



EMC PUBLIC COMPANY LIMITED

# 2018 ANNUAL REPORT





## 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

Consolidated financial statements						
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Total assets	3,578.01	22.72	2,915.62	(6.52)	3,118.99	(5.94)
Total liabilities	1,706.99	20.81	1,412.97	46.57	964.00	5.12
Shareholders' equity	1,871.02	24.51	1,502.66	(30.27)	2,154.59	(10.17)
Operating income	2,421.83	258.73	675.12	11.41	591.62	(24.46)
Gross profit	611.83	378.29	127.92	180.04	(45.68)	(980.15)
Net profit (loss)	368.36	154.57	(675.05)	127.18	(297.14)	(0.17)

Financial Ratio		2018	2017	2016
Gross Profit Margin	(%)	16.57	16.99	(7.72)
Net Profit Margin	(%)	15.21	(99.99)	(41.87)
Return on Equity	(%)	19.69	(44.92)	(13.60)
Return on Assets	(%)	10.29	(23.15)	(9.40)
Total Assets Turnover	(Times)	0.68	0.23	0.22
Debt to Equity Ratio	(Times)	0.91	0.94	0.45

## Message from the Chairman



A handwritten signature in blue ink, located below the portrait of Mr. Chanachai Leenabanchong.

Mr. Chanachai Leenabanchong  
Chairman of the Board

In 2018, the country's economic growth rate was well expanded, which was supported mainly by private expenditure both consumption and investment. The growth rate of the construction and real estate industries moved on the same direction of the country's economic growth as well. In addition, the real estate development sector has also been affected by the stringent lending to real estate developers and retail lending to residential buyers in the banking sector.

For the trend in 2019, the overall economy of the country is likely to slow down due to the impact of international trade conflicts between the United States and China. The company expects that the government continues to drive the economy through investment and government budget disbursements together with supporting exports and private investments to private sector, especially in accelerating the disbursement and expansion of the country's infrastructure, such as government investment in transportation and public health system. 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 enforcement of the LTV measures from 1 April 2019 onwards, including the strictness of the lending of 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 employee, 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.

## Board of Directors

01



**Mr. Chanachai Leenabanchong**

Chairman

02



**Mr. Ratchai Pichayapoom**

Vice Chairman

03



**Mr. Voravit Leenabanchong**

Vice Chairman

04



**Mr. Krisana Sangarsang**

Director



05



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**Mr. Paiboon Thong ra-ar**

---

Director

06



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**Mr. Matee Ittirivichai**

---

Director

07



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**Miss Praomart Hantra**

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Chairman of the Audit Committee  
and Independent Director

08



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**Miss Thaweesri Wikayathipat**

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Member of the Audit Committee  
and Independent Director

09



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**Dr. Yaowarin Srichainan**

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Member of the Audit Committee  
and Independent Director

10



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**Mr. Pannatee Sriwongthai**

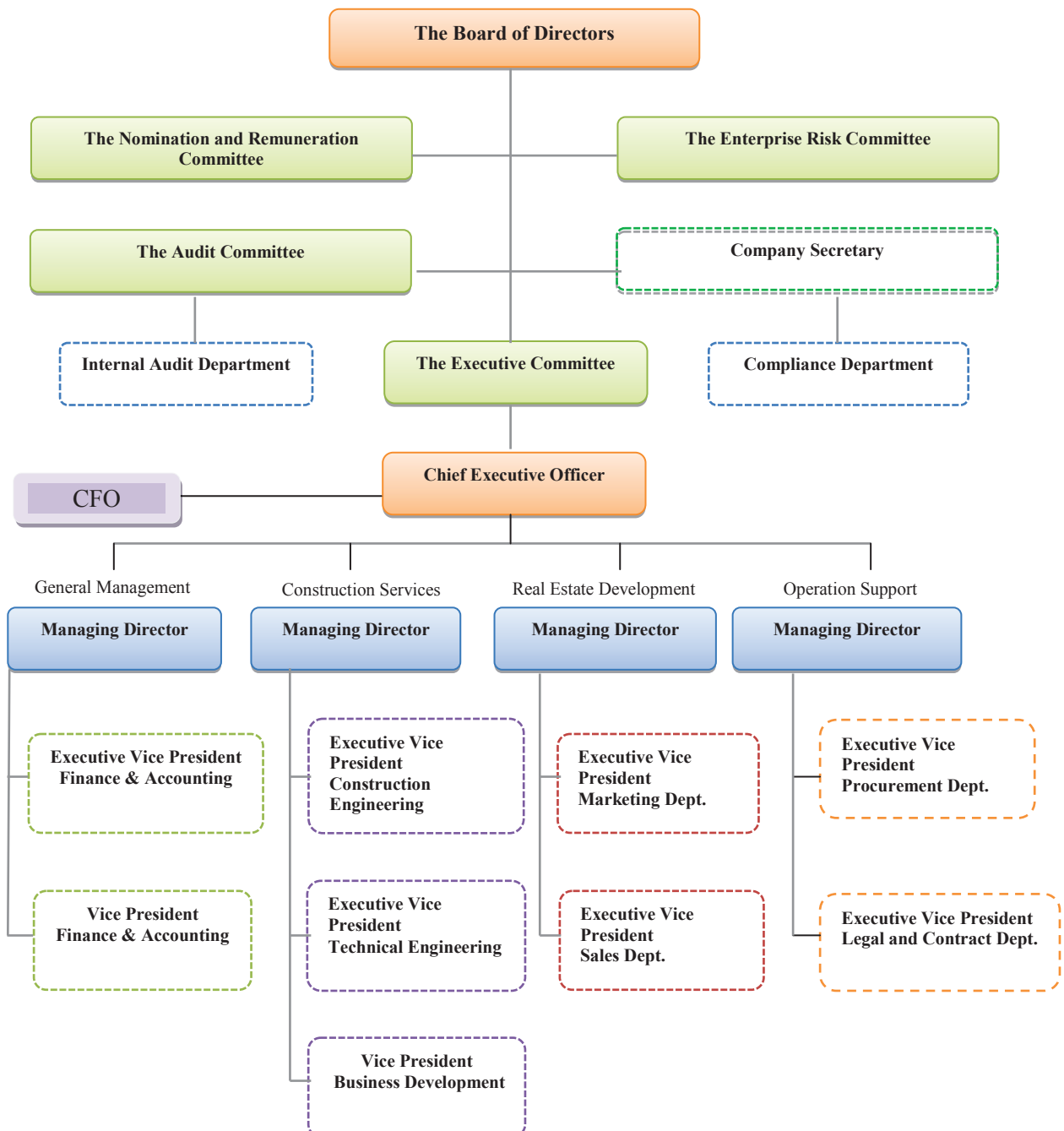
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Member of the Audit Committee  
and Independent Director



# Organization Chart

Organization Chart of EMC Plc. As at December 31, 2018



## 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	:	15,180,632,144 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](http://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](mailto: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 Krittiya Village 3 Bangpood , Pakkret 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 resourcesmanagement and efficiency to contribute the highest effectiveness and verifiability.

## *The company has a business goal*

In the past, the company has set a goal to be a leader in the construction and real estate development business in Thailand that delivers international standard and have steady income growth along with studying and developing products and services as well as innovation to meet and cover for real estate buyers in all genders, ages and levels under the concept of sustainability and improving the quality of life for Thai people. In addition, the company still focuses on accepting construction work in both the public and private sectors to create more stable income and sustainable growth every year as well as looking for partners who are ready to expand their investment base to neighboring countries as well.

## *Significant changes and development*

The company has changed the management of shareholding structure with significant capital structure for the past 3 years as follows:



## Year 2016      Significant changes and development

### February

- Change of paid-up capital from 8,430,043,580 baht to 8,433,734,716 baht due to the last exercise of rights EMC-W4 warrants 2,764,899 units with a par value of 1 baht per share.

### March

- Mr. Suphachai Limnasiri has resigned from the position of director of the company effective from 31 March 2016.

### April

- Mr. Kittiphan Uiyamaphan has resigned from the position of director of the company effective from 30 April 2016.

### May

- Miss Vipaporn Sakulyuanyongsuk has resigned from the position of director of the company effective from 3 May 2016.

- Dr.Churairat Uonhaka

- Mrs.Sunee Sornchaithanasuk

- Mr.Chupong Thanasethakorn

Has resigned from the position of Director of the Audit Committee Nomination and Remuneration Committee, Independent Director effective from May 27, 2016.

- Mr. Chumpol Isarangkun Na Ayudthaya resigned from the position of Chief Operating Officer

### June

- The Board of Directors' Meeting No. 5/2016 on 23 June 2016 resolved to approve the appointment of directors to replace the resigned directors with a resolution to appoint :

Mr. Chittichai Saengthong holding the position a Director of the company instead of Ms. Wipaporn Sakulyuanyongsuk, which the company reserves the position of director.

Miss Kanjanat Rattanasribuathong holding the position of Director of the company instead of Mr. Supachai Limnasiri, which the company reserves the position of director.

Mr.Setthawat Tangwacharaphong holding the position of Director of the company instead of Mr.Kittiphan Uiyamaphan, which the company reserves the position of director.

Ms. Prowmart Hantra holding the position of Director, Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee, Independent Director instead of Dr. Churairat Uonhaka, which the company reserves the position of director.

Miss Taweessri Vikkayathipat holding the position of Director, Audit Committee, Chairman of the Nomination and Remuneration Committee, Independent Director instead of Mrs. Sunee Sornchaithanasuk, which the company reserves the position of director.

Dr. Yaowarin Srichainan holding the position of Director. Audit Committee, Member of the Nomination and Remuneration Committee, Independent Director instead of Mr. Chupong Thanasethakorn, which the company reserves the position of director.

- Mr. Chumpol Isarangkun Na Ayudthaya resigned from the position of Director, Vice Chairman of the Board effective from 30 June 2016.

#### July

- Mr. Sunan Yeaumvanichnan resigned from the position of Director effective from 15 July 2016

#### August

- Miss Kanjanat Rattanasribuathong has resigned from the position of director of the company effective from 1 August 2016.

- Mr. Jittichai Sangthong has resigned from the position of director of the company effective from 2 August 2016.

- The Board of Directors Meeting No. 6/2016 on 15 August 2016 has approved the appointment of directors to replace the resigned directors with a resolution to appoint;

- **Mr. Krisana Sangasang** holding the position of director of the company in place of Mr. Sunan Yeamvanichnan, which the company reserves the position of the director.

- **Mr. Ratchai Phichayapoom** holding the position of director of the company in place of Ms. Kanjanat Rattanasribuathong, which the company reserves the position of the director.

#### October

- The Board of Directors Meeting No. 7/2016 on 5 October 2016 has made progress in the acquisition of the shares of Imperial Land Company Limited resolved to complete the payment of shares within October 2016 according to the resolution of the shareholders' meeting No. 1/2015 on March 25, 2015 and has a resolution to appoint

- **Mr. Bunthan Sumetvanich** is a director of the company in place of Mr. Chumpol



Isarangkun Na Ayudthaya, which the company reserves the position of the director.

Year 2017      Significant changes and development

February

- The Board of Directors Meeting No. 1/2017 considered appointing the Vice Chairman of the Board of Directors to propose to appoint

1. Mr. Ratchai Phichayapoom, Vice Chairman No. 1
2. Mr. Voravit Leenabanchong, Vice Chairman No. 2

Which is effective from February 27, 2017 onwards.

March

- The Board of Directors Meeting No. 2/2017 on 14 March 2017 resolved to approve the appointment of directors to replace the resigned directors with a resolution to appoint **Acting Sub Lt. Matee Ittirivichai** to be a director of the company in place of Mr. Jittichai Sangthong.

April

- According to the Securities and Exchange Commission No. 23/2560 informed Miss Neeranuch Na Ranong former Vice Chairman and Executive Chairman, Triton Holding Public Company Limited (TRITN), formerly known as Live Incorporation Public Company Limited (LIVE).

Therefore resulting in Miss Neeranuch Na Ranong being removed from the director immediately to confirm and reserve the position of the director of Miss Neeranuch. Then the company has to arrange a meeting of the Board of Directors and has a resolution to propose to the Annual General Meeting of Shareholders for the year 2017 to consider and confirm that the Board of Directors of the Company consists of 12 directors by preserving the position of the director of Miss Neeranuch Na Ranong, who has been removed from being a director in the previous agenda.

- Annual General Meeting of Shareholders to consider and approve the increase of the registered capital of the company by allocating the newly issued ordinary shares of the Company as a General Mandate by issuing new ordinary shares in the amount not exceeding 2,530,000,000 shares with a par value of 1 baht and not more than 500,000,000 shares to support the adjustment of the rights of warrants to purchase the Company's ordinary shares No. 5 ("Warrants No. 5" or "EMC-W5") in case of increasing RO capital below 90% of the market price.

### August

- The Board of Directors Meeting of EMC Public Company Limited No. 5/2017 on 15 August 2017 resolved to provide financial assistance to Sunken-EMC Co., Ltd. with an associated company amount of 2,500,000 baht and resolved to appoint Mrs. Unchalee Leenabanchong to be the Executive director.

### November

- Change of paid-up capital from 8,433,734,716 baht to 8,433,754,763 baht due to the last exercise warrants EMC-W5 amount 20,047 units, par value of 1 baht per share.

- Mr. Sethawat Tangwatcharapong resigned from the position of director effective from 30 November 2017.

### Year 2018      *Significant changes and development*

#### March

- The Board of Directors Meeting No. 2/2018 held on 28 February 2018, approved the appointment of directors to replace the resigned directors with a resolution to appoint Mr. Paiboon Thongra-ar to be a director of the company to replace Miss Neeranuch Na Ranong.

#### April

- The Annual General Meeting of Shareholders for the year 2018 approved the increase of the registered capital of the Company by allocating the newly issued ordinary shares of the Company as a General Mandate by issuing new ordinary shares in the amount not exceeding 2,530,000,000 shares with a par value of 1 baht and issuing 4,216,877,381 new ordinary shares to support the issuance of warrants to purchase ordinary shares of the Company No. 6 ("No. 6 Warrants" or "EMC-W6") 4,216,877,381 units .

#### May

- Mr. Bunthan Sumetvanich resigned from the position of director of the company effective from 30 April 2018.

#### October

- The Board of Directors' Meeting No. 6/2018 held on 16 October 2018 approved the establishment of a joint venture. The details are as follows :

- Joint Venture Chiang Mai Rai Wan Limited and EMC Public Company Limited

Date of establishment: 16 October 2018

Joint venture and investment proportion: - EMC Public Company Limited,

51% investment proportion.



- Chiang Mai Rai Wan Company Limited,  
49% investment proportion.

Objective: To prepare and submit initial qualification documents for eligible candidates bid for the construction and management of residential projects in accordance with the government's policy. "Ban Kon Thai Pracharat" project, In the parcel of land registration number Chor Mor.1745, important book for land Nor Sor Lor No. 40/2473 Ra-wang 4846/9480, land No. 1 Survey page - Chang Phueak Subdistrict, Mueang District, Chiang Mai. The land area is approximately 15 rai 0 ngan 96 wa (here in after referred to as "the project") to submit the bidding documents for the project of the project owner perform any negotiation and make necessary contracts related to the conditions of the bidding for such projects and perform the work and take part in the responsibility of the parties each party according to the contract signed by the joint venture with the project owner and the sale of such project. The project value is approximately 822 million baht.

The relationship between the Company and the Joint Venture partner does not qualify as a connected person that must perform their duties in accordance with the Notification of the Capital Market Supervisory Board TorJor 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Practice of Listed Companies Concerning Connected Transactions, 2003 .

After completion of the construction and sale of the project done, the Company will proceed the cancellation a register of the joint venture and inform the SET.

#### **November**

- The Company has informed the results of the issuance of warrants to purchase ordinary shares of the Company No. 6 ("Warrants No. 6" or "EMC-W6") amount 4,216,877,381 units allocated amount 4,216,746,892 units.

#### **December**

- Warrants to purchase ordinary shares of the Company No. 6 ("Warrants No. 6" or "EMC-W6") start trading on the Stock Exchange of Thailand.
- EMC Public Company Limited ("Company") would like to inform that the Company has joined the investment with Moon Shot Venture Capital Company Limited which is not a connected person of the company. By establishing a joint venture company (collectively called "Joint Venture Company") which is in accordance with the resolution of the

meeting The Board of Directors of the Company No. 7/2018 held on 14 November 2018 with the following details:

**1. Moon Shot Venture Capital Company Limited**

**Business type**

Funds that invest in the industry and specialized technology.

**Registered capital**

5,000,000 baht consisting of 50,000 ordinary shares with a par value of 100 baht per share.

**Shareholding proportion**

The company will hold 10.00% of the total shares of the company by Moon Shoot Venture Capital Company Limited will increase the registered capital to 1,000,000,000 baht

**Committee**

**(1) Mr. Thammarat Saengchan**

The joint venture with the aforementioned investor is considered an acquisition of assets of the company according to the announcement of the Board of Directors Capital Market Tor.Jor. 20/2551 Re: Criteria for making significant transactions that are considered acquisition or disposal of assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Practices of the Company Registered in the acquisition or disposal of assets, 2004 (collectively referred to as "the announcement of the acquisition or disposition of items") which has the highest transaction size equal to 3.16 percent according to the calculation method to the total value of consideration criteria, calculated from the consolidated financial statements of the company, the review version for the 6 months ended on June 30, 2018 and when calculating the total the size of the company's asset acquisition transaction that occurred during the past 6 months. The company has transaction size according to criteria total value of return 3.16% according to the announcement of the acquisition or disposition. Therefore, the entering the transaction it is not considered as an asset acquisition transaction which causes the company to have a duty to report and disclose the information Transaction to the Stock Exchange of Thailand ("The Stock Exchange") or must be approved to enter the transaction from any shareholder meeting of the company.

- EMC Public Company Limited would like to inform that on December 27, 2018, the



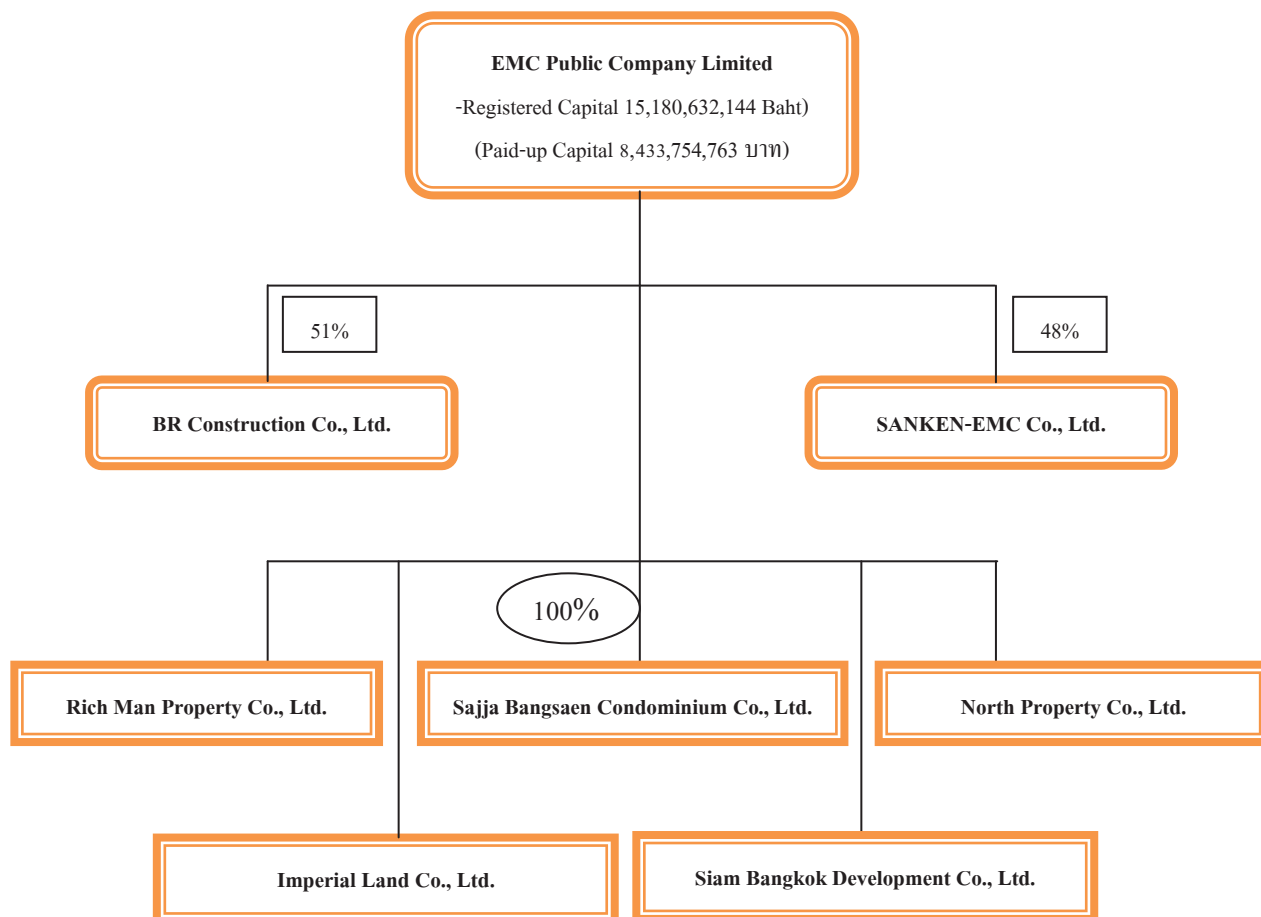
Agreement was signed with the Treasury Department in the construction and management of residential projects in accordance with the government's policy “ Ban KonThai Pracharat” Project, Chiangmai Province.

## Business Operations of Subsidiary Companies

At present, as at December 31, 2018 the Group consists of subsidiaries and associated companies. As the following diagram

Shareholding structure of the company

### Shareholding Structure



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.



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

North Property Company Limited has registered as a company limited in Thailand at 22<sup>nd</sup> 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 22<sup>nd</sup> 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 26<sup>th</sup> December 2007 to operate the real estate development in Chonburi Province.

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

#### Business operations of subsidiaries and associates

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

No.	Company Name	Office Location	Shareholding portion of the Company	Paid-up Capital	Registered Capital	Paid-up Shares	Par Value
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
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%	40,000,000	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

## History

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. And 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 40 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 15,180,632,144 THB and paid-up capital of 8,433,754,763 THB.

## Revenue Structure

The revenue structure of EMC Public Company Limited for 3 years is as follows:-

Description	Consolidated					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues</b>						
Revenue from construction	1,645.35	67.90	559.03	83.27	572.10	88.43

Revenue from sales of residential condominium unit	507.59	21.00	92.07	13.72	14.18	2.29
Project consultant fees	-	-	1.10	0.16	4.24	0.66
Rental and Leasehold Revenue	16.50	0.68	7.02	1.05	0.47	0.07
Other revenue						
Interest income	2.88	0.12	2.07	0.31	8.89	1.37
Others	249.15	10.30	10.08	1.5	46.42	7.18
<b>Total Revenues</b>	<b>2,421.83</b>	<b>100</b>	<b>671.37</b>	<b>100</b>	<b>646.93</b>	<b>100</b>
Revenue increase (decrease) ratio		258.73		3.78		-20.78

Description	Separate Financial Statements					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues</b>						
Revenue from construction	1,645.35	68.93	559.03	85.26	572.10	87.68
Revenue from sales of residential condominium unit	421.47	17.66	10.39	1.58	0.00	0
Project consultant fees	11.28	0.47	12.87	1.96	5.26	0.80
Rental and Leasehold Revenue	13.01	0.54	1.85	0.28	0.00	0
Other revenue						
Interest income	65.06	2.73	61.91	9.44	49.31	7.56
Others	230.72	9.67	9.60	1.46	25.82	3.96
<b>Total Revenues</b>	<b>2,386.89</b>	<b>100</b>	<b>655.65</b>	<b>100</b>	<b>652.49</b>	<b>100</b>
Revenue increase (decrease) ratio		261.98		0.48		-8.38

### 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 follows :



### 1.1 General Construction

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

#### 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 barrage 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
- Installation of intelligent building systems or automatic control system

#### 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 2015-2018

<b>Project Name</b>	<b>Location</b>	<b>Scope of Work</b>	<b>Contract Value (Million baht)</b>	<b>Progress (%)</b>
Taokaenoi Food and Marketing Public Co., Ltd.	Rojana Industrial Park 3 Uthai district. Ayutthaya.	Civil, Architecture, M&E	270.78	100.00
Thai Travel Center	Huamark, Bangkok	Civil, Architecture, M&E	135.51	100.00
School Buildings Vajiravudh 2 groups (4 Buildings)	Dusit, Bangkok	Civil, Architecture, M&E	436.91	100.00
Bangkhunthian Elderly Hospital	Bangkhunthian, Bangkok	Civil, Architecture, M&E	2,782.83	72.21
New Production Plant	Bang poo industrial Estate Samutprakan	Civil, Architecture, M&E	195.47	100.00
			<b>3,821.50</b>	

*Note :*

- ☐ Civil - Construction
- ☐ M&E - Building assembly system

#### Marketing Strategy and Competition

##### 1. Competitive strategy

The strategy for marketing and competition



In order to achieve business objectives, the Company has set the marketing strategy and competition by business line as follows :

1. Comprehensive construction company

The company has received a variety of construction works consisting of high-rise buildings office building various factory buildings result in the company being a source of executives and expert engineers. Which has the potential to push the work of the company and the development of work efficiency starting to be able to save costs and reduce costs according to the policies laid down from the complete construction experience, the Company is ready to enter the bidding for large-scale projects or turnkey contracting work. There is also a policy to expand construction work in various forms such as small shopping malls in the form of a community mall, hospital buildings. Including industrial buildings from the original high-rise buildings in the form of condominiums and hotels In order to reduce operational risks.

2. Thailand's leading system contractor company

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. Highly experienced management team

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 by calculating the cost of raw materials, labor wages, expense for production and gross profit based on reason and justice for 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 more than private sectors. In particular, the determination of the completed construction work that the company has undertaken. Therefore the Company has a policy to accumulate works for use in bidding for government sector jobs. At this time, the company has already completed the construction work which can participate in bidding for large-scale government projects and focus on bidding for various special projects to generate more profit from construction. Meanwhile, in order to maintain distribution channels for private sector jobs the Company has a policy to maintain good relations between Project owner with periodic assessments to keep the old customer base firmly and adding new customers by maintaining quality of work and create good results.



## 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., Jardine Engineering Company Limited, MECT Company Limited, Tai Khisha (Thailand) Company Limited, SEGGO Company Limited, etc.

##### 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

The main raw material used in general construction engineering, operations engineering construction infrastructure and environmental engineering, and engineering work in the petrochemical and energy industry will be general raw materials used in construction such as steel bars, structural steel, concrete, cement, surface materials, wall materials and floor surfaces Lotus material, wall, material, wood, door, window, material color, roof but there will be some materials that will vary according to the nature of the line and customer needs.

The main raw material used in the operation of electrical and mechanical systems engineering can be divided by line The details are as follows :

*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.

*Air conditioning* : *Water pipes, air cleaners, air ducts, cool air ducts, ventilation ducts Air cooler Ventilation fan, cold air tower, cold water machine, cold water pump.*

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. Projects that have not yet been completed in 2018

The company has a project under operation, with a total project value of 2,978.30 million baht, with the remaining work value of 773.28 million baht.

Project Name	Contract Value (Million Baht)	Backlog (Million Baht)
Bangkhunthian Elderly Hospital	2,782.83	773.28
New Production Plant	195.47	-
<b>Total</b>	<b>2,978.30</b>	<b>773.28</b>

### 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 : At present, the condominium is registered under the name of North Beach and uses the name for the sale that Seaside Bangsaen is a 6-storey with 2 buildings, completed in 2017 with 200 units for sale, under Richman Property Company Limited and start transferring ownership of condominium units to customers since mid-January 2018.



North land Condominium project: Recently, the project's name is changed to Palmio which consists of residential buildings 8 floors, 3 buildings, construction in process by commencing in 2015 under Sajja Bangsand Condominium Company Limited. The remaining land is waiting for development or for further sale.

In addition, the company has developed real estate projects under the name of EMC Public Company Limited which consists of



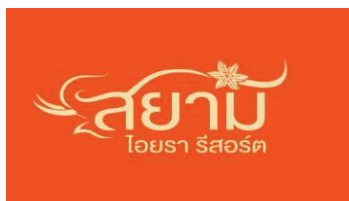
URBITIA project is a condominium project (Low Rise), 8 floors, 130 units in Soi Sukhumvit 36, which is only 230 meters away from the BTS Thonglor station. The size starts from 28 - 97 square meters - open for reservation rights in the beginning of the year 2016. At present, the project is completed and ready to move in. Which the project delivered and transferred ownership since June 2018 onwards.

In addition to the above mentioned projects, The company plans to develop more residential projects in the year 2019 on land located near the current public transportation system and that will be in the future including in the provinces that are business centers and tourist attractions, which is a new location that has potential and needs a high residential house in order to expand the business into the real estate business fully with over 40 years of experience and expertise in construction, the Company is very ready to run the business and transform itself into a property developer.



## 2.2 Housing and land estate

In March 2015, in order to recognize revenue faster and reduce business risks at the beginning stage. Therefore, the Company has acquired the business from the same entrepreneurs who have expertise in that area and the company can gradually recognize some revenue since the second quarter of 2015. The company has invested in real estate business type of housing project in a horizontal manner in the form of a townhome along with the development of various utilities in the project, which is a project located on the land in Chonburi province. The projects that the company has purchased are;



Siam Ayara Resort Project is a townhome, 3 floors and 2 floors totaling 251 units under Siam Bangkok Development Co., Ltd.

## 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 and begin the delivery and registration of leasehold rights To customers in the year 2019.

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 making it possible to recognize income immediately.

