the management team to act in accordance with the policy set forth efficiently in order to maximize the value and wealth of the Company and its shareholders;

3. To supervise the Company in compliance with the regulatory requirements and practices associated to the the Stock Exchange of Thailand and the Securities and Exchange Commission, as well as to perform any action required by laws;

4. To review and approve the connected transaction, the acquisition and disposition of significant assets, the investment in new business or any other company pursuant to the rules and regulations of the Stock Exchange of Thailand or the laws relevant to the Company's business

except the matters required by laws as follows: The Board of Directors must obtain approval of the shareholders' meeting before proceeding on the issues, namely, the capital increase, the capital decrease, the issuance of debentures, the disposition or transfer of all or partial business of the Company to other person, the purchase or acquisition of other firm by the Company, the amendment of Memorandum of Association or Articles of Association of the Company, etc.;

5. To consider and approve the quarterly financial statements and the annual financial statements that are audited and verified by the auditor and reviewed by the Audit Committee before disclosure to the Stock Exchange of Thailand and general public;

6. To consider the management structure, and the appointment of Executive Committee, Chief Executive Officer, Managing Director and other committees as appropriate;



7. To follow up the Company's operations in compliance with the plan and budget continuously;

8. The Director must not engage in any business which has the same nature and in competition with the Company, or being a partner in an ordinary partnership, or being an unlimited liability partner in a limited partnership, or being a director of a private company or any other company in the business of the same nature and in competition with the Company whether for own interest or others' benefit unless such engagement is notified to the acknowledgement of the shareholders' meeting in prior.

9. The Director must notify the Company without delay if the Director has any interest whether directly or indirectly in a contract made by the Company, or the Director holds shares or securities in the Company or its affiliate that is increased or decreased.

10. The Board of Directors may authorize one or more director, or any other person to act on its behalf under its supervision, or empower such person within a period of time as deemed fit by the Board. Such authorized person or authority may be revoked or amended whenever the Board deems appropriate.

The Board of Directors may empower the Executive Committee to have the operational authority in which the details of authorization are under the scope of authority of the Executive Committee. Such authorization must not empower the Executive Committee to consider and approve the transaction that the Executive Committee or the person who may have any conflict of interest made with the Company or its subsidiaries, except the transaction shall be approved in line with the policy, rules and regulations that were considered and approved by Board of Directors of the Company.

In 2017, the Board of Directors Meetings were held 6 times.

2. Management Team

As at December 31, 2017 Executive Committee consists of senior executives as follows:

- | | |
|--------------------------------|-------------------------------------|
| 1. Mr. Chanachai Leenabanchong | Chairman |
| 2. Mr. Chanachai Leenabanchong | Chief Executive Officer |
| 3. Mr. Ratchai Pichayapoom | Chief Financial Officer |
| 4. Mr. Voravit Leenabanchong | Managing Director Operation Support |

5. Mr. Krisana Sangar-sang	Managing Director M&E
6. Mr. Boontan Sumetvanit	Managing Director Construction Services
7. Mrs. Unchalee Leenabanchong	Managing Director General Management
9. Mr. Wachara Pakdeemonthon	Executive Vice President
10. Miss Wanida Puangboonmak	Executive Vice President
11. Mr. Pinit Karntikoon	Executive Vice President
12. Mr. Korngrit Prakongvittaya	Executive Vice President

The Board of Directors has authorized the Executive Committee to have the operational authority in which the details of authorization are under the scope of authority of the Executive Committee. Such authorization must not empower the Executive Committee to consider and approve the transaction that the Executive Committee or the person who may have any conflict of interest made with the Company or its subsidiaries, except the transaction shall be approved in line with the policy, rules and regulations that were considered and approved by Board of Directors of the Company.

Determination of the Financial Authority

The Board of Directors has determined the amount of the authorization for normal transaction of the Company's business including the financial transaction such as loans or credit facilities requested from financial institutions, as well as the guarantor being on behalf of the Company. Details of which are as follows:

	Authorized Amount	
	Investment Transaction	Financial Transaction
Managing Director	-	not exceed 100 MB
Executive Committee	5% of total assets but not exceed 50 MB	not exceed 500 MB
The Board of Directors	50 MB up	not limited

3. Company Secretary

The Board of Directors had been in the nomination and appointment of a New Company Secretary to fill the vacant position. Currently, Mr. Matee Ittirivichai is appointed as the Company Secretary reporting directly to the Board of Directors.



Duties and responsibility on behalf of the Company or the Board of Directors

1. To prepare and maintain the register of directors
2. To prepare and maintain the notices of the Board of Directors Meetings, the minutes of the Board of Directors Meeting, and the Annual Report
3. To prepare and maintain the notices of the shareholders' meetings and the minutes of the shareholders' meetings
4. To follow up the implementation of the resolutions of the Board of Directors Meetings and the resolutions of the shareholders' meetings
5. To maintain and submit the report of interest of the directors, executives, or related persons who has interest in respect of the management of the Company to Chairman of the Board of Directors and Chairman of the Audit Committee
6. To perform any action as prescribed by the Securities and Exchange Act (No.4) B.E.2551 or related laws and regulations including notifications and determinations of the Capital Market Supervisory Board.

4. *Director and Management Remunerations*

In the Annual General Meeting of Shareholders 2017, held on April 27, 2017, the shareholders approved the determination of the Directors' remunerations for 2016 in the amount of 4,000,000 Baht. Details of which are as follows:

Meeting allowances

- Chairman of the Board of Directors, Chairman of the Nomination and Remuneration Committee, and Chairman of the Audit Committee shall individually receive the meeting allowance at 30,000 Baht per meeting.
- Company's Director, Nomination and Remuneration Director, and Audit Director shall individually receive the meeting allowance at 20,000 Baht per meeting.

Other remunerations

- Other remunerations shall not exceed 1% of net profit.
- The director unable to complete one year term shall receive the remuneration in the proportion of time being in the position.

In 2017, the company paid for the meeting allowance total amount of 2.43 million Baht decreased by 0.41 million Baht or 14.44 percent compared to the year 2016. Details of which are listed individually as follows:

Total Meeting Allowance

Name - Surname		Position	Meeting Allowance in 2017 (Baht)
Mr. Chanachai	Leenabanchong	Chairman of the Board of Directors Chairman of the Executive Committee	150,000
Mrs. Neeranuch	Na-ranong	Director	40,000
Mr. Ratchai	Pichayapoom	1 st Vice Chairman, Executive Director	120,000
Mr. Voravit	Leenabanchong	2 nd Vice Chairman, Executive Director	120,000
Mr. Setthavat	Tangvacharapongse	Director, Executive Director	120,000
Mr. Krisana	Sangarsang	Director, Executive Director	120,000
Mr. Boontan	Sumetvanit	Director, Executive Director	120,000
Mr. Matee	Ittirivichai	Director, Executive Director	80,000 (Appointed on Mar. 15, 2017)
Mr. Pannatee	Sriwongthai	Independent Director, Audit Director	360,000
Miss Praomart	Hantra	Chairman of the Audit Committee, Independent Director, Nomination and Remuneration Director	480,000
Miss Thaweesri	Wikayathipat	Chairman of the Nomination and Remuneration Committee, Independent Director, Audit Director	360,000
Dr. Yaowarin	Srichainan	Independent Director, Nomination and Remuneration Director, Audit Director	360,000
	Total meeting allowance		2,430,000

Other Remuneration

- None

Total Management Remunerations

- Total remunerations in the form of salary and others were 14,468,000 Baht Salary 16,308,972 Baht provident fund 267,687 Baht Remuneration Meeting allowance 1,930,000 Baht Employee benefits 2,396,203 total 20,902,862 Baht for 6 senior executives.



5. Personnel

Total employees of the Company as of December 31, 2017 were 294 persons as categorized below.

Position	Number
Executives and Supporting Employees	13
Construction Engineering	83
M&E Engineering	48
Accounting, Finance and Administration	73
Budget Control and Purchasing	30
Real Estate	47
Total	294

As at December 31, 2017, the total compensation of the company's personnel was 168.53 million Baht (such compensation was consisted of salary, bonus, provident fund and other benefits) excluding total compensation of executives as notified on item 4, Director and Management Remunerations.

Human Resources Development Policy

Human Resource Management of the Company

Due to human resources is an important factor to the success of construction business, the Company establishes management policy for human resources under three essential principles as follows.

E Expertise = Development of human resources to be expertise in responsible functions

M Motivation = Building motivation to work

C Career Path = Define career progression

Human resources management is focus to develop employees not only in working skill but also in technical and managerial skills responding to the business expansion as follows:

1. Recruitment and Selection : The Company has increased recruiting channels for effective recruitment and also defined job competency for all positions which will use as a recruitment and selection guideline to meet the Company requirements.

2. Compensation Management : Apart from structural adaptation of salary to be of standard for the purpose of

competition capability compared with labor market at the current time. The company has emphasized management of compensation that clearly reflects employees' capability.

3. Performance Appraisal : The performance appraisal shall be clearly conducted by key performance indicators.

4. Human Resources Development (HRD) : The Company has developed an ongoing HRD plan to strengthen

knowledge, skills, practice, management skills, including technical skills based on job fields and functions to be consistent and compatible with the capabilities of the employees, whereby the employees has been developed to grow up in line with the career path which is divided into three categories as follows:

4.1 In-house Training : To develop employees in every aspects such as a course suitable for a position, a course reinforcing notions for executives and employees in the organization in every position to be of potential and a course of working skill, etc.

4.2 Delivery of employees to attend public training : The objective is to develop human resources to be of knowledge, capabilities and keeping pace of globalization, having modern ideas and impromptu adaptation by handling any changes.

4.3 Providing scholarship for employees aside from training/ short-term course of seminar : The company supports its employees to have opportunities being trained in long-term course arranged by accredited educational institutes.

5 . Human Resource Information System (HRIS) Development : To be a basis of information for development

and management of human resources in the current time and in the future

6 . Support of Knowledge Management : The Company has an aim to develop its employees in order to gain

opportunities equally in development and acknowledgment of information for the benefit of organization development apart from information distribution and policies via Intranet.



Employee Welfare

The Company realizes the importance of appropriate compensation and welfare arrangement for employees; therefore, Welfare Committees in the Workplace is set up to review welfare policy constantly by considering justified compensation and welfare for employees.

Dividend Payment Policy

The Company has a policy of paying dividend to the shareholders at least 40% of net profit of the separate financial statement after tax and all statutory reserves as required by law, provided there is no other necessity to utilise the funds and the dividend payment does not have any significant impact to ordinary course of business of the Company.





Corporate Governance

The Board of Directors has recognized the importance of the corporate governance and the good corporate governance by implementing the principles and practices consistent with the good corporate governance to manage its delegated duties and responsibilities for maximum benefit of the Company and overall shareholders. The policies of the good corporate governance are set out as follows:

1. The Board of Directors will conduct the Company's business with prudence and caution under the purview of laws and business ethics, and with adequate efficiency and accountability for the optimum benefits to the shareholders and ensure that there is no conflict of interest.

2. The Board of Directors will conduct the Company's business with transparency, accountability, and adequate disclosure of information to build up trust and confidence among shareholders, investors, and relevant parties equally.

3. The Board of Directors ensures that treatment to shareholders and stakeholders is on equitable and fairness basis, in compliance with the relevant laws and rules and regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant laws.

4. The Board of Directors has set up specific committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Enterprise Risk Committee, and sub-committees with the delegation of duties and responsibilities clearly assigned to each committee.

5. The Board of Directors will held meetings regularly under the meeting schedule and agenda clearly set out in advance.

6. The Management Team will held meetings regularly every week to monitor and supervise the implementation of all projects in detail under the meeting schedule and agenda clearly set out in advance. Special meeting shall be determined upon necessity.

7. The Board of Directors recognizes the importance of the internal control system in covering of the finance, the operations, and the corporate governance, thereby an Internal Audit has been set up as a department of the Company and report directly to the Audit Committee.

Corporate Governance Policies

The Company has adopted the principle and practices consistent with the good corporate governance to manage its delegated duties and responsibilities for maximum benefit of the Company and overall shareholders. The policies have been set out in 4 main items covering good practices on the corporate governance in 5 sections as follows:

1. The Rights of Shareholders and The Treatment to the Shareholders with Equality

The Board of Directors recognizes the rights of shareholders and treats all shareholders with equality, thereby all shareholders have the rights and equality as follows:

- The rights to obtain share certificate, to transfer shares, and to perceive information, results of operation, management policies timely and continuously
- The rights to attend shareholders' meeting to give opinion and recommendation as well as to participate in decision making on any significant changes such as the amendment to the Memorandum and Articles of Association, the appointment of directors, the appointment of auditors, etc.
- The Company has established guidelines for the preservation and protection of inside information by setting out the policies and procedures that the Company's directors, management, employees, staffs, including their spouses and immature children are not allowed to use inside information of the Company for their benefits before the information thereof shall be disclosed to public.

Shareholder's Meeting

The Company arranges shareholders' meeting on the date, time and place that is convenient for shareholders. The meeting procedures are determined as required by laws, namely the notice of meeting, the dispatch of documents, and the proceeding of meeting agenda.

- The Company delivers the notice of meeting to shareholders 7 days or 14 days (depending on the case) prior to the meeting date with the supporting documents of each agenda including the opinions of the Board of Directors and the minutes of meetings that is duly recorded. The shareholders, therefore, have enough time to study the agenda issues in detail,



and the information thereof is also available on the Company's website. The proxy forms are also enclosed with the notice of meeting for the shareholder who wishes to appoint a proxy to attend the meeting on his/her behalf. The nomination of independent directors is proposed therein as the alternate proxy with their information such as names, profiles, addresses, shareholding status, and number of meeting attendance for shareholders' consideration.

- The Chairman of the meeting clarifies to shareholders about voting criteria and procedures and allowed shareholders to inquire on various issues in the meeting. The directors or executives then make appropriate and adequate clarifications on those issues while open for exchange of opinion therein.

- The Company provides and distributes ballots to shareholders or proxies to vote on all agenda items. The shareholders are allowed to raise questions in the meeting within adequate time and equitable basis.

- The Company allows shareholders to exercise the rights to appoint directors individually.

- The Company completes minutes of meeting within 14 days with adequate details including questions and answers taken place at the meeting. The dispatch of minutes of meetings is in line with the rules and regulations of the Securities and Exchange Commission, the Stock exchange of Thailand, and other relevant laws.

The Company, however, has not yet opened the opportunity for minority shareholders to propose additional agenda to the consideration of shareholders in prior to the Annual General Meeting of Shareholders. Likewise, the method for nomination of the directors representing minority shareholders has not been set out. This was not in line with the principle of the Stock Exchange of Thailand; anyhow, the Company will consider implementing such practices later.

2. Rights of stakeholders

The Company recognizes the importance of stakeholders by means of information exchange and paying attention to the recommendations of both internal and external stakeholders as follows:

- Employees

The Company has put in place, in addition to salary, incentive payment system based on the individual employees' performance. The indicators used for measurement must be clear and fair, to bring about integration of the competency of the employees at all levels and hence the success of the Company as a whole.

The Company has also made available welfare packages for the employees, such as accident insurance coverage, health care benefit and provident fund. There is an arrangement regarding security, sanitation and environment at the workplace, with a specific work unit set up to take charge of this issue, and with policy set out and strict implementation thereof. Personnel have been recruited for such jobs as security, professional, supervisors and management levels, with appointment of the security and sanitation committee for each project. Such committee has direct duty of pushing for and materializing the policy, following up the operating result and reporting to the Department of Labor Protection and Welfare on a quarterly basis. This also includes training for staff and workers in each project to stimulate their awareness of security, analysis and assessment of the workplace to identify any possible risk so as to prevent any accidents, inspection of tools and equipment before use, etc.

In addition, the Company has undertaken on-going personnel development at all levels, for example, sending the employee to participate in other courses, skill development training in collaboration with Department of Skill Development, and so on. With awareness of the employees' health, the Company has consistently arranged annual health check-up for the employees.

- Shareholders

The Company has managed projects efficiently so that all projects are profitable and be able to allocate such profits as the dividends to shareholders.

- Customers

The Company has managed all projects to be of quality and efficiency with a significant focus on timely and budget management. Communication with the customers has been made, whereby the procedures and indicators have been set up clearly to ensure on-going system and quality development.

- Trade partners and creditors



The Company has entered into agreements or contracts, whereby terms and conditions are clearly indicated, before the project implementation. The Company has strictly complied with such agreements or contracts.

- Competitors

The Company has competed with its peers honestly and transparently, making use of its advantage in efficient management system to bid for the projects.

- The Society

The Company has managed the projects with due regard for the security, sanitation and environment management system as described above. It also nurtures relationship with the owners of the land and buildings nearby. Cooperation has also been rendered to the government sector in the solution of the flood problem in several areas.

3. Disclosure the information and transparency

The Board of Directors is fully aware of the rights of shareholders to access accurate, adequate and timely information on an equitable basis. In the information section of financial and non-financial factor which affects decision making process of shareholder and investors and related to acknowledge equally. The Board has focused and abided by all the information. The company has published the information, annual statement, annual report to shareholders, investors, and relevant through media distribution of Foreign Exchange and company's website in the past year. The company has not been to SEC office or SET's operation due to disclose the thing is not required.

Board of Director's report

The Board of Directors is responsible for financial statements of the Company, and financial information technology appeared in annual report. Such financial statements prepared according to accounting standard acceptable across Thailand and uses careful discretion and best estimation in preparation, including revelation of information substantially in Notes to Financial Statements for creating confidence of interested persons. In the past, Board of Directors appointed Audit Committee comprising Independent committees as resource persons, fully qualified according to requirements of Stock Exchange of Thailand to have the duties of making review of financial report and internal control system of the Company to ensure confidence of showing financial status, revenue and expenses and cash flow is actual and

justified. To review performance in conformity with requirements of Stock Exchange of Thailand, obligations with outsiders and related laws by preparing record of information correctly and completely for retaining assets, including prevention of dishonest activities and irregularities of practice with meetings held with Accounting Department. Comments of Audit Committee appeared in Audit Committee Report and in Annual Report.

4. Responsibilities of Board

The Company maintains a policy whereby the Board of Directors undertakes more stringent roles to be in full compliance with good corporate governance, as follows:

- The Board has participatory role in defining visions, missions, strategy, goals, business plans and budgets, to ensure that the management fulfills the business plans within the specified budgets with efficiency and effectiveness to achieve maximum economic value for the operations and optimum stability for the shareholders.

By this, the Board will consider and approve the key performance indicators (KPIs) for financial and other plans during the early period of the year and monitor the operations from time to time. At the end of the year, the management will present the operating results under its responsibility in accordance with the annual performance evaluation system.

- The Board will put in place effective the Enterprise Risk Committee, internal control, internal audit, and the follow-up procedure of which on a regular basis, at the Audit Committee's meetings before submission to the Board of Directors' meetings for final resolution.

- The Board has to clearly define and separate the role, duty and responsibility for the Board, the Audit Committee and the management in accordance with the management structure. There should be regular communications of the role, duty and responsibility for the Board, the management and the employees.

- The Board is required to supervise and ensure that the management fulfills the business objectives under clearly defined policy. This does not include cases of conflicts of interests and the transactions where opinions of the shareholders have to be sought under the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

To do the duties of the Board of Directors effectively and efficiency as policy set, the company has set the following guidelines.



4.1 Composition of Board of Directors

The Board of Directors has a total number of 12 Directors, consisting of seven executive directors, one non-executive director, and four independent directors whose qualifications and authorities are complied with the guidelines determined by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Aggregation and segregation of positions

The Chairman is not the same person with the President which the Company has defined segregated roles, authority, and responsibilities between these positions clearly. In addition, the Company has appointed the Audit Committee consisting of four independent directors with a function as the representative of the minority shareholders to oversee the Company performance that it is operated with accuracy and transparency.

Company Secretary

The Board of Directors had been in the nomination and appointment of a New Company Secretary to fill the vacant position. Currently, Mr. Matee Ittirivichai is appointed as the Company Secretary reporting directly to the Board of Directors.

4.2 Committees

The Board of Directors has appointed 4 committees comprised of the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Enterprise Risk Committee.

4.3 Roles , duties and responsibilities of the Board of Directors and Committees

Scope of authorities, duties, and responsibilities of the Board of Directors and each Committees (Details of which are provided on Management Structure)

4.4 The Board of Directors Meeting

The Company fixed dates and times for the meeting to be held for the whole year in advance with main agenda, consideration agenda and follow-up of routine operation. Letters of invitation to the meetings shall be sent accompanies with agenda and supporting documents 7 days in advance of the meetings, allowing time adequately for the Board of Directors to study information before attending the meetings. There may be additional meetings for consideration of important incidents according to necessity and urgency. In this regard, the Company has the duty to confirm each appointment for the meeting, or making new appointment in case of

postponement of the former appointment date, or calling for the meeting in urgency, and making preparation of supporting documents for delivery to the directors.

Each meeting takes about 2 hours when each director is free to express opinion and propose guidelines for operations, whereby Secretary to the Board of Directors is in function, namely to take records and complete minutes of meeting within 14 days, to dispatch minutes of meeting certified by the Board of Directors, to maintain minutes of meeting and supporting documents with readiness for inspection by the Board of Directors, shareholders, auditors, and related persons.

Total number of the Director's meeting

In 2017, each Director attended the Company's meetings, namely 1 time of the Annual General Meeting of Shareholders, 6 times of the Board of Directors Meeting, 12 times of the Audit Committee Meeting, 1 time of the Nomination and Remuneration Committee meeting. Details of which are as follows:

Name - Surname		AGM 2017 (1 time)	The Board of Directors (6 times)	The Audit Committee (12 times)	The Nomination & Remuneration (1 time)
Mr. Chanachai	Leenabanchong	Absent	6	-	
Mrs. Neeranuch	Na-ranong	Attended	2	-	
Mr. Ratchai	Pichayapoom	Attended	6	-	
Mr. Voravit	Leenabanchong	Absent	6	-	
Mr. Krisana	Sangarsang	Attended	6		
Mr. Boontan	Sumetvanit	Attended	6		
Mr. Setthavat	Tangvacharapongse	Attended	6		
Mr. Matee	Ittirivichai	Attended	4		1
Miss Praomart	Hantra	Attended	6	12	1
Miss Thaweesri	Wikayathipat	Attended	6	12	1
Dr. Yaowarin	Srichainan	Attended	6	12	1
Mr. Pannatee	Sriwongthai	Attended	6	12	

Remark : Mr. Matee Ittirivichai take on March 15, 2017.

Miss Neeranuch Na-ranong resigned on April 20, 2017.

Mr. Setthavat Tangvacharapongse resigned on November 30, 2017.



The Meeting of Directors and Auditor

In the year 2017, the Audit committee attended the meeting with the external auditor without management at 1 time.

4.5 Self Evaluation of Committees

In 2017, 11 Directors of the Company completed self-assessment in the Assessment Forms prepared by the Compliance Department to comply with the Good Corporate Governance Policy and scope of duties and responsibility of the Directors. The assessment results were presented to the Board of Directors Meeting No.2/2018 on February 28, 2018, and the self-assessment scores of the Directors were delivered to the Compliance Department to collect as evidence.

Summary of overall self- assessment scores of twelve Directors for the year 2017 are as follows;

Topics of Assessment	Total Scores	Scores Marked (Average)	Equivalent to %
1. The Structure and qualification of the Board of Directors	40	38	88.86
2. Function, duty and responsibility of the Board of Directors	72	63	87.50
3. The Board of Directors meetings	32	26	81.25
4. Performance of the Board of Directors	28	26	92.86
5. The relationship with management teams	20	18	90.00
6. Self- development of the Board of Directors and the Development of Executives	24	22	91.74
Total	215	193	89.77

4.6 Director and Executive Remunerations

The Board of Directors has appointed the Nomination and Remuneration Committee to map out a clear policy on remuneration for directors and the management with transparency and fairness. By this, their remunerations will be on a par with that of the industry and commensurate with their assigned duties and responsibilities. The rate will also be attractive enough to retain the directors with the desired qualifications.

4.7 Development of Directors, Executives and relevant individuals

The Company promotes and facilitates to attend the seminars and various training courses of Thai Institution of Directors, Thai Listed Company Association and to educate

relevant persons in the corporate governance of the Company such as the Directors, the Audit Committee, Executives, Company Secretary, etc. to improve operation continuously.

Committees

The Board of Directors has appointed 4 Committees comprised of the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Enterprise Risk Committee.

1. The Audit Committee

As at December 31, 2017, the Audit Committee consisted of 4 Independent Directors whose characteristic are entirely complied with the prescription of The Securities and Exchange Commission and the Stock Exchange of Thailand. Name list of the The Audit Committee is as follow:

- | | |
|--------------------------------|---------------------------------|
| 1. Miss Praomart Hantra | Chairman of the Audit Committee |
| 2. Miss Thaweesri Wikayathipat | Audit Director |
| 3. Dr. Yaowarin Srichainan | Audit Director |
| 4. Mr. Punnatee Sriwongthai | Audit Director |

Secretary to the Audit Committee: Mr. Thiithipakorn Prasertwachirakoon

The first and the second Directors are those with sufficient knowledge and experience to function on the reliability review of the financial statements. The third Director possesses knowledge and experience in Management and Investment. The forth Director possess knowledge and experience in Law.

Scope of authority, duties and responsibilities of the Audit Committee

1. To consider revealing the inter-transaction which may have conflict of interest to ensure performance of the Company to be strictly in compliance with rules and requirements of the Stock Exchange of Thailand, and justification of such lists to be of ultimate benefit of the Company.

2. To consider the financial statements of each quarter and each year that have been reviewed and audited by the auditor in conjunction with the auditor and Management before revealing the information to the Stock Exchange of Thailand and general public. To verify the accuracy of the financial statements that the information provided was complete, reliable and



transparent in accordance with the accounting standards including laws and regulations related.

3. To ensure that the Company has internal control, and internal audit systems, and to consider the independence of the internal auditing unit, as well as agreement in consideration of appointment, reshuffle, employment termination of internal auditing unit chief, or other work units responsible for internal audit, including review of risk management of the Company.

4. To review lists of internal audit concerning operation of the Company to be consistent with work planning set forth for work units to have better internal audit system in order to facilitate efficient business management.

5. To review compliance of the Company's compliance with the law concerning assets and Stock Exchange Market requirements of Stock Exchange Market of Thailand and related laws.

6. To consider proposing selection, appointment, remuneration fee and work assessment for the auditor of the Company, including participating in the meeting with the auditor at least once a year without Management in the meeting.

7. To prepare corporate governance report of the Audit Committee and disclose the information in the annual report of the Company. The mentioned report must be signed by Chairman of the Audit Committee and must contain at least information required by the Stock Exchange of Thailand as follows:

- Opinions on correctness, completeness, reliability of the financial statements of the Company
- Opinions concerning sufficiency of internal control of the Company
- Opinions on performance in compliance with law concerning assets and Stock Exchange, requirement of Stock Exchange, or law relating to the business of the Company
- Opinions on suitability of the accounting auditor
- Opinions on the transactions that may have conflict of interest
- Number of meetings of Audit Committee and attendance of each committee member
- Opinions of overall observation which the Audit Committee received from duties under the charter
- Others that should be notified to the shareholders and general investors within the scope of duties and responsibility assigned by the Board of Directors.

- Other matters that shareholders and investors should know under duties and responsibilities assigned by the Board of Directors

8. Other actions assigned by the Board of Directors with the approval of the Audit Committee

In 2017, the Audit Committee meetings were held 12 times.

2. The Nomination and Remuneration Committee

As of December 31, 2017, the Nomination and Remuneration Committee composed of 4 members below:

- | | |
|--------------------------------|--|
| 1. Miss Thaweesri Wikayathipat | Chairman of the Remuneration Committee |
| 2. Miss Praomart Hantra | Remuneration Director |
| 3. Dr. Yaowarin Srichainan | Remuneration Director |

Secretary to the Nomination and Remuneration Committee : Miss Wanee Onnim

Scope of authority, duties and responsibilities of the Nomination and Remuneration Committee

1. To identify, evaluate and recruit individuals qualified for Board of Director
2. To consider nominees for directorships proposed by the shareholders
3. To recommend for the Board nominees to be proposed for election at the shareholders' meetings or to be elected by the Board to fill vacancies
4. To periodically review the Company's standards of director independence and recommend any proposed changes to the Board for approval
5. To consider and review the structure of salary and wage payment of the Company, and propose directions and methods for payments of remuneration to the Board of Directors and various committees appointed by the Board.
6. To propose policy on consideration of management remuneration in line with the Company's operating results and performance of the management.
7. To consider budgets for increase in salaries and wages, changes in salaries and wages as well as other remuneration, and annual bonus payments for senior executives before submission to the Board of Directors.

In 2017, Nomination and Remuneration Committee meeting were held 1 time.



3. The Executive Committee

As of December 31, 2017, the Executive Committee was composed of the following members:

1. Mr.Chanachai Leenabanchong Chairman of the Executive Committee
2. Mr. Voravit Leenabanchong Executive Director
3. Mr. Krisana Sangarsang Executive Director
4. Mr. Boontan Sumetvanit Executive Director
5. Mr. Ratchai Pichayapoom Executive Director
6. Mrs.Unchalee Leenabanchong Executive Director

Secretary to the Executive Committee: Mr. Matee Ittirivichai

Scope of authority, duties, and responsibilities of the Executive Committee

1. To carry out and administer the business of the Company in accordance with objectives, regulations, policy, requirements, orders, and resolution of Board of Directors Meeting, and/or resolution of Shareholders Meeting

2. To consider setting up policy, direction, and strategies, plan for operating business and annual budget of the Company, administration of human resources, investment on information technology, work expansion, public relation, and supervision of works carried out by Working Team appointed to achieve the target for submission to the Board of Directors Meeting for its approval.

3. To consider budget allocation for the year as proposed by Management before submission to Board of Directors for approval. This includes consideration and approval of change and addition of annual budget while there is no Board of Directors meeting held, under the authority granted by the Board of Directors, and to propose for the acknowledgement of the Board of Directors in the next meeting.

4. To consider approval, and/or give comment on lists concerning investment, financial administration, general works administration, employment and purchasing and any other list relating to the business of the Company under the scope of authority approved by the Board of Directors.

5. To consider approval of important investments, set up in annual budget as assigned by the Board of Directors, or used to be approved in principle by the Board.

6. To give comment on business expansion and joint investment with other persons within the scope of authority approved by the Board of Directors and submit it to the Board of Directors for approval/acknowledgement in the next meeting.

7. To be advising committee to Management concerning policies on finance, marketing, management of personnel administration, and other performances.

8. To consider profit and loss of the Company, proposal for payment of interim dividend or annual dividend for submission to the Board of Directors for approval.

9. Executive Committee may sub-authorize one or more than one director, or any person to perform any act under the supervision of Executive Committee, or to empower them and within the period of time as the Committee deems fit. The Committee may revoke, change or make amendment to the power given to them as appropriate.

In this regard, the power of Executive Committee, and/or sub-authority must not be for approval of inter- transactions, or and list that may have conflict of interest, or with interested person who may have conflict with the Committee, or conflict of interest in any other manner with the Company or its subsidiaries according to rules of Stock Exchange of Thailand, and/or announcement of Office of Securities Exchange Commission and the Stock Exchange. Approval of such lists must be submitted to Board of Directors Meeting and/or Shareholders Meeting for consideration and approval in accordance with articles of association or related law.

In 2017, the Executive Committee meetings were held 27 times.

4. The Enterprise Risk Committee

As of December 31, 2017, the Enterprise Risk Committee composed of the following members:

- | | | |
|-----------------|----------------|--------------------------|
| 1. Mr. Voravit | Leenabanchong | Enterprise Risk Director |
| 2. Mr.Pinit | Karntikul | Enterprise Risk Director |
| 3. Mr. Korngrit | Prakongvittaya | Enterprise Risk Director |
| 4. Mrs. Wanida | Puangboonmak | Enterprise Risk Director |

Secretary of the Enterprise Risk Committee: Mrs. Peangpetch Imchanya

Scope of authority, duties and responsibilities of the Enterprise Risk Committee

1. To set up guidelines of administration and frame of risk administration performance.
2. To assess risks, both from internal and external factors.