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 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

○ Develop pricing strategies by integrating financial principles with marketing In product pricing to be able to compete with nearby competitors. In order to gain product advantage, price and customer satisfaction and to achieve trade-off between the number of units sold and gross profit that makes the most benefit 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 novation 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, Yaowarat etc.

#### **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**

If it is mentioned the real estate economy in that country, Thailand has a GDP of 15.4 trillion baht, in which the real estate sector is worth 9.6 billion baht, or 6.2% of GDP. If including the construction sector will be worth up to 1.4 trillion baht or 8.8% of the total GDP, which is considered larger than the financial sector transport and transportation sector and communication sector reflecting the real estate investment situation still in a good direction but there may be some slowdowns in some periods due to trade barriers between the United States and China which also affect Thailand. Especially the Chinese demand that wants to buy condominiums for investment in Thailand Concerns from the determination of the LTV ceiling rate according to the Bank of Thailand policy used in the year 2019. Resulting in a higher down payment for investors with more than 2 property on hand. During the third quarter of 2018, the past of real estate entrepreneurs different promotions to accelerate sales in the remaining parts in order to drain all existing products, condominium products are still products that can grow well. Both the economy of other sectors in the downtrend average result has risen by 6% - 21% as a result of the development of mass transit extensions in many areas of Bangkok and its vicinity. Resulting in business opportunities, In the year 2019, the real estate entrepreneurs various projects are opened along the new BTS line the overall real estate price index has a tendency to rise the landmark in the year 2019 is the central Bangkok area - outside, such as Suan Luang, Bang Khae, Sawan-



Mai and Lam Luk Ka. The extension of the skytrain, especially the Yellow Line, Ladprao-Srinakarin, Blue Line, Hua Lamphong - Lak Song, causing the expansion of the market from the inner area to the perimeter.

From the government's investment plan that encourages investment in mass transit systems to connect major cities in the country such as high-speed trains, double-track trains, special expressways connecting Bangkok and various districts and to look at this year is to push the U-Tapao Airport project to become the 3rd international airport and a commercial airport and aviation industry supports all forms of transportation, the Mart Ta Phut Port Extension project and Laem Chabang Port. to respond to the development of the special economic zone of the Eastern Region (EEC), which is Chachoengsao, Chonburi and Rayong and has invested in a railway project connecting 3 airports, Don Mueang, Suvarnaphum and U-Tapao together forming HUB. Investment in tourism and industry large sectors in the eastern districts, which stimulates employment and private investment causing money into the economy makes the property market have spread to this region and result in demand-supply growth residents in Chachoengsao, Chonburi and Rayong provinces. In addition, after the land and buildings Tax Act, which has passed the cabinet resolution, may affect the property market structure, causing the land to be traded and changed hands. To develop more real estate projects in the future and allowing entrepreneurs who have accumulated land in their hands to develop new housing projects

Which the EMC Public Company Limited strategic plan focuses on the government's investment plan and development of mass transit systems. In addition to distributing the prosperity of the city is an investment promotion that makes important cities the country has driven the economy. Therefore is an investment opportunity by choosing to invest in Chonburi Province, which is a province with economic growth both in tourism and services and the industrial sector, with the Seaside Bangsaen condominium project located on Bangsaen beach, the Palmio condominium project located near Amata Nakorn Industrial Estate and the Siam Ayara Resort Housing Project located on Ban Bueng in order to comply with the government's investment expansion plan.

This year, the company continues to focus on the original strategic plan and ready to develop existing land and invest in new projects. Along the land adjacent to the BTS extension especially the land along the yellow line, green line, pink line and blue line that connects urban communities to suburban areas. Which are mostly residential areas such as Lad Phrao, Lat Krabang, Lam Luk Ka, Ramindra and Bang Khae, respectively to develop projects to meet the needs of that community, whether it be condominiums, townhouses or semi-detached houses etc.

In early 2019, the Company has driven the business by cooperating with Chiang Mai Rai Wan Company Limited under the name of the joint venture company Chiang Mai Rai Wan and EMC Co., Ltd. to cooperate and develop the project "Ban KonThai Pracharat Chiang Mai" housing according to government

policy for people who are entitled to state welfare cards, people with income not exceeding 35,000 baht per month, and the general public have their own residence on the state property with the department of treasury Chiang Mai. The project is located in Chang Phueak Subdistrict, Chiang Mai Province, on an area of 15 rai with a total of 7 buildings, 1,170 units and 10 commercial buildings. The project was opened on March 9, 2019 and received overwhelming response. Which is expected to be completed and delivered by the year 2020.

#### **Product Supplier**

- Land supply and forms of project development.

The business development department is a main unit 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.

### 3. Projects that have not yet been delivered, completed in 2018

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

Project	Location	Type	Project Start	Sale(sq.m.)	Project Progress	Sale area and Value		Transferred		Remain			
						Unit	Total Value (Baht)	Unit	Value (Baht)	Unit	Sales Value(Baht)	Unit	Wait for sale Value(Baht)
Residential Project													
Siam Aiyara	Nong bon Daeng,Ban Bung,Chonburi	Townhome	Mar-58	5,801.20	76%	251	357,451,700.00	146	238,911,700.00	3	6,920,000.00	102	111,620,000.00
Condominium Project													
North Beach	Bangsae Beach Rd,Wonnapa Beach,Sansuk,Chonburi	Condominium	Aug-57	8,030.94	100%	200	508,917,500.00	15	42,998,611.00	16	52,513,007.00	169	413,405,882.00
Palmio	Wat U-Tapao Chonburi(Amata Nakorn)	Condominium	Aug-57	7,476.00	39%	231	253,000,000.00	0	0.00	14	12,743,300.00	217	240,256,700.00
Urbitia	Sukhumvit 36,Sukhumvit Rd(230 m. from BTS Thonglor)	Condominium	Feb-59	5,305.95	75%	130	930,000,000.00	75	488,293,914.00	34	260,278,570.00	21	181,427,516.00
Mixed-type Project													
**Landmark Mahachai	Mahachai,Samutsakorn	Commercial Building	Nov-57	25,477.25	90%	101	750,155,280.00	3	31,113,098.00	16	136,087,302.00	82	582,954,880.00
		Community Mall		6,338.00		6,338	406,667,777.00		2,437				
***Station One	Charoenkrung Rd,Pomprab,BKK	Plaza	Oct-59	1,074.40	100%	1,074	431,616,908.00			408			
		Residence	1,910.22	56		168,274,250.00	0	0.00		0.00	1,910	168,274,250.00	

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 is 2,437 square meters.

\*\*\* The total value of the Station One project is calculated from the rent throughout the lease term of 30 years, and is returned to the current value, separated into 431,616,908 baht for the plaza and the residential area of 168,274,250 baht. Selling space in the community mall section, the Company will contract with customers a lease term of 1 - 3 years, renewed for 3 years depending on each agreement taking into account the maximum benefit of the company. Therefore, the area delivered to the shop and then rented out is 408.21 sq.m. with the area being rented for 1-3 years leased to Starbucks Coffee, Seven Eleven, auspicious stone shop Which the 1st floor area has already been rented out in full.



# 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 28, 2018, the Company has registered capital at the amount of 15,180,632,144 Baht, the paid-up capital is 8,433,754,763 Baht consisting of the ordinary share 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 28, 2018		
	Amount of Share	Amount of Shareholder	Percentage of Shareholder
1 - 999,999	9,725	392	0.00
1,000,000 – 10,000,000	2,025,130,373	5,156	24.01
10,000,000 and above	6,408,614,665	18	75.99
<b>Total</b>	<b>8,433,754,763</b>	<b>5,566</b>	<b>100.00</b>

(1) As of the latest registration book closing on December 28, 2018 provided by Thailand Securities Depository Co., Ltd., the list of 10 Major Shareholders is as follows:

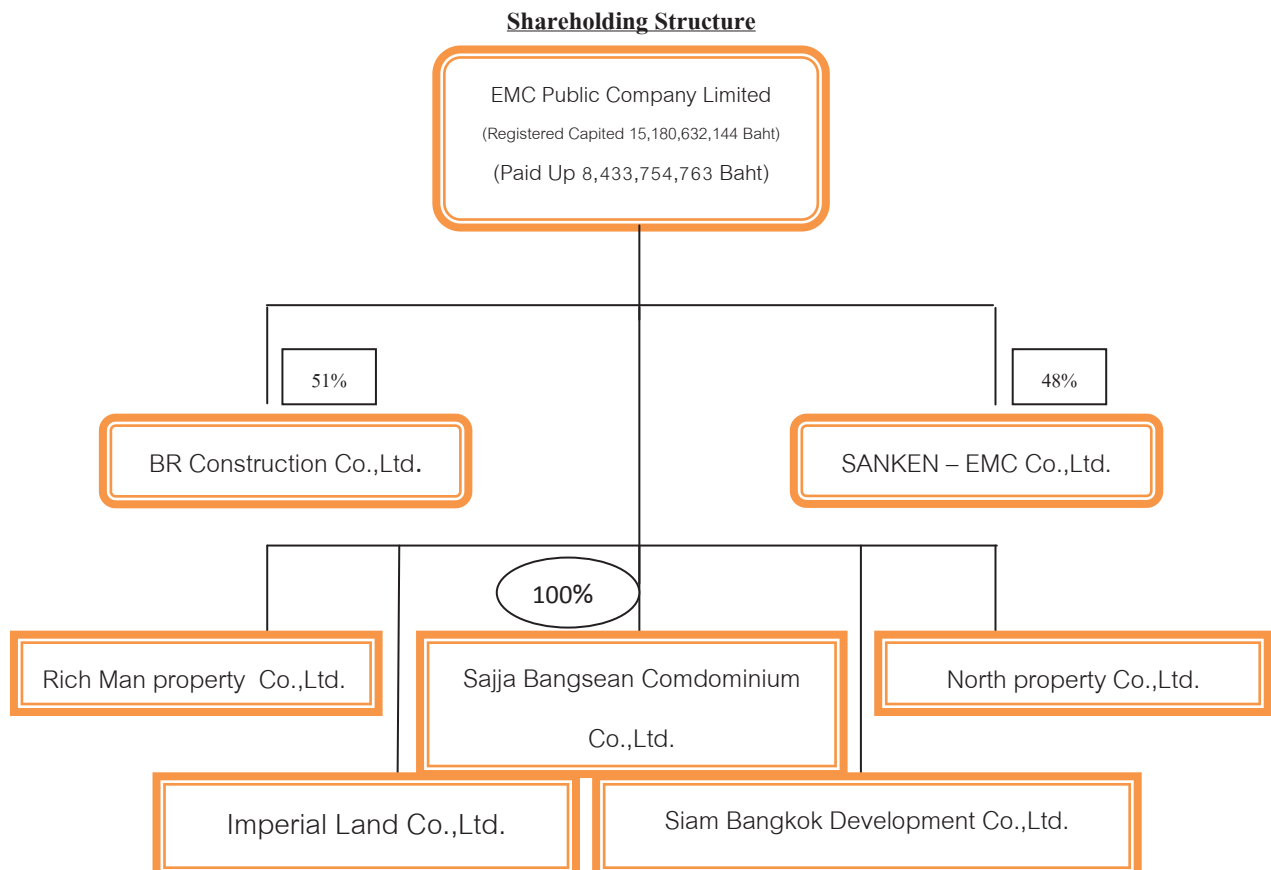
Shareholders' Name	Amount of Shareholding	Percentage (%)
1. Mr. Chinchai Leenabanchong	1,687,973,215	20.014
2. Capital Engineering Network Plc.	1,111,753,384	13.182
3. Rayong Wire Industries Plc.	704,841,300	8.357
4. Mr. Voravit Leenabanchong	658,810,100	7.812
5. Miss Chinsiree Leenabanchong	596,652,091	7.075
6. Miss Chinree Leenabanchong	420,000,000	4.980
7. BNP PARIBAS SINGAPORE BRANCH	347,468,800	4.120
8. Mr. Chanachai Leenabanchong	185,308,847	2.197
9. Miss Numthip Cholsaiphun	110,000,000	1.304
10. MITSUBISHI UF J MORGAN STANLEY SECURITIES CO.,LTD	92,190,000	1.093



(2) List of Warrant Holders to Purchase Ordinary Shares of EMC Public Company Limited No. 6. The first 10 majors of the company as of 2 January 2019, which is the latest book closing, prepared by Securities Depository (Thailand) Co., Ltd.

Shareholders' Name	Amount of Shareholding	Percentage (%)
1. Mr. Chinchai Leenabanchong	1,009,286,307	23.935
2. Capital Engineering Network Plc.	646,569,392	15.333
3. Mr. Voravit Leenabanchong	329,405,050	7.812
4. Miss Chinsiree Leenabanchong	298,326,045	7.075
5. Rayong Wire Industries Plc.	276,802,550	6.564
6. Miss Chinree Leenabanchong	210,000,000	4.980
7. BNP PARIBAS SINGAPORE BRANCH	173,734,400	4.120
8. Mr. Chanachai Leenabanchong	92,654,423	2.197
9. Mr. Taworn Sareedeelert	57,249,400	1.358
10. LGT BANK (SINGAPORE) LTD	50,901,350	1.207

(3) As of December 31, 2018, the Company holds shares in subsidiaries and in associates as follows :



**Shareholding Structure of BR Construction Co., Ltd.**

● Miss Tipkanang Lertkomolsuk	48.9984%
● Mr. Peerapol Pipawakorn	0.0016%
● EMC Plc.	51.0000%
<b><u>Total</u></b>	<b>100%</b>

**Shareholding Structure of SANKEN-EMC Co., Ltd.**

● Mr. Paiboon Thongra-ar	0.00025%
● Mr. Krisana Sngar-saeng	0.00025%
● Bangkok MUFG Limited	3.00000%
● EMC Plc.	47.99950%
● SANKEN Setsubi Kogyo Co., Ltd.	49.00000%
<b><u>Total</u></b>	<b>100%</b>

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***

Annual General Meeting of Shareholders, 2018, held on 27 April 2018, has approved the following :

Allowing the company to issue and offer warrants No. 6 (EMC-W6) of 4,216,877,381 ordinary shares to the existing shareholders who subscribe and pay the shares at the rate of 2 existing shares per 1 warrant in the event of a scrap with a warrant of 5 years and no offering price determine the exercise price of 0.15 baht per share, the exercise ratio of 1 unit of warrants can exercise the right to purchase 1 ordinary share (with the exercise ratio and the exercise price may be changed In the case of rights adjustment)

**Details of Warrants to Purchase Ordinary Shares No.6 (EMC-W6) 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

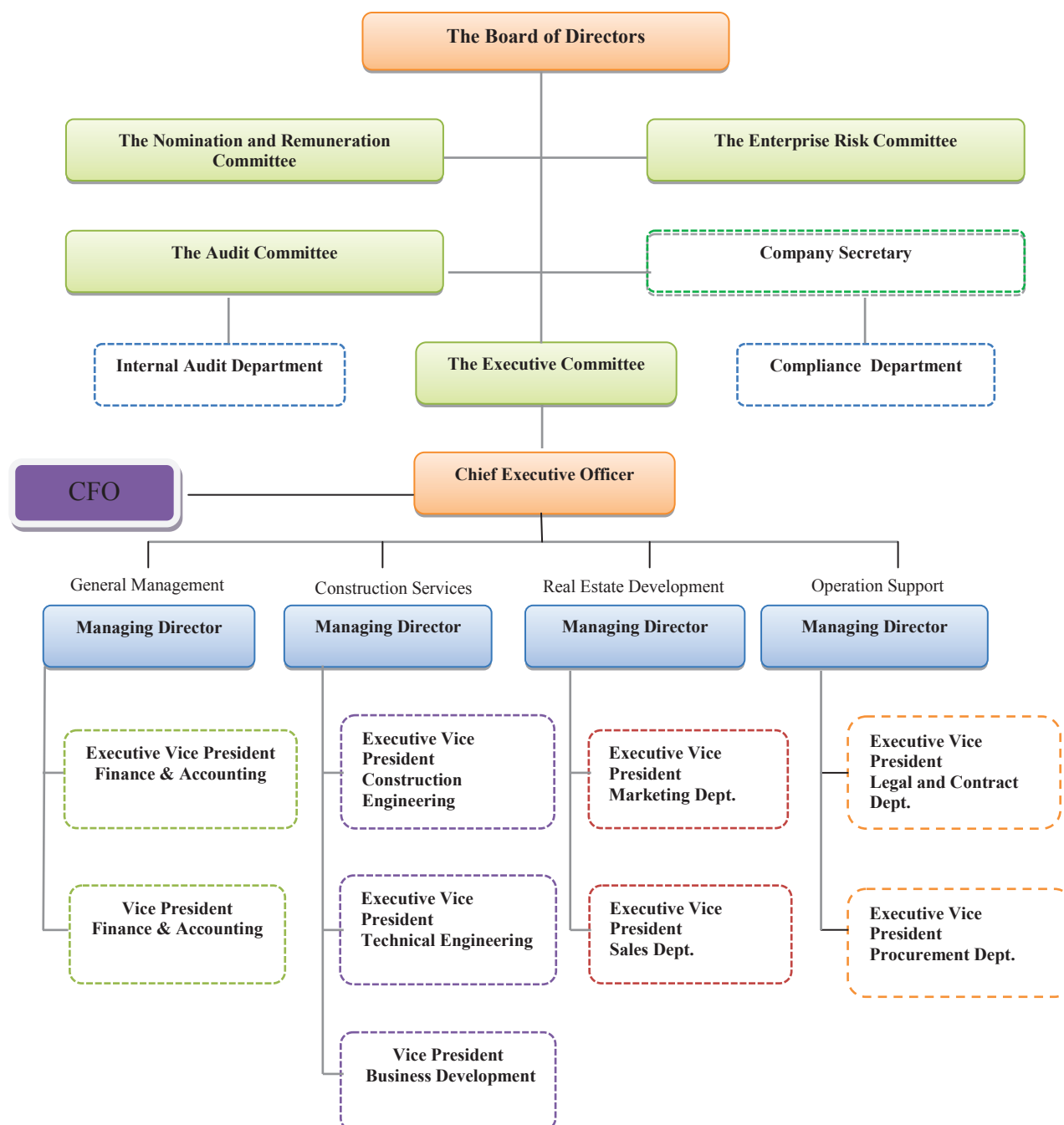


subscriptions of shares on October 17, 2018 and for compiling the names of shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 by the method of closing the Share Register Book on October 17, 2018, at the ratio of 2 new ordinary shares per 1 unit of Warrant. Any fraction of share will be disregarded.

Offering price per unit	:	0 Baht (Zero Baht)
Number of warrants	:	4,216,877,381 units
Number of underlying shares	:	4,216,877,381 shares
Issuing date of warrants	:	November 5, 2018
Maturity date	:	October 15, 2023
Warrant term	:	5 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	:	0.15 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 15, 2018, thereafter the exercise date shall be on every 15 <sup>th</sup> of April and 15 <sup>th</sup> October of each calendar year throughout the term of warrants.
Number of unused units	:	4,216,877,381 units

# Management Structure

Organization Chart of EMC Plc. As at December 31, 2018





## 1. The Board of Director

As at December 31, 2018, the Board of Directors consists as follows:

			<u>Appointed Date</u>
1. Mr. Chanachai	Leenabanchong	Chairman	April 27, 2007
2. Mr. Ratchai	Pichayapoom	Vice Chairman	August 15, 2016
3. Mr. Voravit	Leenabanchong	Vice Chairman	December 18, 2015
4. Mr. Paiboon	Thong Ra-ar	Director	February 28, 2018
5. Mr. Krisana	Sangasang	Director	August 15, 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

### The number of meetings of the Board of Directors

In 2018, each director attended Annual General Meeting of Shareholders 2018, 1 time and 7 times of the Board of Directors, 13 times of the Audit Committee, 1 time of Nomination and Remuneration Committee with details of attendance of each director as follows:

Name	Surname	Annual General Meeting of Shareholders 2018	Board of Directors ( 7 times )	Audit Committee (13 times )	Nomination and Remuneration Committee (1 time)
Mr. Chanachai	Leenabanchong	Not attending	7	-	-
Mr.Paiboon	Thong Ra-ar	Not attending	5	-	-
Mr. Ratchai	Pichayapoom	Attend	7	-	-
Mr. Voravit	Leenabanchong	Attend	6	-	-
Mr. Krisana	Sangasang	Attend	7	-	-
Mr. Boontun	Sumetvanich	Not attending	2	-	-
Mr. Matee	Ittirivichai	Attend	7	-	1
Miss Praomart	Hantra	Attend	7	13	1
Miss Thaweesri	Wikayathipat	Attend	7	13	1
Dr. Yaowarin	Srichainan	Attend	7	13	1
Mr. Pannatee	Sriwongthai	Attend	6	13	-

**Note:** Mr. Paiboon Thong Ra-ra is a director on February 28, 2018.

Mr. Boontan Sumetvanich resigned from the position on 30 April 2018.

### 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. Paiboon Thong Ra-ar 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.

Board of Directors Has a duty to comply with laws, objectives and company regulations as well as the resolutions of the shareholders' meeting with honesty and be careful by taking into account the benefits of all stakeholders.



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 2018, the Board of Directors Meetings were held 7 times.*

### **The Meeting of Board**

The company has scheduled meeting dates in advance throughout the year. Which will set the main agenda and the agenda for monitoring performance on a regular basis. In addition, the invitation letter, meeting agendas and meeting documents are sent 7 days in advance of the meeting date. To allow the Board of Directors to have sufficient time to study the information before attending the meeting. There may be additional meetings to consider important events as necessary and urgent. The secretary of the Board of Directors is responsible for confirming the appointment of each meeting or make a new appointment in the event of the original postponement or calling an urgent meeting and prepare the meeting documents to be delivered to the directors each meeting takes approximately 2 hours. All directors are free to give opinions and offer practical guidance which the secretary of the board of directors having the duty to record and prepare the meeting report to be completed within 14 days. The submission of the meeting report that has been approved by the Board of Directors while keeping the minutes of the meeting and supporting documents for directors



## Self Assessment of the Board

In the year 2018, 10 directors of the Company assessed themselves according to the assessment form submitted by the Company Secretary for self-assessment of the Board of Directors. According to the good corporate governance principles and the responsibilities of the Board of Directors and evaluating the assessment once a year with an evaluation process at the end of December, to prepare a summary report of the score and presented the evaluation results to the Board of Directors meeting in the next year for the self-assessment results of the Board of Directors for the year 2018, the results of the Board of Directors' Meeting No. 1/2019 were presented on February 27, 2019 and the self-assessment of the Board of Directors has been adopted sent to the company secretary to keep as evidence.

Assessment topic	Total Score	Score (average)	Compared to percent
1. Structure and qualifications of the Board of Directors	1,300	1,280	98.46
2. Roles, duties and responsibilities of the Board	2,000	1,975	98.75
3. The Conference Board	900	880	97.77
4. Duties of directors	700	680	97.14
5. Relationship with management	500	490	98.00
6. Self-development of directors and executive development	600	590	98.33
<b>รวม</b>	<b>6,000</b>	<b>5,895</b>	<b>98.25</b>

### 2. Audit Committee

As of December 31, 2018, the Audit Committee consisting of 4 independent directors and fully qualified as specified by the Capital Market Supervisory Board and the Stock Exchange of Thailand as follows:

1. Ms. Praomart Hantra	Chairman of the Audit Committee
2. Miss Taweesri Vikkayathipat	Audit Committee
3. Dr. Yaowarin Srichainan	Audit Committee Member
4. Mr. Punntee Sriwongthai	Audit Committee

Secretary of the Audit Committee: Mr. Thitipakorn Prasertwachirakul

Director No. 1 is knowledgeable and experienced in management and law. Directors No. 2 have sufficient knowledge and experience to be able to review the reliability of financial statements. Director No. 3 is a with knowledge and experience in management and law. Director No. 4 have knowledge and experience in law.

### **Scope of duties and responsibilities of the Audit Committee**

1. Considering the disclosure of connected transactions and potential conflicts of interest to ensure that the company has implemented the rules and the requirements of the SET strictly and such transaction is reasonable and beneficial to the company.

2. Considering financial statements each quarter and the annual financial statements that have been reviewed and audited by the auditor together with the auditor and the management department before disclosing the information to the Stock Exchange of Thailand and the general public reviewing financial statements to verify the accuracy of financial information to be complete reliable and transparent according to accounting standards including relevant laws and regulations.

3. To review the Company's internal control system and internal audit system and consider the independence of the internal audit unit as well as approving the appointment, transfer terminate the head of the internal audit department or any other unit responsible for internal audit including reviewing the company's risk management system.

4. Review the internal audit report related to the operation of the company. According to the plan for various agencies have a better internal control system which will result in efficient and effective work.

5. To review the Company's compliance with the law on Securities and Exchange Act, Regulations of the Stock Exchange and laws related to the company.

6. Considering, selecting, proposing, appointing, proposing remuneration and evaluate the performance of the auditor of the company including attending meetings with auditors without the management attending at least 1 time per year.

3. Prepare the corporate governance report of the Audit Committee. Disclosed in the annual report of the company which the report must be signed by the Chairman of the Audit Committee and must contain information that the SET requires at least as follows:



- Opinions on the accuracy, completeness and reliability of the financial reports of the company.
  - Opinion on the adequacy of the Company's internal control system.
  - Opinions on compliance with the law on Securities and Exchange Stock Market requirements or laws related to the business of the company.
  - Comment on the suitability of the Auditor.
  - Opinions on transactions that may have conflicts of interest.
  - Number of Audit Committee meetings and the attendance of each member of the Audit Committee.
  - Overall comments or observations which the Audit Committee received from performing duties in accordance with the charter.
  - Other items that shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors.
8. Perform any other tasks assigned by the Board of Directors with the approval of the Audit Committee.

**In 2018, the Audit Committee held 13 meetings.**

### **3. Nomination and Remuneration Committee**

As of December 31, 2018, the Nomination and Remuneration Committee Consisting of the follows:

- |                                 |   |
|---------------------------------|---|
| 1. Miss Taweessri Vikkayathipat | Chairman of the Nomination and Remuneration Committee |
| 2. Ms. Praomart Hantra          | Member Nomination and Remuneration Committee          |
| 3. Dr. Yaowarin Srichainan      | Member Nomination and Remuneration Committee          |
- Secretary of the Nomination and Remuneration Committee: Ms. Nuttakan Nuanpen

#### **Scope of duties and responsibilities of the Nomination and Remuneration Committee**

1. To consider, select, evaluate, select qualified persons to be appointed as directors.
2. Consider the person who will serve as a director as proposed by the shareholders of the company.
3. Consider proposing the person to be a director of the company in order for the

Board of Directors to consider proposing to approve the appointment to the shareholders' meeting or the Board of Directors to consider and approve the appointment of directors to replace the vacant positions.

4. Consider and review the qualifications of independent directors and propose for approval of any changes to the Board of Directors.

5. Consider and review the company's payroll system structure as well as offering guidelines and methods Remuneration for the Board of Directors and various committees appointed by the Board of Directors.

6. Propose remuneration policy for management in accordance with the Company's performance and the management's performance.

7. Consider the wage increase budget changes in wages and rewards annual prize of Executive Officers before presenting the Board of Directors.

*In 2018, the Nomination and Remuneration Committee held 1 meeting*

#### **4. Executive Committee**

As of December 31, 2018, the Executive Committee Consisting of the follows:

1. Mr. Chanachai	Leenabanchong	Chairman of the Executive Committee
2. Mr. Voravit	Leenabanchong	Executive Director
3. Mr. Krisana	Sangasang	Executive Director
4. Mr. Boontan	Sumetvanich	Executive Director
5. Mr. Ratachai	Pichayapoom	Executive Director
6. Mrs. Unchalee	Leenabanchong	Executive Director

Secretary to the Executive Committee: Mr. Matee Ittirivichai

#### **Scope of duties and responsibilities of the Executive Committee**

1. To operate and manage the business of the company in accordance with the objectives, regulations, policies, rules, regulations, orders and resolutions of the Board of Directors and / or the shareholders' meeting resolutions.

2. Consider the policy, direction and strategy, business plan and annual budget of the company, human resource management information technology investment, public relations expansion and control supervise the operation of the appointed working group to achieve the goal to present to the Board of Directors for approval.



3. Consider the annual budget allocation as proposed by the management before presenting to the Board of Directors for consideration and approval this includes considering and approving changes and adding annual budgets during the absence of the Board of Directors meeting but must be under the scope of authority approved by the Board of Directors and to propose to the Board of Directors to know in the next meeting.

4. Consider and approve and / or granting approval for investment transactions financial management general administration procurement and any other items related to the business of the company under the scope of authority approved by the Board of Directors.

5. To consider and approve important investment expenditures as specified in the annual budget as assigned by the Board of Directors or as the Board of Directors had previously approved in principle.

6. Provide advice on business expansion and joint venture with other persons under the scope of authority approved by the Board of Directors and present to the Board of Directors for approval / for acknowledgment at the next meeting.

7. To be a management advisor on matters relating to financial policy, marketing, personnel management and other operations.

8. Consider the profit and loss of the company proposal of interim dividend or annual dividend to propose to the Board of Directors for approval.

9. The Executive Committee may delegate power to one or many directors or any other person operating one which is under the control of the Executive Committee or may authorize such person have the authority as the Executive Committee deems appropriate and within the time that the Executive Committee deems appropriate. Which the Executive Committee may cancel, revoke, change or amend the authorized person or the delegation of authority as deemed appropriate.

The authority of the Executive Committee and / or delegation of authority must not approve connected transactions or any item that may have a conflict of interest or any item that the Executive Committee or a person who may have a conflict of interest with the Executive Committee or benefits in any other way that conflict with the company or subsidiary. According to the rules of the Stock Exchange of Thailand and / or the announcement of the Securities and Exchange Commission the approval of such transactions must be submitted to the Board of

Directors and / or the shareholders' meeting to consider and approve such transactions as prescribed by the Company's regulations or relevant laws.

In 2018, the Executive Committee held 51 meetings

## 5. Risk Management Committee

As of December 31, 2018, the Risk Management Committee Consisting of the follows:

- |                 |               |                           |
|-----------------|---------------|---------------------------|
| 1. Mr. Voravit  | Leenabanchong | Risk Management Committee |
| 2. Mr. Pinit    | Kantikul      | Risk Management Committee |
| 3. Mr. Kornkrit | Pakongwittaya | Risk Management Committee |
| 4. Mrs. Wanida  | Phuangbunmak  | Risk Management Committee |

Secretary of the Risk Committee: Ms. Nuttakan Nuanpen

### Scope of duties and responsibilities of the Risk Management Committee

1. Formulate guidelines for management and operational risk management framework.
2. Evaluate various risks arising from internal and external factors.
3. Recommend preventive methods and methods to reduce risk levels to acceptable levels.
4. Monitor, evaluate and improve the operation plan in order to reduce risks continuously and suitable for business conditions.
5. Review the adequacy of policies and risk management systems including the effectiveness of the system and the implementation of the policy.

In the year 2018, the Risk Management Committee held a meeting with the management team and set the guidelines for work. However, the company has a working group on debt collection and problematic projects which is considered an important risk management have regular meetings 1 day a week.

### Recruiting and appointing the highest level of directors and executives.

#### 1. Nomination of Independent Directors

The Nomination and Remuneration Committee is responsible for recruiting qualified and independent persons as specified by the Board of Directors and in accordance with the guidelines of the Capital Market Supervisory Board as follows:



1. Holding shares not more than 1% of the total voting shares of the company, parent company, subsidiary company, associate company, major shareholder or the person having control of the company, including the shareholding of the related person of that independent director.

2. Not being or used to be a director who is involved in the management of work, employees, consultants who receive regular salary or controlling person of the company, parent company, subsidiary company, associated company, same-level subsidiary Major shareholder or of the controlling person of the company unless he has been terminated for not less than 2 years before the date of being appointed as an independent director. Such prohibited characteristics do not include the case that the independent director used to be a government official or consultants of government agencies which are major shareholders or the controlling person of the company.

3. Is not a person with a blood relationship or by legal registration In a manner that is the father, mother, spouse, sibling and child, including spouse of the children of the executive, the major shareholder controlling person or a person who will be proposed to be an executive or a person with control of the company or subsidiary.

4. Nope or have had a business relationship with a value ranging from 3 percent of the net tangible assets of the company or from 20 million baht or more whichever is lower than the company, parent company, subsidiary company, associate company, major shareholder or the controlling person of the company in a manner that may interfere with his independent judgment, including not being or having been a significant shareholder or the person who has control over the person who has business relationship with the company, parent company, subsidiary company, associate company, major shareholder or the controlling person of the company unless he has been terminated for not less than 2 years before the date of appointment as an independent director.

(Business relationship means the commercial transaction that is normally done to operate the business renting or renting real estate list of assets or services or giving or receiving financial assistance by accepting or lending loans, guaranteeing assets as collateral for liabilities Including other similar circumstances which results in the company or the counterparty having a debt burden the calculation of such indebtedness shall be in accordance with the method of

calculating the value of connected transactions in accordance with the notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions).

5. Not being or having been an auditor of the company, parent company, subsidiary company, associate company, major shareholder or the controlling person of the company and not being a significant shareholder controlling person or partner of the audit office which has the auditor of the company, the parent company, subsidiary company, associate company, major shareholder or the controlling person of the company under unless he has been terminated for not less than 2 years before the date of appointment as an independent director.

6. Not being or having been a professional service provider which includes providing services as a legal advisor or financial advisor which received a service fee of more than 2 million baht per year from the company, parent company, subsidiary company, associated company, major shareholder or the controlling person of the company and not being a significant shareholder controlling person or a partner of that professional service provider unless he has been terminated for not less than 2 years before the date of appointment as an independent director.

7. Not being a director appointed as a representative of the company's directors major shareholder or shareholders who are related to major shareholders.

8. Not carrying out business that has the same conditions and is a significant competition with the business of the company or subsidiary or not a significant partner in the partnership or being a director who is involved in the management of employees, employees, consultants who receive regular salary or holding more than 1% of the total voting rights of other companies. Which operates a business that has the same conditions and is a significant competition with the business of the company or subsidiary.

9. There is no other characteristic that makes him unable to give independent opinions about the operations of the company.

## 2. Nomination of Directors and Executives

The Nomination and Remuneration Committee is responsible for recruiting qualified candidates have the qualifications and experience that the company needs sufficient time to perform duties for the company and propose for approval to the Board of Directors / Shareholders' Meeting in accordance with the following rules and procedures.



1. One shareholder has votes equal to the number of shares he holds.
2. Each shareholder will use all existing votes according to No. 1 elect one or many persons as directors but cannot divide the votes for any person.
3. Persons who receive the highest votes in descending order are those who are elected as directors equal to the number of directors that should be or should be elected at that time In the event that the persons elected in the next order have equal votes in excess of the number of directors to be elected or elected at that time the chairman of the meeting shall be the referee.
4. At every annual general meeting of shareholders the directors shall retire at the number one-third of the number of directors at that time. If the number of directors cannot be divided directly into three parts then by the number closest to one third the retired director may be re-elected directors who must retire in the first year or second year after registering the company to draw the lottery, the next year, the director who is in the position for the longest time is the person who leaves the position.
5. The shareholders' meeting may pass a resolution to remove any director from office before the expiration of the term with a vote of not less than three-fourths of the total number of shareholders attending the meeting and having voting rights and have shares counted together not less than half of the number of shares held by the shareholders attending the meeting and having voting rights.

### ***Management Team***

As of December 31, 2018, the management team consisted of the following :

- |                  |               |   |
|------------------|---------------|---|
| 1. Mr. Chanachai | Leenabanchong | Chairman of the Board of Director/<br>Chief Executive Officer |
| 2. Mr. Ratachai  | Pichayapoom   | Chief Financial Officer                                       |
| 3. Mr. Paiboon   | Thong Ra-ar   | Managing Director Construction                                |
| 4. Mr. Voravit   | Leenabanchong | Managing Director Project Support Division                    |
| 5. Mr. Krisana   | Sangasang     | Managing Director System Engineering Division                 |
| 6. Mrs. Unchalee | Leenabanchong | Managing Director of Administration                           |
| 7. Mr. Wachara   | Pukdeemonthon | Deputy Managing Director                                      |
| 8. Miss Wanida   | Phuangbunmak  | Deputy Managing Director                                      |

9. Mr. Pinit	Kantikul	Deputy Managing Director
10. Mr. Kornkrit	Prakongwittaya	Deputy Managing Director

The Board of Directors has assigned the Executive Committee to have duties and responsibilities in various operations with details of the delegation of authority under the scope of duties and responsibilities of the Executive Committee. The authorization must not have a power of attorney or delegate power to the Executive Committee or the authorized person from the Executive Committee can approve the transaction that he or the person may have conflict have interest or having a conflict of interest with the company (as specified by the SEC Office) except for approval of transactions that are in accordance with policies, guidelines or guidelines approved by the Board of Directors.

#### **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

#### ***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.

#### ***Director and Management Remunerations***

In the Annual General Meeting of Shareholders 2018, held on April 27, 2018, the shareholders approved the determination of the Directors' remunerations for 2017 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 2018, the company paid for the meeting allowance total amount of 2.60 million Baht increased by 0.17 million Baht compared to the year 2017 have amount 2.43 Million Baht or calculate to percent 7.00. Details of which are listed individually as follows:

#### Total Meeting Allowance

Name - Surname		Position	Meeting Allowance in 2018 (Baht)
Mr. Chanachai	Leenabanchong	Chairman of the Board of Directors Chairman of the Executive Committee	210,000
Mr. Paiboon	Thong Ra-ar	Director	100,000 (Hold the position 28 Feb 2018)
Mr. Ratchai	Pichayapoom	1 <sup>st</sup> Vice Chairman, Executive Director	140,000
Mr. Voravit	Leenabanchong	2 <sup>nd</sup> Vice Chairman, Executive Director	120,000
Mr. Krisana	Sangarsang	Director, Executive Director	140,000
Mr. Boontan	Sumetvanit	Director, Executive Director	40,000 (Resigned 30 April 2018)
Mr. Matee	Ittirivichai	Director	140,000 (Appointed on Mar. 15, 2017)
Mr. Pannatee	Sriwongthai	Independent Director, Audit Director	380,000
Miss Praomart	Hantra	Chairman of the Audit Committee, Independent Director, Nomination and Remuneration Director	530,000
Miss Thaweesri	Wikayathipat	Chairman of the Nomination and Remuneration Committee, Independent Director, Audit Director	400,000
Dr. Yaowarin	Srichainan	Independent Director, Nomination and Remuneration Director, Audit Director	400,000
<b>Total meeting allowance</b>			<b>2,600,000</b>

#### Other Remuneration

- None-

#### Total Management Remunerations

- Total remunerations in the form of salary and others were 30.47 millionBaht seperated to Salary 24.73 million Baht ,Remuneration Meeting allowance 2.60 million Baht Employee benefits 3.14 millionBaht.

#### *Personnel*

Total employees of the Company as of December 31, 2018 were 296 persons as categorized below ;

Position	Number
Executives and Supporting Employees	10
Construction Engineering	82
M&E Engineering	63



Accounting, Finance and Administration	68
Budget Control and Purchasing	31
Real Estate	42
Total	296

As at December 31, 2018, the total compensation of the company's personnel was 147.89 million Baht (such compensation was consisted of salary, bonus, provident fund and other benefits) excluding total compensation of executives as notified on item 8.4

### 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 utilize 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 Board of Directors is confident that having a good management system is transparent and verifiable as well as balancing power and internal control systems that are sufficient and appropriate along with respecting the rights and equality of shareholders and being responsible to stakeholders will be an important factor that helps the organization to have good immunity and create a balanced and sustainable growth in the long term.

In 2018, the company received an assessment of corporate governance from the Thai Institute of Directors Association (IOD) in 3 stars, which is considered good. In addition, the company has reviewed and adhered to the policy and principles of governance. The business covers all 5 categories, including the rights of shareholders equitable treatment of shareholders role of stakeholders information disclosure and transparency and the category of responsibility of the board according to the guidelines of the Stock Exchange of Thailand by laying down practices for the board of directors in accordance with good corporate governance principles for listed companies 2017 with 8 main items as follows :

1. Recognize the roles and responsibilities of the Board of Directors as a leader that creates value for the business sustainably
2. Set objectives the main goal of the business that is going for sustainability
3. Strengthen the Board of Directors
4. Recruiting and developing high-level executives and personnel management
5. Promote innovation and responsible business operations
6. Ensure that there is an appropriate risk management system and internal control
7. Maintain financial credibility and disclosure
8. Support participation and communication message to shareholders

Board of Directors has reviewed and improved the corporate governance policy to be appropriate and in accordance with the guidelines of government agencies that have authority to supervise listed companies together with good corporate governance principles for listed companies in 2017, with the goal of focusing on international corporate governance standards and to make the company grow stronger Long-term sustainability for compliance with the corporate governance principles of the company in 2018 can be summarized as follows:

## 1. Rights of shareholders

1.1 The Board of Directors recognizes and respects the rights of ownership of shareholders no action which violates or deprives shareholders of their rights by taking care of the interests of shareholders fairly as well as supporting and encouraging all groups of shareholders regardless of whether they are domestic or foreign shareholders both being a major shareholder minority shareholders or institutional shareholders have exercised their rights, including basic rights of shareholders, sufficient and timely access to information and the right to attend the shareholders' meeting to determine the direction of the operation and decide on matters that have a significant impact on the company.

1.2 The company has sent the invitation letter to the meeting as well as information for the meeting according to various agendas. In each agenda, there are opinions of the Board of Directors and the minutes of the meeting are recorded correctly and completely to shareholders in advance 7 days or 14 days before the meeting (as the case may be) to allow shareholders to thoroughly study such information including the disclosure of information in the Company's website. In addition, the proxy form is attached with the invitation letter to allow shareholders who wish to appoint other persons to attend the meeting Including nominating independent directors as an option for proxies With information about independent directors who are proxies such as name, history, address, shareholding information and the number of times specified in the meeting for decision.

1.3 The company has arranged the shareholders' meeting on the date, time and place conveniently and appropriately. There are steps legitimate shareholder meeting since the meeting call notification of the meeting agenda document delivery procedures for conducting the meeting

1.4 Communication between the shareholders of the company the Company has no policy to prevent interactions between shareholders. Shareholders can communicate and access information freely. Which shareholders can copy the list of shareholders of the company at the Department of Business Development Ministry of Commerce.

## 2. Equitable Treatment of Shareholders

The company has a policy to support all shareholders, Major shareholder, Minority shareholders, Foreign shareholder entitled and treated equally and fairly which is one of the corporate governance policies of the company .In addition, the principles that the company



uses to treat shareholders equally are detailed on the website [www.emc.co.th](http://www.emc.co.th) under the topic "Investor Relations"

2.1 The Board of Directors treats every shareholder fairly and equally with the same type of shares having equal voting rights equal to one share per one vote

2.2 The Board of Directors encourages shareholders who are unable to attend the meeting in person can appoint a proxy to attend the meeting and vote instead by using proxy forms that shareholders can determine the voting direction and the nomination of at least 1 independent director as an alternative to the proxy of the shareholders

2.3 The Board of Directors encourages all shareholders to exercise their rights as shareholders by sending notice of the shareholders' meeting and meeting documents for consideration in advance by creating an english version for foreign shareholders

2.4 The Board of Directors has established a policy to prevent the use of internal information and has measures to prevent the misuse of internal information for benefits for themselves and others. Which prohibits the directors, executives and employees who are in the department that acknowledge internal information trading the company's securities during the 1 month period before disclosing the financial statements to the public

2.5 Right to attend shareholders' meetings, express opinions, give suggestions and to consider and decide on important changes such as amendments to the memorandum of association and the company's regulations appointment of Directors, appointment of auditors etc.

2.6 The Chairman of the Meeting explained to the shareholders the criteria and method of voting and allow shareholders to inquire about various questions during the meeting, together with the directors / executives clarified that the question was reasonable and sufficient, including the exchange of opinions

However, the company has not yet allowed the minority shareholders to propose additional agenda items for the shareholders' meeting to consider before the Annual General Meeting of Shareholders including not prescribing methods for minority shareholders to nominate directors who are representatives of shareholders. Which is not in accordance with the principles set by the Stock Exchange of Thailand by the company Will consider such actions later.

### 3. Regarding the role of stakeholders

The company has taken care and takes into account the importance of stakeholders and the company has exchanged information and listen to the recommendations of all stakeholders both internal and external as follows;

#### 3.1 Employees

The Company has provided a compensation system based on individual performance. In addition to the normal salary with a clear and fair measure causes the integration of the capabilities of employees at various levels leading to the success of the company in a holistic way

In addition, the Company also provides various welfare benefits to employees such as accident insurance, medical welfare provident fund including the importance of safety, occupational health and working environment in which the company has set up a unit to take care especially announced as a policy and strictly implemented have personnel recruitment professional safety officer supervisor level and the executive level, which has been appointed as the Occupational Safety and Health Committee for all projects has a direct role in driving the central policy to achieve the goal track performance and report to the Department of Welfare and protect workers every quarter. Which means training employees and workers in the project to be aware of safety analysis and assessment of hazardous work points to avoid accidents inspection of equipment and tools before actually using.

The company has given importance to human resources by encouraging continuous personnel development at all levels, such as sending personnel at all levels Attend training / seminars in various related courses and can be used to improve the performance in the future, training and skill development together with the Department of Skill Development, etc., and the company recognizes the importance of health and wellness of employees. Therefore assigned employees to attend the annual health examination every year, once a year.

#### 3.2 Shareholders

The company has managed all projects efficiently to make every project profitable and bring that profit to be allocated as dividends to shareholders

#### 3.3 Customers

The company has managed various quality projects and efficiency by focusing on time management and the budget is important. In addition, the company also communicate with



customers by clearly defining practices and indicators to continuously develop the system and quality

#### 3.4 Business partners and creditors

The company has made an agreement or contract to specify various conditions completely before the actual operation and the company has complied with the agreement or contract strictly

#### 3.5 Competitors

The company competes honestly and transparently by using advantages in the management system and effective management auction for various projects

#### 3.6 Social and environmental aspects

The company has a clear environmental policy and is considered a strict practice by according to various environmental laws and standards arrange internal systems to eliminate environmental problems systematically and efficiently ready to improve and develop even further.

By the Chairman of the Executive Board taking into account the reduction of resource usage reducing the use of paper for photocopying is a reduction of environmental impacts. Which are all beneficial to the business in the service more efficiently and also reduce costs will lead to higher profits and increased competitiveness.

#### 3.7 Anti-corruption

The company has an ideology of conducting business with morality by adhering to social responsibility and all stakeholders according to good corporate governance and the code of conduct of the company as well as policies and guidelines for stakeholders of various groups of the company to ensure that the company have a policy to define responsibility guidelines and requirements for appropriate actions to prevent corruption with every business activity of the company and in order to make business decisions and actions that may have a risk of corruption being considered and practice around. The company has prepared "Anti-corruption guidelines" in writing to be a clear guideline for conducting business and develop the organization to a sustainable organization.

#### 3.8 Non-violation of human rights

The company supports and respects the human rights of all stakeholders by not doing anything that causes human rights violations do not discriminate between sex, age, ethnicity or

religion and allow employees to receive knowledge from training and receive welfare equally and fairly

### 3.9 Non-infringement of intellectual property or copyright

The company has complied with intellectual property laws without violating intellectual property or copyright. Whether it is design use of computer programs and other related matters the software that will be used within the company must be licensed and properly licensed, including not allowing employees to install software systems that violate copyright

### 3.10 Safety and hygiene in the workplace

In 2018, the Company had no statistics of accidents in the workplace at all

3.11 Contact channels of stakeholders in reporting clues or complaints of wrongdoing and suggestions all stakeholders can use the contact mechanism acknowledgment of information company news notification including reporting clues or complaints of misconduct and suggestions through various channels as follows :

- Send electronic mail or contact the operations supervision department.

Email: - matee@emc.co.th

Phone: 0 2615 6181

In 2018, the company did not have any disputes with regard to stakeholders.

## 4. Disclosure the information and transparency

4.1 The Board of Directors is responsible for the financial statements of the company and financial information that appears in the annual report such financial statements have been prepared in accordance with generally accepted accounting standards in Thailand and use discretion carefully and the best estimate of preparation Including sufficient disclosure of information in the notes Financial statements for the confidence of stakeholders with the company's financial statements. In the past, the Board of Directors has appointed the Audit Committee contain with qualified independent directors are fully qualified according to the requirements of the SET to be responsible for reviewing financial reports and internal control systems of the company to ensure that the financial position income and expenses and cash flow is true and reasonable review compliance with the SET regulations obligations with third parties and related laws by providing accurate and complete accounting records to maintain assets including preventing fraud and irregular operations by meeting with the accounting



department. The opinion of the Audit Committee is shown in the report of the Audit Committee and shown in the annual report.

4.2 The Board of Directors attaches importance to the disclosure of complete information direct to reality, reliable, consistent, transparent and timely, both in terms of financial and non-financial information affecting the decision-making process of equally important to shareholders, investors and related parties, which the Board of Directors has given importance and always adhered to it Annual Registration Statement Annual report for shareholders investors and related parties have been informed through the media of various information dissemination of the Stock Exchange of Thailand and the Company's website. In the past year, the company has never been in the SEC or SET proceeding due to the disclosure of information does not meet the requirements.

4.3 The auditor of the company by the audit committee has considered the qualifications of the auditor by taking into account the independence, appropriateness performing duties with responsibility including having no relationship or interest or transactions that may cause conflicts of interest with the company, executives, major shareholders or those related to that person and being an auditor approved by the Securities and Exchange Commission .In addition, the Audit Committee has determined the amount of audit fees for each year to be appropriate with the audit scope. The Audit Committee will present the qualified auditors together with the amount of the audit fees to the Board of Directors for consideration before presenting to the shareholders' meeting to consider the appointment Auditor and determine the audit fee at the Annual General Meeting of Shareholders.

## **5. Responsibilities of the Board**

The company has a policy that the Board of Directors has strict role in order to comply with good corporate governance standards. The Company's directors will have the follows :

5.1 The Board of Directors participates in determining the vision, mission, strategies, goals, business plans and budget of the company as well as supervising the management to perform according to the business plan and budget set out efficiently and effectively to increase the highest economic value for the business and the highest stability for shareholders.

In this regard, the Board of Directors will endorse the determination of key

performance indicators (KPIs), financial plans and plans. Since the beginning of the year including monitoring the performance periodically by the end of the year the Board of Directors will present the results of operations that are the responsibility of the Board of Directors in accordance with the annual performance appraisal agreement system.

5.2. The Board of Directors has appointed the Risk Management Committee. In order to formulate effective risk management policies and measures, as well as regular monitoring of such matters which the company has an internal control system Internal Audit Department that must report performance in the Audit Committee meeting to scrutinize and consider on a monthly basis along with presenting to the Board of Directors for further consideration

5.3. The Board of Directors determines the scope of authority and responsibility between the Board of Directors Audit Committee various committees and management clearly. According to the management structure including the communication of roles, duties and responsibilities to the Directors Management and employees of the company regularly

5.4. The Board of Directors has supervised the management to manage the business according to the policy clearly. This does not include items that have conflicts or conflicts of interest including items that require comments from shareholders in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## **2. Sub-committee**

The Board of Directors has appointed 4 sub-committees, namely the Audit Committee, the Nomination and Remuneration Committee, Executive Committee and the Risk Management Committee

## **3. Nomination of directors and executives**

The Nomination and Remuneration Committee is responsible for recruiting qualified candidates have the qualifications and experience that the company needs sufficient time to perform duties for the company and propose for approval to the Board of Directors / Shareholders' Meeting in accordance with the rules and procedures as follows :

1. One shareholder has votes equal to the number of shares he holds
2. Each shareholder will use all existing votes according to No. 1 elect one or many persons as directors but cannot divide the votes for any person
3. Persons who receive the highest votes in descending order are those who are elected as directors equal to the number of directors that should be or should be elected at that time. In



the event that the persons elected in the next order have equal votes in excess of the number of directors to be elected or elected at that time, the Chairman of the meeting shall be the referee

4. At every annual general meeting of shareholders, the Directors shall retire at the number one-third of the number of directors at that time. If the number of directors cannot be divided directly into three parts then by the number closest to one third the retired director may be re-elected directors, who must retire in the first year or second year after registering the company to draw the lottery, the next year, the director who is in the position for the longest time is the person who leaves the position

5. The shareholders' meeting may pass a resolution to remove any director from office before the expiration of the term with a vote of not less than three-fourths of the total number of shareholders attending the meeting and having voting rights and have shares counted together not less than half of the number of shares held by the shareholders attending the meeting and having voting rights.

#### **Company Secretary**

At this time, the Board of Directors has allocated and appointed a new company secretary to replace the vacant position. At present, he has appointed Mr. Matee Ittirivichai to be the Company Secretary by reporting directly to the Board of Directors.

#### **4. Supervision of operations of subsidiaries and associates**

4.1 In order to comply with the supervisory mechanism that enables the control and management of the subsidiaries and associated companies and maintain the benefits of investment companies. The Board of Directors has sent the person to represent the company to be a director in a subsidiary company and associated companies in proportion to their shareholding. Which is in accordance with the Company's regulations have been approved by the Board of Directors

4.2 The representative of the Company that is a director of such subsidiary and associated company will participate in policy formulation important to business operations such as investment in various projects

## 5. Supervision of the use of internal information

To prevent conflicts of interest, the Board of Directors carefully takes care of transactions that may have conflicts of interest including setting policies and procedures to prevent directors, executives, employees and employees, including spouses and underage children of such persons use the company's internal information for personal gain before the information is disclosed to the public as follows:

- Items that may have conflicts of interest
- Board of Directors to consider with the Audit Committee on items that have conflicts of interest Connected transaction and carefully considered the suitability every time including compliance with the rules of the Stock Exchange of Thailand by price and conditions as if doing an external transaction (Arm's Length Basis)
- Supervision of the use of internal information
- Purchase, sale, transfer or transfer of Securities Requiring the Board of Directors and executives including spouses and underage children report on changes in securities holding to the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act BE 2535 and other related reports
- require that directors and executives report their interests or the person who is related which is a vested interest in the management of the company under Section 89/14 of the Securities and Exchange Act BE 2535 and the announcement of the Capital Market Supervisory Board
- Prohibit executives or agencies that have been aware of internal information to disclose internal information to third parties or persons who do not have relevant duties and not trading the Company's Securities during the 1 month period before publicizing the financial statements to the public.

## 6. Auditor Remuneration

Year	Auditor	Certified Public Accountant Registration No.	Company
2016	Ms. Yuphin Chumjai	8622	SP Audit Company Limited
2017	Ms. Yuphin Chumjai	8622	SP Audit Company Limited
2018	Ms. Yuphin Chumjai	8622	SP Audit Company Limited



#### Summary of the Auditor's report in the past years

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.

In 2018, the Auditor expressed unqualified opinion on the consolidated financial statements of the company, subsidiaries and joint ventures and the separate financial statements of the company.

#### Audit fee

EMC Group paid the audit fee for the year 2018 in the amount of 5.10 million 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. In order to achieve the goal and maintain excellence in virtue, which is the fundamental value of leading organizations by placing the following principles :

- 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

**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.

In order to ensure respect for human rights effectively, the company has created knowledge on human rights and cultivated consciousness for the company's personnel. Follow human rights principles.

**3. Fair Employee Treatment :** The company has supervised the wages to be at the level that is suitable for the Thai industry. Structural changes and organizing that organization will take responsibility which is under the framework of Thai law and in compliance with the law, the company has established a provident fund to create security for employees



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.

#### **Guidelines for preventing involvement in corruption**

The company has an ideology of conducting business with morality. By adhering to social responsibility and all stakeholders according to good corporate governance And the code of conduct of the company As well as policies and guidelines for stakeholders of various groups of the company to ensure that the company Have a policy to define responsibility Guidelines and requirements for appropriate actions To prevent corruption with every business activity of the company And in order to make business decisions and actions that may have a risk of corruption being considered And practice around The company has prepared "Anti-corruption guidelines" in writing To be a clear guideline for conducting business And develop the organization to a sustainable organization

### Practice 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 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, In the year 2018, the company has participated in CSR activities as follows:

**EMC donated essential items to Phayathai Babies House**

EMC Public Company Limited (EMC), the Leader in construction engineering, system work and property developers including condominiums, townhomes, commercial buildings and community malls, organizing CSR (Corporate Social Responsibility) activities which are organized by the company continuously every year. On September 17, 2018, Mr. Krisana Sangasang, Director of EMC Public Company Limited, led the company staff team donating items such as newborn milk powder, UHT milk box, disinfectant, floor cleaner, baby tumbler with handle, pants for children 3-7 years old, soap, dishwashing liquid, large towels, baby pajamas, baby softeners, detergents and black bags, as well as providing food for the children at Phayathai Babies' Home, Pakkret Subdistrict, Pakkret District, Nonthaburi.

Because the company recognizing the importance of youth to be the driving force of the economy in the future, even though these children are abandoned at birth But if growing up well, being able to improve society and economy as well The company is ready to help and donate items according to the needs of the home for the babies in need.