3. To propose method of prevention and mitigation of risks to be at acceptable level.
4. To follow up, assess the result, and improve work planning for reduction of risks continuously and suitably with business operation circumstances.
5. To review substantiality of the policy and risk administration system, including efficiency of the system and compliance with the policy set forth.

In 2016, altogether 1 Enterprise Risk Committee meetings were held; however, the Company has a working group to follow up debts and trouble projects. This working group regularly holds the meeting once a week.

Recruitment of director and the top management

1. Nomination of Independent Directors

The Nomination and Remuneration Committee is responsible for nominating individuals who are qualified and independent according to the Board of Directors' policy and the regulations of the Capital Market Supervisory Board as follows:

1. Not hold shares exceeding 1 percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
3. Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Not have nor have had a business relationship in the amount of 3 percent or more of the net tangible assets of the Company or 20 million baht or more, whichever is lower with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a

manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than 2 years prior to the date of appointment.

(The business relationship mentioned above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervising Committee: Rules on Connected transaction.)

5. Neither nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less 2 years from the date of appointment.

6. Neither nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding 2 million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than 2 years from the date of appointment.

7. Not be appointed as a representative of the Company's directors, the major shareholder or any other shareholder who is a related person to the major shareholder.

8. Not conduct any business which of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor be a substantial partner, shareholder holding more than 1 percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any



company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

9. Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

2. Nomination of Director and Management

The Nomination and Remuneration Committee is responsible for nominating individuals who have qualifications, experiences, and sufficient time to perform duties for the Company, including to propose the Board of Directors / General Meeting of Shareholders for approval based on the rules and procedures as follows;

1. Each shareholder has the number of vote equal to the number of shares held.
2. Each shareholder may exercise all votes applicable under (1) in voting for one or more persons to be directors but the votes cannot be split unequally, or specifically, for any particular nominee.
3. The persons obtaining the highest number of votes are, in the descending order, elected as directors to fill the number of seats available until the required number is met. In case of equality of votes and the number of elected directors will exceed the number of slots available at that time, the chairman of the meeting shall exercise the decisive vote.
4. At each annual general meeting of shareholders, one-third of the board members are required to retire. If the total number of members is not a multiple of three, the number of directors nearest to one-third shall retire. The directors to retire from office in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the longest-serving directors shall retire, but if they vacate office under this condition, they may be re-elected.
5. The shareholders' meeting may vote for one director out of the position before the due date with the vote is not less than three-fourth of the shareholders who attend the meeting and have right to vote. And each has its share not less than half of the number of shareholder who come to the meeting and have right to do that.

Corporate Governance of the Subsidiary Company and Joint Venture

1. In compliance with corporate governance mechanism to capable of supervising, management, being responsible for the subsidiary company and joint venture's business operation and taking care of the company's benefits of costs, the board of directors shall deliver persons as representatives to be committees in the subsidiary company and in joint venture as per proportion of shares holding in accordance with the company's regulations approved by the board of directors meeting.

2. Such representatives in the subsidiary company and joint venture shall participate in imposing significant policy for business operation such as investment in various projects.

Supervision on use of inside information

In order to prevent conflict of interests, the Board performs with due care in case of possible conflict of interests, and determines the policy and procedures to prevent the directors, executives, and employees as well as their spouses and minors from making use of inside information for their own interests before disclosure to the public, as follows :

- Issues of possible conflict of interests:

The Board in collaboration with the Audit Committee acknowledges transactions with conflict of interests and connected transactions, and prudently considers the appropriateness thereof, as well as ensures the compliance with the rules of the Stock Exchange of Thailand in terms of prices and conditions on an arm's length basis.

- Supervision on use of inside information:

- In purchase, sale, or transfer of securities, the Board members and the management including spouses and minors are required to report changes in securities holding to the Office of the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act B.E. 2535 and other relevant issues.

- determined to the directors and executive to report of the interest of the company's director and executive or a related person's interest in relation to management of the company under section 89/14 act of securities and exchange commission year 1992 and announced of the committee of capital market.

- The management or work units with access to inside information are not permitted to disclose such information to outsiders or those not concerned, or to engage in transactions of



the Company's securities in a one month period prior to disclosure of financial statements to the public.

Auditor Remuneration

Year	Auditor	Certified Public Accountant Registration No.	Company
2015	Ms. Waleerat Akkarasrisawad	4411	Baker Tilly Audit and Advisory Services (Thailand) Ltd.
2016	Ms. Yuphin Chumjai	8622	SP Audit Company Limited
2017	Ms. Yuphin Chumjai	8622	SP Audit Company Limited

Summary of the Auditor's report in the past years

In 2015, the auditor unable to express an opinion towards consolidated financial statement of the company, subsidiary company and joint venture and financial statement of the company.

In 2016, the auditor made a conditional and uncontested comment on the consolidated financial statements of the company, subsidiaries and joint ventures, and the separate financial statements of the company.

In 2017, the auditor made a conditional and uncontested comment on the consolidated financial statements of the company, subsidiaries and joint ventures, and the separate financial statements of the company.

Audit fee

The group of companies paid audit fee for the year 2017 in the amount of 4.75 million Baht as follows;

- Paid to SP Audit Company Limited as the audit fee of EMC Public Company Limited and its subsidiaries in the total amount of 4.75 million Baht. (Only company 2.60 million baht, subsidiaries 2.15 million baht)
- In October 31, 2017 the company had invested in 1 subsidiary resulting to the additional audit fee at the amount of 700,000 Baht.
- Non-audit Fee (if any)
- None -

Corporate Social Responsibility

EMC Public Co., Ltd is strongly committed to operating its business with responsibility. The company's corporate social responsibility (CSR) programs recognize the significance of supporting activities for local communities and the environment surrounding. By doing so, the principle of transparent operations, ethical practices, respect to human rights and the protection of benefits of interested persons such as shareholders, employees, community in which the company is carrying the business, clients, counter party, public sector, society and the country shall be employed.

The company is determined to develop its business ethically and in compliance with law, regulations and rules including related universal guidelines to build a foundation of constant and sustainable responsibility. The commitments to social responsibilities are detailed as follow;

1. **Corporate Governance** : The company aims to become a good model of construction with credibility for investors and interested persons so as to enhance the value and promote the sustainable growth of the organization. To accomplish the goal and maintain the best in morality which is a valuable basis of leading organization, its management shall be complied with universal good corporate governance apart from being beneficial to Thai society.

- Business operation policy
- Equitable right and fair treatment of shareholders
- Stakeholder treatment policy
- Internal control, enterprise risk management and business ethics
- Conflict of Interest prevention
- Disclosure of information and Transparency
- Structure and responsibilities of the Board of Directors

To ensure that the human rights are in respect effectively, the Company has established the knowledge of human rights and encouraged the personnel of the Company to comply with the principle thereof.

2. **Respect of Human Rights** : The company places importance towards fundamental human rights by supporting the respect of rights and freedoms with equality and will not tolerate discrimination of race, age and gender. It's also against the use of child labor and any form of corruptions.

3. **Fair Employee Treatment** : The Company provides fair wages to its employees at an appropriate level with Thai industrial. The organization's structural alteration shall be implemented with responsibilities under Thai laws and also complied with legal practices in respect thereof. Moreover, the Company has set up a provident fund to ensure that the security shall be provided to the employees towards their employments. Details of which are as follows:



1. To respect the rights of employees under the principles of the human rights and in compliance with labor laws
2. To provide recruiting process, fair employment conditions, and compensation determination, as well as to consider performance achievement under fair performance appraisal process
3. To provide a regular assessment in respect of compliance of the policies set forth
4. To provide welfare facilities for employees as required by laws such as social security, others welfare facilities apart from the laws such as health insurance, accident insurance, including allowances for children's scholarships, funeral allowance, etc.
5. To ensure that the employees work in safe and healthy workplaces under measures provided to prevent accidents and encourage safety awareness among employees, by this means, trainings are provided to promote good hygiene of employees and workplaces to attain consistent safety.
6. To promote personnel development by providing trainings, seminars, professional development, potential development, as well as to build up positive attitude, morality, ethics and teamwork among its personnel

4. **Environmental Care** : The company has a clear and precise environmental policy and shall be conducted stringently according to the environmental laws and standards to systematically and competently eradicate environmental issues as well as steady improvement and development.

The Chairman of the Executive Committee has recognized the reduction of resource consumption such as to reduce papers used for copier as a measure of environmental impact reduction which overall results good aspects to the business with the capability to provide services more efficiently. In addition, this measure is a method of cost reduction which effects to the increase of profits and competitiveness of the Company.

5. **Adopt Good Business Ethics and Anti-Corruption** : The company intends to conduct its business with fairness, morality, legal compliance and social norms. The company shall remain politically impartial. The company has a strict policy in anti-corruption at work through stipulating business operation cautiously and concisely so as to reduce opportunities for corruption. Additionally, the topic of "honesty at work" has been persistently emphasized for its employees.

6. **Anti-Corruption Guidance** The Company has ideology to operate the business with integrity by adhering to social responsibility and all stakeholders based on the good corporate governance, the Code of Conduct, as well as the policies and practices in respect of various stakeholders of the Company. To ensure that the Company has the policies that defines responsibilities, guidelines, and regulations for suitable implementation to prevent corruption in all business activities of the Company, and to make decisions and carry out the business that may be at risk of frauds and corruptions with cautious consideration and treatment, the Company has established a " the Anti-Corruption Guidance" in written notice to be clear guidelines for business operations and sustainability development.

Guidelines

1. The directors, management and employees of the Company, associated companies, and subsidiaries are prohibited to accept or support any form of corruptions, both direct and indirect, which covers all companies in this business line, including contractors or subcontractors involved. The implementation of the policy against corruption shall be reviewed regularly, and the guidelines shall be reviewed in compliance with the policy, procedures, prescriptions, rules and regulations, notifications, laws, and changes of business.

2. The Standard of Anti-Corruption is a part of the business operations and responsibilities of the Board of Directors, management, supervisor, and employees at all levels, including suppliers or subcontractors to share opinions and achieve the implementation of anti-corruption in line with the policies set forth.

3. The Company shall not engage in or support bribery in all forms and all activities under its supervision, including controlling, and donations to charity and political parties. For provision of any business gifts or activity support shall be transparent without intention to convince public or private official to conduct inappropriate operation.

4. The Company shall provide appropriate internal control regularly to prevent employees from improper performance.

5. The Company shall provide knowledge on anti-corruption to the Board of Directors, management, and employees to promote honesty, good faith, and responsibility in the operation of their responsible duties, with an aim to convey the commitment of the Company in this regards.

6. The Company shall provide a mechanism to report its financial status with transparency and accuracy.

7. The Company shall encourage diverse communication channels so that employees and concerned parties can identify clue suspicion by ensuring that the whistleblower shall be protected without punishment, unfair migration, or bullying in any way, thereby the appointment of persons who monitor all incoming notifications shall be made.

8. The Company is in the process to express its intention to participate with the private ally in Thailand to fight corruption.

Follow-up

The Company has the internal audit department who plays a significant role in monitoring and evaluating the implementation of policies related to anti-corruption functions. The Audit Committee is responsible for reviewing the adequacy of the internal controls of the organization to report to the Board of



Directors who plays a significant role in reviewing the appropriateness of the policy including measures to develop the framework and guidelines on anti- corruption functions in order to build up confidence with all stakeholders

6. **Customers and supplier Care** : The company emphasizes business operation with competence and ultimate safety to satisfy its customers apart from being sincere to manage customers' claims and attempting to solve any defects that may happen. Meanwhile the company has an anticipation to receive goods and services in the same manner from supplier's company and sub-contractors with longstanding relationships preserved with customers and suppliers.

7. **Safety** : The company has recognized and given priority to safety and sanitation of employees carrying the duty in the construction area, community around and people traveling nearby with the strictness to execute regulations and rules related to universal standard of safety and sanitation. Besides, the company has a policy to create public awareness in responsibility and risk protection for every employees to realize and take into mind all the time during carrying on work in construction area.

● **Activities promoting relationship with neighboring community**

In addition to building strong relationships with neighboring communities, the Company also focuses on building networking and strong relationships with government agencies and organizations in neighboring areas as well.

Landmark Mahachai supports the traditional godfather of Samutsakorn province in year of 2017

Mr.Voravit Leeabunchong, Managing Director and Mr.Boontanon Sumatevanich, Managing Director of Public Company Limited. The developer of the Landmark Mahachai Community Mall and the new commercial building in the heart of Mahachai, Samut Sakhon with the management team and staffs to support the traditional ceremony of the godfather of Samut Sakhon in year of 2017 by providing free drinking water to those who participated in the procession and people traveling through the front of the project at Landmark Land Sale Office, Mahachai Road, Samaggi, Samut Sakhon.





EMC Organizes "EMC Green Volunteer Community Development"

EMC Plc. (EMC), the leader in engineering, construction, systems and real estate development. The condominiums, townhouses, commercial buildings and communal malls are organized by CSR (Corporate Social Responsibility), which is a continuous activity of the Company. The "EMC Volunteer Development for Green Communities" project aims to focus on volunteering to support, and contribute to, the community around the projects and the general communities which focus on environmental development and green space. And beyond is also aware of the current environmental problems in the increasingly polluted air pollution in the city every day.

The company has arranged to renovate the landscape, plant trees and decorate the resting area within Wat Nang Ratchawihan temples. To be part of helping reduce the polluting climate and for the beautiful and refreshing air freshener for the monks and people who have faith in the merit Including those living in the community as well.



Internal Control and Risk Management

The Board of Directors Meeting No. 3/2561 on March 14, 2561 consisted of the Independent Directors and the Audit Directors, the meeting recognized the importance of the Internal Control that the management system is implemented and monitored continuously to prevent and reduce potential risks while the Audit Committee reviewed and evaluated the internal audit system in parallel. The Internal Audit Department reported the result to the Audit Committee to review the performance of the various factions of the annual audit plan approved by the Audit Committee as following objectives;

- To promote reliability and accuracy of the information
- To comply with the Company policy, business plan, operation procedure and regulations
- To maintain security of the Company's assets
- To operate economically and efficiently
- To achieve the organization's objectives and goals of the operations or projects

With the internal control structure of the 5 compositions according to the standard of Committee of Sponsoring Organization of The Tread way Commission : Coso, the evaluation of internal control is summarized below;

- **Organization and environment**
 - Having clear business policy and target as well as supervising the implementation to be progressing as plan
 - Having the personnel performance indicators and quality manual which is the top-down guidance documents for the staff to follow
 - Having the ISO 9001-2008 and internal audit as a tool in supporting the management to be able to control operation effectively and efficiently as well as being useful in management decision



- Having regularly reviews on business targets and analysis of staff incentive scheme with reasonably by taking into account of shareholders' interests and maximum returns of the Company
- Having a provision to prohibit management and staffs to conduct themselves in manner that might cause a conflict of interests in the Company in writing. Including the penalties.
- The Company is formulating the code of conducts to use as a future guideline of all staffs and also adhere in moral commitment toward to trade partners, with due care for the works in hand, punctual payments and fair treatment for the trade partners.

2. Risk management

The Company has assessed the risk factors, both internal and external, that may pose material impact on its operations. Problems arising are addressed and analysis of the events to figure out the reasonable corrective and preventive measures to avoid any losses or control the degree of losses in the acceptable level. The Company has provided training to the relevant staff for them to be aware of and perform in accordance with the risk management measures set forth.

3. Activity control

The Company has formulated policy, business plan, and operation procedure in achieving the organization goals. This requires the management and all staffs to strictly commit and perform. The scope of authority and approval limits of executives of each level has set out clearly, including the measures to monitor and control the operation being in compliance with rules and regulations of SEC and SET.

4. Information and communication

The Company has made available key information that is adequate, accurate and updated to support the decision making and allow for efficient internal control. The

Executive Committee will monitor the operations of the management, with meetings held monthly. Whereas the management will arrange a weekly meeting to take consideration on all relevant information, covering such areas as administration, technical information, finance, accounting, and law, etc.

5. Monitoring and evaluation

The Company has set out business targets to achieve, which the Board of Directors will regularly monitor and supervise the operation, review and compare the performance of the management with the targets. The Company will ensure that there is an examination of implementation under the internal control system on a regular basis, the results of which reported directly to the Board of Directors or the Audit Committee. It also has a policy for the management to report to the Board of Directors in case of any events that are or may be regarded as misconduct, violation of the laws and/or any irregularities that may materially affect the reputation and the financial status of the Company.

Risk management

The company's Risk Management Committees shall impose the policy and risk management procedures to be performed by managing department. Managing department shall be of responsibility for stipulation and designing the work system including specifying risk factors. Such planning with risk factors taken into account shall assist managing department to invent the supervising system to control risks to be of acceptable level for the company. The details of risk factors have been already specified.

Risk Management Committee emphasized on the follow-up of debts and trouble projects as an important issue by setting a scheduled meeting for debt management and follow-up once a week.

Head of the internal audit and Head of the Compliance of the Company

1. Internal audit is a crucial part of internal supervising system. The audit committees appoint Mr. Thitapakorn Prasartvachirakul to be internal audit Assistant manager. Mr. Thitapakorn Prasartvachirakul has given internal audit policy in accordance with standard of The Institute of Internal Auditors to assure the value increase and the improvement of the operational



system of organization to be of competence. The report of result shall also be fully undertaken. The regulations associated with the company's business shall be conducted strictly.

According to Audit Committees Charter, audit committees are empowered to approve, appoint, discharge and translocate the internal audit manager by considering his/her qualification to conduct his/her duty appropriately and competently.

2. The Compliance Department of the Company at present appoints Mr. Matee Ittirivichai as the Compliance Manager directly reporting to the Board of Directors.

Connected Transactions

1. Connected Transactions between the company and persons who may have conflicts of interest

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2017	As of Dec 31, 2016	As of Dec 31, 2015
1. BR Construction Co., Ltd.	Subsidiaries	1. Income from construction service with charged to subsidiaries construction projects	The transaction occurred from the construction service which provided to subsidiary by reasonable and fair pricing and no difference with customers.	-	-	-
		2. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of subsidiaries operation with interest at the rate of 6.5-6.87% per year.	2,494	2,370	2,370
		3. Account Receivable*	Accounts receivable occurred from the outstanding construction services at the end of the accounting period.	139,119	139,119	158,873
		4. Short Term Loan*	The transaction occurred from loan of subsidiaries operation with interest at the rate of 6.5-6.87% per year.	91,707	88,207	88,207
		5. Accrued Interest Receivable*	The transaction occurred from loan of subsidiaries operation with interest at the rate of 6.5-6.87% per year.	15,346	12,852	10,482
		6. Earned revenues not yet billed*	The transaction occurred from the construction service for subsidiaries without charging.	-	308	308
		7. Other Receivable*	The transaction occurred from the construction advance payment and charged on the actual price.	4,600	4,600	4,600



Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value	
				As of Dec 31, 2017	As of Dec 31, 2016
2. Rich Man Property Co., Ltd.	Subsidiaries	1. Income from construction service with charged to subsidiaries construction projects	The transaction occurred from the construction service which provided to subsidiary by reasonable and fair pricing and no difference with customers.	-	-
		2. Other Income	The transaction occurred from advertisement service advance payment.	-	-
		3. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	33,602	24,589
		4. Short Term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	463,346	439,546
		5. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	75,001	41,438
		6. Other Receivable*	Other receivable occurred from the outstanding services at the end of the accounting period.	2,129	2,129
					24,158
					30
					14,659
					274,784
					16,848
					2,129

(Unit : Thousand Baht)

		Relationship	Description of Transaction	Necessity and rationality of the transaction	(Unit : Thousand Baht)		
					As of Dec 31, 2017	Transaction Value As of Dec 31, 2016	As of Dec 31, 2015
3. North Property Company Limited	Subsidiaries	1. Other Income		The transaction occurred from advertisement service advance payment.	-	-	95
		2. Interest with charged from short term loan for subsidiaries operation		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	3,610	3,135	2,052
		3. Short Term Loan		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	49,604	47,203	39,703
		4. Accrued Interest Receivable		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	9,184	5,588	2,454
		5. Other Receivable*		Other receivable occurred from the outstanding services at the end of the accounting period.	247	247	247
4. Salja Bangsaen Condominium Co., Ltd.	Subsidiaries	1. Interest with charged from short term loan for subsidiaries operation		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	3,026	2,972	1,608
		2. Short Term Loan		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	44,614	37,614	37,404
		3. Accrued Interest Receivable		The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	7,684	4,659	1,687
		4. Other Receivable*		Other receivable occurred from the outstanding services at the end of the accounting period.	603	603	603



Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2017	As of Dec 31, 2016	As of Dec 31, 2015
5. Siam Bangkok Development Company Limited	S subsidiaries	1. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of company operation with interest at the rate of 7.5% per year.	5,534	5,545	2,184
		2. Short Term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	47,200	94,211	46,400
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	3,007	7,729	2,184
		4. Other Receivable*	Other receivable occurred from the outstanding services at the end of the accounting period.	530	1,144	1,144
		5. Income from Consulting fee with charged to subsidiaries	The transaction occurred from the consulting service which provided to subsidiary by reasonable and fair pricing and no difference with customers.	5,656	-	-
6. Imperial Land Company Limited	S subsidiaries	1. Income from Consulting fee with charged to subsidiaries	The transaction occurred from the consulting service which provided to subsidiary by reasonable and fair pricing and no difference with customers.	6,119	1,020	-
		2. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	11,633	1,852	-
		3. Short Term Loan	The transaction occurred from loan of associated company operation with interest at the rate of 7.5% per year.	165,000	155,000	-
		4. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	11,633	1,852	-
		5. Other Receivable*	Other receivable occurred from the outstanding services at the end of the accounting period.	3,273	1,091	-

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2017	As of Dec 31, 2016	As of Dec 31, 2015
7. EMC and Power Line Joint Venture.	Joint Venture between the company and Power Line Engineering Public Co., Ltd	1. Income from Consulting fee with charged to joint venture	The transaction occurred from the consulting service which provided to joint venture by reasonable and fair pricing and no difference with customers.	-	-	1,001
		2. Dividend	The dividends are paid in proportion to the investment.	-	-	7,350
		3. Interest with charged from short term loan for joint venture operation	The transaction occurred from loan of company operation with interest at the rate of 8% per year.	21	40	71
		4. Short Term Loan*	The transaction occurred from loan of subsidiaries operation with interest at the rate of 8% per year.	-	500	500
		5. Accrued Interest Receivable*	The transaction occurred from loan of subsidiaries operation with interest at the rate of 8% per year.	-	60	20
8. Sanken-EMC Company Limited	Associated Company	1. Income from Consulting fee with charged to joint venture	The transaction occurred from the consulting service which provided to associated company by reasonable and fair pricing and no difference with customers.	209	4,244	4,029
		2. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of subsidiaries operation with interest at the rate of 7.5% per year.	63	36	1
		3. Short Term Loan	The transaction occurred from loan of associated company operation with interest at the rate of 7.5% per year.	2,500	-	1,000
		4. Accrued Interest Receivable	The transaction occurred from loan of associated company operation with interest at the rate of 7.5% per year.	63	-	1
		5. Other Receivable	Other receivable occurred from the outstanding services at the end of the accounting period.	607	607	3,745
		6. Account Payable	Accounts payable occurred from the outstanding material purchasing and construction services at the end of the accounting period.	8,340	-	-
		7. Construction Cost	The transaction occurred from the material cost by reasonable and fair pricing and no difference with customers.	37,325	-	-



		Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
					As of Dec 31, 2017	As of Dec 31, 2016	As of Dec 31, 2015
9. UA WITHYA Public Company Limited	Related party as CEN being a common shareholder and co-shareholder	1. Construction Cost	The transaction occurred from the material cost by reasonable and fair pricing and no difference with customers.		-	1,195	1,695
		2. Finance costs	The transaction occurred from the loan payment for Imperial Land Company Limited (S subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%.		10,083	468	-
		3. Material and Construction Advance Payment	The transaction occurred from the material advanced payment by reasonable and fair pricing and no difference with customers.		-	-	378
		4. Account Payable	Accounts payable occurred from the outstanding material purchasing and construction services at the end of the accounting period.		14,769	14,769	13,971
		5. Retention Payable	The transaction occurred from the materials construction purchasing and services and deducted retention.		332	332	272
		6. Short Term Loan	The transaction occurred from the loan payment for Imperial Land Company Limited (S subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%.		170,000	170,000	-
		7. Accrued Interest Payable	The transaction occurred from the loan payment for Imperial Land Company Limited (S subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%.		3,783	468	-
10. RAYONG WIRE INDUSTRIES Public Company Limited	Related party as CEN being a common shareholder and co-shareholder	1. Construction Income	The transaction was a drawing service income with appropriate pricing.		-	-	170
		2. Account Receivable	Account receivable occurred from the outstanding construction services at the end of the accounting period.		-	-	182

(Unit : Thousand Baht)

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value	
				As of Dec 31, 2017	As of Dec 31, 2016
14. Mr. Wachara Pakdeemonthon	Chief Executive	1. Advance	The transaction occurred from an advance payment for the operation of the company.	-	20
15. Ms. Natheera Ngamleokul	Shareholders	1. Short Term Loan	The transaction occurred from loan of subsidiaries projects with interest at the rate of 7.50% per year.	-	2,300
		2. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries projects with interest at the rate of 7.50% per year.	-	38
		3. Interest with charged from short term loan for subsidiaries operation	The transaction occurred from loan of subsidiaries projects with interest at the rate of 7.50% per year.	-	38
16. Mr. Anuwit Tantisevikul	Former Executive	1. Other Receivable*	The transaction occurred from the loan of subsidiaries Managing Director with market interest rate.	57	57
		2. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation without interest.	733	733
17. Mr. Norapat Tiyaipam	Director of subsidiaries (Already resigned in 2017)	1. Advance	The transaction occurred from an advance payment for the operation of subsidiaries.	156	21
		2. Other Receivable*	The transaction occurred from the loan of subsidiaries Managing Director with market interest rate.	17	-
		3. Other Payable	Other Payable occurred from the investments in subsidiaries.	5,247	5,247
		4. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation without interest.	4,635	4,635
		5. Income from Commercial Building for sale	The transaction occurred on the sale of the commercial building of the subsidiary with the appropriate pricing.	-	68,007
18. Voravit Leenabanchong	กรรมการและผู้บริหารระดับสูง	1. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation without interest.	26,038	-

* The Company has set aside the allowance for doubtful debts in full amount.



2. *Necessity and Justification of Transactions*

Transactions occurring in the past year are transactions made from:

1. Interest payment for short term loans from joint ventures for the operation of the company.
2. The consulting fees of projects and other incomes which collected by the Company from subsidiaries and joint ventures, is a fee charged by the company under a mutually agreed contract including the sale of scrap materials from the construction such transactions are normal business of the Company.
3. The contract works for the construction of the project instead of the subsidiary as the company undertakes the construction work and consider carefully the construction cost such transactions are normal business.
4. The material purchasing of projects, the Company has compared material prices according to the Company's regulations and the selection of material vendors is fair and considering the properties of the material vendor and the material price such transactions are normal business of the Company.
5. Short term loan for company operation without interest rate
6. Short term loan occurred from loan of subsidiaries operation with interest at the rate of 6.5-8.0% per year.

The Audit Committee is of the opinion that such connected transactions are in line with the nature of the business and the income and expenses which received and paid are market prices, as well as those with unrelated parties.

Necessity and Justification of Transactions are the highest benefits of the Company. The Audit Committee has commented that it is in line with general business and the company received and paid a fair price and guarantees of loans from banks instructions and loans to subsidiaries and related companies. It is a transaction that improves liquidity and improves the financial position of the company to be able to continue operating on a continuous basis. In addition, the said transaction is in accordance with the policy of the connected transaction according to the resolutions of the Board of Directors Meeting.

3. *Measures/Procedures for Approval of Related Party Transactions*

The above related transactions in the table, the Audit Committee has audited and agreed that it is in line with the field of business and the future transactions, the Company will assign related departments to gather information transaction to propose to the Audit Committee to consider that the transaction is in line with the general business and is in line with the market pricing. In this regard, company will perform with the regulations of the Securities and Exchange Commission. The Stock Exchange of Thailand and the Audit Committee will consider and propose to the Board of Directors by commenting on the transactions must be no directors with conflict of interests.

4. *Policy or Trend of Making the Related Party Transactions in the Future*

The Company has a policy on transactions with the conditions of business at the market pricing. It can be compared with the third parties pricing, thereby, company has provided the audit committee or the auditor of the company or independent expert to audit and comment on the suitable pricing and the reasonableness of the transaction.

If the transaction between the Company or its subsidiaries occurred with the possible of conflicts of interest or possible of conflicts of interest in the future. The Company will provide the Audit Committee with an opinion on the necessity and appropriate of the transaction. In the case of the Audit Committee is not proficient in the consideration of related transactions. The Company will provide the independent expert or the auditor to comment on transactions for the

decision of Board of Directors or shareholders as the case may be. The Company will disclose related transactions in the notes to financial statements which audited by the Company's auditors.



Financial Highlights

Auditor Remuneration

Year	Auditor	Certified Public Accountant	Company
Registration No.			
2015	Ms. Waleerat Akkarasrisawad	4411	Baker Tilly Audit and Advisory Services (Thailand) Ltd.
2016	Ms. Yupin Chumjai	8622	SP Audit Ltd.
2017	Ms. Yupin Chumjai	8622	SP Audit Ltd.

Audit report of the auditors in the past year

In 2015, the auditor unable to express an opinion towards consolidated financial statement of the company, subsidiary company and joint venture and financial statement of the company.

In 2016, the auditor made a conditional and uncontested comment on the consolidated financial statements of the company, subsidiaries and joint ventures, and the separate financial statements of the company.

In 2017, the auditor rendered unconditional opinion towards consolidated financial statement of the company, subsidiary company and joint venture and financial statement of the company.