# Internal Control and Risk Management

In the Audit Committee Meeting No. 13/2018 on December 18, 2018, with Independent directors and members of the Audit Committee meeting together has given importance to the internal control system. There is a continuous management and follow-up system in order to prevent and reduce potential risks and have an Audit Committee to review and evaluate the internal control system together With an internal audit department reporting the results to the Audit Committee performed a review of the operation system in various departments of the company according to the annual audit plan. Approved by the Audit Committee which has the 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 Control 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 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. Control Activity**

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 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, 2018	As of Dec 31, 2017	As of Dec 31, 2016
1. BR Construction Co., Ltd.	Subsidiaries	1. Interest with charged from short term loan subsidiaries operation	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	2,674	2,494	2,370
		2. Account Receivable	Accounts receivable occurred from the outstanding construction services at the end of the accounting period.	139,119	139,119	139,119
		3. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	93,207	91,707	88,207
		4. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	18,020	15,346	12,852
		5. Earned revenues not yet billed	The transaction occurred from the construction service for subsidiaries with our charging.	-	-	308
		6. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	4,600	4,600	4,600



(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
2. Rich Man Property 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 7.50% per year	34,874	33,602	24,589
		2. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	465,846	463,346	439,546
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	80,651	75,001	41,438
		4. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	2,129	2,129	2,129

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
3. North Property Company Limited	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 7.50% per year	3,770	3,610	3,135
		2. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	51,104	49,604	47,203
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	12,953	9,184	5,588
		4. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	247	247	247
4. Sajja 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 7.50% per year	3,505	3,026	2,972
		2. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	47,614	44,614	37,614
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	11,190	7,684	4,659
		4. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	603	603	603



(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
5. Siam Bangkok Development 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 7.50% per year	3,012	5,534	5,545
		2. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	37,400	47,200	94,211
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	2,927	3,007	7,729
		4. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	-	530	1,144
		5. Income from Consulting fee with charged to subsidiaries	The transaction occurred from the consulting service which provided to subsidiaries by reasonable and fair pricing and no difference with customers.	5,160	5,656	-
6. Imperial Land Co., Ltd.	Subsidiaries	1. Income from Consulting fee with charged to subsidiaries	The transaction occurred from the consulting service which provided to subsidiaries by reasonable and fair pricing and no difference with customers.	6,119	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 7.50% per year	14,392	11,633	1,852
		3. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	205,000	165,000	155,000
		4. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 6.50-6.87% per year.	26,025	11,633	1,852
		5. Other Receivable	The transaction occurred from the construction advance payment and charged on the actual price.	9,820	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, 2018	As of Dec 31, 2017	As of Dec 31, 2016
7. EMC and Power Line Joint Venture.	Joint Venture between the company and Power Line Engineering Public Co.,Ltd.	1. 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
		2. Short term Loan	The transaction occurred from loan of subsidiaries operation with interest at the rate 8% per year.	-	-	500
		3. Accrued Interest Receivable	The transaction occurred from loan of subsidiaries operation with interest at the rate 8% per year.	-	-	60
8.Sanken-EMC Co.,Ltd.	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
		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 7.50% per year	188	63	36
		3. Short term Loan	The transaction occurred from loan of associated company operation with interest at the rate 6.50-7.50% per year.	2,500	2,500	-
		4. Accrued Interest Receivable	The transaction occurred from loan of associated company operation with interest at the rate 7.50% per year.	95	63	-
		5. Other Receivable	The transaction occurred from the outstanding services at the end of the accounting period.	-	607	607
		6. Account payable	Accounts payable occurred from the outstanding material purchasing and construction services at the end of the accounting period.	8,992	8,340	-
		7. Construction Cost	The transaction occurred from the material cost by reasonable and fair pricing and no difference with customers.	133,621	37,325	-



(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
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.	28,932	-	1,195
		2. Finance Costs	The transaction occurred from the loan payment for Imperial Land Company Limited (Subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%	524	10,083	468
		3. Account payable	Accounts payable occurred from the outstanding material purchasing and construction services at the end of the accounting period.	16,299	14,769	14,769
		4. Retention Payable	The transaction occurred from the materials construction purchasing and services and deducted retention.	1,050	332	332
		5. Short Term Loan	The transaction occurred from the loan payment for Imperial Land Company Limited (Subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%	-	170,000	170,000
		6. Accrued Interest Payable	The transaction occurred from the loan payment for Imperial Land Company Limited (Subsidiaries) by four promissory notes including subsidiaries loan with interest at the rate 6.25%	3,554	3,783	468
		7. Other Revenues	The transaction occurred from the materials construction purchasing and services.	2,130		
10. Chiangmai Daily Company Limited – EMC Public Company Limited Joint Venture	Related party as being a common shareholder and co-shareholder.	1. 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 7.50% per year.	5	-	-
		2. Short term Loan*	The transaction occurred from loan of subsidiaries operation with interest at the rate 7.50% per year.	3,814		
		3. Accrued Interest Receivable*	The transaction occurred from loan of subsidiaries operation with interest at the rate 7.50% per year.	5	-	-

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
11. Siam Grand Property Co.,Ltd.	Relate Party	1. Other payable	The transaction occurred from Project purchase Deposit	2,003	2,003	2,003
		2. Other Receivable	The transaction occurred from the outstanding services at the end of the accounting period	16,805	16,805	16,805
12. Poonsub Property Co.,Ltd.	Relate Party	1. Other Revenues	The transaction occurred from the outstanding services at the end of the accounting period by reasonable and fair pricing and no difference with customers.	-	-	46
		2. Advance Payment for material and contractor	The transaction occurred from the outstanding material purchasing and construction services at the end of the accounting period.	17,205	17,205	17,205
		3. Retention Payable	The transaction occurred from the materials construction purchasing and services and deducted retention.	2,366	2,366	2,366
		4. Other Receivable	The transaction occurred from the outstanding services at the end of the accounting period.	46	46	46



(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
13. Mr. Wachara Pakdeemonthon	Chief Executive	1. Advance	The transaction occurred from an advance payment for the operation of the company	-	-	20
14. Ms. Nathera Ngamleoskul	Shareholders	1. Interest with charged from short term loan for joint venture operation	The transaction occurred from loan of subsidiaries projects with interest at the rate 7.50% per year.	-	-	93
15. Mr. Anuwit Tantisevekul	Former Executive	1. Other Receivable	The transaction occurred from loan of subsidiaries Managing Director with market interest rate.	57	57	57
		2. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation without interest.	733	733	733
16. Mr. Norapat Tiyanpan	Director of subsidiaries (Already resigned in 2007)	1. Advance	The transaction occurred from an advance payment for the operation of subsidiaries.	156	156	21
		2. Other Receivable	The transaction occurred from loan of subsidiaries Managing Director with market interest rate.	22	17	-
		3. Other Payable	The transaction occurred from investment in subsidiaries	5,247	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	4,635
17. Mr. Voravit Leenabanchong	Directors	1. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation without interest.	-	26,038	-
		2. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	50,000	-	-
		3. Accrued Interest Payable	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	1,356	-	-
		4. Finance Cost	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	2,852	-	-

(Unit : Thousand Baht)

Possible of Conflict of Interest	Relationship	Description of Transaction	Necessity and rationality of the transaction	Transaction Value		
				As of Dec 31, 2018	As of Dec 31, 2017	As of Dec 31, 2016
18. Mr.Chanachai Leenabanchong	Directors	1. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	40,000	-	-
		2. Accrued Interest Payable	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	1,136	-	-
		3. Finance Cost	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	2,632	-	-
19. Mr.Chinchai Leenabanchong	Shareholder	1. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	5,000	-	-
		2. Accrued Interest Payable	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	16	-	-
		3. Finance Cost	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	905	-	-
20. Mr.Chinsiri Leenabanchong	Shareholder	1. Short Term Loan	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	30,000	-	-
		2. Accrued Interest Payable	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	814	-	-
		3. Finance Cost	The transaction occurred on borrowing money from Managing Director for subsidiaries operation with interest at the rate of 6.00% per year.	1,711	-	-

\* The Company has set a sidew 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 Registration No.	Company
2016	Ms. Yupin Chumjai	8622	SP Audit Ltd.
2017	Ms. Yupin Chumjai	8622	SP Audit Ltd.
2018	Ms. Yupin Chumjai	8622	SP Audit Ltd.

## Audit report of the auditors in the past year

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.

In 2018, 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, 2018

	Consolidated Financial Statement					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Assets</u>						
Curren assets						
Cash and cash equivalents items	100.11	2.80	29.48	1.01	199.40	6.39
Short-term investments	5.96	0.17	3.76	0.13	8.60	0.28
Trade and other receivables	230.62	6.45	106.04	3.64	74.31	2.38
Eamed revenues not yet billed	550.20	15.38	121.30	4.16	121.12	3.88
Retention receivable	117.63	3.29	82.51	2.83	60.16	1.93
Short-term loans and interest receivable to related parties	3.91	0.11	2.56	0.09	-	-
Work in progress	-	-	106.14	3.64	2.69	0.09
Real estate development cost	874.70	24.45	997.38	34.21	882.42	28.29
Advance payments for materials and contractors	52.67	1.47	12.71	0.44	51.40	1.65
Deposits	25.00	0.70	-	-	3.60	0.12
Other current assets	6.67	0.19	9.68	0.33	4.18	0.13
Total current assets	<b>1,967.47</b>	<b>54.99</b>	<b>1,471.56</b>	<b>50.47</b>	<b>1,407.87</b>	<b>45.14</b>
Non-current assets						
Restricted banks deposits	171.29	4.79	168.98	5.80	161.70	5.18
Other long-term investments	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-
Investments in associates and joint venture	0.16	0.00	0.71	0.02	3.47	0.11
Land awaiting development	113.38	3.17	125.54	4.31	125.54	4.03
Investment property	201.57	5.63	-	-	-	-
Property, plant and equipment	921.52	25.76	947.07	32.48	751.03	24.08
Prepaid land leasehold	140.61	3.93	145.72	5.00	165.61	5.31
Intangible assets	3.76	0.11	4.54	0.16	4.85	0.16
Withholding tax deducted at sources	46.02	1.29	40.01	1.37	29.70	0.95
Advance payments for purchases of real estate projects under development	-	-	-	-	466.34	14.95
Other non-current assets	12.23	0.34	11.49	0.39	2.87	0.09
Total non-current assets	<b>1,610.54</b>	<b>45.01</b>	<b>1,444.06</b>	<b>49.53</b>	<b>1,711.11</b>	<b>54.86</b>
Total assets	<b>3,578.01</b>	<b>100.00</b>	<b>2,915.62</b>	<b>100.00</b>	<b>3,118.98</b>	<b>100.00</b>



EMC Public Company Limited, its Subsidiary and Joint Ventures

Statement of Financial Position (Continued)

As at December 31, 2018

	Consolidated Financial Statement					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Liabilities and shareholders' equity</u>						
Current liabilities						
Short-term loans from financial institutions	296.53	8.29	46.00	1.58	-	-
Trade and other payables	302.72	8.46	299.69	10.28	154.01	4.94
Current portion of:	-	-	-	-	-	-
Long-term loans from financial institution	154.11	4.31	316.19	10.84	42.07	1.35
Liabilities under finance lease contracts	2.48	0.07	2.12	0.07	2.16	0.07
Unbilled construction cost payables	336.66	9.41	68.85	2.36	54.80	1.76
Advances received from customers	168.01	4.70	208.43	7.15	199.65	6.40
Short-term loans and accrued interest from related parties	137.24	3.84	205.19	7.04	175.84	5.64
Provision for short-term liabilities	67.81	1.90	65.54	2.25	80.59	2.58
Other current liabilities	38.07	1.06	18.83	0.65	15.73	0.50
Total current liabilities	1,503.63	42.02	1,230.82	42.21	724.84	23.24
Non-current liabilities						
Long-term loans from financial institutions	1.29	0.04	5.03	0.17	72.54	2.33
Retention payable to contractors	112.15	3.13	93.14	3.19	83.80	2.69
Liabilities under finance lease contracts	3.29	0.09	3.45	0.12	5.56	0.18
Long-term advances received from customers	5.08	0.14	4.85	0.17	1.90	0.06
Provision for onerous contracts	36.94	1.03	34.14	1.17	23.00	0.74
Provision for employee retirement benefit	22.82	0.64	17.85	0.61	31.49	1.01
Deferred income tax liability	17.81	0.50	18.47	0.63	19.13	0.61
Other non-current liabilities	4.02	0.11	5.21	0.18	1.73	0.06
Total non-current liabilities	203.41	5.69	182.14	6.25	239.14	7.67
Total liabilities	1,707.04	47.71	1,412.97	48.46	963.98	30.91
Shareholders' equity						
Ordinary shares	15,180.63		13,571.25		12,492.18	
Issued and paid-up share capital						
8,433,754,763 Ordinary shares @ Baht 1.00 each	8,433.75	235.71	8,433.75	289.26	8,433.73	270.40
Premium on share capital	248.61	6.95	248.61	8.53	248.61	7.97
Discount on share capital	(4,459.88)	(124.65)	(4,459.88)	(152.96)	(4,459.87)	(142.99)
Premium on share capital - treasury stocks	5.97	0.17	5.97	0.20	5.97	0.19
Retained earnings (deficit)						
Appropriated						
Legal reserve	16.48	0.46	16.48	0.57	16.48	0.53
Deficit	(2,316.83)	(64.75)	(2,689.40)	(92.24)	(2,043.40)	(65.51)
Other component of equity	71.24	1.99	73.89	2.53	78.95	2.53
Total shareholders' equity of Parent Company	1,999.34	55.88	1,629.42	55.89	2,280.48	73.12
Non-controlling interests of subsidiaries	(128.37)	(3.59)	(126.77)	(4.35)	(125.48)	(4.02)
Total shareholders' equity	1,870.97	52.29	1,502.66	51.54	2,155.00	69.09
Total liabilities and shareholders' equity	3,578.01	100.00	2,915.62	100.00	3,118.98	100.00

EMC Public Company Limited, its Subsidiary and Joint Ventures

**Statements of Comprehensive Income**

For the year ended December 31, 2018

	Consolidated Financial Statement					
	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Operating revenues						
Revenue from construction	1,645.35	75.84	559.03	84.80	572.10	96.70
Revenue from sales of real estate	507.59	23.40	92.07	13.97	14.81	2.50
Revenue from project consultant	-	-	1.10	0.17	4.24	0.72
Rental income and fee leasehold	16.50	0.76	7.02	1.06	0.47	0.08
Total Operating revenues	2,169.43	100.00	659.22	100.00	591.62	100.00
Operating cost						
Costs of construction	(1,421.38)	(65.52)	(498.88)	(75.68)	(576.15)	(97.38)
Cost of sales of real estate	(343.78)	(15.85)	(64.28)	(9.75)	(10.46)	(1.77)
(Loss) reversal on devaluation of property development	-	-	-	-	-	-
costs are expected to be a net gain	2.28	0.11	35.29	5.35	(48.41)	(8.18)
Cost of rental and fee leasehold	(47.12)	(2.17)	(19.33)	(2.93)	(2.28)	(0.39)
Gross margin	359.43	16.57	112.02	16.99	(45.68)	(7.72)
Other revenues						
Interest Income	2.88	0.13	2.07	0.31	8.89	1.50
Reversal of allowance for doubtful debt	235.71	10.87	-	-	-	-
Other income	12.19	0.56	10.08	1.53	46.42	7.85
Reversal of allowance for loss on litigation claim	-	-	-	-	9.62	1.63
Reversal of accrued bonus	-	-	-	-	6.03	1.02
Reversal of not yet due cost	1.61	0.07	3.75	0.57	37.52	6.34
Total Other revenues	252.39	11.63	15.90	2.41	108.48	18.34
Operating expenses						
Selling expenses	(58.68)	(2.70)	(67.22)	(10.20)	(75.77)	(12.81)
Administrative expenses	(156.04)	(7.19)	(164.88)	(25.01)	(159.87)	(27.02)
Doubtful debt	-	-	(8.44)	(1.28)	(34.27)	(5.79)
Doubtful debt of impairment of advance payments for purchases	-	-	-	-	-	-
of real estate projects under development	-	-	(466.34)	(70.74)	-	-
Loss from impairment of investments	-	-	-	-	-	-
Loss from onerous contract	(3.07)	(0.14)	(10.70)	(1.62)	(23.00)	(3.89)
Reserve short-term provisions	(1.42)	(0.07)	(6.43)	(0.98)	(9.23)	(1.56)
Loss from impairment of assets	-	-	(64.94)	(9.85)	(29.42)	(4.97)
Total operating cost	(219.21)	(10.10)	(788.96)	(119.68)	(331.56)	(56.04)
Profit (loss) before share of loss of investments in associated and joint venture	392.61	18.10	(661.04)	(19.68)	(268.76)	(45.43)
Share of loss of investments in associate and joint venture	(5.46)	- 0.25	(3.55)	(0.54)	(12.29)	(2.08)
Profit (loss) before financial cost and income tax revenues	387.15	17.85	(664.59)	(100.82)	(281.04)	(47.50)
Financial cost	(19.50)	- 0.90	(11.12)	(1.69)	(12.66)	(2.14)
Profit (loss) before income tax revenues	367.65	16.95	(675.71)	(102.50)	(293.70)	(49.64)
Income tax revenues	0.66	0.03	0.66	0.10	0.60	0.10
Profit (loss) for the year	368.31	16.98	(675.05)	(102.40)	(293.10)	(49.54)



EMC Public Company Limited, its Subsidiary and Joint Ventures

Statement of Cash Flows

For the year ended December 31, 2018

(Unit : Million Baht)

	Consolidated Financial Statement		
	2018	2017	2016
Cash flows from operating activities			
Profit (loss) before income tax revenues	367.65	(675.71)	(293.71)
Adjustments to reconcile profit (loss) before income tax expenses cash received (paid) from operating activities			
Depreciation and amortization	36.59	25.16	29.10
Amortization prepaid leasehold	4.68	-	-
Loss on impairment of assets	-	45.05	30.33
(Gain) on reversal of loss on diminution in value of real estate development cost	(2.28)	(35.29)	48.41
(Gain) on reverse unbilled construction cost payables	(1.61)	(3.75)	(37.52)
Loss from impairment of prepaid leasehold	-	19.89	-
Loss from onerous contract	3.07	10.70	23.00
Provision for short-term liabilities	16.77	13.98	14.99
Current service cost and interest expenses	4.97	9.06	7.45
Write-off withholding tax deducted at sources	1.05	0.09	(0.62)
Doubtful debt (reversal)	(235.71)	8.44	34.27
Doubtful debt of advance payments for purchases of real estate projects under development	-	466.34	-
Amortization accrued dividends	-	(2.45)	(0.37)
Share of loss of associated company and joint venture	5.46	3.55	12.29
Loss on sale and write-off property, plant and equipment	0.17	1.16	4.25
Gain on sale short-term investments	-	(0.04)	(0.30)
Dividend income	(0.00)	(0.00)	-
Interest income	(2.88)	(2.07)	(8.89)
Interest expense	19.50	11.12	12.66
Profit (loss) from operations before changes in operating assets and liabilities	217.43	(104.79)	(130.70)
Operating assets (increase) decrease			
Trade and other receivable	(114.67)	(29.42)	53.56
Earned revenues not yet billed	(428.89)	(0.19)	(38.64)
ลูกหนี้เงินประกันผลงาน	(9.57)	(39.75)	(2.68)
Work in progress	129.44	(90.76)	31.36
Real estate development cost	115.46	(67.26)	(240.21)
Deposits	(19.50)	1.50	2.00
Advance payments for materials and contractors	(39.96)	38.69	(38.07)
Advance payments for purchases of real estate project under development	-	-	13.05
Other current assets	2.63	(5.68)	12.93
Other non-current assets	(0.74)	(0.68)	9.30
Operating liabilities increase (decrease)			
Trade and other payables	13.33	157.57	(87.56)
Unbilled construction cost payables	278.98	17.80	14.24
Provision for short-term liabilities	(6.83)	(29.03)	(68.19)
Provision for onerous contracts	(0.27)	0.44	-
Advances received from customers	(32.51)	11.73	78.29
Other current liabilities	13.42	3.09	(20.06)
Retention payable to contractors	19.01	9.35	(26.91)
Non-other current liabilities	(3.62)	3.49	3.62
Cash received (paid) from operating activities	133.14	(123.89)	(434.67)
Income tax paid	(2.70)	(10.22)	69.48
Net cash received (used) from operating activities	130.44	(134.11)	(365.19)



EMC Public Company Limited, its Subsidiary and Joint Ventures

**Statement of Cash Flows (Continued)**

For the year ended December 31, 2018

(Unit : Million Baht)

	Consolidated Financial Statement		
	2018	2017	2016
Cash flows from investing activities			
(Increase) decrease in short-term investment	(2.20)	4.88	(3.34)
(Increase) decrease in short-term loans to related parties	(3.81)	(2.00)	3.30
Effect on cash flow from additionally investing in subsidiary	-	-	0.88
(Increase) decrease in restricted banks deposits	(2.31)	(7.28)	45.03
Cash received for property, plant and equipment	0.23	0.76	0.08
Acquisition of property, plant and equipment	(20.38)	(277.51)	(415.45)
Prepaid leasehold land	-	-	(51.46)
Acquisition of intangible assets	-	(0.35)	(1.50)
Increase in investment in associated company and joint venture	-	(0.80)	(14.40)
Cash received from interest income	2.65	2.37	8.80
Dividend income	0.00	0.00	-
Net cash used from investing activities	(25.82)	(279.93)	(428.05)
Cash flows from financing activities			
Increase in short-term loans from financial institutions	254.00	46.00	-
Increase (decrease) in short-term loans from related parties	(71.04)	26.04	(10.60)
Repayment for liabilities under finance lease contracts	(2.03)	(2.16)	(1.44)
Cash received from long-term loan from financial institution	223.11	228.50	118.39
Repayment of long-term loans from financial institutions	(392.16)	(32.91)	(174.21)
Increase in share capital from the exercised warrants	-	0.01	1.10
Paid interest expenses	(45.88)	(21.36)	(16.14)
Net cash received (used) from financing activities	(34.00)	244.12	(82.90)
Net cash and cash equivalents items increase (decrease)-net	70.63	(169.91)	(876.15)
Cash and cash equivalents items at the beginning of the year	29.48	199.40	1,075.54
Cash and cash equivalents items at the end of the year	100.11	29.48	199.40

## EMC Public Company Limited

### Financial Ratios

		2018	2017	2016
<b>Liquidity Ratios</b>				
Current Ratio	Times	1.31	1.20	1.94
Quick Ratio	Times	0.73	0.39	0.72
Account Recievable Turnover	Times	4.80	3.19	3.27
Average Collection Period	Day	75.97	114.29	111.70
Account Payable Turnover	Times	6.01	2.41	3.49
Average Payment Period	Day	60.74	151.32	104.61
<b>Profitability Ratios</b>				
Gross Profit Margin	(%)	16.57	16.99	(7.72)
Operating Profit Margin	(%)	15.99	(98.44)	(40.14)
Net Profit Margin	(%)	15.21	(99.99)	(41.87)
Cash to Profitability	(%)	35.42	(19.87)	(124.60)
Return on Equity	(%)	19.69	(44.92)	(13.60)
<b>Efficiency Ratios</b>				
Return on Asset	(%)	10.29	(23.15)	(9.40)
Return on Fix Asset	(%)	26.75	(55.41)	(28.12)
Total Asset Turnover	Times	0.68	0.23	0.22
<b>Leverage Ratios</b>				
Debt to Equity Ratio	Times	0.91	0.94	0.45
Dividend Payout	(%)	-	-	-
<b>Market Value Ratios</b>				
Book Value Per Share	Baht	0.22	0.18	0.26
Earning Per Share	Baht	0.04	(0.08)	(0.03)
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 2018, 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. 3) One of the big wholesale company as the new construction project for new branch by the contract services of building system. The work value is about 44 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. Progress report of the lawsuit of advance payment to purchase the American Town Project, Siam Tara Mantra Project, and Eastern Venice Project to Siam Grand Property Co., Ltd.**

Referring to the Company paid to purchase land and buildings of the American Town Project, Siam Tara Mantra Project, and Eastern Venice Project from Siam Grand Property Co., Ltd. As of March 31, 2017 the company recorded those as "Advance payments for purchases of real estate projects under development" totaling Baht 466.34 million. The dispute is a civil case in black case number P2206/2558 and Siam Grand Property Co., Ltd. is requested to rehabilitate the business to the Central Bankruptcy Court, Black Case No. F 31/60 as known.

The latest progress, The Court appointed the plaintiff and defendant witnesses on 28-30 May 2019.

**2. Report of Impairment of Investment in Subsidiaries Baht 251 million**

Company	Date on Investment	Paid-up Capital (million)	Holding Percentage (%)	Allowance for Impairment (million)	
				Q4/2018	Q3/2018
1. Richman Property Co., Ltd.	August 14, 2014	5	100	37	37
2. North Property Co., Ltd.	August 14, 2014	4	100	66	51
3. Sajja Bangsaen Condominium Co., Ltd.	August 14, 2014	4	100	13	13
4. Imperial Land Co., Ltd.	October 31, 2016	110	100	135	132
<b>Total</b>				<b>251</b>	<b>233</b>

The Company recorded impairment of investment in the four subsidiaries of approximately Baht 233 million in the separate financial statements ending quarter 3 of 2018. The Company would



like to report that in the separate financial statement for quarter 4 of 2018, there was additional impairment of investment in the subsidiaries Baht 18 million in order that the company recorded impairment of investment in the four subsidiaries as a whole.

### 3. Report of calling for allowance for doubtful debt of advance to Poolsup Property Co., Ltd., amount of Baht 15 million

The advance payment was for pre-financing for the construction of the North Beach Project under management by Richman Property Co., Ltd. and the Palmio Project under management by Sajja Bangsaen Condominium Co., Ltd. and North Property Co., Ltd. as following details;

(Unit : Million Baht)

Item	Richman Property Co., Ltd. (Valued at Baht 500 million)	North Property Co., Ltd. (Valued at Baht 85 million)	Sajja Bangsaen Condominium (Valued at Baht 170 million)	Total
Total advance payment	8.03	8.00	16.00	32.03
Less Repayment	5.70	3.16	5.96	14.82
Advance Payment Remaining	<b>2.33</b>	<b>4.84</b>	<b>10.04</b>	<b>17.21</b>

Remark The three advance payments had been paid before the company bought the projects.

Since the delay of the construction and the company terminated the construction contract, the advance payment has not been entirely repaid. The Company is in the process of negotiating a refund because the Company has terminated Poolsup Property Co., Ltd. and demanded the repayment of the advance payment and compensation for the delayed construction.

On June 15, 2017, the Company filed a lawsuit to recover the damages to the civil court as black case number P.1106/2560 (North Beach Project) and black case number P.1107/2560 (Palmio Project). The court appointed the plaintiff and defendant witnesses on 21-23 May 2019 and 28-31 May 2019.

### 4. Progress report on deposit refund, proceed to get the ownership transfer, and restore the receivables.

4.1 Accounts receivable of Siam Grand Property Co., Ltd. amounting to Baht 16.81 million.

As at March 31, 2017, the Company had outstanding receivables of Baht 16.81 million for the sale of the projects of Siam Grand Property Co., Ltd. The Company recorded total outstanding balance of Baht 14.40 million for indemnity claims for damages in the Black Case No. 2206/2558,

which are under consideration by the Court of First Instance. The additional receivable Baht 2.41 million is not in the case to which the company is going to claim later after the main case on article 1 finished. The Company has set aside allowance for doubtful accounts amounting to Baht 16.81 million in the financial statements since 2016. The current progress is as per the above article 1.

4.2 Loan to Siam Bangkok Development Co., Ltd. as of December 31, 2018, the total short-term loan amounted to Baht 37.40 million.

The loan is a form of promissory note (P/N), repayment within 12 months, interest rate of 7.50% per annum, non-collateral, repayment when transfer of townhouses. Repayment determined with sales by the remaining money receiving from the transfers, after keeping for the construction, marketing and operating expense, will be repaid to the company.

From September 30, 2018 to December 31, 2018, the Company was not paid because there is a need to spend for the construction and marketing. As at December 31, 2018, the remaining promissory note is 4 issues valued of Baht 37.40 million.

4.3 Progress of the repayment of Trade Receivable, Retention, and Suspension Project Receivable

Comparison data for allowance compared to the value set for all projects.

1) Progress of lawsuit: Airport Link Square Co., Ltd. is the owner of Airport Link Square Project and Building D. By issues of dispute, the Company called on Airport Link Co., Ltd. to pay the installments and additional works that the company had already built, together with the retention.

On March 29, 2016, the civil court had a judgment that the defendant be liable for the reimbursement of 155 million baht. The Company filed an appeal for another reimbursement of Baht 107 million, totaling of the claim amount of Baht 262 million. On April 26, 2017, the appeal court had a judgment that the defendant be liable for the reimbursement of 140.81 million baht.

The defendant agreed to pay according to the verdict by transferring the land worth approximately 192 million baht to the end of December 2018 already.

2) Progress of lawsuit: L Nine Development Company Limited (the defendant) is the owner of Blue Rock Hua Hin, a condominium project located in Hua Hin, Prachuapkerekhun Province. The defendant is the owner of the contract to architectural and MEP construction totaled Baht 436.50 million. On August 23, 2016 the Company has filed the lawsuit according to the Black Case No. P1523/2559, to claim the defendant breached of the contract amount of Baht 24.62 million, including the defendant failed to pay the final installment construction on December 25, 2015 of



Baht 4.39 million with a fine of Baht 0.44 million and retention refund of Baht 19.10 million with interest of Baht 0.69 million totaling Baht 24.62 million.

The Court of Appeal issued a judgment to L Nine Development Co., Ltd. (defendant) to pay the company (plaintiff) total amount of Baht 23,491,575.40 with interest of 7.50% per annum. The case is under trial.

In 2018, the Group's total operating revenues were Baht 2,421.83 million, a increase of Baht 1,746.71 million or 258.73% 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 2018, it was another year that the company recorded a net loss. Details are as follows.

#### **REVENUES FROM THE OPERATION**

In 2018, the total revenue of the Company and subsidiaries is Baht 2,421.83 million, an increase of Baht 1,746.71 million or 258.73 percent comparing to that of 2017 which the total revenue was Baht 675.12 million due to the increase in revenue from construction services and real estate development.

#### **CONSTRUCTION AND REAL ESTATE COSTS**

In 2018, the Company and subsidiaries have the real estate development costs and the construction service costs amounting to Baht 1,810.00 million or 74.74 percent of the revenues, with the increase of Baht 1,262.80 million or 230.77 percent comparing to that of 2017, which the real estate development costs and the construction service costs were Baht 547.20 million.

#### **SALES AND ADMINISTRATION EXPENSES**

The sales and administration expenses in 2018 are equivalent to Baht 214.72 million or 8.87 percent of the total revenue, with a decrease of Baht 17.38 million or 7.49 percent due to the decrease in selling expenses of Baht 8.54 million and administration expenses of Baht 8.84 million.

#### **FINANCIAL COSTS**

The financial costs in 2018 are Baht 19.50 million, with an increase of Baht 8.38 million or 75.36 percent comparing to that of 2017 due to the Company has drawdown more short-term loan from financial institutions.

## NET PROFITS

In 2018, the Company and subsidiaries have recorded a net profit of Baht 368.31 million representing a net profit margin of 15.21 percent of the total revenue, with the increase of 154.56 percent comparing to that of 2017 which the net loss was Baht 675.05 million.

## Financial Status

### Assets

Total assets of the Group by the end of 2018 were Baht 3,578.01 million, a increase of Baht 662.39 million or 22.72% from that of the previous year mainly due to the increase of earned revenues not yet billed Baht 428.90 million. And increase of investment property Baht 201.57 million.

### *Cash and Cash Equivalent and Short-Term Investment*

In 2018, the group had cash and cash equivalents of Baht 100.11 million and short-term investment of Baht 5.96 million, totaling Baht 106.07 million, a increase of Baht 72.83 million from that of the previous year mainly due to the increase cash flow from operating activities.

### *Account Receivables*

As at 31 December 2018, the group had net trade receivables of Baht 213.41 million, an increase of Baht 121.09 million comparing to that of the previous as the debtor aging table below:



Description	Consolidated Financial Statement (Million Baht)	
	2018	2017
Trade receivables of other parties:		
- undue	204.84	74.34
- overdue		
Up to 3 months	5.35	17.98
From 3 months to 6 months	1.53	-
From 6 months to 12 months	1.30	-
More than 12 months	8.16	122.60
Total	221.18	214.92
<u>Less</u> allowance for doubtful accounts	(7.77)	(122.60)
Total trade receivables of other parties	213.41	92.32

By the end of 2018, the group had an allowance for doubtful accounts totaling Baht 7.77 million, a decrease of Baht 114.83 from that of the previous 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 2018 was Baht 550.20 million, an increase of Baht 428.90 million or 353.59% 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 12.55 million.

The retention receivables of the group at the end of 2018 were Baht 117.63 million, an increase of Baht 35.12 million or 42.57% from that of the previous year. The allowance for doubtful retention receivable was Baht 25.08 million decreased by Baht 74.04 million.

#### *Cost of real estate development*

The group's net real estate development cost at the end of 2018 was Baht 874.70 million, an decrease of Baht 122.68 million or 12.30% 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, 2018 totaling Baht 921.52 million, an decrease of Baht 25.55 million or 2.70% 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 2018 amounted 1,707.04 million Baht which were increased 294.08 million or 20.81% Baht compared to that of last year. The increase was mainly from because of the increase of short-term loans from financial institutions Baht 250.53 million and increase from unbilled construction cost payable Baht 267.81 million 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 2018, the outstanding balances of trade accounts payable and other accounts payable were Baht 302.72 million, an increase of Baht 3.03 million or 1.01% 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 2018, the outstanding balance of long-term loans from financial institutions due within one year was Baht 154.11 million, an decrease of Baht 162.08 million or 51.26% from that of the previous year due to Gradually repay the loan.

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

As at 31 December 2018, there were outstanding balances of short-term loans and accrued interest receivable from related parties of Baht 137.24 million, an decrease of Baht 67.95 million or 33.12% mainly due to Gradually repay the loan.

#### *Long-term loans from financial institutions*



As at 31 December 2018, the outstanding balance of long-term loans from financial institutions amounted to Baht 1.29 million and mainly loan from financial institution was recorded as loans from financial institutions due within one year.

### Shareholders' Equity

As of December 31, 2018, the Company's paid-up capital was Baht 8,433.76 million. Meanwhile the group's operating results for the year 2018 were profit of Baht 369.91 million (for Parent company), the accrued deficit retain earning of Baht 2,316.83 million and a decrease in shareholders' equity of the parent company to Baht 1,999.34 million at the end of 2018 or book value was Baht 0.24 per share.

### Cash Flow and Liquidity

In 2018, the Group had a cash flow from operating activities before the change in operating assets and liabilities was Baht 217.43 million and principally spending on investment in the operating activities such as work in process Baht 129.44 million and real estate development cost of Baht 115.46 million resulted in a net cash flow used in operating activities of Baht 133.14 million. There were cash utilization in investment Baht 25.82 million and used cash from financing activities Baht 34.00 million, resulting in net cash and cash equivalent increase of Baht 70.63 million, and cash and the ending balance of cash equivalents Baht 100.11 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					
	2018		2017		2016	
	million	%	million	%	million	%
Current Liabilities	1,503.63	42.21	1,230.82	42.21	724.84	23.24
Non-Current Liabilities	203.41	6.25	182.14	6.25	239.14	7.67
Total Liabilities	1,707.04	47.71	1,412.96	48.46	963.98	30.91

Shareholders' Equity	1,870.97	52.29	1,502.66	51.54	2,155.00	69.09
Total Liabilities and Shareholders' Equity	3,578.01	100.00	2,915.62	100.00	3,118.98	100.00

From the table above, for the year 2018, the group's capital base was 52.29% from the shareholders' equity and 47.71% from the total liabilities accounting for 42.02% 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 0.91 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, 2018, the company and its subsidiaries had commitments under purchase orders of construction materials and subcontractors services totalling Baht 393.90 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>2018</u>	<u>2017</u>
Not later than 1 year	8,528	11,620
Later than 1 year and not later than 5 years	14,327	13,932
Later than 5 year	149,641	154,170
Total	172,496	179,722



## Letter of Guarantee

As at December 31, 2018, 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 587.40 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 2018, the Audit Committee had arranged 13 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. Consider the selection, appointment, remuneration and performance evaluation of the Company's auditor, which the Audit Committee has considered independence performance and experience of the authorized auditor and the appropriateness of annual remuneration. Therefore, the Audit Committee has performed the duties and responsibilities assigned and in accordance with the best practices of the Stock Exchange of Thailand and the Audit Committee Charter, using knowledge and ability to consider carefully and independently, without restrictions in receiving information from the management, staff and related persons, as well as providing advice and suggestions that is beneficial to the administration which the management has implemented corrections according to the recommendations appropriately for the benefit of investors and stakeholders equally.

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, 2018**

# 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, 2018, 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, 2018, 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 those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions 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.





***Recognition of revenues and costs of construction contracts.***

According to the notes to the financial statements no 4.21.2 and 4.22.2

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.

*Yup*

***Allowance for doubtful accounts and retention.***

According to the notes to the financial statements no 7, 8 and 9

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.

Based on such tests, I found that the management's assumptions used in estimating the allowance for doubtful accounts are reasonable.

***Profit from reversal of allowance for doubtful accounts***

According to the notes to the financial statements no 7,8 and 9

According to the consolidated financial statements, the Group recognized profit from reversal of allowance for doubtful accounts of trade and other receivable, earned revenue not yet billed and retentions receivable in the amount of Baht 191.55 million by received payment by 15 plots of blank land. The management of the Company has arranged to appraise the fair value of all land by 2 independent appraisers which determines the fair value of the land at Baht 192.07 million. I therefore determined that the fair value of the lands that has been paid instead of cash is key audit matter in my auditing because the data that the appraiser used to determine the fair value of the assets that the most of data is unobservable inputs. Therefore, the appraiser must use more judgement in selecting assets that are similar to the Company's assets as comparative information and use techniques to adjust the selling price to suit with the Company's assets. Therefore, I give priority to testing the reasonableness of the assumptions used by appraiser.

*Yup*



#### *How my audit addressed the key audit matters*

I assessed the reasonableness of the assumptions and methods used by the appraiser to calculate the fair value of the assets as follows:

- Review the assessment report and consider the reasonableness of the judgements that the appraiser used to support the determination of the fair value of the asset.
- Test the suitability and adequacy of the evidence that the appraiser used to determine the fair value of assets.
- Test of value calculation.

From testing as above, I found that the assumptions used by the appraiser in the preparation of the fair value of the assets are reasonable.

#### *The recoverable amount of the assets*

According to the notes to the financial statements no 5.1 and 16

In separate financial statement, the Company has recognized an allowance for impairment of investments in subsidiaries in amounting Baht 18.36 million and allowance for doubtful accounts of loans to subsidiaries in amounting of Baht 7.48 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. For assets that determine fair value from the valuation report by the independent appraiser, I found that the data that the appraiser used to determine the fair value of the assets that the most of data is unobservable inputs. Therefore, the appraiser must use more judgement in selecting assets that are similar to the Company's assets as comparative information and use techniques to adjust the selling price to suit with the Company's assets and in case of the asset is unique the appraiser needs to determine the cost of the rebuild new assets or replacement costs deducted by depreciation from various factors such as physical factors functional factors including external impact or economic factors and changes in assumptions relating to such factors will significantly affect the fair value of assets. Therefore, I give priority to testing the reasonableness of the assumptions used by the management and appraiser.

#### *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.

- 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.
- 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.
- To assessing the discount rate used by the management by comparison to the same industry.

*Yup*

I assessed the reasonableness of the assumptions and methods used by the appraiser to calculate the fair value of the assets as follows:

- Review the assessment report and consider the reasonableness of the judgements that the appraiser used to support the determination of the fair value of the asset.
- Test the suitability and adequacy of the evidence that the appraiser used to determine the fair value of assets.
- Test of value calculation.

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

#### **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 charge with governance to correct the materially misstatement.

#### **Responsibilities of Management and Those Charge 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.

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.

Yup

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

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

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

SP Audit Company Limited



(Miss Yuphin Chumjai)

Certified Public Accountant (Thailand) No.8622

Bangkok

February 27, 2019



**EMC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2018**

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Notes	December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
<u>Assets</u>					
Current assets					
Cash and cash equivalents items	34	100,108,164	29,481,127	87,429,713	19,547,484
Short-term investments	6	5,958,763	3,758,292	5,633,848	3,558,292
Trade and other receivables	7	230,617,379	106,044,751	238,590,747	107,655,704
Earned revenues not yet billed	8	550,195,433	121,302,959	550,195,433	121,302,959
Retention receivable	9	117,629,976	82,514,283	117,629,976	82,514,283
Short-term loans and interest receivable to related parties	5	3,913,494	2,562,671	813,734,913	753,587,105
Work in progress		-	106,135,228	-	106,135,228
Real estate development cost	10	874,697,822	997,375,769	360,771,644	442,470,372
Advance payments for materials and contractors		52,673,366	12,708,678	50,113,893	10,180,392
Deposits	13	25,000,000	-	25,000,000	-
Other current assets		6,674,252	9,676,886	5,192,187	8,226,965
Total current assets		1,967,468,649	1,471,560,644	2,254,292,354	1,655,178,784
Non-current assets					
Restricted banks deposits	14	171,294,513	168,979,708	169,300,104	167,460,229
Other long-term investments	15	-	-	-	-
Investments in subsidiaries	16	-	-	20,000,000	38,358,538
Investments in associates and joint venture	17	157,664	713,556	-	800,000
Land awaiting development		113,384,984	125,540,681	-	-
Investment property	18	201,573,511	-	186,365,202	-
Property, plant and equipment	19	921,517,607	947,072,941	663,400,815	679,216,732
Prepaid land leasehold	11	140,606,242	145,719,843	140,606,242	145,719,843
Intangible assets		3,757,897	4,536,653	3,681,498	4,449,019
Withholding tax deducted at sources		46,019,382	40,011,280	45,147,288	38,926,729
Advance payments for purchases of real estate projects under development	12	-	-	-	-
Other non-current assets		12,229,871	11,488,780	11,721,691	11,263,151
Total non-current assets		1,610,541,671	1,444,063,442	1,240,222,840	1,086,194,241
Total assets		3,578,010,320	2,915,624,086	3,494,515,194	2,741,373,025

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, 2018

(Unit : Baht)					
		Consolidated financial statements		Separate financial statements	
	Notes	December 31,	December 31,	December 31,	December 31,
		2018	2017	2018	2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	20	296,529,623	46,000,000	296,529,623	46,000,000
Trade and other payables	21	302,715,008	299,692,612	281,337,211	266,208,463
Current portion of :					
Long-term loans from financial institution	22	154,111,919	316,189,750	154,111,919	316,189,750
Liabilities under finance lease contracts	23	2,480,371	2,115,998	2,480,371	2,115,998
Unbilled construction cost payables	24	336,656,305	68,850,818	336,656,305	68,850,818
Advances received from customers	25	168,005,644	208,425,293	159,078,509	192,127,830
Short-term loans and accrued interest from related parties	5	137,243,839	205,188,676	129,899,452	171,924,426
Provision for short-term liabilities	27	67,813,946	65,535,430	51,967,752	47,777,649
Other current liabilities		38,073,603	18,825,388	47,002,790	27,689,533
Total current liabilities		1,503,630,258	1,230,823,965	1,459,063,932	1,138,884,467
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	22	1,292,005	5,025,484	1,292,005	5,025,484
Retention payable to contractors		112,154,496	93,142,199	108,265,315	89,897,889
Liabilities under finance lease contracts	23	3,288,045	3,447,580	3,288,045	3,447,580
Long-term advances received from customers	25	5,082,787	4,850,395	-	-
Provision for onerous contracts	26	36,942,218	34,140,368	13,030,000	10,700,000
Provision for employee retirement benefit	28	22,823,042	17,849,183	22,823,042	17,849,183
Deferred income tax liability	31	17,810,362	18,472,052	17,810,362	18,472,052
Other non-current liabilities		3,965,074	5,214,317	239,996	274,000
Total non-current liabilities		203,358,029	182,141,578	166,748,765	145,666,188
Total liabilities		1,706,988,287	1,412,965,543	1,625,812,697	1,284,550,655
<b>Shareholders' equity</b>					
15,180,632,144 Ordinary shares @ Baht 1.00 each	29,30	15,180,632,144	-	15,180,632,144	-
13,571,245,611 Ordinary shares @ Baht 1.00 each		-	13,571,245,611	-	13,571,245,611
<b>Issued and paid-up share capital</b>					
8,433,754,763 Ordinary shares @ Baht 1.00 each		8,433,754,763	8,433,754,763	8,433,754,763	8,433,754,763
Premium on share capital		248,605,614	248,605,614	248,605,614	248,605,614
Discount on share capital		(4,459,882,745)	(4,459,882,745)	(4,459,882,745)	(4,459,882,745)
Premium on share capital - treasury stocks		5,970,478	5,970,478	5,970,478	5,970,478
<b>Retained earnings (deficit)</b>					
Appropriated					
Legal reserve		16,482,791	16,482,791	16,482,791	16,482,791
Deficit		(2,316,779,216)	(2,689,395,146)	(2,447,469,850)	(2,861,996,739)
Other component of equity	19	71,241,446	73,888,208	71,241,446	73,888,208
Total shareholders' equity of Parent Company		1,999,393,131	1,629,423,963	1,868,702,497	1,456,822,370
Non-controlling interests of subsidiaries		(128,371,098)	(126,765,420)	-	-
Total shareholders' equity		1,871,022,033	1,502,658,543	1,868,702,497	1,456,822,370
Total liabilities and shareholders' equity		3,578,010,320	2,915,624,086	3,494,515,194	2,741,373,025

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, 2018**

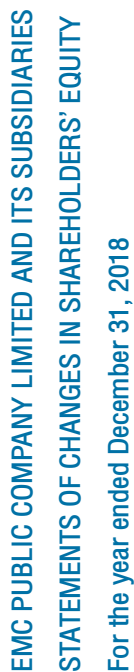
(Unit : Baht)					
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
Operating revenues					
Revenue from construction		1,645,348,438	559,033,215	1,645,348,438	559,033,214
Revenue from sales of real estate		507,590,149	92,067,380	421,468,837	10,388,880
Revenue from project consultant	5	-	1,097,996	11,279,412	12,872,525
Rental income and fee leasehold		16,495,472	7,020,191	13,012,487	1,850,340
Interest income		2,876,526	2,069,910	65,057,104	61,912,143
Reversal of allowance for doubtful debt		235,710,641	-	223,558,490	-
Other income		12,192,196	10,077,217	5,552,186	9,598,497
Reversal of not yet due cost		1,613,572	3,753,499	1,613,572	3,753,498
Total operating revenues		2,421,826,994	675,119,408	2,386,890,526	659,409,097
Operating cost					
Costs of construction		(1,421,383,499)	(498,877,055)	(1,421,383,499)	(498,877,055)
Cost of sales of real estate		(343,777,912)	(64,282,341)	(281,688,623)	(9,607,135)
(Loss) reversal on devaluation of property development					
costs are expected to be a net gain		2,280,457	35,294,483	505,880	(5,604,395)
Cost of rental and fee leasehold		(47,120,186)	(19,331,293)	(33,549,745)	(4,519,819)
Selling expenses		(58,682,467)	(67,224,735)	(49,455,750)	(49,616,045)
Administrative expenses		(156,039,399)	(164,880,390)	(146,907,329)	(153,813,987)
Doubtful debt		-	(8,441,103)	-	(29,450,392)
Doubtful debt of impairment of advance payments for purchases					
of real estate projects under development	12	-	(466,342,566)	-	(466,342,566)
Loss from impairment of investments	16,17	-	-	(19,158,538)	(96,978,645)
Loss from onerous contract	26	(3,068,162)	(10,700,000)	(3,068,162)	(10,700,000)
Reserve short-term provisions		(1,423,042)	(6,432,001)	(2,213,640)	(5,798,452)
Loss from impairment of assets	11,19	-	(64,941,520)	-	(27,245,255)
Total operating cost		(2,029,214,210)	(1,336,158,521)	(1,956,919,406)	(1,358,553,746)
Profit (loss) before share of loss of investments in associated and joint venture		392,612,784	(661,039,113)	429,971,120	(699,144,649)
Share of loss of investments in associate and joint venture	17	(5,409,471)	(3,552,841)	-	-
Profit (loss) before financial cost and income tax revenues		387,203,313	(664,591,954)	429,971,120	(699,144,649)
Financial cost		(19,501,513)	(11,115,109)	(18,752,683)	(8,821,149)
Profit (loss) before income tax revenues		367,701,800	(675,707,063)	411,218,437	(707,965,798)
Income tax revenues	31	661,690	661,690	661,690	661,690
Profit (loss) for the year		368,363,490	(675,045,373)	411,880,127	(707,304,108)

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, 2018

(Unit : Baht)					
	Consolidated financial statements		Separate financial statements		
	Notes	2018	2017	2018	2017
Profit (loss) for the year		368,363,490	(675,045,373)	411,880,127	(707,304,108)
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss :-					
Actuarial gain arising from defined benefit plan of employees		-	22,701,762	-	22,701,762
Profit other comprehensive for the year-net income tax		-	22,701,762	-	22,701,762
Total comprehensive profit (loss) for the year		368,363,490	(652,343,611)	411,880,127	(684,602,346)
Profit (loss) attributable to for the year					
Shareholders of the Parent Company		369,969,168	(673,764,220)	411,880,127	(707,304,108)
Non-controlling interests		(1,605,678)	(1,281,153)	-	-
		368,363,490	(675,045,373)	411,880,127	(707,304,108)
Comprehensive profit (loss) attributable to for the year					
Shareholders of the Parent Company		369,969,168	(651,062,458)	411,880,127	(684,602,346)
Non-controlling interests		(1,605,678)	(1,281,153)	-	-
		368,363,490	(652,343,611)	411,880,127	(684,602,346)
Earning (loss) per share attributable to owners of the parent (Baht)	33				
Basic earning (loss) per share		0.0439	(0.0799)	0.0488	(0.0839)
Basic and diluted earning (loss) per share		0.0428	(0.0799)	0.0476	(0.0839)

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



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, 2018**

(Unit : Baht)

	Separate financial statements									
	Notes	Issued and paid-up share capital	Premiums on ordinary shares	Discount on share capital	Premium on share capital - treasury stocks	Deficit		Other component of equity		
						Appropriated for legal reserve	Unappropriated (deficit)	Revaluation surplus of fixed assets	Income tax	Total
Balance as at January 1, 2017		8,433,734,716	248,605,614	(4,459,867,710)	5,970,478	16,482,791	(2,180,041,155)	95,668,712	(19,133,742)	2,141,419,704
Transaction with shareholder on directly recorded to equity										
Increase in share capital from the exercised warrants	29,30	20,047	-	(15,035)	-	-	-	-	-	5,012
Depreciation of surplus on revaluation of assets		-	-	-	-	-	2,646,762	(3,308,452)	661,590	(2,646,762)
Total transaction with shareholder on directly recorded to equity		20,047	-	(15,035)	-	-	2,646,762	(3,308,452)	661,590	5,012
Comprehensive loss for the year										
Loss for the year		-	-	-	-	-	(707,304,108)	-	-	(707,304,108)
Profit (loss) other comprehensive for the year		-	-	-	-	-	22,701,762	-	-	22,701,762
Total comprehensive loss for the year		-	-	-	-	-	(684,602,346)	-	-	(684,602,346)
Balance as at December 31, 2017		8,433,754,763	248,605,614	(4,459,882,745)	5,970,478	16,482,791	(2,861,996,759)	92,360,260	(18,472,052)	1,456,822,370
Transaction with shareholder on directly recorded to equity										
Depreciation of surplus on revaluation of assets		-	-	-	-	-	2,646,762	(3,308,452)	661,690	(2,646,762)
Total transaction with shareholder on directly recorded to equity		-	-	-	-	-	2,646,762	(3,308,452)	661,690	(2,646,762)
Comprehensive profit for the year										
Profit for the year		-	-	-	-	-	411,880,127	-	-	411,880,127
Profit (loss) other comprehensive for the year		-	-	-	-	-	-	-	-	-
Total comprehensive profit for the year		-	-	-	-	-	411,880,127	-	-	411,880,127
Balance as at December 31, 2018		8,433,754,763	248,605,614	(4,459,882,745)	5,970,478	16,482,791	(2,447,469,850)	89,051,808	(17,810,362)	1,868,702,497

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, 2018**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash flows from operating activities				
Profit (loss) before income tax revenues	367,701,800	(673,707,063)	411,218,437	(707,963,798)
Adjustments to reconcile profit (loss) before income tax expenses cash received (paid) from operating activities				
Depreciation and amortization	36,587,328	25,155,121	25,968,442	14,425,121
Amortization prepaid leasehold	4,683,453	-	4,683,453	-
Loss on impairment of assets	-	45,050,721	-	7,354,456
(Gain) on reversal of loss on diminution in value of real estate development cost	(2,280,457)	(35,294,483)	(505,880)	5,604,395
(Gain) on reverse unbilled construction cost payables	(1,613,572)	(3,753,499)	(1,613,572)	(3,753,498)
Loss on impairment of subsidiary and associates	-	-	19,158,538	96,978,645
Loss from impairment of prepaid leasehold	-	19,890,799	-	19,890,799
Loss from onerous contract	3,068,162	10,700,000	3,068,162	10,700,000
Provision for short-term liabilities	16,769,204	13,979,152	18,592,388	13,345,603
Current service cost and interest expenses	4,973,859	9,059,138	4,973,859	9,059,138
Write-off withholding tax deducted at sources	1,047,608	88,279	23,585	-
Doubtful debt (reversal)	(235,710,641)	8,441,103	(223,558,490)	29,450,392
Doubtful debt of advance payments for purchases of real estate projects under development	-	466,342,566	-	466,342,566
Amortization accrued dividends	-	(2,453,477)	-	(2,453,477)
Share of loss of associated company and joint venture	5,409,471	3,552,841	-	-
Loss on sale and write-off property, plant and equipment	171,699	1,155,210	155,997	1,086,417
Gain on sale short-term investments	-	(36,582)	-	(36,582)
Dividend income	(2,381)	(2,381)	(2,381)	(2,381)
Interest income	(2,876,526)	(2,069,910)	(65,057,104)	(61,912,143)
Interest expense	19,501,513	11,115,109	18,752,683	8,821,149
Profit (loss) from operations before changes in operating assets and liabilities	217,430,520	(104,787,356)	215,858,117	(93,065,198)
Operating assets (increase) decrease				
Trade and other receivable	(114,673,626)	(29,417,586)	(120,874,903)	(30,548,106)
Earned revenues not yet billed	(428,892,474)	(187,691)	(428,892,474)	(187,691)
Work in progress	(9,566,819)	(39,748,598)	(9,566,819)	(39,748,598)
Real estate development cost	129,443,936	(90,764,280)	129,443,936	(90,764,280)
Deposits	115,459,115	(67,259,372)	76,641,867	(90,878,096)
Advance payments for materials and contractors	(19,500,000)	1,500,000	(19,500,000)	1,500,000
Other current assets	(39,964,688)	38,692,682	(39,933,501)	38,855,083
Other non-current assets	2,631,811	(5,677,609)	2,647,954	(5,654,418)
	(741,155)	(684,739)	(458,540)	(684,599)

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, 2018**

(Unit : Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade and other payables	13,329,982	157,571,276	13,436,661	156,222,252
Unbilled construction cost payables	278,983,459	17,804,566	278,983,459	17,804,566
Provision for short-term liabilities	(6,832,187)	(29,030,554)	(6,743,785)	(25,792,197)
Provision for onerous contracts	(266,311)	440,368	(738,162)	-
Advances received from customers	(32,513,887)	11,730,601	(25,375,950)	10,466,573
Other current liabilities	13,417,992	3,094,311	13,483,034	3,044,936
Retention payable to contractors	19,012,297	9,346,846	18,367,426	8,651,288
Non-other current liabilities	(3,618,821)	3,489,297	(34,004)	274,000
Cash received (paid) from operating activities	133,139,144	(123,887,838)	98,744,316	(140,504,485)
Income tax paid	(2,696,511)	(10,217,947)	(1,885,009)	(9,226,973)
Net cash received (used) from operating activities	130,442,633	(134,105,785)	96,859,307	(149,731,458)
Cash flows from investing activities				
(Increase) decrease in short-term investment	(2,200,471)	4,880,778	(2,075,556)	5,080,778
(Increase) decrease in short-term loans to related parties	(3,813,680)	(2,000,000)	(42,513,680)	(1,688,773)
(Increase) decrease in restricted banks deposits	(2,314,805)	(7,283,242)	(1,839,875)	(7,023,242)
Cash received for property, plant and equipment	233,645	757,009	233,645	757,009
Acquisition of property, plant and equipment	(20,378,234)	(277,505,038)	(10,378,234)	(266,538,580)
Acquisition of intangible assets	-	(346,478)	-	(346,478)
Increase in investment in associated company and joint venture	-	(800,000)	-	(800,000)
Cash received from interest income	2,651,272	2,369,389	34,921,577	14,474,614
Dividend income	2,381	2,381	2,381	2,381
Net cash used from investing activities	(25,819,892)	(279,925,201)	(21,649,742)	(256,082,291)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	254,000,000	46,000,000	254,000,000	46,000,000
Increase (decrease) in short-term loans from related parties	(71,038,125)	26,038,124	(45,038,125)	26,038,124
Repayment for liabilities under finance lease contracts	(2,026,004)	(2,162,063)	(2,026,004)	(2,162,063)
Cash received from long-term loan from financial institution	223,108,666	228,503,859	223,108,666	228,503,859
Repayment of long-term loans from financial institutions	(392,157,253)	(32,909,424)	(392,157,253)	(32,909,424)
Increase in share capital from the exercised warrants	-	5,012	-	5,012
Paid interest expenses	(45,882,988)	(21,358,450)	(45,214,620)	(20,875,086)
Net cash received (used) from financing activities	(33,995,704)	244,117,058	(7,327,336)	244,600,422
Net cash and cash equivalents items increase (decrease)-net	70,627,037	(169,913,928)	67,882,229	(161,213,327)
Cash and cash equivalents items at the beginning of the year	29,481,127	199,395,055	19,547,484	180,760,811
Cash and cash equivalents items at the end of the year	34.1 100,108,164	29,481,127	87,429,713	19,547,484

Supplemental disclosure of cash flows information as stated in note 34.2

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, 2018**

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, 28<sup>th</sup> – 30<sup>th</sup> Floor, Silom Road, Suriyawongse, Bangrak, 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.

## 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, 2018.

	<u>Effective date</u>
TAS No. 1 Presentation of Financial Statements (revised 2017)	January 1, 2018
TAS No. 2 Inventories (revised 2017)	January 1, 2018
TAS No. 7 Statement of Cash Flows (revised 2017)	January 1, 2018
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)	January 1, 2018
TAS No. 10 Events after the Reporting Period (revised 2017)	January 1, 2018
TAS No. 11 Construction Contracts (revised 2017)	January 1, 2018
TAS No. 12 Income Taxes (revised 2017)	January 1, 2018
TAS No. 16 Property, Plant and Equipment (revised 2017)	January 1, 2018
TAS No. 17 Leases (revised 2017)	January 1, 2018
TAS No. 18 Revenue (revised 2017)	January 1, 2018
TAS No. 19 Employee Benefits (revised 2017)	January 1, 2018
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)	January 1, 2018
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2017)	January 1, 2018
TAS No. 23 Borrowing Costs (revised 2017)	January 1, 2018
TAS No. 24 Related Party Disclosures (revised 2017)	January 1, 2018
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2017)	January 1, 2018
TAS No. 27 Separate Financial Statements (revised 2017)	January 1, 2018
TAS No. 28 Investments in Associates and Joint Ventures (revised 2017)	January 1, 2018
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TAS No. 33 Earnings per Share (revised 2017)	January 1, 2018
TAS No. 34 Interim Financial Reporting (revised 2017)	January 1, 2018
TAS No. 36 Impairment of Assets (revised 2017)	January 1, 2018
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2017)	January 1, 2018
TAS No. 38 Intangible Assets (revised 2017)	January 1, 2018
TAS No. 40 Investment Property (revised 2017)	January 1, 2018
TAS No. 41 Agriculture (revised 2017)	January 1, 2018
TFRS No. 2 Share-based Payment (revised 2017)	January 1, 2018
TFRS No. 3 Business Combinations (revised 2017)	January 1, 2018
TFRS No. 4 Insurance Contracts (revised 2017)	January 1, 2018
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2017)	January 1, 2018
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2017)	January 1, 2018
TFRS No. 8 Operating Segments (revised 2017)	January 1, 2018
TFRS No. 10 Consolidated Financial Statements (revised 2017)	January 1, 2018
TFRS No. 11 Joint Arrangements (revised 2017)	January 1, 2018
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2017)	January 1, 2018
TFRS No. 13 Fair Value Measurement (revised 2017)	January 1, 2018



	<u>Effective date</u>
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2017)	January 1, 2018
TSIC No. 15 Operating Leases - Incentives (revised 2017)	January 1, 2018
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)	January 1, 2018
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)	January 1, 2018
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2017)	January 1, 2018
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)	January 1, 2018
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2017)	January 1, 2018
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)	January 1, 2018
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2017)	January 1, 2018
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)	January 1, 2018
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2017)	January 1, 2018
TFRIC No. 12 Service Concession Arrangements (revised 2017)	January 1, 2018
TFRIC No. 13 Customer Loyalty Programmers (revised 2017)	January 1, 2018
TFRIC No. 14 TAS 19 (revised 2017) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2017)	January 1, 2018
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2017)	January 1, 2018
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2017)	January 1, 2018
TFRIC No. 18 Transfers of Assets from Customers (revised 2017)	January 1, 2018
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2017)	January 1, 2018
TFRIC No. 21 Levies (revised 2017)	January 1, 2018
Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or Loss	January 1, 2018

The Group has adopted such financial reporting standards to the financial statements on the current period. The management assessed that they don't have any significant impact on the financial statements for the current period.