Consolidated/Separate Financial Statements

EMC Public Company Limited, its Subsidiary and Joint Ventures

Statement of Financial Position

As of December 31, 2017

	Consolidated Financial Statements					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Assets</u>						
Current assets						
Cash and cash equivalents items	29.48	1.01	199.40	6.39	1,075.54	32.43
Short-term investments	3.76	0.13	8.60	0.28	4.96	0.15
Trade and other receivables	106.04	3.64	74.31	2.38	150.59	4.54
Earned revenues not yet billed	121.30	4.16	121.12	3.88	82.48	2.49
Retention receivable from customers	82.51	2.83	60.16	1.93	72.09	2.17
Short-term loans and interest receivable to related parties	2.56	0.09	0.00	-	3.34	0.10
Work in progress	106.14	3.64	2.69	0.09	34.05	1.03
Real estate development cost	997.38	34.21	882.42	28.29	587.56	17.72
Advance payments for materials and contractors	12.71	0.44	51.40	1.65	27.49	0.83
Deposits for lands	0.00	-	3.60	0.12	50.17	1.51
Other current assets	9.68	0.33	4.18	0.13	17.16	0.52
Total current assets	1,471.56	50.48	1,407.88	45.14	2,105.43	63.49
Non-current assets						
Restricted bank deposits	168.98	5.79	161.70	5.18	206.73	6.23
Other long-term investments	0.00	-	0.00	-	0.00	-
Investments in subsidiaries	0.00	-	0.00	-	0.00	-
Investments in associates and joint venture	0.71	0.02	3.47	0.11	1.91	0.06
Land awaiting development	125.54	4.31	125.54	4.03	125.54	3.79
Property, plant and equipment	947.07	32.48	751.03	24.08	278.28	8.39
Prepaid leasehold land	145.72	5.00	165.61	5.31	0.00	-
Intangible assets	4.54	0.16	4.85	0.16	3.92	0.12
Withholding tax deducted at sources	40.01	1.37	29.70	0.95	102.42	3.09
Advance payments for purchases of real estate projects	0.00	-	466.34	14.95	479.39	14.46
Other non-current assets	11.49	0.39	2.87	0.09	12.37	0.37
Total non-current assets	1,444.06	49.52	1,711.11	54.86	1,210.56	36.51
Total assets	2,915.62	100.00	3,118.99	100.00	3,315.99	100.00



EMC Public Company Limited, its Subsidiary and Joint Ventures

Statement of Financial Position (Continued)

As at December 31, 2017

	Consolidated Financial Statements					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Liabilities and shareholders' equity</u>						
Current liabilities						
Short-term loans from financial institutions	46.00	1.58	0.00	-	0.00	-
Trade and other payables	299.69	10.28	154.01	4.94	211.31	6.37
Current portion of long-term loans from financial institution	316.19	10.84	42.07	1.35	174.21	5.25
Current portion of liabilities under finance lease contracts	2.12	0.07	2.16	0.07	0.30	0.01
Unbilled construction cost payables	68.85	2.36	54.80	1.76	78.08	2.35
Advances received from customers	208.42	7.15	199.65	6.40	120.34	3.63
Short-term loans and accrued interest from related parties	205.19	7.04	175.84	5.64	15.97	0.48
Income tax payable	0.00	-	0.00	-	3.86	0.12
Provision for short-term liabilities	65.54	2.25	80.59	2.58	133.78	4.04
Other current liabilities	18.83	0.65	15.73	0.50	36.34	1.10
Total Current Liabilities	1,230.83	42.22	724.85	23.24	774.19	23.35
Non-current liabilities						
Long-term loans from financial institutions	5.03	0.17	72.54	2.33	0.00	-
Retention payable to contractors	93.14	3.19	83.80	2.69	110.66	3.34
Liabilities under finance lease contracts	3.45	0.12	5.56	0.18	0.47	0.01
Long-term advances received from customers	4.85	0.17	1.90	0.06	0.00	-
Provision for onerous contracts	34.14	1.17	23.00	0.74	0.00	-
Provision for employee retirement benefit	17.85	0.61	31.49	1.01	24.04	0.72
Deferred income tax liability	18.47	0.63	19.13	0.61	7.71	0.24
Other non-current liabilities	5.21	0.18	1.73	0.06	0.00	-
Total non-current liabilities	182.14	6.24	239.15	7.68	142.88	4.31
Total liabilities	1,412.97	48.46	964.00	30.92	917.07	27.66
Shareholders' equity						
Ordinary shares	13,571.25		12,492.18		12,492.18	
Issued and paid-up share capital	8,433.75	289.26	8,433.73	270.40	8,430.04	254.22
Premium on share capital	248.61	8.53	248.61	7.97	248.61	7.50
Discount on share capital	-4,459.88	(152.97)	-4,459.87	(142.99)	-4,457.28	(134.42)
Premium on share capital - treasury stocks	5.97	0.20	5.97	0.19	5.97	0.18
Retained earnings (deficit)						
Appropriated						
Legal reserve	16.48	0.57	16.48	0.53	16.48	0.50
Deficit	-2,689.40	(92.24)	-2,040.98	(65.44)	-1,746.25	(52.66)
Other component of equity	73.89	2.53	76.53	2.45	30.87	0.93
Total shareholders' equity of Parent Company	1,629.42	55.88	2,280.47	73.11	2,528.44	76.25
Non-controlling interests of subsidiaries	-126.77	(4.35)	-125.48	(4.02)	-129.52	(3.91)
Total shareholders' equity	1,502.65	51.53	2,154.99	69.09	2,398.92	72.34
Total liabilities and shareholders' equity	2,915.62	99.99	3,118.99	100.01	3,315.99	100.00

EMC Public Company Limited, its Subsidiary and Joint Ventures

Statements of Comprehensive Income

For the year ended December 31, 2017

	Consolidated Financial Statements					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Operating revenues						
Revenue from construction	559.03	84.80	572.10	96.70	631.83	80.68
Revenue from sales of real estate	92.07	13.97	14.81	2.50	145.85	18.62
Revenue from project consultant	1.10	0.17	4.24	0.72	5.48	0.70
Rental income and fee leasehold	7.02	1.06	0.47	0.08	0.00	-
Total Operating revenues	659.22	100.00	591.62	100.00	783.16	100.00
Operating cost						
Costs of construction and project consultant	-498.88	(75.68)	-576.15	(97.39)	-642.51	(82.04)
Cost of sales of real estate	-64.28	(9.75)	-10.46	(1.77)	-135.46	(17.30)
(Loss) reversal on devaluation of property development costs are expected to be a net gain	35.29	5.35	-48.41	(8.18)	0.00	-
Cost of rental and fee leasehold	-19.33	(2.93)	-2.28	(0.39)	0.00	-
Gross Margin	112.02	16.99	-45.68	(7.73)	5.19	0.66
Other revenues						
Interest income	2.07	0.31	8.89	1.50	4.66	0.60
Other income	10.08	1.53	46.42	7.85	28.77	3.67
Reversal of not yet due cost	3.75	0.57	37.52	6.34	50.50	6.45
Reversal of allowance for loss on litigation claim	0.00	-	9.62	1.63	0.00	-
Reversal of accrued bonus	0.00	-	6.03	1.02	0.00	-
Total Other revenues	15.90	2.41	108.48	18.34	83.93	10.72
Operating expenses						
Selling expenses	-67.22	(10.20)	-75.77	(12.81)	-48.71	(6.22)
Administrative expenses	-164.88	(25.01)	-159.87	(27.02)	-162.36	(20.73)
Doubtful accounts	-8.44	(1.28)	-34.27	(5.79)	-42.34	(5.41)
Doubtful debt of impairment of advance payments for purchases of real estate projects under development	-466.34	(70.74)	0.00	-	0.00	-
Loss from impairment of investments	0.00	-	0.00	-	-12.27	(1.57)
Loss from onerous contract	-10.70	(1.62)	-23.00	(3.89)	0.00	-
Reserve short-term provisions	-6.43	(0.98)	-9.23	(1.56)	-26.69	(3.41)
Loss from impairment of assets	-64.94	(9.85)	-29.42	(4.97)	0.00	-
Total operating expenses	-788.95	(119.68)	-331.56	(56.04)	-292.37	(37.34)
Loss before share of loss of investments in associates and joint venture	-661.04	(100.28)	-268.76	(45.43)	-203.25	(25.95)
Share of loss of investments in associates and joint venture	-3.55	(0.54)	-12.29	(2.08)	-6.38	(0.81)
Loss before financial cost and income tax revenues	-664.59	(100.82)	-281.05	(47.51)	-209.63	(26.76)
Financial cost	-11.12	(1.69)	-12.66	(2.14)	-4.54	(0.58)
Loss before income tax revenues	-675.71	(102.51)	-293.71	(49.65)	-214.17	(27.34)
Income tax revenues (expenses)	0.66	0.10	0.60	0.10	-82.62	(10.55)
Loss for the year	-675.05	(102.41)	-293.11	(49.55)	-296.79	(37.89)



EMC Public Company Limited, its Subsidiary and Joint Ventures

Statements of Comprehensive Income (Continued)

For the year ended December 31, 2017

	Consolidated Financial Statements					
	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Loss for the year	-675.05	-102.41	-293.11	-49.55	-296.79	-37.89
Loss other comprehensive						
Items that will not be reclassified subsequently to profit or loss :-						
Revaluation surplus of fixed assets	0.00	-	60.11	10.16	0.00	-
Depreciation of revaluation surplus of fixed assets	0.00	-	0.00	-	-3.02	(0.39)
Income tax relating to item that will not be reclassified	0.00	-	-12.02	(2.03)	0.60	0.08
Actuarial gain (loss) arising from defined benefit plan of employees	22.70	3.44	0.00	-	0.45	0.06
Loss other comprehensive for the period-net income tax	22.70	3.44	48.09	8.13	-1.97	(0.25)
Total comprehensive loss for the year	-652.35	-98.97	-245.02	-41.42	-298.76	-38.14
Loss attributable to for the year						
Shareholders of the Parent Company	-673.77	(102.22)	-297.14	(50.23)	-297.66	(38.00)
Non-controlling interests	-1.28	(0.19)	4.03	0.68	0.87	0.11
	-675.05	-102.41	-293.11	-49.55	-296.79	-37.89
Comprehensive loss attributable to for the period						
Shareholders of the Parent Company	-651.07	(98.78)	-249.05	(42.10)	-299.63	(38.25)
Non-controlling interests	-1.28	(0.19)	4.03	0.68	0.87	0.11
	-652.35	(98.97)	-245.02	(41.42)	-298.76	(38.14)

Loss per share attributable to owners of the parent (Baht)

Basic loss per share

(0.0799)

(0.0352)

(0.0695)

EMC Public Company Limited, it Subsidiary and Joint Ventures

Statement of Cash Flows

For the year ended December 31, 2017

(Unit : Million Baht)

	Consolidated Financial Statements		
	2017	2016	2015
Cash flows from operating activities			
Loss before income tax revenues	-675.71	-293.71	-214.17
Adjustments to reconcile loss before income tax expenses cash received (paid) from operating activities			
Depreciation and amortization	25.16	29.10	33.72
Loss on impairment of assets	45.05	30.33	0.00
(Reversal of) loss on reduce real estate development cost to net realisable value	-35.29	48.41	0.00
(Gain) on reverse unbilled construction cost payables	-3.75	-37.52	-50.50
Loss on impairment of subsidiary and associates	0.00	0.00	0.00
Loss on impairment of prepaid leasehold	0.00	0.00	12.27
Loss on impairment of prepaid leasehold	19.89	0.00	0.00
Loss from onerous contract	11.14	23.00	0.00
Provision for short-term liabilities	13.98	14.99	26.69
Provision for employee retirement benefit	9.06	7.45	6.40
Write-off (reversal of) withholding tax deducted at sources	0.09	-0.62	4.08
Doubtful debt	8.44	34.27	42.34
Doubtful debt of impairment of advance payments for purchases of real estate projects under development	466.34	0.00	0.00
Reverse accrued bonus	0.00	-6.03	0.00
Gain on bargain purchase	0.00	0.00	-7.80
Amortization accrued dividends	-2.45	-0.37	0.00
Share of loss of associates and joint venture	3.55	12.29	6.38
Loss on sale/write-off property, plant and equipment	1.16	4.25	6.15
Profit (loss) on sale short-term investments	-0.04	-0.30	1.54
Dividend income	0.00	0.00	0.00
Interest income	-2.07	-8.89	-4.66
Interest expense	11.12	12.66	4.54
Loss from operations before changes in operating assets and liabilities	-104.33	-130.69	-133.02
Operating assets (increase)decrease			
Trade and other receivable	-29.42	53.56	-3.29
Earned revenues not yet billed	-0.19	-38.64	102.22
Retention receivable from customers	-39.75	-2.68	-0.63
Work in progress	-90.76	31.36	-3.13
Real estate development cost	-67.26	-240.21	-51.80
Deposit for lands	1.50	2.00	-74.17
Advance payments for materials and contractors	38.69	-38.07	6.97
Advance payments for purchases of real estate projects under development	0.00	13.05	-479.39
Leasehold right for land and improvements			
Other current assets	-5.68	12.93	28.08
Other non-current assets	-0.68	9.30	0.98
Operating liabilities increase (decrease)			
Trade and other payables	187.57	-87.56	-78.47
Unbilled construction cost payables	17.80	14.24	-58.78
Provision for short-term liabilities	-29.03	-68.19	-15.57
Advances received from customers	11.73	78.29	27.24
Other current liabilities	3.09	-20.06	-0.06
Retention payable to contractors	9.35	-26.91	-14.83
Non-other current liabilities	3.49	3.62	0.00
Cash paid from operating activities	-93.88	-434.66	-747.65
Income tax received (paid)	-10.22	69.48	-18.28
Net cash used from operating activities	-104.10	-365.18	-765.93



EMC Public Company Limited, its Subsidiary and Joint Ventures

Statement of Cash Flows (Continued)

For the year ended December 31, 2017

(Unit : Million Baht)

	Consolidated Financial Statements		
	2017	2016	2015
Cash flows from investing activities			
(Increase) decrease in short-term investments	4.88	-3.34	395.86
(Increase) decrease in short-term loans to subsidiaries	-2.00	3.30	-3.30
Increase in investment in subsidiaries	0.00	0.00	-20.00
Repayment of long-term loans instead than subsidiary	0.00	0.00	-68.83
Effect on cash flows from additionally investing in subsidiaries	0.00	0.88	0.19
(Increase) Decrease in investments in restricted fixed deposits	-7.28	45.03	71.83
Cash received for property, plant and equipment	0.81	0.08	0.00
Acquisition of property, plant and equipment	-307.56	-415.45	-112.88
Prepaid leasehold land	0.00	-51.46	0.00
Acquisition of intangible assets	-0.35	-1.50	-3.99
Increase in investment in associates and joint venture	-0.80	-14.40	0.00
Interest received	2.37	8.80	4.91
Dividend received	0.00	0.00	0.00
Net cash received (used) from investing activities	-309.93	-428.06	263.79
Cash flows from financing activities			
Decrease in bank overdrafts and short-term loans from financial institutions	46.00	0.00	-41.92
Increase (decrease) in short-term loans from related parties	26.04	-10.60	-29.42
Repayment for finance lease contracts	-2.16	-1.44	-1.20
Cash received from long-term loan from financial institution	228.50	118.39	20.05
Repayment of long-term loans from financial institutions	-32.91	-174.21	-82.39
Increase in share capital from the exercised warrants	0.01	1.10	2.66
Increase in share capital	0.00	0.00	1606.26
Dividend payment	0.00	0.00	0.00
Interest paid	-21.36	-16.14	-4.71
Net cash received (used) from financing activities	244.12	-82.90	1469.33
Net cash and cash equivalents items (decrease) increase-net	-169.91	-876.14	967.19
Cash and cash equivalents items at the beginning of the year	199.40	1075.54	108.36
Cash and cash equivalents items at the end of the year	29.49	199.40	1075.55

EMC Public Company Limited

Financial Ratios

		2017	2016	2015
Liquidity Ratios				
Current Ratio	Times	1.20	1.94	2.72
Quick Ratio	Times	0.11	0.39	1.59
Account Recievable Turnover	Times	3.28	2.74	3.16
Average Collection Period	Day	110	131	114
Account Payable Turnover	Times	2.41	3.49	3.68
Average Payment Period	Day	149	103	98
Profitability Ratios				
Gross Profit Margin	%	16.99	(7.72)	0.66
Operating Profit Margin	%	(100.28)	(45.43)	(25.95)
Net Profit Margin	%	(102.21)	(50.22)	(38.01)
Cash to profitability	%	(15.75)	(135.88)	(427.98)
Return on Equity	%	(36.84)	(13.05)	(17.07)
Efficiency Ratios				
Return on Asset	%	(22.33)	(9.24)	(10.66)
Return on Fix Asset	%	(79.36)	(63.39)	(183.03)
Total Asset Turnover	Times	0.22	0.22	0.31
Leverage Ratios				
Debt to Equity Ratio	Times	0.94	0.45	0.38
Dividend Payout	%	0.00	0.00	0.00
Market Value Ratios				
Book Value per Share	Baht	0.18	0.26	0.28
Earning per Share	Baht	(0.08)	(0.04)	(0.07)
Dividend per Share	Baht	-	-	-
Dividend Yield	%	-	-	-



Explanation and Analysis of Business Operation and Financial Status

Overview of business operation in the past

EMC Public Company Limited ("the company") and its subsidiaries are a group settled to operate the business relating to providing services according to long-term service contracts and construction contracts, including real estate development for sales, for short-term rental, and for long-term lease. The group of the company operates by the company and subsidiaries as follows:

Company Name	Type of Business	Paid-up Capital	Shareholding Percentage
EMC Public Company Limited	Services under construction and real estate development contracts	8,433,754,763	-
<u>Subsidiaries</u>			
Imperial Land Co., Ltd.	Property Development	110,000,000	100
Siam Bangkok Development Co., Ltd.	Property Development	20,000,000	100
Richman Property Co., Ltd.	Property Development	5,000,000	100
North Property Co., Ltd.	Property Development	4,000,000	100
Sajja Bangsaen Condominium Co., Ltd.	Property Development	4,000,000	100
BR Construction Co., Ltd.	Currently ceasing business	60,000,000	51
<u>Associates</u>			
Sanken-EMC Co., Ltd.	Construction Services	40,000,000	48

In 2017, the company has operated two construction contracts from two employers: 1) a government agency as The Bangkhunthian Elderly Hospital Project is located in Bangkhunthian, Bangkok, by the contract services of structural, architecture, and the building system. The work value is about 2,782.86 million Baht and 2) a private company as the new construction project for food and beverage factories, by the contract services of structural, architecture, and the building system. The value of work is approximately 186 million Baht.

In addition, the company has real estate projects under development such as 1) URBITIA THONG LO, located at Soi Sukhumvit 36, to develop as a residential condominium project for sales with 8-storey building of 130 units, the project value approximately 930 million Baht, expected to be completed around Q2 2018, 2) Sea Side, located at Wornapha Beach, Bangseang, to develop as a residential condominium project for sales with two 6-storey building of 200 units, the project value approximately 550.85 million Baht, the project on the process of owner transferring, 3) Land Mark Mahachai, located at Mahachai, Samutsakorn, to develop as a commercial building leasehold and community mall, the project value approximately 1,200 million Baht.

Moreover, the company has been monitoring the progress of the court consideration of the claim to Siam Grand Property Company Limited. On September 16, 2015, the company was filed a civil court by Siam Grand Property Company Limited ("Plaintiffs") and one of former shareholders of Siam Bangkok Development Company Limited ("Co-Plaintiffs") according to the Black Case No. P2206/2558 claimed the company to;

1) Deliver the original mortgage of the American Town Project dated August 13, 2014, the document permitting refinancing of a local bank, and the original deeds of American Town Project (5 titles) and of Siam Tara Mantra Project (15 titles) located at Banbuang, Chonburi Province totally 20 titles with book series authorized to transfer of land to the plaintiff.

2) Payment of 500,000 baht to the plaintiff, plus interest at the rate of 7.5% per annum thereof as the filing date until the payment amount completed, and

3) Continuing to pay damages of 1.3 million baht per month from the date of filing until the company to submit such the land titles to the plaintiff.

On October 26, 2015, the company provided to the Court and filed the Civil Court counterclaim for compensation amount of 1,272.98 million baht as the follow claims;

(1) the plaintiff and the co- plaintiff to transfer the ownership of the land under agreement to sell the assets of Siam Tara Mantra Project (65 titles), East Venice Project (6 titles) and American Town Project (151 titles).

(2) If the plaintiff or the co- plaintiff unable to complete the transfer of land to the company under clause (1) the plaintiff and the co- plaintiff have to pay the money back for which the company paid for the three projects acquisition and construction expenses amount of 521.62 million baht (including in the payment of the projects acquisition 287.57 million baht, the payment of the project loan debt 53.77 million baht, the construction expenses as agreed 161.33 million baht, other operating expenses 18.95 million baht) and interest 7.5% per annum on the principal amount of 515.80 million baht charged from the date of counterclaim to the date when the plaintiff and the co- plaintiff pay to the company completely, and

(3) the plaintiff and the co- plaintiff to pay damages amounting to 751.36 million baht (the guarantee profits under the acquisition agreement for the three projects together with interest at the rate of 7.5% per annum of the principal of 743.00 million baht from the date of the counterclaim until the plaintiff and the co- plaintiff to pay to the company completely). The total counterclaim amount of 1,272.98 million has been in the law suit on considered by the court.

On June 20, 2016, the Company filed with the District Court, Chonburi (Criminal) to Siam Grand Company Limited ("Defendant No.1") and one of former shareholders of Siam Bangkok Development Company Limited ("Defendant No.2") for a total of five cases on charges of corruption by the two defendants jointly transfer of property between the case to a third party intentionally, and the Company has been damaged with the transfer of ownership in the land 22 titles of Siam Tara Mantra project 33.98 million baht and 6 titles of East Venice project 151.71 million baht totaling 185.69 million as follows.



<u>Case No.</u>	<u>Convicted</u>	<u>Damages</u>	<u>Project</u>
Black O.3781/2559	Defraud creditors	Sold 5 land title deeds	Siam Tara Mantra
Black O.4635/2559	Defraud creditors	Sold 5 land title deeds	Siam Tara Mantra
Black O.4703/2559	Defraud creditors	Sold 7 land title deeds	Siam Tara Mantra
Black O.4771/2559	Defraud creditors	Sold 5 land title deeds	Siam Tara Mantra
Black O.4989/2559	Defraud creditors	Sold 6 land title deeds	East Venice

Nevertheless, the case is under the process of the Court whereas the ultimate outcome of the case is unknown.

In 2017, the Group's total operating revenues were Baht 675.12 million, a decrease of Baht 24.98 million or 3.57% from that of the same period of last year. This is the revenue from the two main lines of construction; general building construction and M&E systems construction. In addition, there are revenues from real estate development, project advisory fee, rental revenue and leasehold service and interest income. In 2017, it was another year that the company recorded a net loss. Details are as follows.

Revenue

In the year 2017, the Group's total revenue from the construction business was Baht 559.03 million, a decrease of Baht 13.07 million or 2.28% from that of the previous year. The construction revenue was mainly from the contracts in 2016. The real estate development business was recognized at Baht 92.07 million, an increase of Baht 77.26 million or 521.67% compared to that of the same period last year.

In addition, the Group also had a consultant fee income of Baht 1.10 million, rental revenue and leasehold service of Baht 7.02 million, interest income of Baht 2.07 million, other income of Baht 10.08 million mainly from the receipt of the compensation payment from an account receivable, and the sale of building materials that cannot be reused including an unrealized cost reversal of Baht 3.75 million.

Cost of Contracting for the Construction and Gross Profit

In 2017, the Group's cost of construction and sales of residential units totaled Baht 527.86 million, representing 81.07% of the construction revenue and sales of residential units. The gross profit margin was Baht 123.24 million or 18.93%, divided into the gross profit from the construction business of Baht 60.15 million or 10.76% of the revenue from the construction business, and gross profit margin from sales of residential units was Baht 63.08 million or 68.51% of sales revenue of residential units.

Selling Expenses, General and Administrative Expenses

Selling expenses, general and administrative expenses for the year 2017 totaled Baht 232.10 million or 34.38% of total revenues, decreased by Baht 3.54 million or 1.50% from that of the previous year. The total sales and marketing expenses were Baht 67.22 million or 9.96% of total revenues, including salary and welfare, sales and marketing personnel, commission fee, sales promotion, advertising media, and other sales and marketing expenses etc. The general and administrative expenses were 164.88 million baht or 24.42% of total income, including salaries, wages and employee benefits, expenses on employee benefits, utility bills, depreciation and amortization, professional fees, and other administrative expenses.

In addition, the company has recorded a doubtful for advance payments for purchases of real estate projects under development of Baht 466.34 million and asset impairment of Baht 64.94 million.

Financial Cost

In 2017, the Group had financial cost of Baht 11.12 million, a decrease of Baht 1.54 million or 12.16% from that of the previous year due to the partial repayment of loans from financial institutions for construction projects.

Net Profit (Loss)

For the year 2017, the company and its subsidiaries recorded a net loss of Baht 675.05 million or a net profit margin -99.99% of total revenue, an increase of Baht 381.94 million or 130.31% comparing to net loss of Baht 293.11 million in 2016.

Financial Status

Assets

Total assets of the Group by the end of 2017 were Baht 2,915.62 million, a decrease of Baht 203.36 million or 6.52% from that of the previous year mainly due to the decrease of cash and cash equivalents. The reason is that the company has spent money to invest in real estate development companies, work in process and doubtful for advance payments for purchases of real estate projects under development Baht 466.34 million.

Cash and Cash Equivalent and Short-Term Investment

In 2017, the group had cash and cash equivalents of Baht 29.48 million and short-term investment of Baht 3.76 million, totaling Baht 33.24 million, a decrease of Baht 174.76 million from that of the previous year, because the group has invested mainly in real estate development costs, work in process and PPE.

Account Receivables

As at 31 December 2017, the group had net trade receivables of Baht 91.34 million, an increase of Baht 25.60 million comparing to that of the previous as the debtor aging table below:



Description	Consolidated Financial Statement (Million Baht)	
	2017	2016
Trade receivables of other parties:		
- undue	74.34	1.23
- overdue		
Up to 3 months	17.00	64.51
From 3 months to 6 months	-	-
From 6 months to 12 months	-	2.08
More than 12 months	<u>122.60</u>	<u>120.52</u>
Total	<u>213.94</u>	<u>188.34</u>
<u>Less</u> allowance for doubtful accounts	<u>(122.60)</u>	<u>(122.60)</u>
Total trade receivables of other parties	91.34	65.74

By the end of 2017, the group had an allowance for doubtful accounts totaling Baht 122.60 million, the same as that of last year. The Group has closely monitored customers with overdue debts. In addition, to reduce the risk of collecting from customers, the group has a policy to consider the customer's ability to pay for contracts thoroughly before the consideration to undertake the construction services of each client.

Unbilled Account Receivables and Retention Receivables from Customers

The unbilled account receivables of the group as at the end of 2017 was Baht 121.30 million, an increase of Baht 0.18 million or 0.15% from that of the previous year mainly from ongoing projects. The unpaid projects pending for more than 12 months has been set aside allowance for doubtful accounts total amount of Baht 55.78 million.

The retention receivables of the group at the end of 2017 were Baht 82.51 million, an increase of Baht 22.35 million or 37.15% from that of the previous year. The allowance for doubtful retention receivable was Baht 99.12 million increased by Baht 17.39 million.

Cost of real estate development

The group's net real estate development cost at the end of 2017 was Baht 997.39 million, an increase of Baht 114.96 million or 13.03% from that of the previous year. This was mainly due to the investment in development for the condominium projects.

Lands, Buildings and Equipment

The group of company has land property, plant and equipment net as of December 31, 2017 totaling Baht 947.07 million, an increase of Baht 196.04 million or 26.10% from that of the previous year. The increase was mainly from buildings, office equipment, and work in process, and the decrease was majorly from building improvement, machine tools, and vehicles.

Liabilities (Debts)

The total liabilities of the group as at 2017 amounted 1,412.97 million Baht which were increased 448.99 million or 46.58% Baht compared to that of last year because of the increase of trade account payable and long-term loans due within one year from financial institutions for the

investment in construction and real estate business. Currently, the company has the ability to repay debt and to comply with the terms of the loan. It also has the ability to provide the additional source of fund from other sources to expand the business further.

Trade Account Payable and Other Payable

As at 31 December 2017, the outstanding balances of trade accounts payable and other accounts payable were Baht 299.69 million, an increase of Baht 145.68 million or 94.59% from that of the previous year due to the increase of the trade account payable and accrued expense payable.

The portion of long-term loans from financial institutions due within one year

As at 31 December 2017, the outstanding balance of long-term loans from financial institutions due within one year was Baht 316.19 million, an increase of Baht 274.12 million or 651.58% from that of the previous year due to the loan with a bank for administrative construction projects.

The portion of short-term loans and accrued interest from related parties

As at 31 December 2017, there were outstanding balances of short-term loans and accrued interest receivable from related parties of Baht 205.19 million, an increase of Baht 29.35 million or 16.69% mainly due to the loan from a director by issuance of promissory notes.

Long-term loans from financial institutions

As at 31 December 2017, the outstanding balance of long-term loans from financial institutions amounted to Baht 5.03 million and mainly loan from financial institution was recorded as loans from financial institutions due within one year.

Shareholders' Equity

As of December 31, 2017, the Company's paid-up capital was Baht 8,433.76 million, an increase of Baht 0.02 million from that of the end of last year due to the warrant holders exercising their warrants to purchase new ordinary shares of the company. Meanwhile the group's operating results for the year 2017 were loss of Baht 673.76 million (for Parent company), the accrued deficit retain earning of Baht 2,689.40 million and a decrease in shareholders' equity of the parent company to Baht 1,629.42 million at the end of 2017 or book value was Baht 0.19 per share.

Cash Flow and Liquidity

In 2017, the Group had a cash flow from operating activities before the change in operating assets and liabilities minus Baht 104.35 million and principally spending on investment in the operating activities such as work in process Baht 90.76 million and real estate development cost of Baht 67.26 million resulted in a net cash flow used in operating activities of Baht 104.11 million. There were cash utilization in investment Baht 309.93 million and received cash from financing activities Baht 244.12 million, resulting in net cash and cash equivalent decrease of Baht 169.92 million, and cash and the ending balance of cash equivalents Baht 29.48 million.

The Group has a policy to provide additional sources of funds to maintain liquidity in the organization and to provide opportunities for expansion. The company generates cash flow not only



from its working capital from the operation but also from financial institutions and fund raising through the stock exchange as well.

Sources of Capital

Source of Capital	Consolidated Financial Statement					
	2017		2016		2015	
	million	%	million	%	million	%
Current Liabilities	1,230.82	42.21	724.84	23.24	774.19	23.35
Non-Current Liabilities	182.14	6.25	239.14	7.67	142.88	4.31
Total Liabilities	1,412.96	48.46	963.98	30.91	917.07	27.66
Shareholders' Equity	1,502.66	51.54	2,155.00	69.09	2,398.92	72.34
Total Liabilities and Shareholders' Equity	2,915.62	100.00	3,118.98	100.00	3,315.99	100.00

From the table above, for the year 2017, the group's capital base was 51.54% from the shareholders' equity and 48.46% from the total liabilities accounting for 42.21% of current liabilities. The group's business operations require a lot of capital to buy construction equipment, payroll and construction labor costs, and sub-contractor expenses. Most of the funds are in the form of credits received from trade accounts payable, money received in advance from customers, unbilled construction costs, and short-term loans from financial institutions. For the year 2017, the group has debt to total asset ratio of 0.48 times and debt to equity ratio of 0.94 times, implying that the utilization of debt financing is suitable. Therefore, the group has the better opportunity to apply for a loan from a financial institution to expand its business in the future.

Commitments and contingent liabilities

1) As at December 31, 2017, the company and its subsidiaries had commitments under purchase orders of construction materials and subcontractors services totalling Baht 621.25 million.

2) Commitments under operating leases

The group has cash payable in future under various long-term operating lease contracts to rent office space and facilities, office equipment and vehicles and land for construction employee. The agreements have the term for certain periods expiring in 2046. The minimum amount to incur income in future for each interval would be as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Not later than 1 year	11,620	10,638
Later than 1 year and not later than 5 years	13,932	18,056
Later than 5 year	154,170	156,824
Total	179,722	185,518

Letter of Guarantee

As at December 31, 2017, the group's outstanding letters of guarantee issued by financial institutions on behalf of the group in respect as required in the normal course of business was Baht 542.99 million. The letters of guarantee are guaranteed by deposits with financial institutions of the company, and joint by a director including the right to receive payment for work with the bank as collateral.

Factors and Main Influences which probably effect business operation or financial status in the future

Factors affecting the business operation or financial status in the future of the group of companies are fluctuation of price of construction equipment and materials, shortage of construction labor, economic situation, government policies and so on.

Prices of construction materials have a direct impact on the group's construction costs. Especially, steel, concrete, and wires are the main materials used in the construction. However, the company closely monitors the price of construction materials for the purpose of efficient procurement planning in order to control costs to meet the goals set for each project.

The labor shortage affects to the construction of the group of companies in the past, which is the cause of construction delay problems and cannot deliver on time as scheduled. However, the group is aware of this risk and be prepared to supply foreign workers to replace. That will make the lower labor cost and it can help alleviate the labor shortage affect to the operations of the company.

Economic and the policy of the government can be considered as another factor that affects the operation of the group of companies. If the economic condition of the country has improved, investment has expanded in both the public and private sectors then, it will contribute the work increasing of the group of companies. However, the liberalization of trade in ASEAN group (AEC), that the government supports is likely to be advantage of the company toward internal trading expansion such as automotive, tourism and so on and it's likely to cause the expansion of ASEAN to Thailand. Meanwhile, it is the opportunity to expanding for investment or contractor in ASEAN or more. However, the Company expects to receive the task of building up from government support this free trade. In addition, demand for housing of people who want to invest in Thailand will be another customer group of real estate development business of the companies.

In term of political, any political change will lead to uncertainties of large investments plans in the infrastructure of the country including of the investment plans of the private sector, and will affect the construction sector and the real estate development business of the company as well. However, the group of companies has adjusted the strategy by increasing the proportion of the private sector job which is low risk and construction period is not too long and also with a good margin by not focus on the project quantity. That is the cause of operations result of the group of companies will not much affect with these risk factors. Future plans for the company, remains focused on constructions which provide the good profit such as a plant construction and the low rise buildings by concerning about business potential and finance of the employer parallel with the increasing of expansion into real estate business by accelerating the construction, sale and transfer, complying to the target plans of the company.



Audit Committee Report and Assessment of Adequacy for the Internal Control System

To The Shareholders of EMC Public Company Limited

The Audit Committee has performed duties pursuant to the scope of authority and duties of the Audit Committee Charter prescribed by the Stock Exchange of Thailand (“the SET”) and the relevant laws, and as assigned by the Board of Directors, based on the good governance principles.

For the year 2017, the Audit Committee had arranged 12 meetings with full attendance from members and the management and other concerned parties from the Departments of Accounting, Finance, Legal, and Internal Audit, including the Auditor to exchange opinions and monitor efficiency and effectiveness of the system.

The Audit Committee consists of four Independent Directors being neither executives nor employees of the Company, namely;

- | | |
|--------------------------------|---------------------------------|
| 1. Miss Praomart Hantra | Chairman of the Audit Committee |
| 2. Dr. Yaowarin Srichainan | Audit Committee Director |
| 3. Miss Thaweesri Wikayathipat | Audit Committee Director |
| 4. Mr. Punnathee Sriwongthai | Audit Committee Director |

Duties and responsibilities of the Audit Committee can be summarised as follows:

1. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange’s regulations, and are reasonable and for the highest benefit of the Company. Based on the revision, all transactions are in accordance with normal courses of business and are revealed and practiced, following rules and directions drawn by the Stock Exchange of Thailand precisely.

2. To review the Company’s quarterly financial reports and annual reports that have been reviewed and audited by authorized auditor with the authorized auditor and the Company’s management, prior to disclosure to The Stock Exchange of Thailand and public. Financial report review shall be conducted, in accordance with applied accounting standards as well as related laws and regulations, to ensure that reviewed financial information is accurate, complete, credible and transparent and that they were adequately and promptly disclosed for the benefit of shareholders, investors and users of such statements when making investment decisions.

3. To review the Company’s internal control system and internal audit system, 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 unit in charge of an internal audit, to review the Company’s enterprise risk management system. The audit committee reviewed sufficiency of the

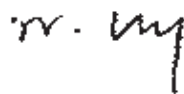
Company's internal audit system to prevent and reduce probably risks and that no material weakness is present.

4. To review the Company's internal audit report that involves the Company's operations in relation to its plan, reviewed the mission, scope of work, accountability and responsibility, independence, and authority of internal audit activities to ensure that every business units possess better internal control system which will enhance their operations' effectiveness and efficiency.

5. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business such as the Public Company Act, Securities and Exchange acts, Regulations of the Securities and Exchange Commission, and business commitments with third party agreements. The audit committee concluded that the Company operates in adherence to all related laws and regulations strictly and acts in favour of all stakeholders equally with transparency in order to maintain investors and stakeholders' trust in the Company's operation.

6. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration. In 2016, the Audit Committee exercised its judgment and independently fulfilled its duties and responsibilities with sufficient competency, circumspections and full access to information from Management, employees and relevant parties. The Audit Committee also gave comment and recommendation on the equitable treatment of stakeholders.

In summary, the Audit Committee gave judgment that the Board of Directors, Management and executive directors have operated with an ethical mind and have had the intention of performing duties professionally to achieve the Company's goals. Furthermore, the Company has committed itself to an importance of business principle under effective corporate governance.



Miss Praomart Hantra

Chairman of the Audit Committee



EMC Public Company Limited and its Subsidiaries

FINANCIAL STATEMENTS

DECEMBER 31, 2017

Independent Auditor's Report

To the Shareholders of EMC Public Company Limited and its subsidiaries

Opinion

I have audited the accompanying consolidated and separate financial statements of EMC Public Company Limited and its subsidiaries (the Group) and of EMC Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the EMC Public Company Limited and its subsidiaries and of EMC Public Company Limited as at December 31, 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis of Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under these 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 under the Royal Patronage of His Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were 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.

Yup.



Recognition of revenues and costs of construction contracts.

According to the notes to the financial statements on 5.20.2 and 5.21.2

Revenue and the gross margin are recognized on completion of construction work on a contractual basis which is calculated according to the proportion of the cost of construction work completed to date and estimated total cost of construction. The management are required discretion to estimate the revenues initially as agreed in the contract, the amount that related to contract adjustment from the modification work, claims for compensation, damages, the completeness and accuracy of the estimated construction costs until the job is finish and the potential to deliver to customers on time. The final result of the contract may result in several different directions, depending on the accuracy of the assumptions and the discretion in assessing the contract to a specific contract. The discretion changing in relation to the stage of completion and estimated total construction costs will contribute to improving revenue and gross margin significantly, as results both positive and negative. I therefore focus to auditing the accuracy of the rate of completion of construction and the value of total construction costs projection and the value of total construction costs projections which the issue is the key audit matters in my audit.

How my audit addressed the key audit matters

The percentage of construction completion.

Due to the preparation of the percentage of completion report of the construction engineer at the year end to take information from two sources included delivery of construction to customer this information will be verified for accuracy by the contract party, a third party, and the other is the construction engineer has assessed finished job but not yet deliver or on receiving process which only in latter part have risk to dislocation acceptance by the customer. So the auditing method in above I will test the difference between the amount assessed by the engineers in the second part with the value of the customer acceptance after the end of the period, including with the construction specialist to observe at the end of period to review construction condition at the site with the actual amount of the contribution made by the management and I also compare between the completion rate from company engineer with the percentage of cost incurred with construction cost projection. I found that the rate of completion of the construction that the company used are appropriate.

Estimated total cost of the project

I will test the reliability of the estimated total cost of the project by begin from understand control system designed to be used to the preparation of estimated total cost of the project for evaluate the effectiveness of the Company overall controlling. To test the estimated cost of main construction by comparing information in the customer's contract with accounting information to show on the quantities of materials and labor used in construction (BOQ) which the project engineer prepared and test construction price in BOQ with accounting information. Auditing the documentation for the construction costs recorded in the general ledger compared with the cost estimate in transaction as to test the accuracy of the cost estimate that defined. Query to the management about controlling method to use in case of adjustment estimated cost that the company will be pay in the future to complete the construction. I found that the estimated all construction costs of the Company are appropriate.

Ygr

Allowance for doubtful accounts and retention.

According to the notes to the financial statements no 8 and 10

Construction business has risks about the uncertainty of the last installment and retention due to the customer agrees to pay the last installment and retention to the Company when certain construction of Company that provides without errors and in accordance with the terms of the contract. This will take long time to collect debts than other businesses. Therefore, the management must use more discretion in determining whether a debtor has the opportunity to can not collect money or is likely to receive a not full refund of the retention. Due to a claim for damages or fines from construction by customers. Therefore, I determined such matter are the key audit matters in my audit.

How my audit addressed the key audit matters

I have to evaluated and tested the effectiveness of the control system about the calculation of the allowance for doubtful accounts by test the accuracy of the aging report and each retention, request to the management to clarify that which customers do not pay in writing letter to bring the facts to assess chance that the Company will be receive payment. For the percentage of the allowance for doubtful accounts determining by the management. I have tested the suitability of the source of figures such as evidence documentation to claims of the damage or fines that informed by customers to have confidence that the value of the allowance for doubtful accounts of Group recognized in the financial statements is adequate and appropriate.

The recoverable amount of the assets

According to the notes to the financial statements no 6, 11, 12, 17 and 19

In consolidate financial statement, the Group has recognized an allowance for impairment of fixed assets and leasehold land in amounting of Baht 64.94 million (Separate: amount Baht 29.42 million), and in separate financial statement, the Company has recognized an allowance for impairment of investments in subsidiaries in amounting Baht 96.98 million and allowance for doubtful accounts of loans to subsidiaries in amounting of Baht 16.84 million. I determined to testing the recoverable amount of assets is key audit matters in my audit due to the evaluation process is complex and the management will be use more discretion in selecting the assumptions to be used in determining the cash inflows and outflow in the future, discount rate, including to external factors on the economic situation of the country that negative impact on property development in present. In addition, certain assets refer to fair value from the valuation report of the independent appraiser. So, I focused on testing the reasonableness of the assumptions that the management and the appraiser used.

Yup



How my audit addressed the key audit matters

- I have to assessed the reasonableness of assumptions and methods that the managements used to calculate cash inflows and outflows in the future of each subsidiaries as follows.
 - 1) To test the evidence that used to support the forecast period to sale property in the economic slowdown, including to testing the reliability of the net sale price (from discounts and promotions that are expected to be offered to customers.
 - 2) To test the reliability of the estimated construction cost to do next, including to test the suitability of the sales and administrative expenses that the management prepared.
 - 3) To assessing the discount rate used by the management by comparison to the same industry.
- To test the evidence that used I have assessed the appropriate of the assets that the assessor select to reference market price such as spec of assets are close to the assessing assets, number of assets be compared there must be enough, how to choose method to assess, including to the appropriateness of calculate costs of sales that the management set up. In addition, I have evaluated the efficacy and independence of the assessor.

As a result of testing, I found that the management assumptions used in preparing the discounted cash flow projections and the assumptions that the management used to determine the fair value is reasonable.

Accounting record for leasehold rights

According to the notes to the financial statements no 3,12 and 19

The management of the Group has reclassified the leasehold of land and buildings to other company as operating leases for rent (investment property) because the Group holds assets under lease contract to derive benefit from rental income. The management is required to use discretion to separate the components of land lease and building lease contract at the fair value of the each leased assets then consider to choose method of measuring the value of each type of leasehold is determined by reference to the provisions of the relevant accounting regulation. The assessment of the leasehold transaction as mentioned above the management is required to use judgment to consider the substance of the transaction which is different from the legal form of the contract and using of fair value data to separate the value of land lease and building lease agreements may not be appropriate. In addition, the classification of accounts transaction in the financial statements which affects the method used to measure to the value of each lease contract may not be consistent with all items of the same nature. Therefore, I determine that is the key audit matters in my auditing.

Yup.

How my audit addressed the key audit matters

- I have audited the appropriateness of the management's judgment in classifying it as financial leases or operating leases by considering the substance of the lease contract with provision of the relevant financial reporting standards. I have reviewed condition of assets using and the terms of use of the assets which the Group has benefited from the use of the assets as stated in the lease contract. I found that the Group has not yet received all or most of the risks and return of ownership of the assets from the lessor.
- I have tested the assumptions used by the appraiser to determine the fair value of each lease contract. The testing such matter I have tested by the same method with "The recoverable amount of the asset" included with the recalculation test the allocation of the value of each lease contract.
- I have tested the method of measuring the value of a lease contract of the same nature of contract. Inquiry to management about the discretion of the valuation method. Validation accuracy of financial data used to determine the value of a lease contract. Test of the recognition of financial statements in accordance with the requirements of the financial reporting standards.

Based on above testing, I have determined that the management's judgment in the matter of classification of the lease as financial leases or operating leases, it is reasonable.

Allowance for impairment of advance payment for purchases of real estate projects under development

According to the notes to the financial statements no 13

The management of the Group has considered to set allowance for impairment of the advance payment for purchase of real estate development project amounting of Baht 466.34 million due to the debtor was requested to the Central Bankruptcy Court by the creditor to the rehabilitation plan. As a consequence, all cases between the Company and the debtor must be subject to suspension of the investigation and trial under Section 90/12 of the Bankruptcy Act. In such cases, the management of the Company is required to use more judgment in assessing the circumstances that will affect the expected recoverable amount of an asset due to being request to enter the business rehabilitation plan of the debtor has greatly impact to assess their repayment ability of debtor. Therefore, I determine that is the key audit matters in my auditing.

How my audit addressed the key audit matters

I have requested a written confirmation from the Company's legal experts about the facts of the case, inquiry to the management about legal guidelines for such matters. An audit of evidence supporting from management to use to assess the repayment capability of the debtor and recoverable amount of assets. From auditing, I found that the consideration of allowance for impairment of prepaid for purchase of real estate development project it is appropriate and sufficient.

Yup



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me 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 to correct the materially misstatement.

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

Managements 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 is 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.

Yup.

As part of an audit in accordance with 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 have 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 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.

Yong



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.

SP Audit Company Limited

(Miss Yuphin Chumjai)

Certified Public Accountant (Thailand) No.8622

Bangkok

February 28, 2018

EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		(Restated)			
<u>Assets</u>					
<u>Current assets</u>					
Cash and cash equivalents items	31	79,481,127	199,495,055	19,547,484	180,760,811
Short term investments	7	3,758,292	8,602,488	3,558,292	8,602,488
Trade and other receivables	6,8	106,041,751	74,309,775	107,655,704	73,631,237
Earned revenues not yet billed	6,9	121,302,959	121,115,268	121,302,959	121,115,268
Retention receivable from customers	10	87,514,283	60,156,890	87,514,283	60,156,890
Short term loans and interest receivable to related parties	9	2,562,671	-	753,587,105	775,766,911
Work in progress		106,135,228	2,682,140	106,135,228	2,682,140
Real estate development cost	11	997,375,769	882,418,612	447,470,172	344,791,189
Advance payments for materials and contractors	6	12,708,678	51,501,360	10,180,392	49,035,475
Deposits for bonds	14	-	3,600,000	-	3,600,000
Other current assets		9,676,886	4,181,132	8,276,065	2,577,546
Total current assets		1,471,560,644	1,809,867,740	1,655,178,786	1,572,722,157
<u>Non-current assets</u>					
Restricted bank deposits	15	168,979,708	161,696,466	167,460,229	160,436,982
Other long term investments	16	-	-	-	-
Investments in subsidiaries	17	-	-	38,158,538	116,137,233
Investments in associates and joint venture	18	712,256	3,466,396	800,000	19,199,950
Land awaiting development		125,540,601	125,540,601	-	-
Property, plant and equipment	19	947,077,941	751,025,775	679,216,732	435,652,200
Prepaid leasehold land	12	145,719,843	165,610,642	145,719,843	165,610,642
Intangible assets		4,536,651	4,850,365	4,449,019	4,751,497
Withholding tax deducted at sources		40,011,280	29,699,756	38,926,729	29,699,756
Advance payments for purchase of real estate projects under development	14	-	466,347,566	-	466,342,566
Other non-current assets		11,488,780	2,876,767	11,263,151	2,649,277
Total non-current assets		1,444,063,442	1,711,102,414	1,006,194,241	1,400,480,108
Total assets		2,915,624,086	3,518,970,154	2,741,373,025	2,973,202,265

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Notes to financial statements are an integral part of these financial statements.



EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

				(Unit : Baht)	
		Consolidated financial statements		Separate financial statements	
	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
(Baht)					
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	46,000,000	-	46,000,000	-
Trade and other payables	6,21	299,697,617	154,007,093	266,208,461	113,051,566
Current portion of long-term loans from financial institution	22	116,183,750	42,065,456	116,183,750	42,065,456
Current portion of liabilities under finance lease contracts	23	2,113,998	2,162,062	2,113,998	2,162,062
Unbilled construction cost payables		68,850,818	54,799,751	68,850,818	54,799,751
Advances received from customers		208,423,293	199,642,882	193,127,810	181,661,257
Short-term loans and accrued interest from related parties	6	203,188,676	125,835,973	171,934,426	144,196,731
Provision for short-term liability	24	65,535,430	80,586,802	47,777,642	60,224,242
Other current liabilities		18,823,188	15,711,077	27,689,555	23,614,597
Total Current liabilities		1,208,821,965	724,898,126	1,198,864,469	621,811,652
Non-current liabilities					
Long-term loans from financial institutions	22	3,023,484	72,535,110	3,023,484	72,535,180
Retention payables to construction		9,142,199	82,793,333	89,397,889	81,246,601
Liabilities under finance lease contracts	23	3,447,880	3,363,579	3,447,880	3,363,579
Long-term advances received from customers		4,850,095	1,893,205	-	-
Provision for insurance contracts	1,12,19	54,140,368	23,000,000	10,700,000	-
Provision for employee retirement benefit	25	17,899,183	11,491,807	17,899,183	11,491,807
Deferred income tax liability	28	18,473,052	19,133,742	18,473,052	19,133,742
Other non-current liabilities		3,214,318	1,723,631	274,000	-
Total non-current liabilities		182,141,529	232,199,887	193,666,188	209,870,909
Total liabilities		1,412,963,444	964,978,013	1,394,456,653	831,782,561
Shareholders' equity					
13,571,245,611 Ordinary shares @ Par 1.00 each		13,571,245,611	-	13,571,245,611	-
12,492,179,374 Ordinary shares @ Par 1.00 each		-	12,492,179,374	-	12,492,179,374
Invested and paid up share capital	26,27				
8,433,734,763 Ordinary shares @ Par 1.00 each		8,433,734,763	-	8,433,734,763	-
8,433,734,716 Ordinary shares @ Par 1.00 each		-	8,433,734,716	-	8,433,734,716
Premium on share capital		248,603,614	248,603,614	248,603,614	248,603,614
Discount on share capital		(4,459,882,746)	(4,459,867,711)	(4,459,882,745)	(4,459,867,710)
Premium on share capital - treasury stocks		5,970,478	5,970,478	5,970,478	5,970,478
Retained earnings (deficit)					
Appropriated					
Legal reserve		16,482,791	16,482,791	16,482,791	16,482,791
Deficit		(2,689,093,146)	(2,060,979,450)	(2,861,996,719)	(2,180,091,155)
Other component of equity	19	(73,888,208)	76,334,970	(73,888,208)	76,334,970
Total shareholders' equity of Parent Company		1,629,473,962	2,280,481,408	1,456,822,370	2,141,419,704
Non-controlling interests of subsidiaries		(126,763,420)	(128,080,363)	-	-
Total shareholders' equity		1,502,710,542	2,152,401,045	1,456,822,370	2,141,419,704
Total liabilities and shareholders' equity		2,915,624,086	2,118,975,154	2,741,373,025	2,973,202,265

Notes to financial statements are an integral part of these financial statements.

นายวิรัช ภิษณภูมิ



EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2017

					(Unit : Baht)
		Consolidated financial statements		Separate financial statements	
	Notes	2017	2016	2017	2016
(Restated)					
Operating revenues					
Revenue from construction	6	559,033,215	572,097,202	559,033,214	572,097,202
Revenue from sales of real estate		92,087,180	14,807,000	10,388,880	-
Revenue from project consultant	6	1,092,996	4,213,865	12,872,525	3,263,656
Rental income and fee leasehold		7,020,191	474,234	1,850,340	-
Interest income	6	2,069,910	8,891,461	61,912,143	49,106,170
Other income		10,077,517	46,420,106	9,598,497	25,817,392
Reversal of not yet due cost		3,753,499	17,516,469	3,753,498	17,516,469
Reversal of allowance for loss on litigation claim		-	9,613,841	-	9,613,841
Reversal of reversed losses		-	6,029,851	-	6,029,851
Total operating revenues		675,119,408	700,096,031	679,409,097	703,666,581
Operating cost					
Costs of construction and project consultant	6	(468,877,055)	(576,147,464)	(498,877,055)	(576,147,464)
Cost of sales of real estate		(64,282,341)	(10,459,800)	(9,607,135)	-
(Loss) reversed on devaluation of property development costs are expected to be a profit gain		32,294,483	(48,414,706)	(5,604,495)	(3,566,007)
Cost of rental and fee leasehold		(19,331,293)	(2,278,935)	(4,519,819)	-
Selling expenses		(67,224,715)	(75,766,644)	(69,616,645)	(69,262,445)
Administrative expenses		(164,880,590)	(159,869,718)	(153,813,987)	(155,756,615)
Provisional account		(8,441,103)	(9,267,750)	(29,450,392)	(115,371,819)
Doubtful debt of impairment of advance payments for purchases of real estate projects under development	13	(466,142,566)	-	(466,142,566)	-
Loss from impairment of investments	17, 18	-	-	(96,978,645)	(112,176,700)
Loss from overseas contract	12, 19	(10,700,000)	(23,000,000)	(10,700,000)	-
Reverse short-term provisions		(6,432,001)	(9,234,132)	(5,798,452)	(1,643,549)
Loss from impairment of assets	12, 19	(64,944,526)	(29,424,363)	(27,245,255)	-
Total operating cost		(1,336,138,821)	(968,863,032)	(1,158,553,746)	(1,051,924,629)
Loss before share of loss of investments in associates and joint ventures		(661,019,413)	(268,767,001)	(699,144,649)	(348,258,048)
Share of loss of investments in associates and joint venture	18	(1,552,841)	(12,287,613)	-	-
Loss before financial cost and income tax revenues		(662,572,254)	(281,054,614)	(699,144,649)	(348,258,048)
Financial cost		(11,115,109)	(12,659,968)	(8,821,149)	(2,656,100)
Loss before income tax revenues		(673,687,363)	(293,714,582)	(707,965,798)	(350,914,148)
Income tax revenues		661,690	604,058	661,690	604,058
Loss for the year		(673,025,673)	(293,110,524)	(707,304,108)	(350,310,090)

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Notes to financial statements are an integral part of these financial statements.



EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2017

		(Baht : Baht)			
	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		(Restated)			
Loss for the year		(675,045,373)	(291,110,524)	(707,304,108)	(348,330,178)
Loss other comprehensive					
Items that will not be reclassified subsequently to profit or loss :-					
Revaluation surplus of fixed assets		-	60,107,546	-	60,107,546
Income tax relating to items that will not be reclassified		-	(12,071,500)	-	(12,021,509)
Actuarial gain (loss) arising from defined benefit plan of employees		22,701,762	-	22,701,762	-
Loss other comprehensive for the period net income tax		22,701,762	48,036,046	22,701,762	48,086,037
Total comprehensive loss for the year		(652,343,611)	(243,074,477)	(684,602,346)	(300,244,141)
Loss attributable to for the year					
Shareholders of the Parent Company		(671,764,220)	(297,141,324)	(707,304,108)	(348,330,178)
Non-controlling interests		(1,281,153)	4,030,800	-	-
		(673,045,373)	(293,110,524)	(707,304,108)	(348,330,178)
Comprehensive loss attributable to for the period					
Shareholders of the Parent Company		(651,662,458)	(249,055,287)	(684,602,346)	(300,244,141)
Non-controlling interests		(1,281,153)	4,030,800	-	-
		(652,943,611)	(245,024,487)	(684,602,346)	(300,244,141)
Loss per share attributable to owners of the parent (Baht)	30				
Basic loss per share		(0.0799)	(0.0752)	(0.0839)	(0.0413)

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Notes to financial statements are an integral part of these financial statements.

EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY For the year ended December 31, 2017

(Unit: Baht)

	Consolidated financial statements									
	Defined					Other reclassification of equity				
	Issued and paid-up share capital	Reserves on ordinary shares	Premium on share capital	Appropriated for legal reserve	Unappropriated surplus (deficit)	Retained earnings	Surplus	Income tax	Net	Equity attributable to owners of the company
Notes										
Balance at January 1, 2016	9,442,043,940	248,665,614	-	5,970,478	41,746,744,107	16,432,791	35,381,460	17,710,791	35,465,149	2,223,132,045
Transaction with shareholder as directly recorded in equity										
Increase in share capital from the exercised warrants	3,564,136	-	(3,567,452)	-	-	-	-	-	-	1,016,550
Increase in surplus on redemption of notes	-	-	-	-	-	69,107,546	-	(1,021,349)	48,096,017	48,084,668
Depreciation of surplus on redemption of notes	-	-	-	-	2,416,236	-	(3,003,264)	684,038	(1,214,236)	-
Total transaction with shareholder as directly recorded in equity	3,564,136	-	(3,567,452)	-	2,416,236	69,107,546	57,207,252	(11,417,451)	46,889,381	49,189,687
Comprehensive loss for the year	-	-	-	-	(797,541,374)	-	-	-	-	(797,541,374)
Loss for the year	-	-	-	-	-	-	-	-	-	-
Loss other comprehensive for the year	-	-	-	-	(797,541,374)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(797,541,374)	-	-	-	-	-
Balance at December 31, 2016	13,006,179	248,665,614	(4,599,262,711)	5,970,478	44,162,980	16,432,791	95,648,712	(18,135,247)	76,534,972	2,370,682,408
Transaction with shareholder as directly recorded in equity										
Increase in share capital from the exercised warrants	3,413,234,716	-	(3,416,550)	-	-	-	-	-	-	3,413,234,716
Depreciation of surplus on redemption of notes	-	-	-	-	-	69,107,546	-	(1,021,349)	48,096,017	48,084,668
Total transaction with shareholder as directly recorded in equity	3,413,234,716	-	(3,416,550)	-	-	69,107,546	-	(1,021,349)	48,096,017	48,084,668
Comprehensive loss for the year	-	-	-	-	(2,000,000)	-	-	-	-	(2,000,000)
Loss for the year	-	-	-	-	-	-	-	-	-	-
Loss other comprehensive for the year	-	-	-	-	(2,000,000)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(2,000,000)	-	-	-	-	-
Balance at December 31, 2017	16,419,414	248,665,614	(4,599,262,711)	5,970,478	44,162,980	16,432,791	95,648,712	(19,156,596)	76,534,972	2,370,682,408
Transaction with shareholder as directly recorded in equity										
Increase in share capital from the exercised warrants	3,413,234,716	-	(3,416,550)	-	-	-	-	-	-	3,413,234,716
Depreciation of surplus on redemption of notes	-	-	-	-	-	69,107,546	-	(1,021,349)	48,096,017	48,084,668
Total transaction with shareholder as directly recorded in equity	3,413,234,716	-	(3,416,550)	-	-	69,107,546	-	(1,021,349)	48,096,017	48,084,668
Comprehensive loss for the year	-	-	-	-	(2,000,000)	-	-	-	-	(2,000,000)
Loss for the year	-	-	-	-	-	-	-	-	-	-
Loss other comprehensive for the year	-	-	-	-	(2,000,000)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(2,000,000)	-	-	-	-	-
Balance at December 31, 2017	19,832,650	248,665,614	(4,599,262,711)	5,970,478	44,162,980	16,432,791	95,648,712	(20,177,945)	76,534,972	2,370,682,408



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EMC PUBLIC COMPANY LIMITED

Notes to financial statements are an integral part of these financial statements.

EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2017

(Unit: Baht)

	Separate financial statements									
	Issued and paid-up share capital	Reserve in ordinary shares	Reserve in share capital	Reserve in share capital	Reserve in share capital	Reserve in share capital	Reserve in share capital	Reserve in share capital	Reserve in share capital	Total
Year	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital
Balance as at January 1, 2015	1,000,000,000	248,535,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,490,535,000
Transaction with shareholder as directly recorded in equity										
Increase in share capital from the exercise of warrants	3,000,000	-	3,000,000	-	-	-	-	-	-	3,000,000
Increase in capital as a result of the exercise of warrants	-	-	-	-	-	-	-	-	-	-
Depreciation of capital as a result of the exercise of warrants	-	-	-	-	-	-	-	-	-	-
Total transaction with shareholder as directly recorded in equity	3,000,000	-	3,000,000	-	-	-	-	-	-	3,000,000
Comprehensive Income for the year										
Loss for the year	-	-	-	-	-	-	-	-	-	-
Loss after comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2015	1,003,000,000	248,535,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,491,535,000
Transaction with shareholder as directly recorded in equity										
Increase in share capital from the exercise of warrants	3,000,000	-	3,000,000	-	-	-	-	-	-	3,000,000
Depreciation of capital as a result of the exercise of warrants	-	-	-	-	-	-	-	-	-	-
Total transaction with shareholder as directly recorded in equity	3,000,000	-	3,000,000	-	-	-	-	-	-	3,000,000
Comprehensive Income for the year										
Loss for the year	-	-	-	-	-	-	-	-	-	-
Loss after comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	1,006,000,000	248,535,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,495,535,000



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Notes to financial statements are an integral part of these financial statements.

EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2017

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(Restated)			
Cash flows from operating activities:				
Loss before income tax revenues	(675,707,063)	(293,714,582)	(707,965,798)	(348,934,216)
Adjustments to reconcile loss before income tax expenses with cash received (paid) from operating activities				
Depreciation and amortization	25,155,121	79,100,820	14,425,321	26,560,117
Loss on impairment of assets	45,050,721	30,330,653	7,154,456	906,290
(Reversal of) loss on reduce real estate development cost to net realizable value	(35,254,483)	48,414,206	5,604,395	3,566,007
(Gain) on reverse unbilled construction cost payables	(3,731,499)	(37,516,469)	(3,753,499)	(37,516,469)
Loss on impairment of subsidiary and associates	-	-	55,975,645	132,176,700
Loss on impairment of prepaid leasehold	19,890,799	-	19,890,799	-
Loss from onerous contract	11,140,368	23,000,000	10,700,000	-
Provision for short-term liabilities	13,979,152	24,605,159	13,745,603	17,074,556
Provision for employee retirement benefit	9,059,138	7,451,316	9,059,138	7,451,316
Write-off (reversal of) withholding tax deducted at sources	33,279	(618,811)	-	(653,857)
Doubtful debt	8,441,103	34,267,750	29,450,392	113,371,819
Useful debt of impairment of advance payments for purchases of real estate projects under development	466,342,566	-	466,342,566	-
Reverse provision for loss on litigation claim	-	(9,615,841)	-	(9,615,841)
Reverse accrued bonus	-	(6,029,855)	-	(6,029,851)
Amortization accrued dividends	(2,453,477)	(371,556)	(2,453,477)	(171,596)
Share of loss of associates and joint venture	3,552,841	12,287,613	-	-
Loss on sale/write-off property, plant and equipment	1,155,210	4,248,366	1,086,417	4,211,536
Profit (loss) on sale short-term investments	(36,582)	(301,579)	(36,582)	(301,579)
Dividend income	(2,381)	-	(2,351)	-
Interest income	(2,069,910)	(8,891,463)	(51,912,147)	(49,306,170)
Interest expense	11,115,109	12,659,968	8,821,140	2,655,188
Loss from operations before changes in operating assets and liabilities	(104,546,995)	(130,606,361)	(93,065,189)	(144,517,130)
Operating assets (increase)/decrease				
Trade and other receivable	(29,417,586)	51,559,506	(30,548,106)	71,134,599
Earned revenues not yet billed	(187,691)	(38,638,317)	(187,691)	(38,638,717)
Retention receivable from customers	(19,748,598)	(2,682,192)	(19,748,598)	(2,682,793)
Work in progress	(90,764,280)	31,360,966	(90,764,280)	31,360,966
Real estate development cost	(57,219,773)	(240,210,306)	(59,378,096)	(241,679,652)
Deposit for lands	1,500,000	2,000,000	1,500,000	2,000,000
Advance payments for materials and contractors	38,692,682	(38,071,588)	38,855,081	(38,058,728)
Advance payments for purchases of real estate projects under development	-	33,046,108	-	13,046,108
Other current assets	(5,677,609)	12,927,710	(5,654,118)	4,151,549
Other non-current assets	(684,719)	9,298,533	(634,199)	7,634,866
Operating liabilities (increase) (decrease)				
Trade and other payables	157,571,276	(87,559,193)	166,222,252	(75,455,142)
Unbilled construction cost payables	17,834,566	14,739,261	17,804,566	21,497,831
Provision for short-term liabilities	(29,030,554)	(68,185,164)	(21,792,196)	(66,465,135)
Advances received from customers	11,730,601	76,286,252	10,466,573	34,259,078
Other current liabilities	3,054,311	(70,071,324)	3,044,936	(11,043,956)
Retention payable to contractors	9,245,846	(26,913,174)	8,651,288	(26,813,652)
Non-current liabilities	3,489,297	3,670,223	274,000	-
Cash paid from operating activities	(93,887,838)	(434,673,662)	(170,504,475)	(409,996,513)
Income tax received (paid)	(10,217,947)	69,491,792	(9,226,973)	75,370,530
Net cash used from operating activities	(104,105,785)	(165,181,870)	(179,731,448)	(334,625,983)



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Notes to financial statements are an integral part of these financial statements.



EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
For the year ended December 31, 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2016	2015
	(Restated)			
Cash flow from investing activities				
(Increase) decrease in short-term investments	4,880,778	(3,343,862)	5,980,778	(3,343,862)
(Increase) decrease in short-term loans to subsidiary	(2,000,000)	2,300,000	(1,688,773)	(230,584,285)
Increase in investment in subsidiary	-	-	-	(134,800,000)
Effect on cash flow from additionally investing in subsidiary	-	881,658	-	-
(Increase) decrease in investments in restricted fixed deposits	(7,283,242)	48,034,782	(7,071,242)	48,846,266
Cash received for property, plant and equipment	810,000	81,402	810,000	81,402
Acquisition of property, plant and equipment	(307,538,029)	(413,448,113)	(276,391,371)	(280,480,072)
Prepaid household fund	-	(31,439,302)	-	(31,439,302)
Acquisition of intangible assets	(346,478)	(1,499,630)	(346,478)	(1,499,630)
Increase in investment in associates and joint venture	(800,000)	(14,399,950)	(800,000)	(14,399,950)
Interest received	2,369,389	8,799,719	14,474,614	8,739,198
Dividend received	2,381	-	2,381	-
Net cash received (used) from investing activities	(309,923,201)	(428,033,313)	(260,082,291)	(661,880,145)
Cash flow from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	86,000,000	-	86,000,000	-
Increase (decrease) in loan from loans from related parties	26,048,124	(10,601,620)	26,048,124	-
Repayment for finance lease contracts	(2,160,063)	(1,416,722)	(2,160,063)	(1,416,722)
Cash received from long-term loans from financial institutions	228,501,859	118,387,475	228,501,859	118,387,475
Repayment of long-term loans from financial institutions	(12,909,424)	(171,212,547)	(12,909,424)	-
Increase in share capital from the secondary market	5,012	1,103,680	5,012	1,103,680
Interest paid	(21,358,450)	(16,144,634)	(20,875,086)	(9,912,526)
Net cash received (used) from financing activities	244,117,058	(82,904,397)	244,600,427	112,141,877
Net cash and cash equivalents from (decrease) increase net	(165,806,143)	(876,149,580)	(161,713,127)	(886,764,456)
Cash and cash equivalents from at the beginning of the year	199,395,055	1,075,544,635	180,760,811	1,067,125,267
Cash and cash equivalents from at the end of the year	33,588,912	199,395,055	19,547,684	180,760,811

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Notes to financial statements are an integral part of these financial statements.

EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. General information

EMC Public Company Limited ("The Company"), incorporated in Thailand, was listed on the Stock Exchange of Thailand with the Company registration number 0107538000321 on September 9, 1995, its head office is situated at 140/66 67, ITF Tower, 28th - 30th Floor, Silom Road, Suriwongse, Bangkok, Bangkok 10500, Thailand.

The Group are engaged in the provision of services under long-term service agreements and construction agreements and real estate development.

2. Basis of financial statements preparation

2.1 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

2.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543, which include the already announced accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals established under the Accounting Professions Act B.E. 2547 which reach the conclusion to be promulgated.

The presentation in the financial statements are presented in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

The financial statements were prepared and presented currency in Thai Baht which the Group functional currency, rounded to the nearest thousand baht unless otherwise stated and using historical cost basis except those disclosed otherwise in the accounting policies.

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2.3 The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2017,

	Effective date
TFRS No. 2 Share-based Payment (revised 2016)	January 1, 2017
TFRS No. 3 Business Combinations (revised 2016)	January 1, 2017
TFRS No. 4 Insurance Contracts (revised 2016)	January 1, 2017
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2016)	January 1, 2017
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2016)	January 1, 2017
TFRS No. 8 Operating Segments (revised 2016)	January 1, 2017
TFRS No. 10 Consolidated Financial Statements (revised 2016)	January 1, 2017
TFRS No. 11 Joint Arrangements (revised 2016)	January 1, 2017
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2016)	January 1, 2017
TFRS No. 13 Fair Value Measurement (revised 2016)	January 1, 2017
TAS No. 1 Presentation of Financial Statements (revised 2016)	January 1, 2017
TAS No. 2 Inventories (revised 2016)	January 1, 2017
TAS No. 3 Statement of Cash Flows (revised 2016)	January 1, 2017
TAS No. 4 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)	January 1, 2017
TAS No. 10 Events after the Reporting Period (revised 2016)	January 1, 2017
TAS No. 11 Construction Contracts (revised 2016)	January 1, 2017
TAS No. 17 Income Taxes (revised 2016)	January 1, 2017
TAS No. 16 Property, Plant and Equipment (revised 2016)	January 1, 2017
TAS No. 17 Intangible Assets (revised 2016)	January 1, 2017
TAS No. 18 Revenue (revised 2016)	January 1, 2017
TAS No. 19 Employee Benefits (revised 2016)	January 1, 2017
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)	January 1, 2017
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2016)	January 1, 2017
TAS No. 23 Borrowing Costs (revised 2016)	January 1, 2017
TAS No. 24 Related Party Disclosures (revised 2016)	January 1, 2017
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)	January 1, 2017
TAS No. 27 Separate Financial Statements (revised 2016)	January 1, 2017
TAS No. 28 Investments in Associates and Joint Ventures (revised 2016)	January 1, 2017
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2017
TAS No. 31 Intangible Assets (revised 2016)	January 1, 2017
TAS No. 34 Interim Financial Reporting (revised 2016)	January 1, 2017
TAS No. 36 Impairment of Assets (revised 2016)	January 1, 2017
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)	January 1, 2017
TAS No. 38 Intangible Assets (revised 2016)	January 1, 2017
TAS No. 39 Investment Property (revised 2016)	January 1, 2017
TAS No. 41 Agriculture (revised 2016)	January 1, 2017
TAS No. 106 Accounting for Creditable Debits, Restructurings (revised 2016)	January 1, 2017
TAS No. 105 Accounting for Investments in Debt and Equity Securities (revised 2016)	January 1, 2017
TAS No. 107 Financial Instruments, Presentation and Disclosures (revised 2016)	January 1, 2017
TFRIC No. 1 Changes in Fairing Discontinuation, Restoration and Similar Liabilities (revised 2016)	January 1, 2017
TFRIC No. 4 Determining whether an Arrangement constitutes a Lease (revised 2016)	January 1, 2017
TFRIC No. 5 Rights to Interests arising from Discontinuation, Restoration and Environmental Rehabilitation Funds (revised 2016)	January 1, 2017
TFRIC No. 7 Applying the Restoration Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2017

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	<u>Effective date</u>
IFRIC No. 10 Interim Financial Reporting and Impairment (revised 2016)	January 1, 2017
IFRIC No. 12 Service Concession Arrangements (revised 2016)	January 1, 2017
IFRIC No. 14 Customer Loyalty Programmes (revised 2016)	January 1, 2017
IFRIC No. 14 IAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2016)	January 1, 2017
IFRIC No. 15 Agreements for the Construction of Real Estate (revised 2016)	January 1, 2017
IFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2016)	January 1, 2017
IFRIC No. 18 Transfers of Assets from Customers (revised 2016)	January 1, 2017
IFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2016)	January 1, 2017
IFRIC No. 21 Leases (revised 2016)	January 1, 2017
IAS No. 10 Government Assistance - No Specific Relation to Operating Activities (revised 2016)	January 1, 2017
IAS No. 15 Operating Leases - Incentives (revised 2016)	January 1, 2017
IAS No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2016)	January 1, 2017
IAS No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)	January 1, 2017
IAS No. 29 Service Concession Arrangements: Disclosures (revised 2016)	January 1, 2017
IAS No. 31 Revenue - Border Transactions Involving Advertising Services (revised 2016)	January 1, 2017
IAS No. 32 Intangible Assets - Web Site Costs (revised 2016)	January 1, 2017
Guidance on Accounting for Intangible Products in Determining Financial Instruments as Financial Instruments, Processed with Fair Value through Profit or Loss	January 1, 2017

The Group has adopted such financial reporting standards to the financial statements on the current period.

The management believes that they don't have any significant impact on the financial statements for the current period, except for:

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
IFRS No. 3 Share-based Payment (revised 2016)	January 1, 2018
IFRS No. 3 Business Combinations (revised 2016)	January 1, 2018
IFRS No. 4 Insurance Contract (revised 2016)	January 1, 2018
IFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2016)	January 1, 2018
IFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2016)	January 1, 2018
IFRS No. 8 Operating Segments (revised 2016)	January 1, 2018
IFRS No. 10 Consolidated Financial Statements (revised 2016)	January 1, 2018
IFRS No. 11 Joint Arrangements (revised 2016)	January 1, 2018
IFRS No. 12 Disclosure of Interests in Other Entities (revised 2016)	January 1, 2018
IFRS No. 13 Fair Value Measurement (revised 2016)	January 1, 2018
IAS No. 1 Presentation of Financial Statements (revised 2016)	January 1, 2018
IAS No. 2 Inventories (revised 2016)	January 1, 2018
IAS No. 7 Statement of Cash Flows (revised 2016)	January 1, 2018
IAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)	January 1, 2018
IAS No. 10 Events after the Reporting Period (revised 2016)	January 1, 2018
IAS No. 11 Construction Contracts (revised 2016)	January 1, 2018
IAS No. 12 Income Taxes (revised 2016)	January 1, 2018
IAS No. 16 Property, Plant and Equipment (revised 2016)	January 1, 2018

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	Effective date
TAS No. 17 Leases (revised 2016)	January 1, 2018
TAS No. 18 Revenue (revised 2016)	January 1, 2018
TAS No. 19 Employee Benefits (revised 2016)	January 1, 2018
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)	January 1, 2018
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2016)	January 1, 2018
TAS No. 23 Borrowing Costs (revised 2016)	January 1, 2018
TAS No. 24 Related Party Disclosures (revised 2016)	January 1, 2018
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)	January 1, 2018
TAS No. 27 Separate Financial Statements (revised 2016)	January 1, 2018
TAS No. 28 Investments in Associates and Joint Ventures (revised 2016)	January 1, 2018
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2018
TAS No. 33 Earnings per Share (revised 2016)	January 1, 2018
TAS No. 34 Interim Financial Reporting (revised 2016)	January 1, 2018
TAS No. 36 Impairment of Assets (revised 2016)	January 1, 2018
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)	January 1, 2018
TAS No. 38 Intangible Assets (revised 2016)	January 1, 2018
TAS No. 40 Investment Property (revised 2016)	January 1, 2018
TAS No. 41 Agriculture (revised 2016)	January 1, 2018
IFRIC No. 1 Changes to Existing Decommissioning, Restoration and Similar Liabilities (revised 2016)	January 1, 2018
IFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2016)	January 1, 2018
IFRIC No. 5 Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)	January 1, 2018
IFRIC No. 7 Applying the Requirement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2018
IFRIC No. 10 Interim Financial Reporting and Impairment (revised 2016)	January 1, 2018
IFRIC No. 12 Service Concession Arrangements (revised 2016)	January 1, 2018
IFRIC No. 13 Customer Loyalty Programmes (revised 2016)	January 1, 2018
IFRIC No. 14 TAS 19 (revised 2016) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (revised 2016)	January 1, 2018
IFRIC No. 15 Agreements for the Construction of Real Estate (revised 2016)	January 1, 2018
IFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2016)	January 1, 2018
IFRIC No. 18 Transfer of Assets from Customers (revised 2016)	January 1, 2018
IFRIC No. 20 Striping Costs in the Production Phase of a Surface Mine (revised 2016)	January 1, 2018
IFRIC No. 21 Levies (revised 2016)	January 1, 2018
ISIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2016)	January 1, 2018
ISIC No. 15 Operating Leases – Incentives (revised 2016)	January 1, 2018
ISIC No. 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2016)	January 1, 2018
ISIC No. 27 Reversing the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)	January 1, 2018
ISIC No. 29 Service Concession Arrangements : Disclosures (revised 2016)	January 1, 2018
ISIC No. 31 Revenue – Barter Transactions Involving Advertising Services (revised 2016)	January 1, 2018
ISIC No. 32 Intangible Assets – Web Site Costs (revised 2016)	January 1, 2018
Guidance on Accounting for Immovable Properties in Determining Financial Instruments at Financial Instruments Presented with Fair Value through Profit or Loss	January 1, 2018

The Group do not use financial reporting standards applicable to financial statements in future periods prior to adoption. And management has assessed that there is no impact on the consolidated financial statements in the period of initial adopted.

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2.4 In preparation of financial statements in conformity with generally accepted accounting principles the management has to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions so used in preparation of the financial statements are reviewed on regular basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. The areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Group financial statements include :

Project development costs estimation

In calculating cost of condominium and cost of land and buildings sold, the Group have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Construction revenue and construction costs

Construction revenue and construction costs are recognized by using the percentage of completion method. The stage of completion is measured by reference to the completion of a physical proportion of the contract work performed as assessed by the project engineers.

Unbilled construction cost payables (Construction in progress)

Unbilled construction cost payables are estimated based from management experience after taking into consideration of work progress and updated budget project costs incurred as part of the budget.

Allowance for doubtful debt, trade receivable earned revenues not yet billed, retention receivable from customers and other assets

In determining an allowance for doubtful accounts, earned revenues not yet billed, retention receivable from customers and other assets the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

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Allowance for diminution in value of real estate development costs

The Group treat real estate development costs as impaired when a significant decline in the fair value is noted, with management determining the devaluation based on net realisable value. However, the determination of what is “significant” and the amount of devaluation requires the management to exercise judgment.

Impairment of investments in subsidiaries, associates and other in long-term investments

The Company treats investments in subsidiaries and associates and other in long-term investments as impaired if the business operations of such companies are severely impacted by the economic crisis and the investments will take time to recover their value. The management determines devaluation of such investments based on management’s judgement. The use of different estimates and assumptions could affect the amounts of allowances for impairment of investments in subsidiaries, associates and other in long term investments and adjustments to the allowances may therefore be required in the future.

Depreciation of plant and equipment

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Group plant and equipment. The management will review the estimate useful lives and residual values when there are any changes from the estimates made during the prior periods, derecognition of the dilapidated asset or cease of usage from disposal or disused.

In addition, the management is required to review buildings and equipment and intangible assets for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Amortization of intangible asset

The management is assessing the useful life of intangible assets, the useful life that the management determined must be related to the future use format of the asset. In determining whether an intangible asset has an indication that it will be impaired or not, the management is required to use discretion to assess the recoverable amount of assets.

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Provision for maintenance of housing and condominium units

In recording provision for maintenance of housing and condominium units care warranty, the management estimates the expenses expected to be incurred as a result of providing maintenance based on past experiences of actual expenses claimed.

Compensation for Housing Estate Juristic Persons

The Group estimate the compensation for Housing Estate Juristic Persons using the rate specified by the laws and regulations and the budgeted public utilities costs as a basis for the calculation.

Estimate on employee benefit obligations

The present value of the estimate on employee retirement benefit is calculated using various assumptions, including discount rate, which is used to determine the expenses related to the employee retirement benefits. Any change in these assumptions would affect the estimate of employee retirement benefits. The Group determine the appropriate discount rate annually and applied to measure the present value of estimated future cash flows for the settlement of the employee benefit obligations, using the said determined appropriate discount rate. The discount rate is the yield of government bonds that have maturity date approximating the terms of the Group obligations.

Lease agreement

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

Litigation

The Group 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.

Other estimates are disclosed under related caption in these notes to financial statements.

4. Adjustments to retrospectives transaction and reclassification financial Statement

4.1 Classification of leasehold building

As per mention in Note to Financial statement No. 19,a subsidiary company has the right to lease the building with other company under the "STATION 1 (at CHINA TOWN)" project which intends to hold assets under the lease contract to benefit from rental income. The management of the Group is

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determined to classify such leasehold rights as property, plant and equipment in accordance with the guidelines provided under accounting practice. As a result of the change in the recognition policy, the Group has recognized property, plant and equipment and other payable as at December 31, 2016 in the consolidate financial statement increased by Baht 22.94 million. In addition, the Group has recognized loss arising an onerous contract in the consolidated financial statements on the same date of Baht 23.00 million. Such adjustment is affecting consolidated and separated financial statements for the previous year as stated in Note to Financial Statement No.3.3.

3.2 Certain transactions in the consolidate and separate statements of financial position as at January 1, 2016 and as at December 31, 2016, which have already been included in these interim financial statements, have been reclassified to correspond with the presentation of the financial statements for the year ended December 31, 2017, with no effect to the reported income for the year or shareholders' equity. Which effects to the interim financial statements is described in notes to interim financial statements No. 3.3.

3.3 Total effects on the financial statement

Recognition transactions of financial lease contract as mention No. 3.1 and reclassification the financial statement as mention on No. 3.2 have effect the consolidated financial statements as at January 1, 2016 and December 31, 2016 are as follows :

(Unit : Thousand Baht)

	<u>Separate financial statements</u>			<u>Separate financial statements</u>		
	<u>For the year ended December 31, 2016</u>					
	As previously reported	Increase/ (Decrease)	As after reported	As previously reported	Increase/ Decrease	As after reported
Statements of financial position as at December 31, 2016						
Projects under construction on the leasehold	435,534	(435,534)	-	435,534	(435,534)	-
Short term loans and interest receivable to related parties	81,940	(539)	81,401	-	-	-
Prepaid leasehold	291,000	(291,000)	-	-	-	-
Property, plant and equipment	167,197	883,828	751,025	165,729	269,923	435,652
Prepaid leasehold right for land	-	165,611	165,611	-	165,611	165,611
Trade and other payables	(125,769)	(28,738)	(154,007)	(112,058)	-	(112,058)
Retention payable to contractors	(90,167)	6,772	(83,395)	81,247	-	81,247
Long term advances received from customers	-	(1,895)	(1,895)	-	-	-

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(Unit : Thousand Baht)

	Separate financial statements			Separate financial statements		
	For the year ended December 31, 2016					
	As previously reported	Increase/ (Decrease)	As after reported	As previously reported	Increase/ Decrease	As after reported
Provision for onerous contracts.	-	(23,000)	(23,000)	-	-	-
Other non-current liabilities	(3,620)	1,895	(1,725)	-	-	-
Deficit	(2,017,979)	(23,000)	(2,040,979)	(2,180,041)	-	(2,180,041)
Loss for the year						
Other income	47,111	(691)	46,420			
Reversal of allowance for loss on litigation claim	-	9,616	9,616	-	9,616	9,616
Costs of construction and project consultant	(560,776)	(15,371)	(576,147)	(560,776)	(15,371)	(576,147)
Administrative expenses	(159,723)	(146)	(159,869)	(155,071)	(685)	(155,756)
Doubtful debt	(31,887)	(2,381)	(34,268)	(111,037)	(2,335)	(113,372)
Loss for onerous contracts.	-	(23,000)	(23,000)	-	-	-
Reserve short-term provisions	(15,189)	5,955	(9,234)	(7,399)	5,755	(1,644)
Income tax	-	604	604	-	604	604
Loss for the year	(267,694)	(25,416)	(293,110)	(345,914)	(2,416)	(348,330)
Loss other comprehensive						
Items that will not be reclassified subsequently to profit or loss:						
Revaluation surplus of fixed assets	60,107	-	60,107	60,108	-	60,108
Depreciation of revaluation surplus of fixed assets	(3,020)	3,020	-	(3,020)	3,020	-
Actuarial gain-net of tax	(11,417)	(604)	(12,021)	(11,417)	(604)	(12,021)
Loss other comprehensive for the period net income		2,416	48,086		2,416	48,086
tax	45,670	-		45,670		
Total comprehensive loss for the year	(222,024)	(23,000)	(245,024)	(300,243)	-	(300,243)

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(Unit : Thousand Baht)

	<u>Separate financial statements</u>			<u>Separate financial statements</u>		
	<u>For the year ended December 31, 2016</u>					
	As previously reported	Increase/ (Decrease)	As after reported	As previously reported	Increase/ (Decrease)	As after reported
Loss attributable to for the period						
Shareholders of the Parent Company	(271,725)	(25,416)	(297,141)	(345,914)	(2,416)	(348,330)
Non-controlling interests	4,031	-	4,031	-	-	-
	(267,694)	(25,416)	(293,110)	(345,914)	(2,416)	(348,330)
Comprehensive loss attributable to for the period						
Shareholders of the Parent Company	(226,055)	(23,000)	(249,055)	(300,243)	-	(300,243)
Non-controlling interests	4,031	-	4,031	-	-	-
	(222,024)	(23,000)	(245,024)	(300,243)	-	(300,243)
Loss per share attributable to owners of the parent						
(Baht)						
Basic loss per share	(0.0322)	(0.0030)	(0.0352)	(0.0410)	(0.0003)	(0.0413)

4. Basis of the consolidated financial statements preparation

- 4.1 The consolidated financial statements consist of the financial statements of the Company and subsidiaries (together called "The Group").
- 4.2 A subsidiary companies are enterprise under the control of the Group. This control occurs when the Group have a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from that subsidiary companies. Also the financial statements of the subsidiary companies will be combined into the consolidated financial statements of the Group commencing from the date of control until the cessation date of such control.
- 4.3 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.
- 4.4 The accounting period of the subsidiary companies ends on the same date as that of EMC' Public Company Limited.
- 4.5 The consolidated financial statements has been prepared by including the financial statements of EMC' Public Company Limited and its subsidiaries after eliminating the significant related party

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balances and transactions and recognized investments in associated and joint venture with equity method. The Company holds directly and indirectly shares at the percentage of:

Name of company	Nature of business	Incorporated in	Percentage of shareholding	
			2017	2016
<u>Subsidiaries</u>				
BR Construction Co., Ltd.	The provision of services under long term service agreements and construction agreements. Currently, the subsidiary does not engage in any business.	Thailand	51.00	51.00
High Man Property Co., Ltd.	Real estate development	Thailand	100.00	100.00
North Property Co., Ltd.	Real estate development	Thailand	100.00	100.00
Saffa Bangsae Condominium Co., Ltd.	Real estate development	Thailand	100.00	100.00
Siam Bangkok Development Co., Ltd.	Real estate development	Thailand	100.00	100.00
Imperial land company Limited	Real estate development	Thailand	100.00	100.00
<u>Associated</u>				
Sanken - EMC Co., Ltd.	The provision of service construction agreements	Thailand	48.00	48.00
<u>Joint Arrangement</u>				
Power Line Engineering Public Company Limited and EMC Public Company Limited	The joint arrangement does not engage in any business since 2013	Thailand	49.00	49.00

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company and using consistent significant accounting policies.

The non-controlling interest is measured at the non-controlling interest's proportionate share of the acquirer's identifiable net assets.

4.6 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

5. Accounting policies

Significant accounting policies used in the preparation of the financial statements can be summarized as follows :

5.1 Cash and cash equivalents items include cash, bank deposits in the forms of savings and current accounts, and fixed accounts with term not exceeding three months and not subject to withdrawal restrictions.

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5.2 Trade and other receivable are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

5.3 Work in progress comprises the costs of materials, labor, contractor charges, services and overheads, values at the lower of cost and net realizable value.

5.4 Real estate development cost are stated at the lower of cost and net realizable value. Cost comprises cost of land, design fees, utilities, construction costs and directly related finance cost and expenses. The Group recognizes loss on diminution in value of projects (if any) in the statement of comprehensive income.

5.5 Investments

5.5.1 Investments in open-end money market fund are valued at fair value. The change in fair value will be recognized in profit or loss for the year.

5.5.2 Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

5.5.3 In the separate financial statements, the investments in subsidiary companies, associates and joint venture are recorded by the cost method less accumulated allowance for impairment and recorded the recognition of the change of the investments value in the statement of comprehensive income when the investments has been disposed or impaired.

5.5.4 General investments are non-marketable equity instruments, shown at cost net off by allowance for accumulated impairment (if any) and change in value of general investments is recognised in the statements of income when they are sold or impaired.

The weighted average method is used for computation of the cost of investments.

5.6 Prepaid leasehold land are shown at accumulate amortized cost and allowance for accumulated impairment by a straight line method over the lease term.

5.7 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a

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deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss for the year under the list "Financial cost".

5.8 Land awaiting developments are valued at cost or net realisable value whichever is lower.

5.9 Property, plant and equipment

Equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Land and buildings are stated at revalued amounts less accumulated depreciation and allowance for impairment. Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the statement of financial position date.

The Group records the differences incurred from revaluation as follows :

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and presented in equity in the statement of financial position as a "Revaluation surplus on fixed assets". However, a revaluation increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading "Revaluation surplus of fixed assets".

The revaluation surplus on fixed assets is not available for dividend distribution.

When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income in the period they are incurred.

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Depreciation

Depreciation of plant and equipment is calculated by reference to their costs on a straight line basis over the following estimated useful lives :

	Years
Office buildings	36
Building improvements	5
Sales gallery	4
Tools, machinery and equipment	5 - 10
Furniture, fixtures and office equipment	3 - 10
Vehicles	5

As at December 31, 2016, the management of the Group is considering to extend the lifetime of the usage office building for another 36 years, from the original 20 years. The change of estimate reference from age of utilization of the office building from the valuation report of the independent appraiser.

5.10 Intangible Assets

Software licenses that are acquired by the Group are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the statement of comprehensive income on a straight line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives of software licenses are 3 years to 10 years.

5.11 Impairment of assets, the Group assesses at each statement of financial position date whether there is an indication that an asset may be impaired. If any such indication exists, the Group make an estimate of the asset's recoverable amount. When 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 statements of comprehensive income.

The recoverable amount of assets is the greater of fair value less costs to sell the asset or value in use, under the agreement whichever is the higher.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed

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the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.12 Trade and other payables are stated at cost.

5.13 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.

5.14 Employee benefits

Short-term employee benefits

The Group recognize salaries, wages, bonuses, contributions to social security fund and provident fund as expense when incurred.

Post-employment benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The defined benefit plan is defined as the post employment benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of defined benefit obligations are recognized when the curtailment or settlement occurs.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.

5.15 Estimation of liabilities: The Group will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group will recorded the recovered payment as asset separately but the amount so recorded must be more than the amount of

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related liability estimate and the related expense with the liability estimate will be shown in the statement of comprehensive income in the net amount after recovered expense already recognized.

The Group recognized provision for liabilities by the best estimate of the expected expenses to settle the present obligation at the end of the reporting period. In the case where the time value of money has a significant effect on the amount of such provision, The group of company need to reduce cash flow to present value by the discount rate used must be the pre-tax rate that reflects the current market situation of the time value of money and the specific risk of the liabilities being considered. In measuring the value of estimate liabilities, The group of company must consider the risks and uncertainties that are inevitable which it is surrounding on events and situations to get the best estimate of provision.

- 5.16 The recording of long-term lease contracts of the Group (finance lease and hire purchase contract) is both an asset and a liability made in the statement of financial position at the same amount equivalent to fair value of leased asset as at the commencing date of the agreement or the present value of the minimum amount payable under the agreement whichever is the lower. The discount rate to be used in calculating such present value is the interest rate specified in the lease agreement. The directly-related initial cost is included in the cost of the asset and the paid lease fee will be appropriated partly as financial expense and other to reduce the principle. The financial expense will be apportioned to various periods throughout the term of agreement so that the interest rate compared to the remaining amount of debt at each period is constant. Depreciation policy for lease assets conforms to depreciable assets owned by the Group.
- 5.17 Premiums on ordinary shares when the Company share subscription monies are in excess of the par value of the shares issued, the Company has to set aside this excess amount to a reserve account ("premiums on ordinary shares"). Premiums on ordinary share are not available for dividend distribution.
- 5.18 Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account, until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.
- 5.19 Non controlling interests

Non controlling interests mean book value of the subsidiaries' net asset according to the holding ratio of non-controlling interests or interests that are not owned by the shareholders of the parent company. Non controlling interests will declare any item in shareholders' equity in the statement of consolidated financial position and the net gains (losses) item of non-controlling interests separately in consolidated

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income statement. The comprehensive income will be divided to non-controlling interests even if it make negative balance in non-controlling interests.

5.20 Incomes recognition

5.20.1 Revenue from sale of land and houses and revenue from sale of residential condominium units.

The Group recognised revenue from sale of real estate when the construction works are completed and the ownerships have been transferred to buyers after all payments are received from the buyers.

5.20.2 The Group recognizes revenue from construction contracts by the percentage of completion method. The stage of completion is measured by referencing to the completion of a physical proportion of the contract work performed as assessed by the project engineers as per the conditions agreed with customers.

The recognised revenues which have not yet been due as per contracts have been shown under the caption of "Unbilled receivables" in the statements of financial position.

5.20.3 Rental income from tenetshold is recognized in the statement of comprehensive income on straight-line method over the term of the lease.

5.20.4 Interest income is recognised on an accrual basis based on the effective interest rate.

5.20.5 Dividend income is recognised when the right to receive the dividends is established.

5.20.6 Other incomes are recognized by accrual basis.

5.21 Expenses recognition

5.21.1 Cost of land and houses sold and cost of residential condominium units, in determining the cost of real estate sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and to residential condominium units sold on the basis of the salable area weighted to the selling price of the unit, and then recognised as costs in profit or loss concurrently with revenue from sales.

5.21.2 The Group recognizes costs from construction contracts by the percentage of completion method. The stage of completion is measured by referencing to the completion of a physical proportion of the contract work performed as assessed by the project engineers as per the conditions agreed with customers. The estimated total cost is determined by the Group's project engineers or its responsible person, which is subject to change. The related actual costs are taken up as incurred on an accrual basis. Expected loss on each project is provided and

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charged as expense in the period when the estimated total costs of the project exceed its total contracted income.

The actual cost of services incurred but not yet recognised as cost of services in profit or loss has been regarded as "Construction in progress" under current assets in the statement of financial position, while contracts of which calculated costs of construction exceed incurred costs of construction are shown as "Unbilled construction cost payables" under current liabilities in the statement of financial position.

5.21.3 Payments made under operating leases are recognized in the statement of comprehensive income on a straight line method over the term of the lease. Contingent rentals are charged to the statement of comprehensive income for the accounting period in which they are incurred.

5.21.4 Financial cost consists of interest expense or other expenses in similar nature charged to the statement of comprehensive income in the year such expenses are incurred except in case that they are partly recorded as cost of assets due to the effect of long period of time used to acquire construction or produce such assets prior to direct utilization or for sale. Interest which is part of installment amount under finance lease contract is charged to the statement of comprehensive income by effective rate method.

5.21.5 Other expense is recognized on accrual basis.

5.22 Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

Current tax

The Group recognise the current tax at the amount expected to be paid to the taxation authorities, are calculated based on taxable profits in accordance with Revenue Code.