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, 2019.

	<u>Effective date</u>
TAS No. 1 Presentation of Financial Statements (revised 2018)	January 1, 2019
TAS No. 2 Inventories (revised 2018)	January 1, 2019
TAS No. 7 Statement of Cash Flows (revised 2018)	January 1, 2019
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)	January 1, 2019
TAS No. 10 Events after the Reporting Period (revised 2018)	January 1, 2019
TAS No. 12 Income Taxes (revised 2018)	January 1, 2019
TAS No. 16 Property, Plant and Equipment (revised 2018)	January 1, 2019
TAS No. 17 Leases (revised 2018)	January 1, 2019

	<u>Effective date</u>
TAS No. 19 Employee Benefits (revised 2018)	January 1, 2019
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)	January 1, 2019
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)	January 1, 2019
TAS No. 23 Borrowing Costs (revised 2018)	January 1, 2019
TAS No. 24 Related Party Disclosures (revised 2018)	January 1, 2019
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)	January 1, 2019
TAS No. 27 Separate Financial Statements (revised 2018)	January 1, 2019
TAS No. 28 Investments in Associates and Joint Ventures (revised 2018)	January 1, 2019
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2018)	January 1, 2019
TAS No. 33 Earnings per Share (revised 2018)	January 1, 2019
TAS No. 34 Interim Financial Reporting (revised 2018)	January 1, 2019
TAS No. 36 Impairment of Assets (revised 2018)	January 1, 2019
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)	January 1, 2019
TAS No. 38 Intangible Assets (revised 2018)	January 1, 2019
TAS No. 40 Investment Property (revised 2018)	January 1, 2019
TAS No. 41 Agriculture (revised 2018)	January 1, 2019
TFRS No. 1 First-time Adoption of International Financial Reporting Standards	January 1, 2019
TFRS No. 2 Share-based Payment (revised 2018)	January 1, 2019
TFRS No. 3 Business Combinations (revised 2018)	January 1, 2019
TFRS No. 4 Insurance Contracts (revised 2018)	January 1, 2019
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2018)	January 1, 2019
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2018)	January 1, 2019
TFRS No. 8 Operating Segments (revised 2018)	January 1, 2019
TFRS No. 10 Consolidated Financial Statements (revised 2018)	January 1, 2019
TFRS No. 11 Joint Arrangements (revised 2018)	January 1, 2019
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2018)	January 1, 2019
TFRS No. 13 Fair Value Measurement (revised 2018)	January 1, 2019
TFRS No. 15 Revenue from Contracts with Customers	January 1, 2019
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2018)	January 1, 2019
TSIC No. 15 Operating Leases - Incentives (revised 2018)	January 1, 2019
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)	January 1, 2019
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)	January 1, 2019
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2018)	January 1, 2019
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2018)	January 1, 2019
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)	January 1, 2019
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018)	January 1, 2019
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)	January 1, 2019
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2018)	January 1, 2019
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2018)	January 1, 2019



	<u>Effective date</u>
TFRIC No. 12 Service Concession Arrangements (revised 2018)	January 1, 2019
TFRIC No. 14 TAS 19 (revised 2017) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2018)	January 1, 2019
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2018)	January 1, 2019
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)	January 1, 2019
TFRIC No. 21 Levies (revised 2018)	January 1, 2019

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, 2020.

	<u>Effective date</u>
TFRS No. 9 Financial Instruments	January 1, 2020
TFRS No. 7 Financial Instruments: Disclosures	January 1, 2020
TAS No. 32 Financial Instruments: Presentation	January 1, 2020
TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

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.

- 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 recognized 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.

#### 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.

#### Provision for maintenance of housing and condominium units

In recording provision for maintenance of housing and condominium units care warrantee, 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.

#### Fair Value

In determining the fair value of financial instruments which are recognised in the statement of financial position that are not actively traded and for which quoted prices are not readily available in active market, the management has to exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instruments. Changes in assumptions about these factors may affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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

### 3. Basis of the consolidated financial statements preparation

- 3.1 The consolidated financial statements consist of the financial statements of the Company and subsidiaries (together called “The Group”).
- 3.2 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.
- 3.3 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.



3.4 The accounting period of the subsidiary companies ends on the same date as that of EMC Public Company Limited.

3.5 The consolidated financial statements has been prepared by including the financial statements of EMC Public Company Limited and its subsidiaries after eliminate the significant related party 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 :-

<u>Name of company</u>	<u>Nature of business</u>	<u>Incorporated in</u>	<u>Percentage of shareholding</u>	
			<u>2018</u>	<u>2017</u>
<b><u>Subsidiaries</u></b>				
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
Rich Man Property Co., Ltd.	Real estate development	Thailand	100.00	100.00
North Property Co., Ltd.	Real estate development	Thailand	100.00	100.00
Sajja Bangsaen 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 Co., Ltd.	Real estate development	Thailand	100.00	100.00
<b><u>Associated</u></b>				
Sanken - EMC Co., Ltd.	The provision of service construction agreements	Thailand	48.00	48.00
<b><u>Joint Arrangement</u></b>				
Power Line Engineering Public Company Limited and EMC Public Company Limited	On process of liquidation	Thailand	49.00	49.00
Chiangmai Daily Company Limited – EMC Public Company Limited Joint Venture	Real estate	Thailand	51.00	-

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.

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

#### 4. Accounting policies

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

- 4.1 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.
- 4.2 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.
- 4.3 Work in progress comprises the costs of materials, labor, contractor charges, services and overheads, values at the lower of cost and net realizable value.
- 4.4 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.
- 4.5 Investments
  - 4.5.1 Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
  - 4.5.2 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.
  - 4.5.3 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.
- 4.6 Prepaid leasehold land are shown at accumulate amortized cost and allowance for accumulated impairment by a straight line method over the lease term.



#### 4.7 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 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” 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.

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

#### 4.9 Investment property of the Group are land, building and condominium units without specific purpose of use in the future and exploiting for rental income or appreciation of the asset. The Group measures the investment property by the cost value, deducted the accumulated depreciation and impairment loss (if any) and calculated depreciation on a straight-line method over their approximate useful-life of 30 years, except for land which is considered to have an indefinite life.

#### 4.10 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.

### 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

#### 4.11 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.



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

4.13 Trade and other payables are stated at cost.

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

4.15 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 is the allocation of benefits for the current period and previous period That must be paid to employee who provide services to the group of company to various periods according to the calculation formula of the benefits of the project and will allocate benefits by straight-line method throughout the service life of the employee until retirement.

Current service cost, Past service costs and gains and losses on settlement Including gains and losses from reducing project size and project benefit payment when reducing project size will be recognized in the income statement in the period which the transaction occurs.

Actuarial gains and losses arising from post-employment benefits are recognised 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.

- 4.16 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 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.

- 4.17 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.



4.18 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.

4.19 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.

#### 4.20 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 separating in consolidated income statement. The comprehensive income will be divided to non-controlling interests even if it makes negative balance in non-controlling interests.

#### 4.21 Incomes recognition

4.21.1 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.

4.21.2 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.

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

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

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

4.21.6 Other incomes are recognized by accrual basis.

#### 4.22 Expenses recognition

4.22.1 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.

4.22.2 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 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.

4.22.3 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.

4.22.4 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.

4.22.5 Other expense is recognized on accrual basis.



4.23 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.

4.24 The related parties and related companies with the Company and its subsidiaries meant 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 meant 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.

4.25 Basic earnings (loss) per share is calculated by dividing profit (loss) for the year by the weighted average number of already issued and fully paid shares during the accounting year, and diluted earnings (loss) per share is calculated by dividing annual profit (loss) for the year after adjustment with the effect of item related to diluted ordinary shares by the weighted average number of already issued and fully paid shares during the year plus number of ordinary shares which may be issued in order to convert all diluted ordinary shares to ordinary shares.

4.26 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.

4.27 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.

#### 4.28 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 :-

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.

### 5. Business transactions with related parties and person

The major shareholder of the Company in the year 2018 and 2017 is Leenabanchong Family holding 64.27% and 47.20%, 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.

5.1 Inter-assets and liabilities are as follows :-

<u>Type of items</u>	(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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Trade receivable</b>				
BR Construction Co., Ltd	-	-	139,119	139,119
<u>Less</u> Allowance for doubtful debts	-	-	(139,119)	(139,119)
<b>Total trade receivables</b>	-	-	-	-
<b>Earned revenues not yet billed</b>				
BR Construction Co., Ltd	-	-	308	308
<u>Less</u> Allowance for doubtful debts	-	-	(308)	(308)
<b>Total earned revenues not yet billed</b>	-	-	-	-
<b>Other receivables and advance payment</b>				
<b>Other receivables</b>				
BR Construction Co., Ltd	-	-	4,600	4,600
<u>Less</u> Allowance for doubtful debts	-	-	(4,600)	(4,600)
<b>Net</b>	-	-	-	-
Siam 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)
<b>Net</b>	-	-	-	-
Khun Anuwit Tantisewekul	57	57	-	-
<u>Less</u> Allowance for doubtful debts	(57)	(57)	-	-
<b>Net</b>	-	-	-	-
Siam Bangkok Development Co., Ltd	-	-	-	530
North Property Co., Ltd.	-	-	247	247
<u>Less</u> Allowance for doubtful debts	-	-	(247)	(247)
<b>Net</b>	-	-	-	-

(Unit :Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
Sajja Bangsaen Condominium Co., Ltd.	-	-	603	603
<u>Less</u> Allowance for doubtful debts	-	-	(603)	(603)
<b>Net</b>	-	-	-	-
Rich Man Property Co., Ltd.	-	-	2,129	2,129
<u>Less</u> Allowance for doubtful debts	-	-	(2,129)	(2,129)
<b>Net</b>	-	-	-	-
Poonsub Property Co.Ltd.	46	46	-	-
<u>Less</u> Allowance for doubtful debts	(46)	(46)	-	-
<b>Net</b>	-	-	-	-
Sanken - EMC Co., Ltd.	-	607	-	607
Imperial Land Co.Ltd.	-	-	9,820	3,273
Ua WithYa Public Company Limited	61	-	-	-
Khun Chinchai Leenabanchong	41	-	41	-
Khun Norrapat Teeyapan	22	17	-	-
<u>Less</u> Allowance for doubtful debts	(22)	(17)	-	-
<b>Net</b>	-	-	-	-
<b>Total other receivables</b>	102	607	9,861	4,410
<b>Advance payment</b>				
Khun Norrapat Teeyapan	156	156	-	-
<u>Less</u> Allowance for doubtful debts	(156)	-	-	-
<b>Net</b>	-	156	-	-
<b>Total advance payment</b>	-	156	-	-
<b>Total other receivables and advance payment</b>	102	763	9,861	4,410
<b>Accrued income</b>				
Siam Bangkok Development Co., Ltd.	-	-	492	-
Rich Man Property Co., Ltd.	-	-	12	-
Imperial Land Co.Ltd.	-	-	15	-
<b>Total accrued income</b>	-	-	519	-



(Unit :Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
<b>Short-term loans and accrued interest receivable</b>				
<b>Short-term loans</b>				
(interest at 6.50% to 7.50% per annum) :				
BR Construction Co., Ltd	-	-	93,207	91,707
<u>Less</u> Allowance for doubtful debts	-	-	(93,207)	(91,707)
<b>Net</b>	-	-	-	-
(interest at 7.50 % per annum) :				
Rich Man Property Co., Ltd.	-	-	465,846	463,346
<u>Less</u> Allowance for doubtful debts	-	-	(115,295)	(109,073)
<b>Net</b>	-	-	350,551	354,273
Sajja Bangsaen Condominium Co., Ltd.	-	-	47,614	44,614
<u>Less</u> Allowance for doubtful debts	-	-	(7,007)	(16,839)
<b>Net</b>	-	-	40,607	27,775
Imperial Land Co.Ltd.	-	-	205,000	165,000
<u>Less</u> Allowance for doubtful debts	-	-	(11,087)	-
<b>Net</b>	-	-	193,913	165,000
North Property Co., Ltd.	-	-	51,104	49,604
Siam Bangkok Development Co., Ltd.,	-	-	37,400	47,200
Sanken - EMC Co., Ltd.	2,500	2,500	2,500	2,500
<u>Less</u> Allowance for doubtful debts	(2,500)	-	-	-
<b>Net</b>	-	2,500	2,500	2,500
Chiangmai Daily Company Limited - EMC Public Company Limited Joint Venture	3,814	-	3,814	-
<b>Total short-term loans</b>	<b>3,814</b>	<b>2,500</b>	<b>679,889</b>	<b>646,352</b>
<b>Accrued interest receivable</b>				
BR Construction Co., Ltd	-	-	18,020	15,346
<u>Less</u> Allowance for doubtful debts	-	-	(18,020)	(14,683)
<b>Net</b>	-	-	-	663

(Unit :Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
Rich Man Property Co., Ltd.	-	-	80,651	75,001
North Property Co., Ltd.	-	-	12,953	9,184
Sajja Bangsaen Condominium Co., Ltd.	-	-	11,190	7,684
Siam Bangkok Development Co., Ltd.,	-	-	2,927	3,007
Imperial Land Co.Ltd.	-	-	26,025	11,633
Sanken - EMC Co., Ltd.	95	63	95	63
Chiangmai Daily Company Limited - EMC Public Company Limited Joint Venture	5	-	5	-
<b>Total accrued interest receivable</b>	<b>100</b>	<b>63</b>	<b>133,846</b>	<b>107,235</b>
<b>Total Short-term loans and accrued interest receivable</b>	<b>3,914</b>	<b>2,563</b>	<b>813,735</b>	<b>753,587</b>
<b>Advance payments for materials and contractors</b>				
Poonsub Property Co.Ltd.	17,205	17,205	-	-
<u>Less</u> Allowance for doubtful debts	(14,839)	(14,839)	-	-
<b>Net</b>	<b>2,366</b>	<b>2,366</b>	<b>-</b>	<b>-</b>
<b>Total advance payments for materials and contractors</b>	<b>2,366</b>	<b>2,366</b>	<b>-</b>	<b>-</b>
<b>Trade payables</b>				
Ua WithYa Public Company Limited	16,299	14,769	15,590	14,061
Sanken - EMC Co., Ltd.	8,992	8,340	8,992	8,340
<b>Total trade payables</b>	<b>25,291</b>	<b>23,109</b>	<b>24,582</b>	<b>22,401</b>
<b>Unbilled construction cost payables</b>				
Sanken - EMC Co., Ltd.	66,151	-	66,151	-
<b>Total trade payables</b>	<b>66,151</b>	<b>-</b>	<b>66,151</b>	<b>-</b>
<b>Other payables</b>				
Khun Norrapat Teeyapan	5,247	5,247	5,247	5,247
Siam Grand Property Co., Ltd	2,003	2,003	2,003	2,003
<b>Total other payables</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>	<b>7,250</b>



(Unit :Thousand Baht)

Type of items	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2018	2017	2018	2017
<b>Retention payable</b>				
Sanken - EMC Co., Ltd.	4,820	1,022	4,820	1,022
Poonsub Property Co.Ltd.	2,366	2,366	-	-
Ua WithYa Public Company Limited	1,050	332	1,050	332
<b>Total retention payable</b>	<b>8,236</b>	<b>3,720</b>	<b>5,870</b>	<b>1,354</b>
<b>Short-term loans and accrued interest expense</b>				
<b>(Interest was not inter-charge)</b>				
Khun Worawit Leenabanchong	-	26,038	-	26,038
Khun Norrapat Teeyapan	4,635	4,635	-	-
Khun Anuwit Tantisewekul	733	733	-	-
<b>Total</b>	<b>5,368</b>	<b>31,406</b>	<b>-</b>	<b>26,038</b>
<b>(Interest rate 6.00%)</b>				
Khun Worawit Leenabanchong	50,000	-	50,000	-
Khun Chanachai Leenabanchong	40,000	-	40,000	-
Khun Chinchai Leenabanchong	5,000	-	5,000	-
Khun Chinsiri Leenabanchong	30,000	-	30,000	-
<b>Total</b>	<b>125,000</b>	<b>-</b>	<b>125,000</b>	<b>-</b>
<b>(Interest rate 6.25%):</b>				
Ua WithYa Public Company Limited	-	170,000	-	144,000
<b>Total short-term loans</b>	<b>130,368</b>	<b>201,406</b>	<b>125,000</b>	<b>170,038</b>
<b>Accrued interest expenses</b>				
Ua WithYa Public Company Limited	3,554	3,783	1,577	1,886
Khun Worawit Leenabanchong	1,356	-	1,356	-
Khun Chanachai Leenabanchong	1,136	-	1,136	-
Khun Chinchai Leenabanchong	16	-	16	-
Khun Chinsiri Leenabanchong	814	-	814	-
<b>Total accrued interest expense</b>	<b>6,876</b>	<b>3,783</b>	<b>4,899</b>	<b>1,886</b>
<b>Total short-term loans and accrued interest expense</b>	<b>137,244</b>	<b>205,189</b>	<b>129,899</b>	<b>171,924</b>

The movement for the year ended December 31, 2018 and 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>BR Construction Co., Ltd</b>				
Balance as at January 1,	-	-	91,707	88,207
<u>Plus</u> Increase during the year	-	-	1,500	3,500
<u>Less</u> Received during the year	-	-	-	-
Balance as at December 31,	-	-	93,207	91,707
<b>JV EMC-PLE</b>				
Balance as at January 1,	-	500	-	500
<u>Plus</u> Increase during the year	-	-	-	-
<u>Less</u> Received during the year	-	(500)	-	(500)
Balance as at December 31,	-	-	-	-
<b>Rich Man Property Co., Ltd.</b>				
Balance as at January 1,	-	-	463,346	439,546
<u>Plus</u> Increase during the year	-	-	2,500	23,800
<u>Less</u> Received during the year	-	-	-	-
Balance as at December 31,	-	-	465,846	463,346
<b>Sajja Bangsaen Condominium Co., Ltd.</b>				
Balance as at January 1,	-	-	44,614	37,614
<u>Plus</u> Increase during the year	-	-	3,000	7,500
<u>Less</u> Received during the year	-	-	-	(500)
Balance as at December 31,	-	-	47,614	44,614
<b>North Property Co., Ltd.</b>				
Balance as at January 1,	-	-	49,604	47,204
<u>Plus</u> Increase during the period	-	-	1,500	2,400
<u>Less</u> Received during the period	-	-	-	-
Balance as at December 31,	-	-	51,104	49,604



(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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Siam Bangkok Development Co., Ltd.,</b>				
Balance as at January 1,	-	-	47,200	94,211
<u>Plus</u> Increase during the year	-	-	-	-
<u>Less</u> Received during the year	-	-	(9,800)	(47,011)
Balance as at December 31,	-	-	37,400	47,200
<b>Imperial Land Co.Ltd.</b>				
Balance as at January 1	-	-	165,000	155,000
<u>Plus</u> Increase during the year	-	-	40,000	10,000
<u>Less</u> Received during the year	-	-	-	-
Balance as at December 31	-	-	205,000	165,000
<b>Sanken - EMC Co., Ltd.</b>				
Balance as at January 1,	2,500	-	2,500	-
<u>Plus</u> Increase during the year	-	2,500	-	2,500
<u>Less</u> Received during the year	-	-	-	-
Balance as at December 31,	2,500	2,500	2,500	2,500
<b>Chiangmai Daily Company Limited –</b>				
<b>EMC Public Company Limited Joint Venture</b>				
Balance as at January 1,	-	-	-	-
<u>Plus</u> Increase during the year	3,814	-	3,814	-
<u>Less</u> Received during the year	-	-	-	-
Balance as at December 31,	3,814	-	3,814	-
<b>Total short-term loans</b>	<b>6,314</b>	<b>2,500</b>	<b>906,485</b>	<b>863,971</b>

As at December 31, 2018 and 2017, 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 equally for both year (Separate : 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, 2018 of allowance for doubtful debts of short-term loans from related persons and accrued interest receivable are as follows :-

(Unit :Thousand Baht)

<u>Consolidated financial statements</u>				
	<u>January 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2018</u>
<b>Sanken - EMC Co., Ltd.</b>				
- Short-term loans due from	-	(2,500)	-	(2,500)

(Unit :Thousand Baht)

<u>Separate financial statements</u>				
	<u>January 1, 2018</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2018</u>
<b>BR Construction Co., Ltd.</b>				
- Short-term loans due from	(91,707)	(1,500)	-	(93,207)
- Accrued interest receivable	(14,683)	(3,337)	-	(18,020)

**Rich Man Property Co., Ltd.**

- Short-term loans due from	(109,073)	(6,222)	-	(115,295)
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**Sajja Bangsaen Condominium Co., Ltd.**

- Short-term loans due from	(16,839)	-	9,832	(7,007)
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**Imperial land Co., Ltd.**

- Short-term loans due from	-	(11,087)	-	(11,087)
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The movement for the year ended December 31, 2017 of allowance for doubtful debts of short-term loans and accrued 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>
<b>JV EMC-PLE</b>				
- Short-term loans due from	(500)	-	500	-
- Accrued interest receivable	(60)	(21)	81	-



(Unit :Thousand Baht)

	<u>January 1, 2017</u>	<u>Separate financial statements</u> <u>Increase</u>	<u>Decrease</u>	<u>December 31, 2017</u>
<b>BR Construction Co., Ltd</b>				
- Short-term loans due from	(88,207)	(3,500)	-	(91,707)
- Accrued interest receivable	(12,852)	(1,831)	-	(14,683)
<b>JV EMC-PLE</b>				
- Short-term loans due from	(500)	-	500	-
- Accrued interest receivable	(60)	(21)	81	-
<b>Rich Man Property Co., Ltd.</b>				
- Short-term loans due from	(109,073)	-	-	(109,073)
<b>SajjaBangsaen Condominium Co., Ltd.</b>				
- Short-term loans due from	-	(16,839)	-	(16,839)

The movement for the year ended December 31, 2018 and 2017 of short-term loans from related persons are as follows :-

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Ua WithYa Public Company Limited</b>				
Balance as at January 1,	170,000	170,000	144,000	144,000
<u>Less</u> Payment during the year	(170,000)	-	(144,000)	-
Balance as at December 31,	-	170,000	-	144,000
<b>Khun Norrapat Teeyapan</b>				
Balance as at January 1,	4,635	4,635	-	-
<u>Plus</u> Increase during the year	-	-	-	-
<u>Less</u> Payment during the year	-	-	-	-
Balance as at December 31,	4,635	4,635	-	-
<b>Khun Anuwit Tantisewekul</b>				
Balance as at January 1,	733	733	-	-
<u>Plus</u> Increase during the year	-	-	-	-
<u>Less</u> Payment during the year	-	-	-	-
Balance as at December 31,	733	733	-	-

(Unit :Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	2017	<u>2018</u>	<u>2017</u>
<b>Khun Worawit Leenabanchong</b>				
Balance as at January 1,	26,038	-	26,038	-
<u>Plus</u> Increase during the year	56,000	26,038	56,000	26,038
<u>Less</u> Payment during the year	(32,038)	-	(32,038)	-
Balance as at December 31,	50,000	26,038	50,000	26,038
<b>Khun Chanachai Leenabanchong</b>				
Balance as at January 1,	-	-	-	-
<u>Plus</u> Increase during the year	80,000	-	80,000	-
<u>Less</u> Payment during the year	(40,000)	-	(40,000)	-
Balance as at December 31,	40,000	-	40,000	-
<b>Khun Chinchai Leenabanchong</b>				
Balance as at January 1,	-	-	-	-
<u>Plus</u> Increase during the year	20,000	-	20,000	-
<u>Less</u> Payment during the year	(15,000)	-	(15,000)	-
Balance as at December 31,	5,000	-	5,000	-
<b>Khun Chinsiri Leenabanchong</b>				
Balance as at January 1,	-	-	-	-
<u>Plus</u> Increase during the year	30,000	-	30,000	-
<u>Less</u> Payment during the year	-	-	-	-
Balance as at December 31,	30,000	-	30,000	-
<b>Total short-term loans due to</b>	<b>130,368</b>	<b>201,406</b>	<b>125,000</b>	<b>170,038</b>

As at December 31, 2017 loans from Ua WithYa Public Company Limited in amount of Baht 144.00 million, the Company will be pay back the whole amount of loan and accrued interest expenses 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 16.1 Short-term loans due to are unsecured promissory notes and period of promissory note are 4 months. Interest was charged at the rates of 6.25% per annum. On January 19, 2018, the Company has fully paid the loan.

As December 31, 2017, 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, On January 19, 2018, the subsidiary has fully paid the loan.



As at December 31, 2018, short-term loans from related persons are loans from directors and shareholders total 4 persons in the form unsecured promissory notes of 6 month interest was charged at the rate of 6.00% per annum.

As at December 31, 2017, short-term loans from a related person in amount of Baht 26.04 million, interest was not inter-charge. In January 2018, the Company has fully paid the loan.

As at December 31, 2018 and 2017, the short-term loans from related persons amounted to Baht 5.37 million equally for both year interest was not inter-charge, are unsecured and due at call.

## 5.2 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,			
	2018	2017	2018	2017
Revenue from project consultant fees				
Sanken - EMC Co., Ltd.	-	209	-	209
Siam Bangkok Development Co., Ltd.	-	-	5,160	5,656
Imperial Land Co., Ltd.	-	-	6,119	6,119
Total revenue from project consultant fees	-	209	11,279	11,984
Interest income				
BR Construction Co., Ltd	-	-	2,674	2,494
Rich Man Property Co., Ltd.	-	-	34,874	33,602
North Property Co., Ltd.	-	-	3,770	3,610
Sajja Bangsaen Condominium Co., Ltd.	-	-	3,505	3,026
Siam Bangkok Development Co., Ltd.,	-	-	3,012	5,534
Imperial Land Co.Ltd.	-	-	14,392	11,633
Sanken - EMC Co., Ltd.	188	63	188	63
JV EMC-PLE	-	21	-	21
Chiangmai Daily Company Limited - EMC Public Company Limited Joint Venture	5	-	5	-
Total interest income	193	84	62,420	59,983
Other income				
Ua WithYa Public Company Limited	2,130	-	2,130	-
Total other income	2,130	-	2,130	-

(Unit :Thousand Baht)

Type of items	Consolidated financial statement		Separate financial statement	
	For the year ended December 31,			
	2018	2017	2018	2017
<b>Cost of construction</b>				
Sanken - EMC Co., Ltd.	133,621	37,325	133,621	37,325
Ua WithYa Public Company Limited	28,932	-	28,932	-
<b>Total cost of construction</b>	<b>162,553</b>	<b>37,325</b>	<b>162,553</b>	<b>37,325</b>
<b>Financial cost</b>				
Ua WithYa Public Company Limited	524	10,083	444	8,458
Khun Worawit Leenabanchong	2,852	-	2,852	-
Khun Chanachai Leenabanchong	2,632	-	2,632	-
Khun Chinchai Leenabanchong	905	-	905	-
Khun Chinsiri Leenabanchong	1,711	-	1,711	-
<b>Total financial cost</b>	<b>8,624</b>	<b>10,083</b>	<b>8,544</b>	<b>8,458</b>
<b>Directors and key management compensation</b>				
Short-term benefits	24,726	21,834	24,726	21,834
Post-employment benefits	3,145	3,043	3,145	3,043
Directors' remuneration	2,600	2,430	2,600	2,430
<b>Total directors and key management compensation</b>	<b>30,471</b>	<b>27,307</b>	<b>30,471</b>	<b>27,307</b>

#### Policy of setting prices

	Policy
Costs of construction	Based on the agreed price
Project consultant fees	Based on the agreed price
Other income	Based on the agreed price
Interest income	
BR Construction Co., Ltd	6.50% -7.50% per annum
Rich Man Property Co., Ltd.	7.50% per annum
Sajja Bangsaen 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
IV EMC-PLE	8.00% per annum



## Policy

Chiangmai Daily Company Limited –	
EMC Public Company Limited Joint Venture	7.50% per annum
Costs of construction	Based on the agreed price
Interest expenses	
Ua WithYa Public Company Limited	6.25% per annum
Khun Worawit Leenabanchong	6.00% per annum
Khun Chanachai Leenabanchong	6.00% per annum
Khun Chinchai Leenabanchong	6.00% per annum
Khun Chinsiri Leenabanchong	6.00% per annum

### 5.3 Relationship of related companies

Consisted of :-

<u>Name of companies</u>	<u>Nationality</u>	<u>Nature of relationship</u>
BR Construction Co., Ltd	Thai	Subsidiary
Rich Man Property Co., Ltd.	Thai	Subsidiary
Sajja Bangsaen 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	Associates
JV EMC-PLE	Thai	Joint Arrangement
Chiangmai Daily Company Limited –		
EMC Public Company Limited Joint Venture	Thai	Joint Arrangement
Ua WithYa Public Company Limited	Thai	Common shareholders
Siam Grand Property Co., Ltd.	Thai	Khun Anuwit is director and major shareholder
Poonsub Property Co.Ltd.	Thai	Khun Norrapat is director and major shareholder
Khun Worawit Leenabanchong	Thai	Directors
Khun Chanachai Leenabanchong	Thai	Directors
Khun Chinchai Leenabanchong	Thai	Shareholder
Khun Chinsiri Leenabanchong	Thai	Shareholder
Khun Nutteera Ngamlertkul	Thai	Shareholder
Khun Norrapat Teeyapan	Thai	Former subsidiary's director
Khun Anuwit Tantiseewekul	Thai	Former executive

## 6. Short-term investments

Consisted of :-

(Unit :Thousand Baht)

		<u>Consolidated</u> <u>financial statements</u>		<u>Separate financial</u> <u>statements</u>	
		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>Interest rate</u> <u>(% per annum)</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments in fixed deposits					
Twelve months' time accounts deposit	1.25 - 2.00	5,959	3,758	5,634	3,558
Total short-term investments		5,959	3,758	5,634	3,558

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

## 7. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Trade receivable</b>				
Related parties	-	-	139,119	139,119
<u>Less Allowance for doubtful debts</u>	-	-	(139,119)	(139,119)
Net	-	-	-	-
Third parties	221,182	214,914	221,182	214,914
<u>Less Allowance for doubtful debts</u>	(7,771)	(122,596)	(7,771)	(122,596)
Net	213,411	92,318	213,411	92,318
Total trade receivable	213,411	92,318	213,411	92,318



Aging analyses for trade and other 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Trade receivable-related parties</b>				
- 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	-	-	-	-
<b>Trade receivables- third parties</b>				
- Not yet due	204,837	74,339	204,837	74,339
- Over due				
Less than 3 months	5,356	17,979	5,356	17,979
From 3 to 6 months	1,529	-	1,529	-
From 6 to 12 months	1,305	-	1,305	-
More than 12 months	8,155	122,596	8,155	122,596
Total	221,182	214,914	221,182	214,914
<u>Less</u> Allowance for doubtful debts	(7,771)	(122,596)	(7,771)	(122,596)
Total trade receivables- third parties	213,411	92,318	213,411	92,318
Total trade receivables	213,411	92,318	213,411	92,318
<b>Other receivables</b>				
Advance payment to related parties	156	156	-	-
Advance payment to third parties	2,502	2,233	1,880	1,662
Accrued income - related parties	-	-	519	-
Accrued income - third parties	1,078	1,398	941	341
Prepaid expenses	5,797	8,266	5,755	7,817
Other receivables - related parties	17,032	17,532	34,245	28,794
Other receivable - third parties	15,747	9,340	14,243	9,331
Total	42,312	38,925	57,583	47,945
<u>Less</u> Allowance for doubtful debts	(25,106)	(25,198)	(32,403)	(32,607)
Total other receivables	17,206	13,727	25,180	15,338
Total trade and other receivables	230,617	106,045	238,591	107,656

The normal credit terms for the customer of the Group are approximately 5 days to 45 days.