Deferred tax

The Group recognise the deferred tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

At each reporting date, the Group Companies reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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- 5.23 The related parties and related companies with the Company and its subsidiaries mean individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the same control with the Company and its subsidiaries. Furthermore, the related parties or related companies also mean the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or the employees of the Company and its subsidiaries who have the power to plan and control the operations of the Company and its subsidiaries including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.
- 5.24 Basic loss per share is calculated by dividing loss for the year of the Parent Company (excludes other comprehensive income) by the weighted average number of already issued and fully paid shares during the accounting year.
- 5.25 The sectoral business operation is disclosed under the separate business sectors of the Group. The business segment is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.
- 5.26 Financial assets and liabilities carried on the statement of financial position include bank deposit short term investment, trade receivables and payables, other receivables and payables, loan receivables and payables, receivable and payable under financial lease contracts. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.
- 5.27 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 buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.
- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows :-

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Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3- Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Business transactions with related parties and person

The major shareholder of the Company in the year 2017 and 2016 is Leenabanchong Family holding 47.20% and 39.94%, respectively, of the share capital of the EMC Public Company Limited Transactions related to companies in which the Leenabanchong family is the principal shareholders or directors are recognized as related parties to the Group.

The Group incurred business transactions with related entities which have the same group of shareholders The significant remaining balances and inter-company transactions.

6.1 Inter assets and liabilities are as follows :-

Type of items	(Unit :Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivable				
TR Construction Co., Ltd	-	-	139,119	139,119
<u>Less</u> Allowance for doubtful debts	-	-	(139,119)	(139,119)
Total trade receivables	-	-	-	-
Earned revenues not yet billed				
TR Construction Co., Ltd	-	-	-	308
<u>Less</u> Allowance for doubtful debts	-	-	-	(308)
Total earned revenues not yet billed	-	-	-	-
Other receivables and advance payment				
Other receivables				
TR Construction Co., Ltd	-	-	4,600	4,600
<u>Less</u> Allowance for doubtful debts	-	-	(4,600)	(4,600)
Net	-	-	-	-

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(Unit : Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
Sum Grand Property Co., Ltd.	16,805	16,805	16,805	16,805
<u>Less</u> Allowance for doubtful debts	(16,805)	(16,805)	(16,805)	(16,805)
Net	-	-	-	-
Khun Anuwit Tantisewkul	57	57	-	-
<u>Less</u> Allowance for doubtful debts	(57)	(57)	-	-
Net	-	-	-	-
Sum Bangkok Development Co., Ltd.	-	-	530	1,144
<u>Less</u> Allowance for doubtful debts	-	-	-	(1,144)
Net	-	-	530	-
North Property Co., Ltd.	-	-	247	247
<u>Less</u> Allowance for doubtful debts	-	-	(247)	(247)
Net	-	-	-	-
Sajja Bangsuei Condominium Co., Ltd.	-	-	603	603
<u>Less</u> Allowance for doubtful debts	-	-	(603)	(603)
Net	-	-	-	-
Rich Man Property Co., Ltd.	-	-	2,129	2,129
<u>Less</u> Allowance for doubtful debts	-	-	(2,129)	(2,129)
Net	-	-	-	-
Poonsub Property Co.Ltd.	46	46	-	-
<u>Less</u> Allowance for doubtful debts	(46)	(46)	-	-
Net	-	-	-	-
Sanken - EMC Co., Ltd.	607	607	607	607
Imperial Land Co.Ltd.	-	-	3,273	1,091
Khun Norrapat Teeyapan	17	-	-	-
<u>Less</u> Allowance for doubtful debts	(17)	-	-	-
Total other receivables	607	607	4,410	1,698

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(Unit : Thousand Baht)

Type of items	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advance payment				
Khun Nontapat Teeyaporn	156	21	-	-
Total advance payment	156	21	-	-
Total other receivables and advance payment	763	628	4,410	1,698
Short-term loans and interest receivable				
Short-term loans				
(Interest at 6.50% to 6.87% per annum) :				
HR Construction Co., Ltd.	-	-	91,707	88,207
<u>Less</u> Allowance for doubtful debts	-	-	(91,707)	(88,207)
Net	-	-	-	-
(Interest at 8.0 % per annum) :				
IV EMC P.L.C.	-	500	-	500
<u>Less</u> Allowance for doubtful debts	-	(500)	-	(500)
Net	-	-	-	-
(Interest at 7.50 % per annum) :				
Rich Man Property Co., Ltd.	-	-	463,346	449,546
<u>Less</u> Allowance for doubtful debts	-	-	(109,073)	(109,073)
Net	-	-	354,273	340,473
Sajja Bangsaeu Condominium Co., Ltd.	-	-	44,614	57,614
<u>Less</u> Allowance for doubtful debts	-	-	(16,839)	-
Net	-	-	27,775	57,614
North Property Co., Ltd.	-	-	49,604	47,203
Siam Bangkok Development Co., Ltd.,	-	-	47,200	94,211
Imperial Land Co Ltd.	-	-	165,000	155,000
Sanken - EMC Co., Ltd.	2,500	-	2,500	-
Total short-term loans	2,500	-	646,352	604,501
Accrued interest receivable				
HR Construction Co., Ltd.	-	-	15,346	12,852
<u>Less</u> Allowance for doubtful debts	-	-	(14,683)	(12,852)
Net	-	-	663	-

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(Unit :Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
JV EMC PTE		60		60
Less Allowance for doubtful debts		(60)		(60)
Net	-	-	-	-
Rich Man Property Co., Ltd.	-	-	75,001	41,438
North Property Co., Ltd.	-	-	9,184	5,588
Sajja Bangsuen Condominium Co., Ltd.	-	-	7,684	4,659
Siam Bangkok Development Co., Ltd.,	-	-	3,007	7,729
Imperial Land Co.Ltd.	-	-	11,633	1,852
Sanken - EMC Co., Ltd.	63	-	63	-
Total accrued interest receivable	63	-	107,235	61,260
Total Short-term loans and accrued interest receivable	2,563	-	753,587	725,767
Advance payments for materials and contractors				
Poonsub Property Co.Ltd.	17,305	17,305	-	-
Less Allowance for doubtful debts	(14,839)	(14,839)	-	-
Net	2,466	2,466	-	-
Total advance payments for materials and contractors	2,466	2,466	-	-
Trade payables				
Ua WithYa Public Company Limited	14,769	14,769	14,061	14,060
Sanken - EMC Co., Ltd.	8,440	-	8,440	-
Total trade payables	23,109	14,769	22,401	14,060
Other payables				
Khun Nuchapat Teeyaporn	5,247	5,247	5,247	5,247
Siam Grand Property Co., Ltd.	2,003	2,003	2,003	2,003
Total other payables	7,250	7,250	7,250	7,250
Retention payable				
Poonsub Property Co.Ltd.	2,366	2,366	-	-
Ua WithYa Public Company Limited	332	332	332	332
Total retention payable	2,698	2,698	332	332

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(Unit :Thousand Baht)

Type of items	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans (Not charge interest):				
Khun Worawit Lachbanchong	26,038	-	26,038	-
Khun Norrapat Teeyapan	4,635	4,635	-	-
Khun Anuwat Tantiseewekul	733	733	-	-
Total	31,406	5,368	26,038	-
Short-term loans (Interest rate 6.25%):				
Ua WithYa Public Company Limited	170,000	170,000	144,000	144,000
Total short-term loans	201,406	175,368	170,038	144,000
Accrued interest expenses				
Ua WithYa Public Company Limited	3,783	468	1,886	197
Total short-term loans and accrued interest expense	205,189	175,836	171,924	144,197

The movement for the year ended December 31, 2017 of loans to person and related parties are as follows :

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
HR Construction Co., Ltd				
Balance as at January 1,	-	-	88,207	85,607
Plus Increase during the year	-	-	3,500	2,600
Less Received during the year	-	-	-	-
Balance as at December 31,	-	-	91,707	88,207
JV KMC-PLC				
Balance as at January 1,	500	500	500	500
Plus Increase during the year	-	-	-	-
Less Received during the year	(500)	-	(500)	-
Balance as at December 31,	-	500	-	500

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(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Rich Man Property Co., Ltd.				
Balance as at January 1,	-	-	439,546	271,784
Plus Increase during the year	-	-	23,800	164,762
Less Received during the year	-	-	-	-
Balance as at December 31,	-	-	463,346	439,546
Sajja Bangsaen Condominium Co., Ltd.				
Balance as at January 1,	-	-	37,614	37,404
Plus Increase during the year	-	-	7,500	2,500
Less Received during the year	-	-	(500)	(2,290)
Balance as at December 31,	-	-	44,614	37,614
North Property Co., Ltd.				
Balance as at January 1,	-	-	47,204	39,703
Plus Increase during the period	-	-	2,400	7,500
Less Received during the period	-	-	-	-
Balance as at December 31,	-	-	49,604	47,203
Sham Bangkok Development Co., Ltd.,				
Balance as at January 1,	-	-	94,211	46,400
Plus Increase during the year	-	-	-	47,811
Less Received during the year	-	-	(47,011)	-
Balance as at December 31,	-	-	47,200	94,211
Imperial Land Co.Ltd.				
Balance as at January 1	-	-	155,000	-
Plus Increase during the year	-	-	10,000	155,000
Less Received during the year	-	-	-	-
Balance as at December 31	-	-	165,000	155,000

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(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sanken - EMC Co., Ltd.				
Balance as at January 1,	-	1,000	-	1,000
Plus Increase during the year	2,500	2,000	2,500	2,000
Less Received during the year	-	(3,000)	-	(3,000)
Balance as at December 31,	2,500	-	2,500	-
Khuu Nutteera Ngamlerkai				
Balance as at January 1,	-	2,300	-	2,300
Plus Increase during the year	-	-	-	-
Less Received during the year	-	(2,300)	-	(2,300)
Balance as at December 31,	-	-	-	-
Total short-term loans	2,500	500	863,971	862,281

As at December 31, 2017 and 2016, short term loans to related parties are unsecured promissory notes and period of promissory note are 12 month from the date of issue and due at call. Interest was charged at the rates of 6.50%-8.00% per annum (Separate for the both year : apart of short-term loans to a subsidiary in amount of Baht 53.55 million equally for both year, interest was not inter charge).

The movement for the year ended December 31, 2017 of allowance for doubtful debts of short-term loans from related persons and interest receivable are as follows :

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>			
	<u>January 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2017</u>
JV EMC-PLE				
- Short term loans due from	(500)	-	500	-
- Interest receivable	(60)	(21)	81	-

	<u>Separate financial statements</u>			
	<u>January 1, 2017</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2017</u>
BR Construction Co., Ltd.				
- Short-term loans due from	(88,707)	(3,500)	-	(91,707)
- Interest receivable	(12,852)	(1,831)	-	(14,683)

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(Unit :Thousand Baht)

Consolidated financial statements

	January 1, 2017	Increase	Decrease	December 31, 2017
JV EMC-PLC				
- Short-term loans due from	(500)	-	500	
- Interest receivable	(60)	(21)	81	-
Rich Man Property Co., Ltd.				
- Short-term loans due from	(109,073)	-		(109,073)
Sajja Bangsuen Condominium Co., Ltd.				
- Short term loans due from		(16,839)		(16,839)

The movement for the year ended December 31, 2016 of allowance for doubtful debts of short-term loans and interest receivable are as follows :-

(Unit :Thousand Baht)

Separate financial statements

	January 1, 2016	Increase	Decrease	December 31, 2016
BR Construction Co., Ltd				
- Short term loans due from	(88,607)	(2,600)	-	(88,207)
- Interest receivable	(10,482)	(2,370)	-	(12,852)
JV EMC-PLC				
- Short term loans due from	(500)	-	-	(500)
- Interest receivable	(20)	(40)		(60)
Rich Man Property Co., Ltd.				
- Short term loans due from		(109,073)	-	(109,073)

The movement for the year ended December 31, 2017 and 2016 of short-term loans from related persons are as follows :-

(Unit :Thousand Baht)

Consolidated financial statements Separate financial statements

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Ua WithYa Public Company Limited				
Balance as at January 1,	170,000	26,000	144,000	-
Plus Transfer of debt from acquisition	-	144,000	-	144,000
Less Payment during the year	-	-	-	-
Balance as at December 31,	170,000	170,000	144,000	144,000

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(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Khun Norrapat Teeyapan				
Balance as at January 1,	4,635	15,237	-	-
Plus Increase during the year		11,925	-	-
Less Payment during the year		(21,927)	-	-
Balance as at December 31,	4,635	4,635	-	-
Khun Anuwit Tantakewkul				
Balance as at January 1,	733	733	-	-
Plus Increase during the year	-	-	-	-
Less Payment during the year	-	-	-	-
Balance as at December 31,	733	733	-	-
Total short-term loans due to	175,368	175,368	144,000	144,000

As at December 31, 2017 and 2016, short term loans from Ua WithYa Public Company Limited in amount of Baht 144.00 million equally for both year, the Company will be pay back the whole amount of loan and accrued interest have been short term loans to Ua WithYa Plc. instead of the Imperial Land Co.,Ltd. (subsidiary) as of acquisition date subsidiary as discussed in Notes 17.1 Short term loans due to are unsecured promissory notes and period of promissory note are 4 months and duration of 3 - 4 months, respectively. Interest was charged at the rates of 6.75% per annum. After the date of the financial statements, the Company has fully paid the loan.

As at December 31, 2017 and 2016, short-term loans from Ua WithYa Public Company Limited in amount of Baht 26.00 million are loans of a subsidiary in form unsecured promissory notes and period of promissory note are 12 month interest was charged at the rates of 6.25% per annum, equally for both year.

Short-term loans from related persons are unsecured and due at call. Interest was not inter charge.

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6.2 Inter-revenues and expenses are as follows :-

(Unit : Thousand Baht)

Type of items	Consolidated financial statement		Separate financial statement	
	For the year ended December 31,			
	2017	2016	2017	2016
Revenue from project consultant fees				
Sanken - EMC Co., Ltd.	209	4,244	209	4,244
Siam Bangkok Development Co., Ltd.	-	-	5,656	-
Imperial Land Co., Ltd.	-	-	6,119	1,020
Total revenue from project consultant fees	209	4,244	11,984	5,264
Interest income				
RR Construction Co., Ltd.	-	-	2,494	2,370
Rich Man Property Co., Ltd.	-	-	33,602	24,589
North Property Co., Ltd.	-	-	3,610	3,135
Saffa Bangsae Condominium Co., Ltd.	-	-	3,026	2,972
Siam Bangkok Development Co., Ltd.,	-	-	8,534	8,548
Imperial Land Co.,Ltd.	-	-	14,643	1,857
Sanken - EMC Co., Ltd.	61	16	61	16
JV EMC PLC	21	40	21	40
Khum Nutteera Ngamlerkul	-	93	-	93
Total interest income	84	169	59,983	40,632
Other income				
Poomsuk Property Co.,Ltd.	-	46	-	-
Total other income	-	46	-	-
Cost of construction				
Sanken - EMC Co., Ltd.	17,325	-	17,325	-
Ua WithYa Public Company Limited	-	1,195	-	1,195
Total cost of construction	17,325	1,195	17,325	1,195
Financial cost				
Ua WithYa Public Company Limited	10,083	468	8,458	197
Total financial cost	10,083	468	8,458	197
Directors and key management compensation				
Short term benefits	21,834	14,605	21,834	14,605
Post employment benefits	5,043	2,376	5,043	2,376
Directors' remuneration	2,430	2,822	2,430	2,822
Total directors and key management compensation	27,307	19,803	27,307	19,803

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Policy of setting prices

	Policy
Revenue from construction	Based on the agreed price
Project consultant fees	Based on the agreed price
Other income	Based on the agreed price
Interest income	
HR Construction Co., Ltd.	6.50% -6.87% per annum
Rich Man Property Co., Ltd.	7.50% per annum
Sajja Bangsae Condominium Co., Ltd.	7.50% per annum
North Property Co., Ltd.	7.50% per annum
Siam Bangkok Development Co., Ltd.,	7.50% per annum
Imperial Land Co.Ltd.	7.50% per annum
Sanken EMC Co.,Ltd	7.50% per annum
JV EMC-PIE	8.00% per annum
Costs of construction	Based on the agreed price
Interest expenses	
Ua WithYa Public Company Limited	6.25% per annum

6.3 Relationship of related companies

Consisted of :-

<u>Name of companies</u>	<u>Nationality</u>	<u>Nature of relationship</u>
HR Construction Co., Ltd.	Thai	Subsidiary
Rich Man Property Co., Ltd.	Thai	Subsidiary
Sajja Bangsae Condominium Co., Ltd.	Thai	Subsidiary
North Property Co., Ltd.	Thai	Subsidiary
Siam Bangkok Development Co., Ltd.,	Thai	Subsidiary
Imperial Land Co.Ltd.	Thai	Subsidiary
Sanken - EMC Co., Ltd	Thai	Associate
JV EMC- PIE	Thai	Joint Arrangement
Ua WithYa Public Company Limited	Thai	Common shareholders
Siam Grand Property Co., Ltd.	Thai	Khun Anuwit is director and major shareholder.
Promsak Property Co.Ltd	Thai	Khun Norrapat is director and major shareholder
Khun Nutteera Niamsakul	Thai	Shareholder
Khun Norrapat Teeyapan	Thai	Former subsidiary's director
Khun Anuwit Tantiseewekul	Thai	Former executive


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7. Short-term investments

Consisted of:

(Unit :Thousand Baht)

	<u>Consolidated</u>		<u>Separate financial statements</u>	
	<u>financial statements</u>			
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Interest rate</u>				
(% per annum)				
Short-term investments in open-end money market fund				
Cost value	-	5,171	-	5,171
Plus Profit from change in fair value	-	88	-	88
Total short-term investments	-	5,259	-	5,259
Investments in fixed deposits				
Twelve months' time accounts deposit	1.30 - 2.00	3,758	3,343	3,558
Total short term investments		3,758	3,558	8,602

The movement purchase/disposal of investment in available for sale securities for the year ended December 31, 2017 and 2016 as follows :-

(Unit :Thousand Baht)

	<u>Consolidated and</u>	
	<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
As at January 1,	5,171	4,898
Plus Purchase in the year	-	200,000
Actual profit from sales of investments	124	-
Less Sale in the year	(5,295)	(199,727)
As at December 31,	-	5,171

During the period, the Company had sales of investment securities available for sale in all amount and the actual gains in the income statement for the year ended December 31, 2017 and 2016 amounting to Baht 0.04 million and Baht 0.27 million, respectively.

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Fair value investment in available for sale securities is measurement level 2 of unit trusts in Opened End Fund are classified as available for sale Securities, are fair valued based on net assets value at the statements of financial position date, or last business day before the statements of financial position date if there was no trading on the statements of financial position date.

There are no other changes in valuation techniques during the year.

8. Trade and other receivables

Consisted of : -

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivable				
Related parties	-	-	139,119	139,119
<u>Less</u> Allowance for doubtful debts	-	-	(139,119)	(139,119)
Net	-	-	-	-
Other parties	313,934	188,335	313,934	188,335
<u>Less</u> Allowance for doubtful debts	(122,596)	(122,596)	(122,596)	(122,596)
Net	91,338	65,739	91,338	65,739
Total trade receivable	91,338	65,739	91,338	65,739

Aging analyses for trade accounts receivable were as follows :

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivable related parties				
Over due	-	-	-	-
More than 12 months	-	-	139,119	139,119
Total	-	-	139,119	139,119
<u>Less</u> Allowance for doubtful debts	-	-	(139,119)	(139,119)
Total trade receivable related parties	-	-	-	-

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(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
*Trade receivables-other parties				
Not yet due	74,339	1,230	74,339	1,230
- Over due				
Less than 3 months	16,999	64,509	16,999	64,509
From 3 to 6 months	-	-	-	-
From 6 to 12 months	-	2,080	-	2,080
More than 12 months	122,596	120,516	122,596	120,516
Total	213,934	188,335	213,934	188,335
<u>Less</u> Allowance for doubtful debts	(122,596)	(122,596)	(122,596)	(122,596)
Total trade receivables other parties	91,338	65,739	91,338	65,739
*Total trade receivables	91,338	65,739	91,338	65,739
Other receivables				
Advance to related parties	156	21	-	-
Advance to other parties	2,233	4,296	1,662	2,337
Accrued income	1,398	843	341	645
Prepaid expenses	8,266	3,371	7,817	3,164
Other receivables - related parties	17,532	17,515	28,794	27,226
Other receivable - other parties	10,320	9,041	10,311	8,143
Total	39,905	35,087	48,925	41,515
<u>Less</u> Allowance for doubtful debts	(25,198)	(26,516)	(32,607)	(33,623)
Total other receivables	14,707	8,571	16,318	7,892
Total trade and other receivables	106,045	74,310	107,656	73,631

The normal credit terms for the customer of the Group are approximately 7 days to 45 days.

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For the year ended December 31, 2017 and 2016 there was movement in the allowance for doubtful debts of trade receivable as follows :-

	(Unit :Thousand Baht)			
	Consolidated <u>financial statements</u>		Separate <u>financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
As at January 1,	149,112	143,512	295,338	305,466
Plus Doubtful debts increased during the year	144	6,978	127	11,004
<u>Less</u> Reversal of allowance for doubtful debts	(1,462)	(1,378)	(1,143)	(21,132)
As at December 31,	147,794	149,112	294,322	295,338

Trade receivables overdue more than 6 months in separate statements of financial positions as at December 31, 2017 and 2016 of :-

	(Unit :Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2017	2016	2017	2016
a) Construction Projects of BR Construction Co., Ltd.	-	-	139,119	139,119
b) Airport Link Square Project	86,943	86,943	86,943	86,943
c) Airport Link Square Car Park Project	3,095	3,095	3,095	3,095
d) Airport Link Square - Building D Project	24,787	24,787	24,787	24,787
e) United Center Renovation Project	3,317	3,317	3,317	3,317
f) Huroe Hau Hin Project	4,329	4,329	4,329	4,329
g) Kinnaya Project	-	-	-	-
h) Thai travel center Project	-	-	-	-
i) Other projects	125	125	125	125
Total	122,596	122,596	261,715	261,715

As at December 31, 2017, the Company has transferred the right to receive payment from one of account receivable amounting to Baht 47,81 million as collateral for credit facilities from Bank as discussed in Note to Financial Statement No.20 and No.22.

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9. Earned revenues not yet billed

Consisted of :

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2017</u>	<u>2016</u>
Value of contract	3,106,520	4,404,031
Revenue recognised on percentage of completion basis	751,158	1,521,752
Less Value of contract billed (Installment)	(629,855)	(1,400,637)
Earned revenue not yet billed (Assets)	121,303	121,115

The additional data of construction in progress are as follow :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2017</u>	<u>2016</u>
Cost of construction and gain are recognized (less loss are recognized) until present	857,293	1,524,119
Less Value of contract billed (Installment)	(629,855)	(1,400,637)
Gross amounts due from customers	227,438	123,802

Details of earned revenues not yet billed as at December 31, 2017 and 2016 as follows :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2017</u>	<u>2016</u>
On - going construction projects	121,303	121,115
Suspended projects or no movement over 12 months	55,777	55,777
Total	177,080	176,892
Less Allowance for doubtful debts	(55,777)	(55,777)
Net	121,303	121,115

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For the year ended December 31, 2017 and 2016 there was movement in the allowance for doubtful debts of earned revenues not yet billed as follows :-

(Unit :Thousand Baht)

	<u>Consolidated and Separate</u> <u>financial statements</u>	
	<u>2017</u>	<u>2016</u>
As at January 1,	55,777	121,162
Plus Doubtful debts increased during the year	-	-
Less Reversal of allowance for doubtful debts	-	(65,385)
As at December 31,	<u>55,777</u>	<u>55,777</u>

Allowance for doubtful receivables from earned revenues not yet billed of the consolidated and separate financial statement as at December 31, 2017 and 2016, as follows :-

(Unit :Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
a. Langsui Ville Project	8,010	8,010
b. Airport Link Square Project	43,225	43,225
c. Other Project	4,542	4,542
Total	<u>55,777</u>	<u>55,777</u>

10. Retention receivable from customers

Consisted of :-

(Unit :Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Retention receivable amount	82,514	60,157
Retention receivable outstanding over credit term over 12 months	99,121	81,730
Total	181,635	141,887
Less Allowance for doubtful debts	(99,121)	(81,730)
Net	<u>82,514</u>	<u>60,157</u>

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For the year ended December 31, 2017 and 2016 there was movement in the allowance for doubtful debts of retention receivable from customers as follows :

(Unit :Thousand Baht)

	<u>Consolidated and Separate</u> <u>financial statements</u>	
	<u>2017</u>	<u>2016</u>
As at January 1,	81,730	85,832
Plus Doubtful debts increased during the year	17,391	19,103
<u>Less</u> Reversal of allowance for doubtful debts	-	(23,205)
As at December 31,	99,121	81,730

Allowance for doubtful debt of retention receivable of the consolidated and separate statement of financial position as at December 31, 2017 and 2016, as follows :-

(Unit :Thousand Baht)

	<u>Consolidated and Separate financial statements</u> <u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
a) North Point Condominium Project	16,881	16,881
b) Airport Link Square Project	31,789	31,789
c) Airport Link Square Car Park Project	3,369	3,369
d) Airport Link Square - Building D Project	4,607	4,607
e) United Center Renovation Project	2,973	2,973
f) Kool Residence Project	3,008	3,008
g) Bluee Hau Hin Project	19,103	19,103
h) Kirimaya Project	17,391	
Total	99,121	81,730

As at December 31, 2017, the company transferred the rights to receive payment from retention receivable from customer amounting to Baht 28.10 million as collateral for credit facilities from bank as discussed in Note to Financial Statement No 20.

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11. Real estate development cost

Consisted of :-

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and development	392,610	392,610	250,825	250,825
Construction cost	630,373	499,151	131,473	30,858
Interest expenses	51,251	49,718	1,533	-
Property for sale	67,809	66,676	67,809	66,676
Total	1,142,043	1,008,155	451,640	348,359
Less Transfer of real estate development cost to accumulated cost	(131,548)	(77,322)	-	-
Balance of real estate development cost	1,010,495	930,833	451,640	348,359
<u>Less</u> Allowance for diminution in value	(13,120)	(48,414)	(9,170)	(3,566)
Total of real estate development cost	997,375	882,419	442,470	344,793

For the year ended December 31, 2017 and 2016 there was movement in the allowance for diminution in value of real estate development cost as follows :

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
As at January 1,	48,414	-	3,566	-
Plus Increase during the year	5,604	48,414	5,604	3,566
<u>Less</u> Reversal of allowance for diminution in value	(40,898)	-	-	-
As at December 31,	13,120	48,414	9,170	3,566

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Allowance for diminution in value of projects in consolidated and separate statement of financial position as at December 31, 2017 and 2016, as follows :-

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31</u>		<u>As at December 31</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Hallmark Ngumwongwan Project	9,170	3,566	9,170	3,566
North Beach Project	3,545	38,240	-	-
Palmio Project	405	1,638	-	-
Siam Iyarn Resort Project	-	4,964	-	-
Total	13,120	48,414	9,170	3,566

Additional information of the projects

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total estimated sale value of projects which were operated at the end of year	7,238,653	7,187,052	1,021,255	1,008,252
Total sale value of units with signed agreements to buy and sell	1,137,808	1,055,930	771,807	761,418
Percentage of project value with agreement to Buy and sell	50.83	48.28	75.57	75.52

As at December 31, 2017 and 2016, Real estate development cost of the consolidated and separate financial statements total Baht 383.83 million and Baht 531.10 million, respectively, were pledged as collateral for long term loans and obligations from financial institution in Notes 22 and 35.1.

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12. Prepaid leasehold rights of land

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated and</u>	
	<u>Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Prepaid leasehold land	165,611	165,611
Less allowance for impairment accumulated	(19,891)	-
Total	145,720	165,611

On November 24, 2014, the Company ("Lessee") has entered into a land rental agreement for construction building according to the development land project with the State Railway of Thailand ("Lessor") for the period of 4 years starting from January 1, 2015 to December 31, 2018. The Company is committed to construct the building, construction and other components according to the agreement with the lessor within the rental period. All expenses relating to construction are the responsibility of the lessee. The Company can deduct the construction costs from the operating benefit fee not over the amount specified in the agreement. The ownership of all building, construction and other components in rental area (see Note no. 19) will be transferred to the lessor at the end of rental period. During the rental period, the lessor can cancel this agreement by giving the lessee at least 30 days written notice in advance and the lessee cannot claim any damages or compensations.

On November 24, 2014, the Company ("Lessee") has entered into land rental agreement for operating benefit with the State Railway of Thailand ("Lessor") for the period of 30 years starting from January 1, 2019 to December 31, 2048. The lessee will pay the annual rental in advance and the lessee agrees to adjust the rental rate 15% of the final rental expense of every 5th year starting from January 1, 2024 until the end of the agreement. During the rental period, the lessor can cancel this agreement by giving the lessee at least 30 days written notice in advance and the lessee cannot claim any damages or compensations.

On April 10, 2015, the Company ("Lessee") has entered into a land rental for utility construction agreement for vehicle entrance, thoroughfare to enter to the lessee's place with a company. The land rental agreement has the period of 3 years 7 months starting from May 1, 2015 to December 31, 2018.

On April 10, 2015, the Company ("Lessee") has entered into land rental agreement for operating benefit with a company for the period of 30 years starting from January 1, 2019 to December 31, 2048. The lessee will pay

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the annual rental in advance as indicate in the agreement. The Company already prepaid the rent for the first 15 years in advance totalling Baht 15.82 million.

As at December 31, 2017 The Group recognized a loss from an onerous contract in the consolidated and separate financial statements amounting to Baht 10.70 million, such loss represents the cost of rental which the Company has to pay to the lessee subject to the commitments specified in the above contract and the costs are higher than the economic benefits expected from contract.

13. Advance payments for purchases of real estate projects under development

At the Board of Directors' meeting, no. 6/2558 held on March 20, 2015, the Board of Directors unanimously passed the resolutions to approve the Company to purchase land and constructions of American Town project, Siam Tara Muntra project and Venice East project from Siam Grand Property Co., Ltd. The Company paid the total project costs, the loans for the projects from financial institutions and additional construction costs as agreed the detailed are as follows :-

(Unit :Thousand Baht)

Project	Project costs	Loans for the projects from		Total
		Financial institutions	Construction costs as agreed	
American Town project	153,000	21,000	12,467	208,467
Siam Tara Muntra project	65,000	36,900	10,643	112,543
Venice East project	67,567	160,000	81,076	308,643
Total	287,567	217,900	124,186	629,653

Advance payments for purchases of real estate projects under development the detailed are as follows :-

(Unit :Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2017</u>	<u>2016</u>
American Town project	230,909	230,909
Siam Tara Muntra project	83,724	83,724
Venice East project	151,710	151,710
Total	466,343	466,343
<u>Less Allowance for doubtful debt</u>	<u>(466,343)</u>	<u>-</u>
Net		466,343


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As at December 31, 2017 and 2016, the ownership of land and constructions of such 3 projects have not been transferred to the Company.

On September 2, 2015, the Company received 2 letters from Siam Grand Property Co., Ltd. (Seller the American Town project, Siam Tara Muntra project and Venice East project) and a former shareholder of Siam Bangkok Development Co., Ltd. to terminate :-

- a) The agreements to sell assets in American Town project, Siam Tara Muntra project and Venice East project dated March 20, 2015 to the Company based on the reasons that the Company breached such agreements and performed against rules, regulation, announcements and laws of the Stock Exchange and also made a claim to the Company and/or its directors to jointly responsible for damages (to be informed later) plus interest at 15% from the date of this letter until the last settlement and instructed the Company to return all assets, in good conditions, within September 9, 2015. Subsequently on September 7, 2015, the Company issued a letter to argue such termination letter by notifying that such termination could not be legally valid because the Company :-

- 1) Has never breached any agreements.
- 2) Fully paid for the purchase of assets in American Town project and repaid loan from financial institution for withdrawing the mortgaged assets in such project but the ownership of such assets have not been transferred to the Company, which was considered as a serious breach of agreement.
- 3) Fully paid for the purchase of assets in Siam Tara Muntra project and Venice East project but the ownership of such assets have not been transferred to the Company as a result of inability to swap loan with the financial institution since the owner of the projects breached the agreement with the bank.