For the year ended December 31, 2018 and 2017 there was movement in the allowance for doubtful debts of trade and other receivables as follows :-

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	147,794	149,112	294,322	295,338
<u>Plus</u> Doubtful debts increased during the year	161	144	-	127
<u>Less</u> Reversal of allowance for doubtful debts	(115,078)	(1,462)	(115,029)	(1,143)
As at December 31,	32,877	147,794	179,293	294,322

Trade receivables overdue more than 6 months in statements of financial positions as at December 31, 2018 and 2017 as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
a) Construction Projects of BR Construction Co., Ltd.	-	-	139,119	139,119
b) Airport Link Square Project	-	86,943	-	86,943
c) Airport Link Square Car Park Project	384	3,095	384	3,095
d) Airport Link Square - Building D Project	-	24,787	-	24,787
e) United Center Renovation Project	3,317	3,317	3,317	3,317
f) Bluroc Hau Hin Project	4,329	4,329	4,329	4,329
g) Other projects	125	125	125	125
Total	8,155	122,596	147,274	261,715

As at December 31, 2018 and 2017, the Company has transferred the right to received payment from one of debtor amounting to Baht 203.98 million and Baht 47.81 million respectively as collateral for credit facilities from bank as discussed in Note to Financial Statement No.20.



As at December 31, 2018, the Company received payment from a debtor according to the compromise agreement of dated December 7, 2018 (see Note No.40.2) in accordance with the compromise agreement. The debtor requesting to pay of all debts by land blank, 15 plots of fair value of the land, appraised by an independent appraiser approved by the Securities and Exchange Commission (SEC). at Baht 192.07 million with 2 appraisers, the Company reversed the allowance for doubtful accounts used to recognized in the financial statements amounting to Baht 191.55 million, consisting of trade and other receivable amount of Baht 111.93 million, eared revenue not yet billed amount of Baht 43.22 million and retentions receivable amount of Baht 36.40 million and are recognized in the statement of comprehensive income for the year 2018 in all amount.

8. Earned revenues not yet billed

Consisted of :-

(Unit :Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2018</u>	<u>2017</u>
Value of contract	3,160,058	3,106,520
Revenue recognised on percentage of completion basis	2,386,773	751,158
<u>Less</u> Value of contract billed (Installment)	(1,836,578)	(629,855)
Earned revenue not yet billed (Assets)	550,195	121,303

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

(Unit :Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2018</u>	<u>2017</u>
Cost of construction and gain are recognized (less loss are recognized) until present	2,386,773	857,293
<u>Less</u> Value of contract billed (Instalment)	(1,836,578)	(629,855)
Gross amounts due from customers	550,195	227,438

Details of earned revenues not yet billed as at December 31, 2018 and 2017 as follows :-

(Unit :Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2018</u>	<u>2017</u>
On - going construction projects	550,195	121,303
Suspended projects or no movement over 12 months	12,552	55,777
Total	562,747	177,080
<u>Less</u> Allowance for doubtful debts	(12,552)	(55,777)
Net	550,195	121,303

For the year ended December 31, 2018 and 2017 there was movement in the allowance for doubtful debts of earned revenues not yet billed as follows :-

(Unit :Thousand Baht)

Consolidated and Separate  
financial statements

	<u>2018</u>	<u>2017</u>
As at January 1,	55,777	55,777
<u>Plus</u> Doubtful debts increased during the year	-	-
<u>Less</u> Reversal of allowance for doubtful debts	(43,225)	-
As at December 31,	12,552	55,777

Allowance for doubtful debt from earned revenues not yet billed of the consolidated and separate financial statement as at December 31, 2018 and 2017, as follows :-

(Unit :Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2018</u>	<u>2017</u>
a. Langsual Ville Project	8,010	8,010
b. Airport Link Square Project	-	43,225
c. Other Project	4,542	4,542
Total	12,552	55,777



As at December 31, 2018, the Company has transferred the right to receive payment from one of earned revenues not yet billed to Baht 188.37 million as collateral for credit facilities from bank as discussed in Note to Financial Statement No.20.

As at December 31, 2018, the company reversed the allowance for doubtful debt of earned revenues not yet billed amounting to Baht 43.22 million in Note to Financial Statement No.7.

9. Retention receivable

Consisted of :-

	(Unit :Thousand Baht)	
	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Retention receivable amount	117,630	82,514
Retention receivable outstanding		
over credit term over 12 months	25,083	99,121
Total	142,713	181,635
<u>Less</u> Allowance for doubtful debts	(25,083)	(99,121)
Net	117,630	82,514

For the year ended December 31, 2018 and 2017 there was movement in the allowance for doubtful debts of retention receivable as follows :-

	(Unit :Thousand Baht)	
	<u>Consolidated and Separate</u>	
	<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>
As at January 1,	99,121	81,730
<u>Plus</u> Doubtful debts increased during the year	-	17,391
<u>Less</u> Reversal of allowance for doubtful debts	(74,038)	-
As at December 31,	25,083	99,121

Allowance for doubtful debt of retention receivable of the consolidated and separate statement of financial position as at December 31, 2018 and 2017, as follows :-

(Unit :Thousand Baht)

Consolidated and Separate financial statements

	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
a) North Ponit Condominium Project	-	16,881
b) Airport Link Square Project	-	31,789
c) Airport Link Square Car Park Project	-	3,369
d) Airport Link Square - Building D Project	-	4,607
e) United Center Renovation Project	2,973	2,973
f) Kool Residence Project	3,008	3,008
g) Bluroo Hau Hin Project	19,102	19,103
h) Kirimaya Project	-	17,391
Total	25,083	99,121

As at December 31, 2018 and 2017, the Company transferred the rights to receive payment from retention receivable amounting to Baht 69.14 million and Baht 28.10 million respectively as collateral for credit facilities from bank as discussed in Note to financial statement No 20.

As at December 31, 2018, the company reversed the allowance for doubtful debt of retention receivable in the amount of Baht 36.40 million in Note to financial statement No 7.



10. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and development	15,672	265,930	-	250,825
Construction cost	85,748	243,372	-	131,338
Interest expenses	2,862	5,924	-	1,668
Property for sale	1,246,146	626,817	641,298	67,809
Total	1,350,428	1,142,043	641,298	451,640
<u>Less</u> Transfer of real estate development cost to accumulated cost	(464,890)	(131,548)	(271,861)	-
Balance of real estate development cost	885,538	1,010,495	369,437	451,640
<u>Less</u> Allowance for diminution in value	(10,840)	(13,120)	(8,665)	(9,170)
Total of real estate development cost	874,698	997,375	360,772	442,470

For the year ended December 31, 2018 and 2017 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	13,120	48,414	9,170	3,566
<u>Plus</u> Increase during the year	3,670	5,604	3,670	5,604
<u>Less</u> Reversal of allowance for diminution in value	(5,950)	(40,898)	(4,175)	-
As at December 31,	10,840	13,120	8,665	9,170

Allowance for diminution in value of projects in consolidated and separate statement of financial position as at December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Hallmark Ngamwongwan Project	4,995	9,170	4,995	9,170
Malibu Khao Tao Project	3,625	-	3,625	-
Arinsiri Town Project	45	-	45	-
Seaside Bangsan by North Beach Project	2,175	3,545	-	-
Palmio Project	-	405	-	-
Total	10,840	13,120	8,665	9,170

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total estimated sale value of projects which				
were operated at the end of year	1,993,708	2,238,653	962,365	1,021,255
Total sale value of units with signed				
agreements to buy and sell	1,109,446	1,137,838	768,185	771,807
Percentage of project value with agreement to				
Buy and sell	55.56	50.83	79.82	75.57

As at December 31, 2018 and 2017, Real estate development cost of the consolidated and separate financial statements total Baht 351.06 million and Baht 383.83 million, respectively, were pledged as collateral for long-term loans and obligations from financial institution in Notes 20, 22 and 39.1.

As at December 31, 2018 and 2017, the Group has inventories which are presented at fair value less cost of disposal in the consolidated and separate financial statements which has a carrying amount of Baht 6.99 million.



#### 11. Prepaid land leasehold

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Prepaid leasehold land	165,180	165,611
<u>Less</u> Amortization during the year	(4,683)	-
allowance for impairment accumulated	(19,891)	(19,891)
Total	140,606	145,720

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 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 15.52 million.

As at December 31, 2017, the management of the Group has assessed the net realizable value of prepaid land leasehold. 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 and separated financial statements of amount Baht 19.89 million, the management therefore considers the allowance for impairment of such assets.

As at December 31, 2018 and 2017 the Group recognized a loss from an onerous contract in the consolidated and separate financial statements amounting to Baht 13.03 million and Baht 10.70 million respectively, such loss represents the cost of rental which the Company has to pay to two lessee subject to the commitments specified in the above contract and the costs are higher than the economic benefits expected from contract.

#### 12. 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 financial institutions	Construction costs as agreed	Total
American Town project	155,000	21,000	32,467	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>2018</u>	<u>2017</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</u> Allowance for doubtful debt	(466,343)	(466,343)
Net	-	-

As at December 31, 2018 and 2017, 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 million 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 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 mortgagee 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 the rehabilitation and in case have the lawsuit before , the court shall suspend the case before the Central Bankruptcy Court have judgement.

On October 30, 2018, the Central Bankruptcy Court dismissed the request for rehabilitation (draft) of the debtor (plaintiff) because of believed that the debtor will have more debt than the assets and the information in the debtor's financial statements is not reliable. The Company therefore filed an order to do not rehabilitate of the plaintiff to the court. The court to appoint witnesses to the plaintiff and the defendant on 28 - 30 May 2019.

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 Muntra 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 23 deed of Siam Tara Mantra project worth about Baht 35.59 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>against</u>	<u>Damages</u>	<u>Progress lawsuit</u>
Black Case No.3781/2559	Cheating Fraud	Selling 5 Land title deed	The court has dismissed the judgment on August 23, 2017 and the appeal court had order to raise a petition on April 4, 2018, according to the federal court.
Black Case No.4635/2559	Cheating Fraud	Selling 5 Land title deed	The federal court has dismissed the judgment on March 20, 2017. The appeal court had order to raise a petition on September 6, 2017, according to the federal court.
Black Case No.4703/2559	Cheating Fraud	Selling 7 Land title deed	The federal court has dismissed the judgment on October 31, 2017. The appeal court had order to raise a petition on April 18, 2018, according to the federal court.
Black Case No.4771/2559	Cheating Fraud	Selling 5 Land title deed	The federal court has dismissed the judgment on October 31, 2017. The appeal court had order to raise a petition on July 24, 2018, according to the federal court. The company has filed a petition for a verdict. Currently, the petition is being considered. Subsequently, on 13 November 2018, the Supreme Court has notified that not to receive the petition from the company.
Black Case No.4989/2559	Cheating Fraud	Selling 6 Land title deed	The court adjudged the cases are prima facie case to indictment by appointment to attest from defendant and investigate witness testimony and hearing scheduled for April 2018 and on June 27, 2018, judgment of dismissal. And the company has filed an appeal. Currently, Appointment to hearing the judgment of the Court of Appeal on 15 May 2018.

Although the plaintiff is being ordered by the Central Bankruptcy Court to refuse the rehabilitation but all the incidence and situations as mentioned above shows that the Company has a high risk to not receiving payment from the debtors and the management is unable to predict when the debt can be settled 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 all amount.



### 13. Deposits

Consisted of :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
<u>As at December 31,</u>		
	<u>2018</u>	<u>2017</u>
Project from Fine 22 Properties Co., Ltd.	18,000	23,500
Project purchase land in Chonburee province to development	-	11,260
Investment in Moonshot venture capital limited	25,000	-
Total	43,000	34,760
<u>Less</u> allowance for impairment accumulated	(18,000)	(34,760)
Net	25,000	-

For the year ended December 31, 2018 and 2017 there was movement in the allowance for impairment of deposits as follows :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>		
	<u>2018</u>	<u>2017</u>
As at January 1,	34,760	43,400
<u>Less</u> Reversal of allowance for impairment	(16,760)	(8,640)
As at December 31,	18,000	34,760

On November 14, 2018, according to the resolution of the Board of Directors' Meeting No. 7/2018, the Company approved the investment in Moonshot Venture Capital Co., Ltd. by establishing a joint venture company ("Venture Capital Company") in order to invest in specialized technology and industry. At present, the company has a registered capital of Baht 20.00 million, consisting of 200,000 ordinary shares with a par value of 100 Baht each. The Company will hold 10% of the registered capital of Baht 1,000.00 million (Calling for increasing capital later). By making agreement to a joint shareholder on November 15, 2018 and later on December 6, 2018, the company has already paid the share deposit amount of Baht 25.00 million, the remaining obligation as at December 31, 2018, amount Baht 75.00 million.

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 2018, and 2017, the Company received Baht 7.00 million and Baht 1.50 million respectively from such company. On December 31, 2018, they have 4 checks due but could not be collected in the amount of Baht 4.00 million.

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. As at December 31, 2018, the Company to fully transfer the ownership of land and buildings of total 6 units value of Baht 21.30 million and bad debt recognition total amount Baht 0.70 million which not affect profit and loss in the period.

#### 14. Restricted bank deposits

As at December 31, 2018 and 2017, totaling bank deposits (2018: interest at 0.80% to 2.00% per annum, 2017 : 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 22 and credit facilities from such financial institutions in Notes 39.1.



#### 15. Other long-term investments

As at December 31, 2018 and 2017, Other long-term investments consisted of :-

(Unit :Thousand Baht)

<u>Consolidated and Separate financial statements</u>							
<u>Company names</u>	<u>Nature of business</u>	<u>Paid up capital</u>	<u>Investment portion (%)</u>	<u>Cost method</u>		<u>Dividend income For the year ended December 31,</u>	
				<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
M.1 Property Co.,Ltd.	Real estate	120,000	10.00	12,000	12,000	-	-
Thai medical center public company limited	Health care business	200,539	0.02	50	50	2	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	2
<u>Less : Allowance for impairment</u>				(13,050)	(13,050)	-	-
Net				-	-	2	2

#### 16. Investments in subsidiaries

As at December 31, 2018 and 2017 the investments in subsidiaries are as follows :-

(Unit :Thousand Baht))

<u>Company names</u>	<u>Paid up capital</u>		<u>Percentage of ownership (%)</u>		<u>Cost Method</u>		<u>allowance for impairment</u>		<u>Net</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
BR 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	37,030	37,030	(37,030)	(37,030)	-	-
North Property Co., Ltd.	4,000	4,000	100.00	100.00	66,067	66,067	(66,067)	(50,883)	-	15,184
Sajja Bangsaen Condominium Co., Ltd.	4,000	4,000	100.00	100.00	12,767	12,767	(12,767)	(12,767)	-	-
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	134,800	134,800	(134,800)	(131,625)	-	3,175
Total					274,264	274,264	(254,264)	(235,905)	20,000	38,359

16.1 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 UA WITHYA Plc., Mr. Wutichai Leenabanchong and Mr. Monthon Chatuwallopkul at Baht 134.80 million, in addition, the company will be pay back the loan and accrued interest, calculated to February 13, 2015, to UA WITHYA Plc. instead of the subsidiary in the amount of Baht 144.00 million, as of acquisition date subsidiary has outstanding including

accrued interest with UA WITHYA Plc. 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, UA WITHYA Plc. 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.

- 16.2 As at December 31, 2017, 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. 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.
- 16.3 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 12.
- 16.4 There was no dividend received from the subsidiaries during the year ended December 31, 2018 and 2017. Since the operating loss.



# 17. Investments in associates and joint venture

As at December 31, 2018 and 2017, investments in associates and joint venture as follows :-

(Unit :Thousand Baht)

Company name	Paid up capital		Percentage of ownership (%)		Consolidated financial statements		Separate financial statements		Cost method		Net	
					Equity method		Cost		Allowance for impairment			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sanken - EMC Co., Ltd.	40.00	40.00	48.00	48.00	-	-	19,200	19,200	(19,200)	(19,200)	-	-
JV EMC-PLE	-	-	49.00	49.00	158	714	800	800	(800)	-	-	800
Chiangmai Daily Company Limited - EMC Public Company Limited Joint Venture	-	-	51.00	-	-	-	-	-	-	-	-	-
					158	714	20,000	20,000	(20,000)	(19,200)	-	800

On October 16, 2018, the Board of Directors' Meeting No. 6/2561 passed a resolution approving the establishment of joint venture with Chiang Mai Daily Co., Ltd. under the name of " Joint Venture Chiang Mai Daily Co.,Ltd. and EMC Public Company Limited" in proportion of 49 : 51, objective to submit documents for bidding to construction and management of housing projects under Government Policy "Thai People's House" project in the State of Properties land.

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.

As at 31 December 2017, joint venture EMC and Power Line have registered to discontinue business with the Revenue Department, in currently on process of liquidation.

For the year ended December 31, 2018, according to the consolidated financial statements, the Company recognizes loss on equity method in excess of investment in Sanken-EMC Co.,Ltd. in amounting of Baht 2.37 million which is recognized as a part of the transaction "Other non-current liabilities" in total amount.

For the year ended December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Sanken - EMC Co., Ltd	(4,870)	(3,381)	-	-
JV EMC-PLE	(540)	(172)	-	-
Total	(5,410)	(3,553)	-	-

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>Chiangmai Daily Company Limited - EMC Public Company Limited Joint Venture</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	98,256	24,152	322	383	406	-
Non-current assets	5,026	2,983	-	-	3,680	-
Current liabilities	95,338	21,127	-	60	4,194	-
Non-current liabilities	4,224	1,267	-	-	-	-



(Unit :Thousand Baht)

Chiangmai Daily

Company Limited - EMC

Public Company Limited

Sanken - EMC Co., Ltd

JV EMC-PLE

Joint Venture

For the year ended December 31,

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues	138,826	42,266	1	28	-	-
Profit (loss) from continuing operations	(1,022)	(2,304)	(2)	(349)	(108)	-
Profit (loss) other comprehensive income	(1,022)	(2,304)	(2)	(349)	(108)	-
Profit (loss) comprehensive income	(1,022)	(2,304)	(2)	(349)	(108)	-

#### 18. Investment property

Consisted of :-

(Unit :Thousand Baht)

#### Consolidated financial statements

	<u>Land</u>	<u>Buildings and condominium units</u>	<u>Total</u>
<b>Cost :</b>			
As at January 1, 2018	-	-	-
Received debt settlement by land	164,895	-	164,895
Transfer from land awaiting developments	10,035	-	10,035
Transfer from real estate development cost	-	27,706	27,706
As at December 31, 2018	174,930	27,706	202,636
<b>Accumulated depreciation :</b>			
As at January 1, 2018	-	-	-
Depreciation for year	-	(1,062)	(1,062)
As at December 31, 2018	-	(1,062)	(1,062)
<b>Net book value :</b>			
As at December 31, 2017	-	-	-
As at December 31, 2018	174,930	26,644	201,574

(Unit :Thousand Baht)

Consolidated financial statements

Land	Buildings and condominium units	Total
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**Depreciation in profit or loss for the years :-**

End of December 31, 2017	-
End of December 31, 2018	1,062

(Unit :Thousand Baht)

Separate financial statements

Land	Buildings	Total
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**Cost :**

As at January 1, 2018	-	-	-
Received debt settlement by land	164,895	-	164,895
Transfer from real estate development cost	-	21,648	21,648
As at December 31, 2018	164,895	21,648	186,543

**Accumulated depreciation :**

As at January 1, 2018	-	-	-
Depreciation for year	-	(178)	(178)
As at December 31, 2018	-	(178)	(178)

**Net book value :**

As at December 31, 2017	-	-	-
As at December 31, 2018	164,895	21,470	186,365

**Depreciation in profit or loss for the years :-**

End of December 31, 2017	-
End of December 31, 2018	178

As at December 31, 2018, investment property of the consolidated and separate financial statements total Baht 21.47 million, were pledged as collateral for long-term loans and obligations from financial institution in Notes 20, 22 and 39.1.

As at December 31, 2018, land valued at Baht 164.89 million is an asset that the Company has received instead of payment from a debtor as described in Notes 7 and 34.2.



## 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	Vehicles	Work in progress	Total
<b>Cost :</b>									
As at January 1, 2017	20,426	393,963	29,065	4,260	112,983	53,529	37,659	269,924	921,809
Acquisition	-	744	-	-	2,583	4,777	3	259,397	267,504
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	575,093	29,065	537	115,522	57,943	34,691	348,935	1,182,212
Acquisition	-	-	224	-	1,835	2,938	3,413	4,200	12,610
Transfer in/Transfer out	-	350,123	-	-	-	(32)	-	(353,135)	(3,044)
Disposals / write off	-	-	(32)	-	-	(21,118)	-	-	(21,150)
As at December 31, 2018	20,426	925,216	29,257	537	117,357	39,731	38,104	-	1,170,628
<b>Incremental amount :</b>									
As at January 1, 2017	7,609	130,119	-	-	-	-	-	-	137,728
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2017	7,609	130,119	-	-	-	-	-	-	137,728
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2018	7,609	130,119	-	-	-	-	-	-	137,728
<b>Accumulated depreciation incremental amount :</b>									
As at January 1, 2017	-	(42,059)	-	-	-	-	-	-	(42,059)
Depreciation for year	-	(3,309)	-	-	-	-	-	-	(3,309)
As at December 31, 2017	-	(45,368)	-	-	-	-	-	-	(45,368)
Depreciation for year	-	(3,309)	-	-	-	-	-	-	(3,309)
As at December 31, 2018	-	(48,677)	-	-	-	-	-	-	(48,677)
<b>Net book value settlement from incremental :-</b>									
As at December 31, 2017	7,609	84,751	-	-	-	-	-	-	92,360
As at December 31, 2018	7,609	81,442	-	-	-	-	-	-	89,051

(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
<b>Accumulated depreciation :-</b>									
As at January 1, 2017	-	(26,754)	(28,744)	(1,575)	(106,518)	(48,382)	(25,055)	-	(237,028)
Depreciation for year	-	(11,213)	(134)	(535)	(4,612)	(2,216)	(2,475)	-	(21,185)
Disposals / write off	-	-	-	1,879	38	301	2,971	-	5,189
As at December 31, 2017	-	(37,967)	(28,878)	(231)	(111,092)	(50,297)	(24,559)	-	(253,024)
Depreciation for the year	-	(25,496)	(107)	(130)	(1,237)	(2,665)	(1,804)	-	(31,439)
Disposals / write off	-	-	32	-	-	20,713	-	-	20,745
Transfer in/Transfer out	-	-	-	-	-	32	-	-	32
As at December 31, 2018	-	(63,463)	(28,953)	(361)	(112,329)	(32,217)	(26,363)	-	(263,686)
<b>Accumulated allowance for impairment</b>									
As at January 1, 2017	-	(29,424)	-	-	-	-	-	-	(29,424)
Increase	-	(40,052)	-	-	-	-	-	(4,999)	(45,051)
As at December 31, 2017	-	(69,476)	-	-	-	-	-	(4,999)	(74,475)
Transfer in/Transfer out	-	(4,999)	-	-	-	-	-	4,999	-
As at December 31, 2018	-	(74,475)	-	-	-	-	-	-	(74,475)
<b>Net book value :</b>									
As at December 31, 2017	28,035	552,401	187	306	4,430	7,646	10,132	343,936	947,073
As at December 31, 2018	28,035	868,720	304	176	5,028	7,514	11,741	-	921,518

**Depreciation in profit or loss for the years :-**

End of December 31, 2017	24,494
End of December 31, 2018	34,748



(Unit :Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
<b>Cost :</b>									
As at January 1, 2017	20,426	45,000	29,065	4,167	112,939	51,701	37,659	269,924	570,881
Acquisition	-	-	-	-	2,577	4,561	3	259,397	266,538
Transfer in/Transfer out	-	180,386	-	-	-	-	-	(180,386)	-
Disposals / write off	-	-	-	(3,723)	-	-	(2,971)	-	(6,694)
As at December 31, 2017	20,426	225,386	29,065	444	115,516	56,262	34,691	348,935	830,725
Acquisition	-	-	224	-	1,835	2,938	3,413	4,200	12,610
Transfer in/Transfer out	-	350,123	-	-	-	-	-	(353,135)	(3,012)
Disposals / write off	-	-	(32)	-	-	(21,083)	-	-	(21,115)
As at December 31, 2018	20,426	575,509	29,257	444	117,351	38,117	38,104	-	819,208
<b>Incremental amount :</b>									
As at January 1, 2017	7,609	130,119	-	-	-	-	-	-	137,728
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2017	7,609	130,119	-	-	-	-	-	-	137,728
Increase of revalued during the year	-	-	-	-	-	-	-	-	-
As at December 31, 2018	7,609	130,119	-	-	-	-	-	-	137,728
<b>Accumulated depreciation incremental amount :</b>									
As at January 1, 2017	-	(42,059)	-	-	-	-	-	-	(42,059)
Depreciation for year	-	(3,309)	-	-	-	-	-	-	(3,309)
As at December 31, 2017	-	(45,368)	-	-	-	-	-	-	(45,368)
Depreciation for year	-	(3,309)	-	-	-	-	-	-	(3,309)
As at December 31, 2018	-	(48,677)	-	-	-	-	-	-	(48,677)
<b>Net book value settlement from incremental :-</b>									
As at December 31, 2017	7,609	84,751	-	-	-	-	-	-	92,360
As at December 31, 2018	7,609	81,442	-	-	-	-	-	-	89,051
<b>Accumulated depreciation :-</b>									
As at January 1, 2017	-	(21,120)	(28,744)	(1,565)	(106,488)	(47,926)	(25,055)	-	(230,898)
Depreciation for year	-	(897)	(134)	(517)	(4,603)	(1,841)	(2,475)	-	(10,467)
Disposals / write off	-	-	-	1,879	-	-	2,971	-	4,850
As at December 31, 2017	-	(22,017)	(28,878)	(203)	(111,091)	(49,767)	(24,559)	-	(236,515)
Depreciation for the year	-	(16,119)	(107)	(111)	(1,236)	(2,339)	(1,803)	-	(21,715)
Disposals / write off	-	-	32	-	-	20,694	-	-	20,726
As at December 31, 2018	-	(38,136)	(28,953)	(314)	(112,327)	(31,412)	(26,362)	-	(237,504)

(Unit :Thousand Baht)

Separate financial statements									
	Land	Buildings	Building improvements	Sales gallery	Tools, machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work in progress	Total
<b>Accumulated allowance for impairment</b>									
As at January 1, 2017	-	-	-	-	-	-	-	-	-
Increase	-	(2,355)	-	-	-	-	-	(4,999)	(7,354)
As at December 31, 2017	-	(2,355)	-	-	-	-	-	(4,999)	(7,354)
Transfer in/Transfer out	-	(4,999)	-	-	-	-	-	4,999	-
As at December 31, 2018	-	(7,354)	-	-	-	-	-	-	(7,354)
<b>Net book value :</b>									
As at December 31, 2017	28,035	285,765	187	241	4,425	6,495	10,132	343,936	679,216
As at December 31, 2018	28,035	611,461	304	130	5,024	6,705	11,742	-	663,401

**Depreciation in profit or loss for the years :-**

End of December 31, 2017	13,776
End of December 31, 2018	25.024

As at December 31, 2018 and 2017, the Group has assets in consolidated financial statements at cost amount of Baht 185.80 million and Baht 205.13 million respectively. (Separate : Bath 185.79 million and Baht 205.07 million respectively) were fully depreciated but most of them are still in use.