In addition, the Company instructed the owner of the projects to immediately transfer the ownership of such assets to the Company and reserved the right to claim for compensation of Baht 743.00 millions for guarantee profit as specified in the agreements.

- b) The share sale agreement dated March 20, 2015 to sell 100% of common shares of Siam Bangkok Development Co., Ltd. to the Company based on the reasons that the Company conducted against rules, regulation, announcements and laws of the Stock Exchange and made a claim to the Company and/or its directors to jointly responsible for damages (to be informed later) plus interest at 15% from the date of this letter until the last settlement and instructed the Company to return all common shares within

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September 9, 2015. Subsequently on September 7, 2015, the Company issued a letter to argue such termination letter by claiming that such sell and purchase common shares was legally completed and could not be cancelled. On November 16, 2015, the Company received a legal opinion from the Company's independent legal counselor that such share sale agreement was comprehensive agreement and could not be terminated. Therefore, the termination letter was unfair, illegitimate and invalid.

On September 16, 2015, Siam Grand Property Co., Ltd. ("the Plaintiff") and former shareholder of Siam Bangkok Development Co., Ltd (Co- plaintiff) filed a court case with the Civil Court as a black case no. Por 2206/2558 against the Company, in order to force the Company to 1) submit the original copy of the mortgage of a mortgage contract dated August 13, 2014, consent document to redeem the mortgage from a local bank, the original land title deeds of land located at Amphur Ban Bung, Chonburi Province totalling 20 plots, including power of attorney for transfer of land of the Plaintiff, 2) pay the amount of Baht 500,000 to the Plaintiff together with interest at the rate of 7.5% per annum of such principal starting from the sued date until completely settling such amount, and 3) pay for the damage continuously on a monthly basis of Baht 1.30 million per month starting from the sued date until the Company can return such land title deeds to the Plaintiff. Subsequently, on October 26, 2015, the Company presented to the court and filed the counterclaim to the Civil Court against such case to force A) the Plaintiff and Co- plaintiff to transfer the ownership of land title deeds according to the sale and purchase asset agreements of Siam Tara Muntra Project (65 plots), Venice East Project (6 plots) and American Town Project (151 plots), B) if the Plaintiff and the Co- Plaintiff cannot transfer the ownership of land to the Company as required by A), the Plaintiff and the Co- Plaintiff have to repay the Company for the amount paid by the Company of Baht 521.62 million together with interest at the rate of 7.5% per annum of the principal of Baht 515.81 million starting from the date of filing the counterclaim until the Plaintiff and Co- Plaintiff completely settle to the Company, and C) the Plaintiff and Co-plaintiff pay for the damage to the Company of Baht 751.36 million together with interest at the rate of 7.5% per annum of the principal of Baht 743.00 million starting from the date of filing the counterclaim until the Plaintiff and Co-plaintiff completely settle to the Company. Subsequently, on October 3, 2017, the date of the first plaintiff's hearing, the plaintiff told the court that on September 27, 2017, the plaintiff was called by a creditor to the Central Bankruptcy Court to request the plaintiff's entered into rehabilitation plan. The plaintiff asked the court to stop the trial as abovementioned. The plaintiff's request is in accordance with the Bankruptcy Act, Section 90/12, which prohibits any person to litigation or requesting the court to consider the debtor during


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the rehabilitation and in case have the lawsuit before , the court shall suspend the case before the Central Bankruptcy Court have judgement. At the present, the Central Bankruptcy Court has ordered to postpone of the adjudication of the rehabilitation case to April 30, 2018.

On December 22, 2015 and on January 19, 2016 the Company filed a petition for injunctive relief and petition for injunctive relief is an emergency order respectively, to the court because of the Company has detection that the Plaintiff and the Co-plaintiff has announced to sale of land in Siam Tara Mantra Project and American Town Project in 65 plots and 151 plots respectively by selling at price that cheaper than normal that cause to have many customer interested to reserve to purchase of land in the project. But the court dismissed the petition in both times. The Company filed a third time petition for injunctive relief on March 8, 2016. However, on September 15, 2016 the court dismissed the petition the third time requesting to injunction.

On June 20, 2016, the Company filed the lawsuit with the Chonburi District Court (criminal case) as per Siam Grand Property Co., Ltd. (1st Defendant) and existing shareholders of Siam Bangkok Development Co., Ltd.(2nd defendant) total 5 cases on charges of corruption by the two defendants jointly to transfer of the cases 's property to a third party by intentional and resulted in the Company receiving damaged with the transfer of ownership of land in 73 deed of Siam Tara Mantra project worth about Baht 38.59 million and 6 deed of Venice of the East project worth about Baht 151.71 million as follow :

<u>Case No.</u>	<u>Offence</u>	<u> Damages</u>	<u>Progress lawsuit</u>
	against		
Black Case No.3781/2559	Cheating/Fraud	Selling 5 Land title deed	The court has dismissed the judgment on August 23, 2017 and is in the process of filing the appeal.
Black Case No.4635/2559	Cheating/Fraud	Selling 5 Land title deed	The court has dismissed the judgment on March 20, 2017 and is in the process of filing the appeal.
Black Case No.4703/2559	Cheating/Fraud	Selling 7 Land title deed	The court has dismissed the judgment on October 31, 2017, and is in the process of filing the appeal.
Black Case No.4771/2559	Cheating/Fraud	Selling 5 Land title deed	The court has dismissed the judgment on October 31, 2017, and is in the process of filing the appeal.
Black Case No.4989/2559	Cheating/Fraud	Selling 6 Land title deed	The court adjudged the case are prima facie case to indictment by appointment to attest from defendant and investigate witness testimony and hearing scheduled for


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From the case that the plaintiff was requested from creditor to rehabilitate the business because of the insolvent debt unable to pay the debts to other creditors and the Company. In addition to the legal process of rehabilitation from the start of the application process until the payment process takes a long time and the management of the Company cannot predict what the outcome of the plaintiff's rehabilitation case will be in any direction and some part of property in the case had been transferred to a third party. These factors have a negative impact on the ability of the plaintiff to pay back its debts. As a result, the Company's management had considered to record the allowance for doubtful accounts of "Advances payment for purchases of real estate projects under development" in the consolidated and separate financial statements for the year ended December 31, 2017, in full amount.

14. Deposits for land

Consisted of :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2017</u>	<u>2016</u>
Project from Fine 22 Properties Co., Ltd.	33,500	35,000
Project purchase land in Chonburi province to development	11,260	22,000
Total	34,760	47,000
Less allowance for impairment accumulated	(34,760)	(43,400)
Net	-	3,600

For the year ended December 31, 2017 and 2016 there was movement in the allowance for impairment of deposits for land as follows :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
	<u>2017</u>	<u>2016</u>
As at January 1,	43,400	43,400
Less Reversal of allowance for impairment	(8,640)	
As at December 31,	34,760	43,400

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In the third quarter of 2014, the Company paid a deposit for the purchase of a project to Fine 22 Properties Co.,Ltd. in the amount of Baht 25.00 million. Later, on January 5, 2015, the Company canceled the memorandum of intent in the purchase of this project which the Fine 22 Properties Co.,Ltd. has sent a letter to the Company to return the deposit to the Company within May 31, 2016 but that company cannot pay the return in agreed time then they request to postponed in several times by allow the Company to charge interest on the part of postponement. The last times on October 7, 2016, the Company had requested to postpone of payment again by issued 4 checks to the Company by dated on November 30, 2016, in the later, when the check is due, the 4 checks cannot be collected. The Company is in the process of prosecution a lawsuit to that company. Subsequently, on October 2, 2017, the court considered the case. Both sides can agree. That company agreed to pay the debt to the Company by issuing 36 advance cheque totaling Baht 40.50 million. The first cheque dated October 7, 2017, the remaining cheque will be dated the 7th of the following month. On December 31, 2017, the Company received Baht 1.50 million from such company.

In the third quarter of 2015, the Company paid deposit for purchase of a vacant pieces land for developing totalling Baht 25.00 million from a sellers. A seller issued a cheque dated October 10, 2015 amounting to Baht 25.00 million to the Company for guarantee such sale of land. Subsequently the Company cancelled purchasing such land for developing the real estate project from such seller but the Company could not deposit such cheque to a bank. Such seller issued new 3 cheques dated December 10, 2015 amounting to Baht 5.00 million, dated January 10, 2016 amounting to Baht 10.00 million and dated February 10, 2016 amounting to Baht 10.00 million. Up to present, such seller repaid such deposit to the Company amounting Baht 3.00 million. Subsequently, on October 13, 2016, the seller did an agreement letter to transfer the ownership of land and buildings instead of the deposit back from the seller total 6 units value of Baht 3.67 million per unit totaled value are Baht 22.00 million by dated register date to transfer ownership date on November 30, 2016 until July 15, 2017. During the year, the Company to transfer the ownership of land and buildings of total 3 unit value of Baht 10.74 million.

15. Restricted bank deposits

As at December 31, 2017 and 2016, totaling bank deposits (2017: interest at 0.80% to 2.00% per annum, 2016 : interest 0.80% to 2.00% per annum) totaling bank deposits have been pledged as collateral for long-term loans from financial institutions as discussed in Note 29 and credit facilities from such financial institutions in Notes 35.1. The bank deposits of Baht 7.26 million was used for securities

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pledged to suspend enforcement of the court judgement. During the 2nd quarter of year 2016, the Company currently has repay total amount by judgment in the year, but the Company has not redeemed such collateral. Subsequently, on August 30, 2017, the Company redeemed all of the securities.

16. Other long-term investments

As at December 31, 2017 and 2016, Other long term investments consisted of:

(Unit : Thousand Baht)

<u>Consolidated and Separate financial statements</u>							
Company names	Nature of business	Paid up capital	Investment portion (%)	<u>Cost method</u>		<u>Dividend income</u>	
				2017	2016	<u>For the year ended</u>	
						<u>December 31,</u>	
						2017	2016
M.I Property Co., Ltd.	Real estate	120,000	10.00	12,000	12,000	-	-
Thaj medical center public company limited	Health care business	200,500	0.01	50	50	2	-
Bangkok Club Co., Ltd.	Sales of food and beverages, services and fitness facilities	450,000	0.22	1,000	1,000	-	-
Total				13,050	13,050	2	-
Less : Allowance for impairment				(13,050)	(13,050)	-	-
Net				-	-	2	-

17. Investments in subsidiaries

As at December 31, 2017 and 2017 the investments in subsidiaries are as follows :-

(Unit :Thousand Baht))

Company names	<u>Paid up capital</u>		<u>Percentage of ownership (%)</u>		<u>Cost Method</u>		<u>allowance for impairment</u>		<u>Net</u>	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
BH Construction Co., Ltd.	60,000	60,000	51.00	51.00	3,600	3,600	(3,600)	(3,600)	-	-
Rich Man Property Co., Ltd.	5,000	5,000	100.00	100.00	11,000	11,000	(11,000)	(11,000)	-	-
North Property Co., Ltd.	4,000	4,000	100.00	100.00	66,067	66,067	(66,067)	(66,067)	15,160	22,120
Sappi Bangsuei Condominium Co., Ltd.	4,000	4,000	100.00	100.00	12,067	12,067	(12,067)	(12,067)	-	4,000
Siam Bangkok Development Co., Ltd.	20,000	20,000	100.00	100.00	20,000	20,000	-	-	20,000	20,000
Imperial Land Co., Ltd.	110,000	110,000	100.00	100.00	134,000	134,000	(131,625)	(65,625)	3,175	69,100
Total					274,704	274,704	(235,905)	(158,127)	38,150	116,110

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17.1 On October 31, 2016, the Company purchase the common shares of the Imperial Land Co.,Ltd. (subsidiary) amounting to 1.10 million shares from 3 individual and related parties are U/A WTHIYA Pte., Mr. Wutichai Leesuabanchong and Mr. Monthon Chaturwallopkul at Baht 134.80 million, in addition, the company will be pay back the loan and accrued interest, calculated to February 13, 2015, to U/A WTHIYA Pte. instead of the subsidiary in the amount of Baht 144.00 million, as of acquisition date subsidiary has outstanding, including: accrued interest with U/A WTHIYA Pte. total amount of Baht 176.92 million. In accordance with the conditions specified in the memorandum annexed to the agreement to transfer the rights dated October 31, 2016, U/A WTHIYA Pte.had transfer the right to claim the difference between the debt and the accrued interest, in the financial statements, on acquisition date and with the debt and accrued interest on the original terms amount of Baht 32.92 million to the company, the company had recorded this amount of the debt of Baht 32.92 million and the difference between the amount to purchase common shares to the book value of net assets as purchasing date in amount of Baht 128.00 million as part of the " Property, plant and equipment " by without recognition of goodwill or a gain from a negotiation due to this purchasing, of common shares of the subsidiary is not in the definition of the acquisition business according to the terms stated in the Financial Reporting Standard No 3, Business Combinations.

Net book value of assets and liabilities of the company Imperial Land Co.,Ltd. (subsidiary) as at the of acquisition are as follows :-

	(Unit :Thousand Baht)
<u>Assets</u>	
Cash and cash equivalents items	882
Trade and other receivables	217
Advance payments for materials and contractors	538
Other current assets	1
Property, plant and equipment	257,333
Plant and equipment	1,200
Total assets	260,171
<u>Liabilities</u>	
Trade and other payables	42,098
Advances received from customers	1,032
Short term loans from related persons	202,920
Other current liabilities	10
Retention payable to contractors	6,422
Total liabilities	253,372
Net assets	6,799
Cash paid acquisition of investment	(134,800)
Increase in investment in subsidiaries	128,001



17.2 As at December 31, 2017 and 2016, the management of the Company had assessed the net recoverable amount of the investment in the subsidiary. That calculated based on the value in used. The assessment found that recoverable amount is less than the carrying amount of the investment in amounting to Baht 77.78 million and Baht 132.18 million, respectively. Therefore, the management determines to recorded the allowance for impairment of investments in the separate financial statements by recognized in the separate income statement for the year ended December 31, 2017. The value in used of such project is the asset unit to generated cash to the subsidiaries company only one unit.

17.3 On September 2, 2015, the Company received a termination letter on sell of common shares of Siam Bangkok Development Co., Ltd. as discussed in Note 13.

17.4 There was no dividend received from the subsidiaries during the year ended December 31, 2017 and 2016

18. Investments in associates and joint venture

As at December 31, 2016 and 2015, investments in associates and joint venture as follows :-

(Unit :Thousand Baht)

Company name	<u>Paid up capital</u>		<u>Percentage of ownership (%)</u>		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>					
					<u>Equity method</u>		<u>Cost method</u>		<u>Allowance for impairment</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sanken - EMC Co., Ltd.	40.00	40.00	48.00	48.00	-	3,381	19,200	19,200	(19,200)	-	-	19,200
JV EMC PLC			49.00	49.00	714	85	800	-	-	-	800	-
					714	3,466	20,000	19,200	(19,200)	-	800	19,200

According to the extraordinary shareholders meeting 1/2559 of Sanken - EMC Co., Ltd, held on January 14, 2016, have a resolution to call increase paid up for common share from shareholders in the amount of Baht 50 per share that the Company had paid totalling Baht 9.60 million, after the payment the Company will be investment in Sanken - EMC Co., Ltd totalling 191,997 shares at Baht 75 per share, totalling Baht 14.40 million or 48 percent be the same.

According to the extraordinary shareholders meeting 2/2559 of Sanken - EMC Co., Ltd, held on November 17, 2016, have a resolution to call increase paid up for common share from shareholders in the amount of Baht 25 per share that the Company had paid totalling Baht 4.80 million, after the payment the Company will be investment in Sanken - EMC Co., Ltd totalling 191,997 shares at Baht 100 per share, totalling Baht 19.20 million or 48 percent be the same.


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According to the minutes of the Board of Directors Meeting No. 17/2017 held on July 6, 2017, resolved to the increase of share capital in EMC and Power Line joint venture total amount of Baht 1.60 million which is share of the Company's to paid up capital of Baht 0.80 million. The Company will have investment in EMC and Power Line joint ventures in accounted of 49%, same as original.

For the year ended December 31, 2017 and 2016, share of profit or (loss) and dividend income in associates and joint venture as follows :

	(Unit :Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>Share of loss</u>		<u>Dividend income</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sanken - EMC Co., Ltd	(3,381)	(13,929)	-	-
JV EMC PLE	(1/2)	641	-	-
Total	(3,553)	(12,288)	-	-

Financial information of associates and joint venture that are material can be summarized as follows :-

	(Unit :Thousand Baht)			
	<u>Sanken - EMC Co., Ltd</u>		<u>JV EMC PLE</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	23,131	7,433	383	790
Non current assets	4,004	4,192	-	-
Current liabilities	21,127	3,321	60	1,718
Non current liabilities	1,267	1,259	-	-

	(Unit :Thousand Baht)			
	<u>Sanken - EMC Co., Ltd</u>		<u>JV EMC PLE</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues	42,266	3,609	78	1,440
Profit (loss) from continuing operations	(2,304)	(26,935)	(349)	1,268
Profit (loss) other comprehensive income	(2,304)	(26,935)	(349)	1,268
Profit (loss) comprehensive income	(2,304)	(26,935)	(349)	1,268

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19. Property, plant and equipment

Consisted of:

(Unit : Thousand Baht)

Consolidated financial statements

	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Work in progress	Total
Cost :									
As at January 1, 2016	20,426	94,297	29,065	5,808	118,304	56,306	26,551	-	498,517
Increase from investments in subsidiaries	-	498,961	-	-	-	1,250	-	-	380,217
Acquisition	-	-	-	5,402	296	1,257	11,588	269,929	289,047
Reclassification to real estate development and intangible assets	-	(49,297)	-	-	-	(906)	-	-	(50,203)
Transfer in/Transfer out	-	-	-	-	(186)	186	-	-	-
Disposals / write off	-	-	-	(5,000)	(5,411)	(5,808)	(260)	-	(15,289)
As at December 31, 2016	20,426	394,961	29,065	6,210	117,983	51,579	37,839	269,929	921,899
Acquisition	-	744	-	-	2,581	4,111	4	259,397	267,304
Transfer in/Transfer out	-	180,386	-	-	-	-	-	(180,386)	-
Disposals / write off	-	-	-	(3,723)	(44)	(363)	(2,971)	-	(7,101)
As at December 31, 2017	20,426	575,091	29,065	2,487	118,522	55,743	34,691	348,935	1,182,212
Incremental amount :									
As at January 1, 2016	3,604	42,284	-	-	-	-	-	-	45,888
Increase of revalued during the year	4,005	87,815	-	-	-	-	-	-	91,840
As at December 31, 2016	7,609	130,119	-	-	-	-	-	-	137,728
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2017	7,609	130,119	-	-	-	-	-	-	137,728
Accumulated depreciation incremental amount :									
As at January 1, 2016	-	(2,006)	-	-	-	-	-	-	(2,006)
Increase of revalued during the year	-	(31,715)	-	-	-	-	-	-	(31,715)
Depreciation for year	-	(3,020)	-	-	-	-	-	-	(3,020)
As at December 31, 2016	-	(42,059)	-	-	-	-	-	-	(42,059)
Depreciation for year	-	(3,309)	-	-	-	-	-	-	(3,309)
As at December 31, 2017	-	(45,368)	-	-	-	-	-	-	(45,368)
Net book value settlement from incremental :-									
As at December 31, 2016	7,609	88,060	-	-	-	-	-	-	95,669
As at December 31, 2017	7,609	84,751	-	-	-	-	-	-	92,360

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(Unit : Thousand Baht)

Consolidated financial statements

	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
Accumulated depreciation :-									
As at January 1, 2016	-	(22,577)	(28,575)	(529)	(97,958)	(50,121)	(23,024)	-	(222,964)
Depreciation for year	-	(4,240)	(169)	(1,897)	(14,058)	(9,866)	(2,991)	-	(29,511)
Increase from investments in subsidiaries	-	(1,664)	-	-	-	(54)	-	-	(1,698)
Disposals / write off	-	-	-	851	5,377	4,970	269	-	11,457
Reclassify to real estate development	-	1,707	-	-	-	-	-	-	1,707
Transfer in/Transfer out	-	-	-	-	121	(121)	-	-	-
As at December 31, 2016	-	(26,754)	(28,743)	(1,575)	(106,518)	(40,582)	(25,054)	-	(217,626)
Depreciation for the year	-	(11,213)	(114)	(555)	(4,612)	(7,216)	(2,075)	-	(21,185)
Disposals / write off	-	-	-	1,879	38	561	2,071	-	5,109
Transfer in/Transfer out	-	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(11,367)	(28,858)	(231)	(111,092)	(30,297)	(25,059)	-	(205,604)
Allowance for impairment									
As at January 1, 2016	-	-	-	-	-	-	-	-	-
Impairment	-	(29,424)	-	-	-	-	-	-	(29,424)
As at December 31, 2016	-	(29,424)	-	-	-	-	-	-	(29,424)
Increase	-	(40,652)	-	-	-	-	(4,099)	-	(45,351)
As at December 31, 2017	-	(69,476)	-	-	-	-	(4,099)	-	(74,475)
Net book value :									
As at December 31, 2016	28,035	875,845	171	2,680	6,466	5,147	12,604	269,924	751,026
As at December 31, 2017	28,035	552,401	187	106	4,410	7,666	10,112	343,916	947,877
Depreciation in profit or loss for the years :-									
End of December 31, 2016									29,511
End of December 31, 2017									21,186

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(Unit : Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Fixture, and other equipment	Vehicles	Work in progress	Total
Cost :									
As at January 1, 2016	20,426	90,297	29,063	4,908	118,065	45,764	26,331	-	347,754
Acquisition	-	-	-	4,189	296	1,687	11,508	269,924	288,804
Reversibly is rent-ended development and leasehold assets	-	(69,977)	-	-	-	(907)	-	-	(70,884)
Disposals / write off	-	-	-	(3,010)	(3,427)	(4,838)	(260)	-	(11,535)
As at December 31, 2016	20,426	45,889	29,063	4,167	117,919	51,701	17,639	269,924	570,881
Acquisition	-	-	-	-	2,577	4,561	1	259,197	266,336
Transfer of Equipment	-	100,386	-	-	-	-	-	(180,186)	-
Disposals / write off	-	-	-	(1,123)	-	-	(2,971)	-	(4,094)
As at December 31, 2017	20,426	235,386	29,063	444	115,516	56,262	14,661	348,915	801,223
Incremental amount :									
As at January 1, 2016	1,004	42,284	-	-	-	-	-	-	43,288
Increase of revalued during the year	4,005	87,835	-	-	-	-	-	-	91,840
As at December 31, 2016	5,009	130,119	-	-	-	-	-	-	135,128
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2017	5,009	130,119	-	-	-	-	-	-	135,128
Accumulated depreciation incremental amount :									
As at January 1, 2016	-	(7,066)	-	-	-	-	-	-	(7,066)
Increase of revalued during the year	-	(31,211)	-	-	-	-	-	-	(31,211)
Depreciation for year	-	(1,070)	-	-	-	-	-	-	(1,070)
As at December 31, 2016	-	(42,059)	-	-	-	-	-	-	(42,059)
Depreciation for year	-	(1,309)	-	-	-	-	-	-	(1,309)
As at December 31, 2017	-	(43,368)	-	-	-	-	-	-	(43,368)
Net book value settlement from incremental :									
As at December 31, 2016	5,009	88,060	-	-	-	-	-	-	93,069
As at December 31, 2017	5,009	84,751	-	-	-	-	-	-	89,760
Accumulated depreciation :									
As at January 1, 2016	-	(22,511)	(28,573)	(329)	(27,315)	(30,060)	(23,050)	-	(122,349)
Depreciation for year	-	(2,250)	(169)	(1,387)	(14,047)	(3,638)	(2,991)	-	(23,282)
Disposals / write off	-	-	-	851	3,374	4,777	260	-	11,252
Reversibly is rent-ended development	-	1,707	-	-	-	-	-	-	1,707
As at December 31, 2016	-	(22,854)	(28,742)	(465)	(37,988)	(28,921)	(25,781)	-	(145,750)
Depreciation for year	-	(897)	(134)	(317)	(4,603)	(1,811)	(2,175)	-	(10,967)
Disposals / write off	-	-	-	1,875	-	-	2,971	-	4,846
Reversibly is land awaiting development	-	-	-	-	-	-	-	-	-
As at December 31, 2017	-	(23,751)	(28,876)	(292)	(42,591)	(30,732)	(25,985)	-	(156,517)

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(Unit :Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Equipment, fixtures and office equipment	Vehicles	Work in progress	Total
Allowance for impairment									
As at January 1, 2016	-	-	-	-	-	-	-	-	-
Increase	-	-	-	-	-	-	-	-	-
Transfer in/Transfer out	-	-	-	-	-	-	-	-	-
decrease	-	-	-	-	-	-	-	-	-
As at December 31, 2016	-	-	-	-	-	-	-	-	-
Increase	-	(2,555)	-	-	-	-	-	(4,999)	(7,554)
As at December 31, 2017	-	(2,555)	-	-	-	-	-	(4,999)	(7,554)
Net book value :									
As at December 31, 2016	28,035	111,900	121	2,602	6,951	3,775	14,604	289,924	445,652
As at December 31, 2017	28,035	295,265	189	241	4,425	6,495	16,132	193,936	679,216
Depreciation in profit or loss for the years :									
End of December 31, 2016									21,281
End of December 31, 2017									10,462

As at December 31, 2017 and 2016, the Group has assets in consolidated financial statements at cost amount of Baht 205.13 million and Baht 139.80 million respectively. (Separate : Baht 205.07 million and Baht 139.75 million respectively) were fully depreciated but most of them are still in use.

As at December 31, 2017 and 2016, buildings and construction work in progress in the consolidated and separated financial statements amounting to Baht 521.97 million and Baht 269.92 million respectively are located in land leases prepayment as state in Note to financial statement no.12 in which the Company intends to hold assets under a lease contract to derive benefit from rental income.

As at December 31, 2017 and 2016, building and work in progress amount of Baht 266.64 million and Baht 313.91 million, respectively, as the Imperial Land Co.,Ltd. (subsidiary) received the rights to management land and building,7 storey, by lease land and building agreement between the Imperial Land Co.Ltd. and Dejaratana-Sayadhana Foundation dated on December 1, 2015 under the project name "The STATION 1 (a CHINATOWN)" in period of 30 years commencing on June 1, 2016 until May 31, 2046, compensation through rental fee for Baht 161.01 million, payments separate in 3 parts: are 1). special compensation totaled amount Baht 60.00 million paid in 6 years in amount of Baht 10.00 million every year and paid in full amount before December 10, 2019 (in present already paid in Baht 30.00 million). 2) compensation for the lacking of interest between renovation building totaling Baht 2.76 million will be pay on the every 10th of the month on rate of Baht 0.05 million until the

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renovation is complete (starting on May 1, 2013, to, 30 November 2015) and from December 1, 2015 until May 31, 2016 to pay at rate of Baht 0.20 million per month (now fully paid the whole amount) and 3) the monthly rental over the life of contract the total value of Baht 96.67 million will be pay on the 10th of every month throughout the 30 years from 2016, the company will be the subsidiary company has intends to hold the building under the lease contract in order to derive benefit from the rental income.

As at 31 December 2017 and 2016, the management of the Group has assessed the net realizable value of building and structure under the leasehold rights. The independent assessment results show that the value of assets (Calculated by the income approach method) is lower than the carrying amount of assets in the consolidated financial statements of amount Baht 45.05 million and Baht 29.42 million, respectively (Separated financial statement :Year 2017 total amount Baht 7.35 million, Year 2016: None), the management therefore considers the allowance for impairment of such assets by recognized in the consolidated income statement for the year ended.

As at 31 December 2017 and 2016, the Group recognized loss from an onerous contract in the consolidated and separate financial statements amounting to Baht 23.44 million and Baht 23.00 million respectively, such loss is attributable to the cost of rental that the subsidiary company has to pay to the Foundation under the obligation specified in the contract and the rental fee is higher than the expected economic benefit from the contract.

As at December 31, 2017 and 2016, revaluation surplus of fixed assets amounting to Baht 76.09 million and Baht 76.09 million respectively, shown as "Other component of equity - net" under "Equity". The revaluation surplus on fixed assets is not available for dividend distribution.

On December 23, 2016, the Group has provided a land and office building valuation by the independent appraisal by compare the market approach method. The Group recorded a gain on revaluation in the other comprehensive income statement for the year ended December 31, 2016 total amount of Baht 60.11 million.

Fair value measurement level 2 of land in amounting Baht 28.04 million and office building in amounting Baht 111.94 million have calculated by "Market Approach" by comparable properties that are similar and traded that similar or different from the property appraised by sufficient number. The valuation must consider in various factors that affect the value of the property as assessed in comparison with market information to compare such as location, city plan, land plot, size of living space, building quality etc. and then analyse the property valuation by using various techniques such as Sale Adjustment - Grid Method, Weighted Quality Score (WQS) and so on.

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As at 31 December 2017 and 2016, the consolidated and the separated financial statements, the Company has condominium as unit of Baht 107.73 million and Baht 111.94 million respectively, to collateral for obligation with commercial bank in accordance in Note to financial statement no. 37.1.

70. Short term loans from financial institutions.

Consisted of :

	(Unit : Thousand Baht)			
	<u>Interest Rate</u>		<u>Consolidated and Separate financial</u>	
	(% p.a.)		<u>statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Promissory notes	6.25		46,000	-

The promissory notes of the Company are short-term loans under credit lines, discounted promissory notes, guaranteed by the transfer of rights to receivables from trade receivable and retention receivables from customers as mentioned in Note no.8 and No.10, the company's directors have pledged as collateral against the promissory note. As at December 31,2017 the promissory notes will be due within March 2018.

As at 31 December 2017 and 2016, the Group had unutilized promissory notes amounting to Baht 254.00 million (2016 : Baht 300.00 million) (Separate : Baht 254.00 million, 2016 : Baht 300.00 million)

71. Trade and other payables

Consisted of :

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables related person or entities	23,109	14,769	22,401	14,060
Trade payables other person or entities	228,576	72,197	723,140	71,279
Other payable related person or entities	7,250	7,250	7,250	7,250
Other payable other person or entities	4,149	750	2,936	317
Accrued dividends		2,453		2,453
Accrued expenses	36,609	26,393	10,181	16,698
Total trade and other payables	299,693	134,007	266,208	112,057

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2.2. Long-term loans from financial institutions

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Long term loans from financial institutions	321,215	114,601	321,215	114,601
Less : Current portion of long term loans	(316,190)	(42,066)	(316,190)	(42,066)
Net	5,025	72,535	5,025	72,535

The movements in the long term loans from financial institutions for the year ended December 31, 2017 and 2016 are as follow :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance as at 1 January,	114,601	174,213	114,601	-
Add : Additional borrowings	239,303	118,388	239,303	118,388
Amortization of financial fees	221	13	221	13
Less : Repayment	(32,910)	(174,213)	(32,910)	-
Payment for financial fees	-	(3,800)	-	(3,800)
Balance as at December 31,	321,215	114,601	321,215	114,601

As at December 31, 2017 and 2016, long term loans from financial institutions are as follow :

<u>Credit Line</u>		<u>Outstanding</u>		<u>Interest rate</u>		<u>Repayment of principal and interest rate</u>
<u>(Million Baht)</u>		<u>balance</u>		<u>(% p.a.)</u>		
		<u>(Million Baht)</u>				
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
350	350	93.53	4.89	MLR 1.50	MLR 1.50	Repayment of the mortgage unit at a rate of not less than 70% of unit price contract and not less than per square meter, according to the agreement to be completed within 36 months from the contract date. (within year 2019).
						Payment of the interest at each monthly from the first drawdown loan

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<u>Credit Line</u>		<u>Outstanding</u>		<u>Interest rate</u>		<u>Repayment of principal and interest rate</u>
<u>(Million Baht)</u>		<u>balance</u>		<u>(% D.A.)</u>		
		<u>(Million Baht)</u>				
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
250	280	219.13	109.71	MLR	MLR	- Repayment of principal for a period the median value of work of the Bang Khun Thian hospital project in proportion of not less than 11% of the amount of work that has been each period, according to the agreement to be completed within 36 months from the contract date, (within year 2019).
						- Payment of the interest at each monthly from the first drawdown loan.
-	-	8.55	-	8.05	-	- Repayment in monthly shall be made within 36 months from the date of first drawdown (within 2020).
						- Payment of the interest at each monthly from the first drawdown loan.
600	600	321.71	114.60			

Long-term loans are assure by the mortgage of land and buildings under property development projects for sale (see Note no.11), transfer right of bank deposit claims (see Note no.15) and transfer right of receive construction fee under the project. "Elderly Hospital Bang Khun Thian" and the director of the Company join into assurances.

As at December 31, 2017 and 2016, the subsidiaries which have not yet been drawn down amounted to Baht 302.01 million and Baht 481.61 million respectively.

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23. Liabilities under long-term lease contract

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	2017	2016
Liabilities under financial lease contracts		
- Within 1 year	2,164	2,526
- Over 1 year but not over 5 years	3,627	5,991
Total financial lease contracts liabilities	5,991	8,517
Less Future interest	(428)	(791)
Present value of liabilities under financial lease	5,564	7,726
Less Current portion	(2,116)	(2,162)
Liabilities under financial lease contracts-net	3,448	5,564

As at December 31, 2017 and 2016, has entered into 3, with two of the financial institution. The monthly repayable is Baht 0.21 million period of contract are duration of 3-4 years, equally for both year, which were guaranteed by the Company's directors. When all the hire purchase contractual payment have been paid, the ownership of the said vehicles would automatically belong to the Company.

The Company are obliged to pay a minimum rent under finance leases are as follows :-

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>		
	<u>As at December 31, 2017</u>		
	Within 1 year	1 - 5 years	Total
Future minimum lease payments	2,164	3,627	5,991
Deferred interest expense	(248)	(179)	(427)
Present value of future minimum lease payments	2,116	3,448	5,564


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(Unit : Thousand Baht)

Consolidated and Separate financial statements

As at December 31, 2016

	Within 1 year	1 - 5 years	Total
Future minimum lease payments	2,526	5,991	8,517
Deferred interest expense	(364)	(428)	(791)
Present value of future minimum lease payments	2,162	5,563	7,726

24. Provision for short-term liabilities

Consisted of :-

(Unit : Thousand Baht)

Consolidated financial statements

	Provision for maintenance	Allowance for loss on litigation claim	Estimates of future losses	Compensation for Housing Estate Juristic Persons	Total
As at December 1, 2016	46,130	68,280	19,173	-	133,783
Increase during the year	33,080	2,979	-	431	36,490
Utilised	(11,452)	(55,914)	(1,920)	-	(68,386)
Reversal of provisions	(3,332)	(12,595)	(5,374)	-	(21,301)
As at December 31, 2016	64,426	3,850	12,079	431	80,886
Increase during the year	14,471	1,600	-	-	16,070
Utilised	(21,363)	(4,468)	(3,200)	-	(29,031)
Reversal of provisions	(1,309)	(782)	-	-	(2,091)
As at December 31, 2017	56,225	-	8,879	431	65,535

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(Unit : Thousand Baht)

	<u>Separate financial statements</u>				Total
	Provision for maintenance	Allowance for loss on litigation claim	Estimates of future losses	Compensation for Housing Estate Juristic Persons	
As at December 1, 2016	46,130	68,280	4,881	-	119,291
Increase during the year	25,228	2,979	-	-	28,207
Utilised	(11,452)	(55,014)	-	-	(66,466)
Reversal of provisions	(1,332)	(12,595)	(4,881)	-	(20,808)
As at December 31, 2016	56,574	3,650	-	-	60,224
Increase during the year	13,837	1,600	-	-	15,437
Utilised	(21,324)	(4,468)	-	-	(25,792)
Reversal of provisions	(1,309)	(782)	-	-	(2,091)
As at December 31, 2017	47,778	-	-	-	47,778

25. Employee benefit obligations

For the year ended December 31, 2017 and 2016, changes in the present value of the employee benefit obligation as follows : -

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Employee benefit obligations as at January 1,	31,492	24,041
Current service cost and interest	9,059	7,451
Actuarial gains	(22,702)	-
Employee benefit obligations as at December 31,	17,849	31,492

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(Revenue) expenses are recognized in the total statement of comprehensive income for the year ended December 31, 2017 and 2016 as follows :-

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Profit and loss statement		
Current service cost	8,410	6,922
Financial cost	649	529
Actuarial gains	-	-
Total	9,059	7,451

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Other comprehensive income statement		
Actuarial gains	(22,702)	-
Total	(22,702)	-

Principal actuarial assumptions as at December 31,2017 and 2016:-

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
Discount rate	1.95% per annum	2.20% per annum
Salary increment rate	5.00% per annum	5.00% per annum
Resignation rate	22%-32% per annum	24%-32% per annum
Retired age	60 years	60 years

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Changes in the actuarial assumption will affect to the employee benefit obligation as follows :

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>
If the discount rate increase 1%	(702)	(1,768)
If the discount rate decrease 1%	774	1,968
If the future salary growth increase 1%	816	2,342
If the future salary growth decrease 1%	(754)	(2,135)
If the future turnover of staff increase 1%	(818)	(1,970)
If the future turnover of staff decrease 1%	482	354
If the proportion of life expectancy increase 1 year	59	200
If the proportion of life expectancy decrease 1 year	(59)	(198)

Information about the maturity of the employee benefit obligation are as follows :

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Amount of the obligation expected to be paid		
- Not later than 1 year	760	6,116
- Later than 1 year but not later than 5 years	12,433	14,939
- Over 5 years	390,940	414,820
Weighted average duration of the obligation	20.55 years	21.64 years

26. Share capital

Consisted of :

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>			
	<u>Issued and paid up</u>	<u>Premiums on ordinary</u>	<u>Discount on</u>	<u>Total</u>
	<u>share capital</u>	<u>shares</u>	<u>share capital</u>	
As at January 1, 2016	8,430,044	248,605	(4,457,280)	4,221,369
Increase in share capital	3,691	-	(2,588)	1,103
As at December 31, 2016	8,433,735	248,605	(4,459,868)	4,222,472
Increase in share capital	20	-	(15)	5
As at December 31, 2017	8,433,755	248,605	(4,459,883)	4,222,477

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For the year ended December 31, 2017 and 2016 to increase the total share capital resulted from the exercised warrants from those financial institutions as discussed in Notes 27.

According to the Board of Directors' meeting no. 2/2017 on March 14, 2017, the Board of Directors unanimously passed the resolutions to approve on the following matters :-

- A. Decreased the Company's registered capital from Baht 12,492.18 million (divided into 12,492,179,374 ordinary shares with a par value of 1 Baht per share) to Baht 10,541.25 million (divided into 10,541,245,611 ordinary shares with a par value of 1 Baht per share) by cancelling the registered ordinary shares that reserve for the exercise of warrants No 4 (EMC-W4) total 1,950,933,763 shares.
- B. Approve the amendment Article no.4 of the Memorandum of Association of the Company to be consistent with the reduction of the registered capital of the Company.

The Company registered to decrease the capital and registered to amendment of the Memorandum of association with the Ministry of Commerce on May 8, 2017.

- C. Increase the registered capital of the Company from Baht 10,541.25 million (divided into 10,541,245,611 ordinary shares with par value of 1 Baht per share) to Baht 13,571.25 million (divided into 13,571,245,611 ordinary shares with the par value of 1 Baht per share) by issuing new 3,030,000,000 ordinary shares with a par value of 1 Baht per shares, details are as follows :-
 1. Allocate of the Company's ordinary shares by a general mandate method by issuing new ordinary shares not exceeding 2,530,000,000 shares at the par value of 1 Baht per share to the existing shareholders in proportion to the number of shares held by each shareholder.
 2. No more than 500,000,000 shares to accommodate the adjustment of the 5th warrants (EMC-W5) to purchase ordinary shares in case of RO capital increase below 90% of the market price.
- D. Approve the amendment Article no.4 of the Memorandum of Association of the Company to be consistent with the increasing of the registered capital of the Company.

The Company registered to increase the capital and registered to amendment of the Memorandum of association with the Ministry of Commerce on May 9, 2017.

According to the minutes of the ordinary shareholders meeting for the year 2017 held on April 27, 2017, the shareholders have resolution to approved the reduction of the registered capital and the increase of the registered capital of the Company and approved to amendment of the article no.4 in

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Memorandum of association to consistent with the reduction of the registered capital and the increased of the registered capital of the Company as mentioned above.

27. Warrants

At the 2014 Annual General Shareholders' Meeting held on April 25, 2014, the shareholders have unanimously passed the resolution to issue 1,173,215,563 warrants ("EMC-W4"), which have the significant details as follows :-

	Description
Type of warrant	Registered name and transferable
Term of warrants	1 year and 9 months from the issuance date and selling the warrant (Last exercise date will be on March 15, 2016)
To be issued and offered quantities	1,173,215,563 units
Offering price per warrant	At zero value
Exercise ratio	1 warrant to 1 common share
Exercise price	Baht 0.40 per share

On August 25, 2014, the Company notified the adjustment of exercise price and exercise ratio of warrants to purchase ordinary shares ("EMC-W4") to ensure that the benefit of the warrant holders are not less than the existing status as following details :-

	Old	New
Exercise price (Baht per share)	0.4	0.473
Exercise ratio (warrant: common share)	1:1	1:1.073

On November 28, 2014, the Company notified the adjustment of exercise price and exercise ratio of warrants to purchase ordinary shares ("EMC-W4") to ensure that the benefit of the warrant holders are not less than the existing status as following details :-

	Old	New
Exercise price (Baht per share)	0.473	0.341
Exercise ratio (warrant: common share)	1:1.073	1:1.174

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28. Income tax

The Group is not liable to corporate income tax for the year ended December 31, 2017 and 2016 due to tax loss in the current year.

As at December 31, 2017 and 2016 the Group had the deductible temporary differences and unused tax losses for which no deferred tax assets are recognized in the statement of financial position due to the Group's managements considered that it is not probable the Group future taxable profit will be available against which the deferred tax assets can be utilized. Consisted of

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Temporary differences</u>				
Allowance for doubtful debt, diminution in value and impairment				
- Trade and retention receivable	221,717	204,306	221,717	204,306
- Real estate development cost	10,774	35,358	9,170	3,566
- Deposits for lands	34,760	43,400	34,760	43,400
- Investments	-	-	163,875	78,745
- Property, plant and equipment	74,475	29,424	7,354	-
- Prepaid leasehold	19,891	-	19,891	-
- Advance payments for purchases of projects	466,343	-	466,343	-
- Provision for onerous contracts	34,140	23,000	10,700	-
- Employee benefits obligation	17,849	31,492	17,849	31,492
- Provision for loss on litigation claim	-	3,650	-	3,650
- Provision for maintenance	56,225	64,427	47,778	11,314
Total	936,174	435,057	999,437	376,473

Unused tax losses

Tax losses carry forward	1,453,609	1,352,149	1,113,604	1,027,841
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28. Income tax

The Group is not liable to corporate income tax for the year ended December 31, 2017 and 2016 due to tax loss in the current year.

As at December 31, 2017 and 2016 the Group had the deductible temporary differences and unused tax losses for which no deferred tax assets are recognized in the statement of financial position due to the Group's managements considered that it is not probable the Group future taxable profit will be available against which the deferred tax assets can be utilized. Consisted of

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Temporary differences</u>				
Allowance for doubtful debt, diminution in value and impairment				
- Trade and retention receivable	221,717	204,306	221,717	204,306
- Real estate development cost	10,774	35,358	9,170	3,566
- Deposits for lands	34,760	43,400	34,760	43,400
- Investments	-	-	163,875	78,745
- Property, plant and equipment	74,475	29,424	7,354	-
- Prepaid leasehold	19,891	-	19,891	-
- Advance payments for purchases of projects	466,343	-	466,343	-
- Provision for onerous contracts	34,140	23,000	10,700	-
Employee benefits obligation	17,849	31,492	17,849	31,492
Provision for loss on litigation claim	-	3,650	-	3,650
Provision for maintenance	56,225	64,427	47,778	11,314
Total	936,174	435,057	999,437	376,473
<u>Unused tax losses</u>				
Tax losses carry forward	1,453,609	1,352,149	1,113,604	1,057,841

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Detail of deferred tax liabilities as at December 31, 2017 and 2016 as follows :-

	Consolidated and Separate financial statements (Thousand Baht)		
	Transaction record		
	add (less) in		
	December 31, 2016	shareholders' equity	December 31, 2017
Deferred tax liabilities			
Revaluation surplus of fixed assets	(19,134)	662	(18,472)

	Consolidated and Separate financial statements (Thousand Baht)		
	Transaction record		
	add (less) in		
	December 31, 2015	shareholders' equity	December 31, 2016
Deferred tax liabilities			
Revaluation surplus of fixed assets	(1,716)	(11,418)	(19,134)

29. Natures of expenses

For the years ended December 31, 2017 and 2016 consist of :-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,			
	2017	2016	2017	2016
Cost of sale real estate	69,282	10,459	9,607	-
Profit (loss) from diminution in value of inventories	(35,294)	48,414	5,603	3,566
Change in work in progress	(103,748)	31,664	(103,748)	31,664
Sub-contractors expenses	45,588	225,240	45,588	225,240
Employee benefit expenses	130,196	156,422	139,315	156,422
Supplies and construction materials used	151,315	197,846	351,315	197,846
Direct labor expenses	78,427	39,361	78,427	39,361
Depreciation and amortization	23,155	21,543	14,425	23,204
Provision on maintenance	12,130	29,748	31,466	21,866
Provision on loss from litigation	818	2,979	818	2,979
Doubtful debt	8,041	21,887	39,450	111,037
Loss on impairment of investments	-	-	96,979	132,177
Loss on impairment of assets under lease contract	64,441	29,424	37,345	-
Doubtful debt of advance payment for projects	466,343	-	466,343	-
Loss from onerous contract	10,700	-	10,700	-
Financial cost	11,115	12,660	8,821	2,656



30. Basic loss per share

Basic loss per share is calculated by dividing loss for the year attributable to ordinary shareholders of the Parent Company (excluding other comprehensive income) by weighted average number of issued and paid-up ordinary shares during the year.

	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>		
	<u>For the year ended December 31,</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss for the year (Thousand Baht)	(673,764)	(297,141)	(707,304)	(348,330)
Weighted average number of shares (Thousand shares)	8,433,738	8,432,918	8,433,738	8,432,918
Basic loss per share (Baht)	(0.0799)	(0.0352)	(0.0839)	(0.0413)

As at December 31, 2017 and 2016 the Company does not calculate the number of common shares equivalents that may be issued for warrants to purchase common shares due to warrants ("EMC-W4") and ("EMC-W5") has expired during the year in whole amount.

31. Additional cash flow information

31.1 Cash and cash equivalents items as following details :-

	(Unit : Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>			
	2017	2016	2017	2016
Cash	1,510	3,651	1,279	3,419
Deposits at banks	24,255	165,438	14,868	147,036
Deposits at banks with term not exceeding three months	3,716	30,306	3,700	30,306
Total	29,481	199,395	19,547	180,761

As at December 31, 2016 and 2015, saving and fixed accounts of the Group bearing interest at the rates of 0.125% to 0.375% per annum (2016: 0.125% to 0.375% per annum)(Separate : 0.125% to 0.375% per annum, 2016 0.125% to 0.375% per annum).

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31.2 Non- cash transactions

	(Unit : Thousand Baht)			
	<u>Consolidated financial</u>		<u>Separate financial</u>	
	statements		statements	
	<u>As at December 31,</u>			
	2017	2016	2017	2016
1. Refund the deposit of land as land with building.	10,740	-	10,740	-
2. Amortisation evaluation surplus of buildings	3,308	3,020	3,308	3,020
3. Transfer deposits for land to real estate development cost	-	50,165	-	50,165
4. Transfer furnishings to intangible assets	-	906	-	906
5. Valuation surplus of assets increase	-	60,108	-	60,108
6. Acquired assets under finance lease contracts	-	8,399	-	8,399
7. Buying real estate development cost by offset trade receivable	-	12,226	-	12,226
8. Acquired investment property by offset trade receivable	-	4,920	-	4,920
9. Transfer residential condominium units from property, plant and equipment to real estate development cost	-	45,590	-	45,590
10. Long-term loan for advance payment of machinery rental	10,797	-	10,797	-
11. Actuarial gains arising from defined benefit plan of employees	22,702	-	22,702	-

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32. Operating segments

Operating segments information in the consolidated financial statements for year ended December 31, 2017 and 2016, the details are as follows :

	(Unit : Thousand Baht)				
	Consolidated				Financial statements
	Construction contracting	Real estate development			
	2017	2016	2017	2016	2016
Revenue from operation	559,033	572,097	100,186	13,525	591,622
Cost from operation	498,877	(576,147)	48,319	(61,153)	(637,300)
Profit (loss) from operation	60,156	4,090	51,867	(47,628)	(45,678)
Other income					30,957
Profit from the reversal of accrued construction costs					37,517
Selling expenses				(67,225)	(75,767)
Administrative expenses				(164,850)	(159,870)
Loss on provision on term facilities				(5,432)	(9,234)
Doubtful debt				(8,441)	(34,268)
Loss on impairment of assets				(531,284)	(29,424)
Loss on contract contracts				(10,700)	(25,002)
Financial cost				(11,115)	(12,660)
Share of loss of investments in associates and joint venture				(3,553)	(12,288)
Loss before income tax expenses				(675,707)	(295,715)
Income tax expenses				662	604
Comprehensive loss for the year				(675,045)	(295,111)

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Details of the sectorial business assets in the consolidated financial statements as at December 31, 2017 and 2016 are as follows :-

	(Unit : Thousand Baht)			
	Construction contracting		Real estate development	
	2017	2016	2017	2016
Sectorial business assets				
- Trade receivables and earned revenues not yet billed	230,539	153,921	-	223,859
- Real estate receivable from customers	92,315	69,157	-	82,514
- Work in progress	106,135	2,587	-	205,135
- Real estate development cost	-	-	997,095	882,419
- Land awaiting development	-	-	125,541	125,541
- Property, plant, and equipment	-	-	739,459	739,459
- Prepaid leasehold	-	-	145,720	145,720
- Advance payments for purchases of real estate project	-	-	466,342	-
Unallocated assets	-	-	-	443,202
Total assets	409,509	251,965	2,057,515	2,915,624
				3,688,975



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33. Financial instruments

Financial risk management policy

The Group hold risk to change of interest rate and from nonperformance of contractual obligations by contract parties. The Group will consider to using appropriate financial instruments when it considers necessary to manage such risks. However, the Group do not have any policy to hold or issue any financial instruments for speculation or for trading.

Risk liquidity

The Group monitor its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Foreign currency risk

The Group does not have significant amount of commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

Credit risk

Credit risk is the risk that a counterparty is unable or unwilling to meet a commitment that it entered into with the Group. The risk is controlled by the application of credit approvals and monitoring procedures. The carrying amount of accounts receivable recorded in the consolidated statement of financial position and separate statement of financial position net of allowance for doubtful accounts, represents the maximum exposure to credit risk.

Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Group. The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, short term loans due from, loan from financial institutions and liabilities under finance lease contracts.

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However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The management considers that the interest rate risk is minimal, hence, the Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2017 and 2016, classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date (if this occurs before the maturity date).

(Unit : Thousand Baht)

Consolidated Financial Statements

	December 31, 2017					
	Fixed interest rates			Floating	Non-interest	
	Within 1 year	1- 5 years	Over 5 years	interest rate	bearing	Total
Financial assets						
Cash and cash equivalents items	-	-	-	27,971	1,510	29,481
Short-term investments	3,758	-	-	-	-	3,758
Trade and other receivables	-	-	-	-	109,477	109,477
Earned revenue not yet billed	-	-	-	-	121,903	121,903
Short-term loan and interest receivable	2,562	-	-	-	-	2,562
Retention receivable from customers	-	-	-	-	82,514	82,514
Restricted bank deposits	-	-	-	168,980	-	168,980
Total	6,320	-	-	196,951	314,804	518,075
Financial liabilities						
Short-term loan from financial institution	46,000	-	-	-	-	46,000
Trade and other payables	-	-	-	-	290,693	290,693
Retention payable to contractors	-	-	-	-	93,142	93,142
Construction cost payable	-	-	-	-	68,851	68,851
Short-term loans from related persons	173,783	-	-	-	31,406	205,189
Long-term loans from financial institutions	-	-	-	321,215	-	321,215
Liabilities under finance lease contracts	2,116	3,448	-	-	-	5,564
Provision for onerous contract	-	-	-	-	34,140	34,140
Total	221,899	3,448	-	321,215	527,232	1,073,594

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(Unit : Thousand Baht)

Consolidated Financial Statements

December 31, 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1- 5 years	Over 5 years			
Financial assets						
Cash and cash equivalents items	-	-	-	193,744	3,651	199,395
Short-term investments	-	-	-	-	8,602	8,602
Trade and other receivables	-	-	-	-	83,861	83,861
Earned revenue not yet billed	-	-	-	-	121,115	121,115
Retention receivable from customers	-	-	-	-	60,157	60,157
Restricted bank deposits	-	-	-	161,696	-	161,696
Total	-	-	-	357,440	277,286	634,826
Financial liabilities						
Trade and other payables	-	-	-	-	124,007	124,007
Construction cost payable	-	-	-	-	34,800	34,800
Retention payable to contractors	-	-	-	-	83,795	83,795
Short-term loans from related persons	170,468	-	-	-	5,368	175,836
Long-term loans from financial institutions	-	-	-	114,601	-	114,601
Liabilities under finance lease contracts	2,162	5,563	-	-	-	7,725
Provision for onerous contract	-	-	-	-	23,000	23,000
Total	172,630	5,563	-	114,601	290,970	583,764

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(Unit : Thousand Baht)

Separate Financial Statements

December 31, 2017

Fixed interest rates

	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total
Financial assets						
Cash and cash equivalents items	-	-	-	18,269	1,278	19,547
Short-term investments	-	-	-	-	3,558	3,558
Earned revenue not yet billed	-	-	-	-	121,303	121,303
Trade and other receivables	-	-	-	-	106,039	106,039
Short-term loans and interest receivable	770,426	-	-	-	-	770,426
Retention receivable from customers	-	-	-	-	82,514	82,514
Restricted bank deposits	-	-	-	167,460	-	167,460
Total	770,426	-	-	185,729	314,712	1,270,867
Financial liabilities						
Short-term loan from financial institution	46,000	-	-	-	-	46,000
Trade and other payables	-	-	-	-	266,208	266,208
Construction cost payable	-	-	-	-	68,851	68,851
Retention payable to contractors	-	-	-	-	89,898	89,898
Short-term loans from related persons	145,886	-	-	-	26,038	171,924
Long-term loans from financial institutions	-	-	-	321,215	-	321,215
Liabilities under finance lease contracts	7,116	3,448	-	-	-	10,564
Provision for onerous contract	-	-	-	-	10,700	10,700
Total	194,002	3,448	-	321,215	461,695	980,360

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(Unit : Thousand Baht)

Separate Financial Statements

December 31, 2016

	Fixed interest rates			Floating interest rate	Non interest bearing	Total
	Within 1 year	1 - 5 years	Over 5 years			
Financial assets						
Cash and cash equivalents items	-	-	-	177,341	3,470	180,761
Short term investment	-	-	-	-	8,602	8,602
Trade and other receivables	-	-	-	-	75,780	75,780
Unearned revenue not yet billed	-	-	-	-	121,115	121,115
Short term loans and interest receivable	725,767	-	-	-	-	725,767
Retention receivable from customers	-	-	-	-	60,157	60,157
Restricted bank deposits	-	-	-	160,437	-	160,437
Total	725,767	-	-	337,778	269,974	1,332,619
Financial liabilities						
Trade and other payables	-	-	-	-	112,057	112,057
Construction cost payable	-	-	-	-	54,800	54,800
Retention payable to contractors	-	-	-	-	81,247	81,247
Short term loans from related persons	144,197	-	-	-	-	144,197
Long term loans from financial institutions	-	-	-	114,601	-	114,601
Liabilities under finance lease contracts	2,162	5,564	-	-	-	7,726
Total	146,359	5,564	-	114,601	248,104	514,628

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Trade and other receivables, retention receivable from customers, short term loans to, trade and other payables, advance received from customers, retention payable to sub contractors and loan from the carrying values approximate their fair values due to the relatively short-term maturity of these financial assets and liabilities.

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The fair value of cash and cash equivalents and investments in restricted deposits with financial institutions : the aggregate carrying values are insignificantly different from their aggregate fair values because these financial assets have floating interest rate or fixed interest rate, which approximate market rate. Most liabilities are for a period not exceeding 3 years.

Liabilities under finance lease contracts, which bear interest at the fixed rates : the aggregate carrying values are insignificantly different from their aggregate fair value because the fixed interest rates approximate market rates. Most liabilities are for a period not exceeding 3 year.

34. Registered provident fund

The Group has contributory provident funds for their employees in accordance with the terms and conditions prescribed in the Provident Fund Act B.E. 2530. Membership to the funds is voluntarily. Contributions are made monthly by the employees and by the Company at 2% and 3% of the employees' basic salaries. The provident funds are managed by a Fund Manager in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

For the years ended December 31, 2017 and 2016, in the consolidated financial statements, the company contributed to the fund amounting to Baht 2.17 million and Baht 2.03 million respectively.

35. Commitments and contingent liabilities

35.1 As at December 31, 2017 and 2016, the Group had outstanding letters of guarantee issued by financial institutions on behalf of the Group in respect as required in the normal course of business. The Company and subsidiary had outstanding letters of guarantee of Baht 542.99 million and of Baht 495.36 million respectively. (The Company only : Baht 525.72 million and Baht 479.60 million, respectively). The letters of guarantee are guaranteed by trade receivable, real estate development cost, condominium, and deposits with financial institutions of the Company, as discussed in Notes 11, 15 and 19 and joint by director and a former shareholder of such subsidiary and the right to receive payment for work with the bank as collateral.

35.2 As at December 31, 2017 and 2016, the Group had commitments under purchase orders of construction materials and subcontractors services totaling Baht 621.25million and Baht 516.58 million, respectively. (The Company only : Baht 523.13 million and Baht 440.72 million, respectively).

35.3 Commitments under operating leases

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The Group has cash payable in future under various long-term operating lease contracts to rent office space and facilities, office equipment and vehicles and land for construction employee. The agreements have the term for certain periods expiring in 2046. The minimum amount to incur income in future for each interval would be as follows :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	2017	2016	2017	2016
Not later than 1 year	11,620	10,638	8,652	7,358
Later than 1 year and not				
later than 5 years	13,932	18,056	4,755	9,146
Later than 5 year	154,170	156,824	72,055	72,313
Total	179,722	185,518	85,462	88,817

35.4 Obligation under construction services

As at December 31, 2017 and 2016, the Company had outstanding commitments to contractors services to perform the contract amounted two contracts, equally for both year. The total contract amounted of Baht 2,968.56 million and Baht 2,939.33 million respectively, the Company has commitments to provide construction services in the amount of Baht 2,355.36 million and Baht 2,882.29 million, respectively.

35.5 Commitments from ongoing projects development

As at December 31, 2017 and 2016, the Group had commitments to transfer condominium units, land and construction thereon totalling Baht 941.42 million and Baht 953.69 million respectively, under agreements to buy and to sell in projects (the Company only: Baht 761.42 million, equally for both year).

35.6 On February 1, 2017, the Imperial Land Co.,Ltd. (subsidiary) has signed the MOU (Memorandum of Understanding) with a company who is buyer or leasehold buyer under the memo above determined to the subsidiary to transfer the space area of the building at 4-7 floors of The STATION 1 (or) CHINA TOWN (see Note no. 18) to the buyer for a period of 29 years starting from May 1, 2017 until May 31, 2046, and the buyer has to pay royalties to use the space throughout the period of the contract to a subsidiary total amount of Baht 205.00 million. In the currently, the buyer has paid for the purchasing right of issue subscription in the amount of 5% of

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the purchasing price to the subsidiary company total amount of Baht 1.25 million and stop to pay remaining amount in temporarily. Subsequently the subsidiary company canceled of the above agreement and return payment of the amount of Baht 1.25 million to that company.

35.7 On September 14, 2017, Imperial Land Co., Ltd. (the subsidiary company) entered into a space rental agreement to operate the project's name "The station One" with one foreign company (tenant) by rental from level 4-7 of The Station One @Chinatown for a period of 3 years from February 1, 2018 to January 31, 2021, and the end of the rental period the tenant agreed to extend to rental for another 2 years from February 1, 2021 to January 31, 2023, in the rental rate of Baht 1.23 million per month. In the present, the tenant has paid the rental deposit fee to the subsidiary company for total amount of Baht 2.30 million.

36. Lawsuit

36.1 As at December 31, 2017 and 2016, the Group had lawsuits by the consolidated financial statement total of 3 cases and 7 cases in respectively (Separate financial statements : total of 2 cases and 7 cases in respectively). The disputant appealed to claim damages by the consolidated financial statements of Baht 1.79 million and Baht 22.88 million in respectively, (Separate financial statements of Baht 1.60 million and Baht 22.88 million in respectively). Some cases are detailed below :-

36.1.1 In October and November 2015, the Group were sued to claim for the damage from its construction projects of the Group totalling approximately Baht 23.2 million (Separate : Baht 7.4 million). These cases are currently being determined by of the Court of First Instance (the Civil Court). The Group entered into a settlement agreement in court , agreed to settlement that amount paid by the month from October 2016 and the Group has repay total amount in February 2017.

36.1.2 The Group provided provision for loss on other litigation cases which the Court of First Instance sentenced, the Court of Appeals and the Supreme Court that the Company had to compensate of claim to the plaintiffs. The management determined that they may loss the case and for the other cases that they agreed for the claim amount with the plaintiff as at December 31 2016 in the consolidated financial statements of Baht 27.52 million (Separate : Baht 3.42 million and Baht 11.66 million).

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36.2 The associated company filed a lawsuit against one company (the defendant) to the Civil court in black case No. 1096/2559 on the offense of employment by the amount of lawsuit are Baht 217.21 million and on February 28, 2017, the Court had first judgment in red case no.444/2560 for the defendant to pay Baht 205.44 million and interest at the rate of 7.50% per annum from September 3, 2015 until the defendant will finish payment to the associated company. The interest calculated until the date of filing (filed on June 8, 2016) must not exceed Baht 11.77 million and the defendant must pay lawyer fees for the associated company by Baht 0.10 million. In currently, the case is under trial by the Appeal court that the defendant brought bank account of Baht 260.00 million to assure the judgment of the court. However, the associated company did not recognize above transaction in the financial statements because of the definition of recognition is not pertinent to the relevant accounting standards.

37. Events after the reporting period

The Board of Directors' Meeting No. 2/2018 of February 28, 2018, resolved that the Company signed a counter guarantee between the Company and the major shareholders of SUNKEN EMC Co., Ltd. (Associated company). The objective is to guarantee a loan credit from one of Thai commercial bank of the associated company at the rate of 48% of 400.00 million Baht,

38. Approval of the financial

These financial statements have been approved for issuance by the Company's board of directors on February 28, 2018.

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บริษัท อีเอ็มซี จำกัด (มหาชน)
EMC PUBLIC COMPANY LIMITED



Computer Graphic Generated

140/66-67 ITF Tower, 28-30 Fl.,
Silom Rd., Suriyawong Bangrak Bangkok 10500
Tel. 02-615-6100 Fax. 02-615-6128-30
www.emc.co.th