As at December 31, 2018 and 2017, buildings and construction work in progress in the consolidated and separated financial statements amounting to Baht 507.93 million and Baht 521.97 million respectively are located in land leases prepayment as state in Note to financial statement no.11 in which the Company intends to hold assets under a lease contract to derive benefit from rental income.

As at December 31, 2018 and 2017, building amount of Baht 257.25 million and Baht 266.64 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 Bejaratana-Suvadhana Foundation dated on December 1, 2015 under the project name "The STATION 1 @ CHINATOWN" in period of 30 years commencing on June 1, 2016 until May 31, 2046, compensation through rental life 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 renovation is complete (starting on May 1, 2013. to, November 30, 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 December 31, 2017, 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 (Separated financial statement :Year 2017 total amount Baht 7.35 million), the management therefore considers the allowance for impairment of such assets by recognized in the consolidated income statement for the year ended.

As at December 31, 2018 and 2017, the Group recognized loss from an onerous contract in the consolidated amounting to Baht 23.91 million and Baht 23.44 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, 2018 and 2017, revaluation surplus of fixed assets amounting to Baht 71.24 million and Baht 73.89 million respectively, shown as "Other component of equity - net" under "Equity", The revaluation surplus on fixed assets is not available for dividend distribution.

As at December 31, 2018 and 2017, the consolidated and the separated financial statements, the Company has condominium as unit of Baht 103.53 million and Baht 107.73 million respectively, to collateral for obligation with commercial bank in accordance in Note to financial statement no. 39.1.

20. Short term loans from financial institutions.

Consisted of :-

(Unit : Thousand Baht)			
	<u>Interest Rate</u>		<u>Consolidated and Separate financial</u>
	<u>(% p.a.)</u>		<u>statements</u>
	<u>As at December 31</u>		<u>As at December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u> <u>2017</u>
Promissory notes	6.25	6.25	300,000      46,000
<u>Less</u> Prepaid interest			(3,470)      -
Net			296,530      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, earned revenues not yet billed, retention receivables, real estate development and investment property as mentioned in Note no.7, 8, 9, 10 and No.18, the Company's directors have pledged as collateral against the promissory note. The promissory notes will be due within March 2019.

As at December 31, 2018 and 2017, the Group had unutilized promissory notes amounting to Baht 30.00 million and Baht 254.00 million respectively.

## 21. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables related parties	25,291	23,109	24,582	22,401
Trade payables third parties	231,600	228,576	231,135	223,140
Other payable related parties	7,250	7,250	7,250	7,250
Other payable third parties	6,066	4,149	5,287	2,936
Accrued expenses	32,508	36,609	13,083	10,481
Total trade and other payables	302,715	299,693	281,337	266,208

## 22. Long-term loans from financial institutions

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidate and Separate</u>	
	<u>financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Long-term loans from financial institutions	155,404	321,215
<u>Less</u> Current portion of long-term loans	(154,112)	(316,190)
Net	1,292	5,025



The movements in the long-term loans from financial institutions for the year ended December 31, 2018 and 2017 are as follow :-

		(Unit : Thousand Baht)	
		<u>Consolidate and Separate</u>	
		<u>financial statements</u>	
		<u>2018</u>	<u>2017</u>
Balance as at January 1		321,215	114,601
<u>Plus</u> Additional borrowings		223,109	239,303
Amortization of front ended fees		3,237	221
<u>Less</u> Repayment		(392,157)	(32,910)
Balance as at December 31		155,404	321,215

As at December 31, 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
320	350	48.78	93.53	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.
250	250	101.5	219.1	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).
		9	3			- Payment of the interest at each monthly from the first drawdown loan.
-	-	5.03	8.55	5.65	-	- 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.
570	600	155.40	321.21			

Long-term loans are assured by the mortgage of land and buildings under property development projects for sale and investment property (see Note no.11 and 18), transfer right of bank deposit claims (see Note no.14) 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, the Company which have not yet been drawn down amounted to Baht 253.11 million.

## 23. Liabilities under long-term lease contract

Consisted of :-

	(Unit : Thousand Baht)	
	<u>Consolidated and Separate financial</u>	
	<u>statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Liabilities under financial lease contracts		
- Within 1 year	2,776	2,364
- Over 1 year but not over 5 years	3,620	3,627
Total liabilities under financial lease contracts	6,396	5,991
<u>Less</u> Deferred interest expense	(628)	(428)
Present value of liabilities under financial lease contract	5,768	5,563
<u>Less</u> Current portion	(2,480)	(2,116)
Liabilities under financial lease contracts-net	3,288	3,447

As at December 31, 2018 and 2017, has entered into 3, with two of the financial institution. The monthly repayable is Baht 0.26 million period of contract are duration of 4-5 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 but financial leases contract the vehicle's ownership still be the lessor until the Company decides to purchase it.



The Company are obliged to pay a minimum rent under finance leases are as follows :-

(Unit : Thousand Baht)

Consolidated and Separate financial statements

As at December 31, 2018

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	2,776	3,620	6,396
Deferred interest expense	(296)	(332)	(628)
Present value of future minimum lease payments	2,480	3,288	5,768

(Unit : Thousand Baht)

Consolidated and Separate financial statements

As at December 31, 2017

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	2,364	3,627	5,991
Deferred interest expense	(248)	(180)	(428)
Present value of future minimum lease payments	2,116	3,447	5,563

24. Unbilled construction cost payables

As at December 31, 2018, the Company has reversed the liabilities related to compromise agreement between the Company and one debtor (see Note No.7) in the amount of Baht 17.22 million, consisting of unbilled construction costs payable amounting to Baht 9.56 million and provision for maintenance amounting of Baht 7.66 million and realized whole amount of profit from reversal as part of the value of the land which received from the debtor (see Note No.18) because of the Company has no obligation to pay such debts.

25. Advances received from customers

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidate financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advances received from customers				
- Construction	5,205	12,373	5,205	12,373
- Real estate development	153,881	187,921	145,025	172,068
- Lease and service contract	14,003	12,981	8,849	7,687
Total Advances received from customers	173,089	213,275	159,079	192,128
<u>Less</u> Short-term advances received from customers	(168,006)	(208,425)	(159,079)	(192,128)
Net	5,083	4,850	-	-

26. Provision for onerous contracts

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidate financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	33,700	23,000	10,700	-
Increase during the year	-	10,700	-	10,700
Increase from change discount rate	3,068	-	3,068	-
Decrease from repayment	(738)	-	(738)	-
Total	36,030	33,700	13,030	10,700
Accrued interest expenses	912	440	-	-
As at December 31,	36,942	34,140	13,030	10,700



## 27. Provision for short-term liabilities

Consisted of :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>				
	Provision for	Allowance for loss	Estimates of	Compensation for	Total
	maintenance	on litigation claim	future losses	Housing Estate Juristic Persons	
As at January 1, 2017	64,426	3,650	12,079	431	80,586
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
Increase during the year	20,163	394	-	-	20,557
Utilised	(6,769)	-	(62)	-	(6,831)
Reversal of provisions	(11,447)	-	-	-	(11,447)
As at December 31, 2018	58,172	394	8,817	431	67,814

(Unit : Thousand Baht)

	<u>Separate financial statements</u>				
	Provision for	Allowance for loss	Estimates of	Compensation for	Total
	maintenance	on litigation claim	future losses	Housing Estate Juristic Persons	
As at January 1, 2017	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
Increase during the year	19,978	394	-	-	20,372
Utilised	(6,744)	-	-	-	(6,744)
Reversal of provisions	(9,438)	-	-	-	(9,438)
As at December 31, 2018	51,574	394	-	-	51,968

As at December 31, 2018, the Company has reversed the provision for maintenance of Baht 7.66 million (see Note No. 7).

## 28. Employee benefit obligations

For the year ended December 31, 2018 and 2017, changes in the present value of the employee benefit obligation as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated and Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>
Employee benefit obligations as at January 1,	17,849	31,492
Current service cost and interest	4,974	9,059
Actuarial gains	-	(22,702)
Employee benefit obligations as at December 31,	<u>22,823</u>	<u>17,849</u>

(Revenue) expenses are recognized in the total statement of comprehensive income for the year ended December 31, 2018 and 2017 as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated and Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>
<b>Profit and loss statement</b>		
Current service cost	4,629	8,410
Financial cost	345	649
Total	<u>4,974</u>	<u>9,059</u>
<b>Other comprehensive income statement</b>		
Actuarial gains	-	(22,702)
Total	<u>-</u>	<u>(22,702)</u>

Principal actuarial assumptions as at December 31, 2018, and 2017:-

	<u>Consolidated and Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>
Discount rate	1.95% per annum	1.95% per annum
Salary increment rate	5.00% per annum	5.00% per annum
Resignation rate	22%-32% per annum	22%-32% per annum
Retired age	60 years	60 years



Changes in the actuarial assumption will affect to the employee benefit obligation as follows :

(Unit : Thousand Baht)

Consolidated and Separate financial statements

	<u>2018</u>	<u>2017</u>
If the discount rate increase 1%	(1,012)	(702)
If the discount rate decrease 1%	1,114	774
If the future salary growth increase 1%	1,420	816
If the future salary growth decrease 1%	(1,312)	(754)
If the future turnover of staff increase 1%	(1,174)	(818)
If the future turnover of staff decrease 1%	663	482
If the proportion of life expectancy increase 1 year	84	59
If the proportion of life expectancy decrease 1 year	(84)	(59)

Information about the maturity of the employee benefit obligation are as follows :

(Unit : Thousand Baht)

Consolidated and Separate financial statements

As at December 31,

	<u>2018</u>	<u>2017</u>
Amount of the obligation expected to be paid		
- Not later than 1 year	2,108	760
- Later than 1 year but not later than 5 years	15,439	12,433
- Over 5 years	385,826	390,940
Weighted average duration of the obligation	20.55 years	20.55 years

However, if the Group has to comply with the requirements under the draft Labor Protection Act No. 7, the management forecast that the law will affect the financial statements of the Group in the accounting period for the year 2019. The Group will be recognition of additional liabilities from the original amount of Baht 2.04 million (separate financial statements : Baht 2.04 million).

## 29. Share capital

Consisted of :-

(Unit : Thousand Baht)

	Consolidated and Separate financial statements			
	Issued and paid-up share capital	Premiums on ordinary shares	Discount on share capital	Total
As at January 1, 2017	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
Increase in share capital	-	-	-	-
As at December 31, 2018	8,433,755	248,605	(4,459,883)	4,222,477

For the year ended December 31, 2017 to increase the total share capital resulted from the exercised warrants from those financial institutions as discussed in Notes 30.

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 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.

According to the Board of Directors' meeting no. 3/2018 on March 14, 2018, the Board of Directors unanimously passed the resolutions to approve on the following matters :-

- A. Decreased the Company's registered capital from Baht 13,571.25 million (divided into 13,571,245,611 ordinary shares with a par value of 1 Baht per share) to Baht 8,433.75 million (divided into 8,433,754,763 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 5 (EMC-W5) total 5,137,490,848 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 10, 2018.

- C. Increase the registered capital of the Company from Baht 8,433.75 million (divided into 8,433,754,763 ordinary shares with par value of 1 Baht per share) to Baht 15,180.63 million (divided into 15,180,632,144 ordinary shares with the par value of 1 Baht per share) by issuing new 6,746,877,381 ordinary shares with a par value of 1 Baht per shares, details are as follows :-

1. No more than 4,216,877,381 shares to accommodate the adjustment of the 6th warrants (EMC-W6) offered to existing shareholders Based on the shareholding ratio of 2 ordinary shares per 1 unit of EMC-W6, the exercise price is Baht 0.15 per share.

2. 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.

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 17, 2018.

According to the minutes of the ordinary shareholders meeting for the year 2018 held on April 27, 2018, 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 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.

### 30. Warrants

At the Extra-ordinary Shareholders' Meeting no. 2/2015 held on November 3, 2015, the shareholders unanimously passed the resolution to issue 2,107,510,895 warrants ("EMC-W5"), to the Company's existing shareholders who had share subscription and paid the share subscription. Details as follows :-

	Description
Type of warrant	Registered name and transferable
Term of warrants	Within two years from the issuance date and selling the warrant (Last exercise date will be on October 30, 2017)
To be issued and offered quantities	2,107,510,895 units
Offering price per warrant	At zero value
Exercise ratio	1 warrant to 1 common share
Exercise price	Baht 0.25 per share

During October 2017, 20,047 warrants were exercised ("EMC-W5"). The number of warrants remaining unexercised and expired on October 30, 2017 at the amount of 2,107,490,848 units. The Company has registered the change of issued and paid-in share capital resulting from the exercise of warrants to the Ministry of Commerce on November 17, 2017.



At the Annual General Meeting of Shareholders' for the year 2018, held on April 27, 2018, the shareholders unanimously passed the resolution ("EMC-W6"), to the Company's existing shareholders who had share subscription and paid the share subscription. Details as follows :-

	Description
Type of warrant	Registered name and transferable
Term of warrants	Within five years from the issuance date and selling the warrant (Last exercise date will be on October 15, 2023)
To be issued and offered quantities	4,216,877,381 units
Offering price per warrant	At zero value
Exercise ratio	1 warrant to 1 common share
Exercise price	Baht 0.15 per share

As at December 31, 2018, the whole amount of the Company's warrants ("EMC-W6"), has not yet been exercised.

### 31. Income tax

The Group is not liable to corporate income tax for the year ended December 31, 2018 due to tax losses carry forward (2017 due to tax loss in the current year).

As at December 31, 2018 and 2017 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Temporary differences</u>				
Allowance for doubtful debt, diminution in value and impairment				
- Trade and retention receivable	32,854	221,717	32,854	221,717
- Real estate development cost	10,839	10,774	8,665	9,170
- Deposits for lands	18,000	34,760	18,000	34,760
- Investments	13,050	13,050	287,314	268,156
- Property, plant and equipment	10,797	74,475	10,797	7,354
- Prepaid leasehold	19,891	19,891	19,891	19,891

(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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
- Advance payments for purchases of projects	466,343	466,343	466,343	466,343
- Provision for onerous contracts	36,942	34,140	13,030	10,700
Employee benefits obligation	22,823	17,849	22,823	17,849
Provision for loss on litigation claim	393	-	393	-
Provision of future losses	8,817	8,879	-	-
Provision for Housing Estate Juristic Persons	431	431	-	-
Provision for maintenance	58,173	56,225	51,574	47,778
<b>Total</b>	<b>699,353</b>	<b>958,534</b>	<b>931,684</b>	<b>1,103,718</b>

Unused tax losses

Tax losses carry forward	1,592,783	1,483,984	1,185,868	1,124,945
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Detail of deferred tax liabilities as at December 31 2018 and 2017 as follows :-

	<u>Consolidated and Separate financial statements (Thousand Baht)</u>		
	<u>Transection record</u>		
	<u>add (less) in</u>		
	<u>January 1,2018</u>	<u>shareholders' equity</u>	<u>December 31,2018</u>
<b>Deferred tax liabilities</b>			
Revaluation surplus of fixed assets	(18,472)	662	(17,810)

	<u>Consolidated and Separate financial statements (Thousand Baht)</u>		
	<u>Transection record</u>		
	<u>add (less) in</u>		
	<u>January 1,2017</u>	<u>shareholders' equity</u>	<u>December 31,2017</u>
<b>Deferred tax liabilities</b>			
Revaluation surplus of fixed assets	(19,134)	662	(18,472)



### 32. Natures of expenses

For the years ended December 31, 2018 and 2017 consist of: -

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the years ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sale real estate	343,778	64,282	281,689	9,607
(Profit) loss from diminution in value of inventories	(2,280)	(35,294)	(506)	5,605
Change in work in progress	106,135	(103,748)	106,135	(103,748)
Sub-contractors expenses	731,532	45,588	731,532	45,588
Employee benefit expenses	110,023	130,171	109,884	129,191
Supplies and construction materials used	546,708	351,315	546,665	351,315
Direct labor expenses	113,033	78,427	113,033	78,427
Interest costs of construction	24,347	13,510	21,747	13,510
Depreciation and amortization	41,271	25,155	30,652	14,425
Provision on maintenance	20,782	14,286	20,805	12,977
Provision on loss from litigation	393	818	393	818
Doubtful debt	-	8,441	-	29,450
Loss on impairment of investments	-	-	19,159	96,979
Loss on impairment of assets under leases contract	-	64,942	-	27,245
Doubtful debt of advance payment for projects	-	466,343	-	466,343
Loss from onerous contract	3,068	10,700	3,068	10,700
Real estate sale fees	22,318	5,273	18,064	614
Financial cost	19,502	11,115	18,753	8,821

### 33. Basic and diluted earnings (loss) per share

Basic profit (loss) per share is calculated by dividing profit (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.

Diluted earnings per share is calculated by dividing the profit (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and paid up, adjusted to assume conversion of all dilutive potential ordinary shares, which is the weighted average number of ordinary shares

which would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value.

Consolidated financial statements Separate financial statements

For the year ended December 31,

	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) for the year (Thousand Baht)	369,969	(673,764)	411,880	(707,304)
Weighted average number of shares (Thousand shares)	8,433,738	8,433,738	8,433,738	8,433,738
Effect of dilutive potential ordinary shares				
("EMC-W6") (Thousand shares)	215,651	-	215,651	-
Number of dilutive potential ordinary shares (Thousand shares)	215,651	-	215,651	-
Basic profit (loss) per share (Baht)	0.0439	(0.0799)	0.0488	(0.0839)
Effect of dilutive potential ordinary shares (Baht)	(0.0011)	-	(0.0012)	-
Diluted earnings (loss) per share (Baht)	0.0428	(0.0799)	0.0476	(0.0839)

As at December 31, 2017 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-W5") because of the market price of ordinary shares is lower than the warrant price and has expired during the year in whole amount.

#### 34. Additional cash flow information

##### 34.1 Cash and cash equivalents items as following details :-

(Unit : Thousand Baht)

	<u>Consolidated financial</u>		<u>Separate financial</u>	
	<u>statements</u>		<u>statements</u>	
	<u>As at December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	1,480	1,510	1,405	1,279
Deposits at banks	98,407	24,255	85,809	14,568
Fixed deposits with term not exceeding three months	221	3,716	216	3,700
Total	100,108	29,481	87,430	19,547

As at December 31, 2018 and 2017, saving and fixed accounts of the Group bearing interest at the rates of 0.125% to 0.375% per annum (2017: 0.125% to 0.375% per annum) (Separate : 0.125% to 0.375% per annum, 2017 : 0.125% to 0.375% per annum).



### 34.2 Non- cash transactions

(Unit : Thousand Baht)

	<u>Consolidated financial</u>		<u>Separate financial</u>	
	<u>statements</u>		<u>statements</u>	
	<u>As at December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
1. Refund the deposit of land as land with building.	10,560	12,240	10,560	12,240
2. Transfer real estate development cost to investment property	27,706	-	21,648	-
3. Transfer land awaiting developments to investment property	10,035	-	-	-
4. Transfer land awaiting developments to real estate development cost	2,120	-	-	-
5. Classification of leasehold right for land to property, plant and equipment	430	-	430	-
6. Acquired assets under finance lease contracts	2,231	-	2,231	-
7. Long-term loan for advance payment of machinery rental	-	9,835	-	9,835
8. Transfer work in progress to leasehold building	-	612,481	-	612,481
9. Received debts settlement by investment property : (Notes 7)				
- Trade and other receivables	111,933	-	111,933	-
- Retention receivable	36,396	-	36,396	-
- Earned revenue not yet billed	43,225	-	43,225	-
- Withholding tax	(4,359)	-	(4,359)	-
- Unbilled construction cost payables	(9,564)	-	(9,564)	-
- Advances received from customers	(7,573)	-	(7,573)	-
- Provision on maintenance	(7,659)	-	(7,659)	-
- Value Added Tax	2,496	-	2,496	-
Total	164,895	-	164,895	-

### 35. Operating segments

Operating segments information in the consolidated financial statements for year ended December 31, 2018 and 2017, the details are as follows :-

	(Unit : Thousand Baht)			
	Construction contracting		Real estate development	
	2018	2017	2018	2017
Revenue from operation	1,645,348	559,033	524,086	100,186
Cost from operation	(1,421,383)	(498,877)	(388,618)	(48,319)
Profit (loss) from operation	223,965	60,156	135,468	51,867
Other income	-	-	-	-
Profit from the reversal of unbilled construction cost payables	1,614	3,753	-	-
Reversal of allowance for doubtful debt	235,711	-	-	-
Selling expenses	-	-	(58,682)	(67,225)
Administrative expenses	-	-	-	-
Loss on provisions short-term liabilities	2,241	(818)	(3,664)	(5,614)
Doubtful debt	-	(8,441)	-	(466,343)
Loss on impairment of assets	-	-	-	(64,941)
Loss on onerous contracts	-	-	(3,068)	(10,700)
Financial cost	-	-	-	-
Share of loss of investments in associates and joint venture	-	-	-	-
Profit (loss) before income tax expenses	-	-	-	-
Income tax expenses	-	-	-	-
Comprehensive profit (loss) for the year	-	-	-	-

Details of the sectorial business assets in the consolidated financial statements as at December 31, 2018 and 2017 are as follows :-

	(Unit : Thousand Baht)				
	<u>Construction contracting</u>		<u>Real estate development</u>		<u>Consolidated financial statements</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
Sectorial business assets					
- Trade receivables and earned revenues not yet billed	759,048	213,621	11,335	-	213,621
- Retention receivable	117,630	82,514	-	-	82,514
- Work in progress	-	106,135	-	-	106,135
- Real estate development cost	-	-	874,698	997,376	997,376
- Land awaiting development	-	-	113,385	125,541	125,541
- Investment property	-	-	201,574	-	-
- Property, plant and equipment	-	-	765,191	788,603	788,603
- Prepaid leasehold	-	-	140,606	145,720	145,720
Unallocated assets	-	-	-	-	456,114
Total assets	876,678	402,270	2,106,789	2,057,240	2,915,624



## 36. Financial instruments

### Financial risk management policy

The Group holds 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.

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, 2018 and 2017, 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, 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within	1- 5	Over			
	1 year	years	5 years			
<b>Financial assets</b>						
Cash and cash equivalents items	-	-	-	98,628	1,480	100,108
Short-term investments	-	-	-	5,959	-	5,959
Trade and other receivables	-	-	-	-	224,820	224,820
Earned revenue not yet billed	-	-	-	-	550,195	550,195
Short-term loan and accrued interest receivable	3,913	-	-	-	-	3,913
Retention receivable	-	-	-	-	117,630	117,630
Restricted bank deposits	-	-	-	171,295	-	171,295
<b>Total</b>	<b>3,913</b>	<b>-</b>	<b>-</b>	<b>275,882</b>	<b>894,125</b>	<b>1,173,920</b>

**Financial liabilities**

Short-term loan from financial institution	296,530	-	-	-	-	296,530
Trade and other payables	-	-	-	-	302,715	302,715
Retention payable to contractors	-	-	-	-	112,154	112,154
Unbilled construction cost payables	-	-	-	-	336,656	336,656
Short-term loans and accrued interest expenses	131,876	-	-	-	5,368	137,244
Long-term loans from financial institutions	-	-	-	155,404	-	155,404
Liabilities under finance lease contracts	2,480	3,288	-	-	-	5,768
<b>Total</b>	<b>430,886</b>	<b>3,288</b>	<b>-</b>	<b>155,404</b>	<b>756,893</b>	<b>1,346,471</b>

(Unit : Thousand Baht)

Consolidated Financial Statements

December 31, 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within	1- 5	Over			
	1 year	years	5 years			
<b>Financial assets</b>						
Cash and cash equivalents items	-	-	-	27,971	1,510	29,481
Short-term investments	-	-	-	3,758	-	3,758
Trade and other receivables	-	-	-	-	97,779	97,779
Earned revenue not yet billed	-	-	-	-	121,303	121,303
Short-term loan and accrued interest receivable	2,563	-	-	-	-	2,563
Retention receivable	-	-	-	-	82,514	82,514
Restricted bank deposits	-	-	-	168,980	-	168,980
<b>Total</b>	<b>2,563</b>	<b>-</b>	<b>-</b>	<b>200,709</b>	<b>303,106</b>	<b>506,378</b>

(Unit : Thousand Baht)

Consolidated Financial Statements

December 31, 2017

Fixed interest rates

	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total
<b>Financial liabilities</b>						
Short-term loan from financial institution	46,000	-	-	-	-	46,000
Trade and other payables	-	-	-	-	299,693	299,693
Retention payable to contractors	-	-	-	-	93,142	93,142
Unbilled construction cost payables	-	-	-	-	68,851	68,851
Short-term loans and accrued interest expenses	173,783	-	-	-	31,406	205,189
Long-term loans from financial institutions	-	-	-	321,215	-	321,215
Liabilities under finance lease contracts	2,116	3,447	-	-	-	5,563
<b>Total</b>	<b>221,899</b>	<b>3,447</b>	<b>-</b>	<b>321,215</b>	<b>493,092</b>	<b>1,039,653</b>

(Unit : Thousand Baht)

Separate Financial Statements

December 31, 2018

Fixed interest rates

	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total
<b>Financial assets</b>						
Cash and cash equivalents items	-	-	-	86,025	1,405	87,430
Short-term investments	-	-	-	5,634	-	5,634
Earned revenue not yet billed	-	-	-	-	232,836	232,836
Trade and other receivables	-	-	-	-	550,195	550,195
Short-term loans and accrued interest receivable	760,185	-	-	-	53,550	813,735
Retention receivable	-	-	-	-	117,630	117,630
Restricted bank deposits	-	-	-	169,300	-	169,300
<b>Total</b>	<b>760,185</b>	<b>-</b>	<b>-</b>	<b>260,959</b>	<b>955,616</b>	<b>1,976,760</b>
<b>Financial liabilities</b>						
Short-term loan from financial institution	296,530	-	-	-	-	296,530
Trade and other payables	-	-	-	-	281,337	281,337
Unbilled construction cost payables	-	-	-	-	336,656	336,656
Retention payable to contractors	-	-	-	-	108,265	108,265
Short-term loans and accrued interest expenses	129,899	-	-	-	-	129,899
Long-term loans from financial institutions	-	-	-	155,404	-	155,404
Liabilities under finance lease contracts	2,480	3,288	-	-	-	5,768
<b>Total</b>	<b>428,909</b>	<b>3,288</b>	<b>-</b>	<b>155,404</b>	<b>726,258</b>	<b>1,313,859</b>



(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
<b>Financial assets</b>						
Cash and cash equivalents items	-	-	-	18,268	1,279	19,547
Short-term investments	-	-	-	3,558	-	3,558
Earned revenue not yet billed	-	-	-	-	121,303	121,303
Trade and other receivables	-	-	-	-	99,839	99,839
Short-term loans and accrued interest receivable	700,037	-	-	-	53,550	753,587
Retention receivable	-	-	-	-	82,514	82,514
Restricted bank deposits	-	-	-	167,460	-	167,460
<b>Total</b>	<b>700,037</b>	<b>-</b>	<b>-</b>	<b>189,286</b>	<b>358,485</b>	<b>1,247,808</b>
<b>Financial liabilities</b>						
Short-term loan from financial institution	46,000	-	-	-	-	46,000
Trade and other payables	-	-	-	-	266,208	266,208
Unbilled construction cost payables	-	-	-	-	68,851	68,851
Retention payable to contractors	-	-	-	-	89,898	89,898
Short-term loans and accrued interest expenses	145,886	-	-	-	26,038	171,924
Long-term loans from financial institutions	-	-	-	321,215	-	321,215
Liabilities under finance lease contracts	2,116	3,447	-	-	-	5,563
<b>Total</b>	<b>194,002</b>	<b>3,447</b>	<b>-</b>	<b>321,215</b>	<b>450,995</b>	<b>969,659</b>

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, short-term loans to, trade and other payables, retention payable to contractors and loan from the carrying values approximate their fair values due to the relatively short-term maturity of these financial assets and liabilities.

The fair value of cash and cash equivalents, investments in restricted deposits with financial institutions and loans from financial institution : 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.

### 37. Fair value measurement

Information on assets and liabilities of the Group measured the fair value in the statement of financial position as at December 31, 2018 and 2017, are as follows:

(Unit: Million Baht)

<u>Asset/Liability</u>	<u>Fair Value</u>		<u>Fair value hierarchy</u>	<u>The inputs used in the fair value measurement</u>
	<u>2018</u>	<u>2017</u>		
Investment property	192.07	192.07	3	Compare the market price with similar assets and adjust with the techniques of the analysts.
	6.06	6.06	3	Determine the fair value on the assumption of the cost of the rebuild new assets or replacement costs deducted by depreciation from various factors such as physical factors functional factors including external impact or economic factors.
Property plant, and equipment	139.98	139.98	3	Compare the market price with similar assets and adjust with the techniques of the analysts.

### 38. 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, 2018 and 2017, in the consolidated financial statements, the company contributed to the fund amounting to Baht 2.24 million and Baht 2.17 million respectively.



### 39. Commitments and contingent liabilities

39.1 Apart from liabilities reflected in the financial statements, The Group still had other obligations as follows:-

(Unit : Million Baht)

<u>Consolidated Financial Statements</u>						
<u>As at December 31,</u>						
		<u>2018</u>			<u>2017</u>	
	<u>Credit facilities</u>	<u>Utilized</u>	<u>Available</u>	<u>Credit facilities</u>	<u>Utilized</u>	<u>Available</u>
Letter of guarantee (Total credit limit included all type )	90.00	50.19	39.81	90.00	74.82	15.18
Letter of guarantee (Total credit limit included electricity guarantees and product purchases)	250.00	30.35	219.65	250.00	5.18	244.82
Letter of guarantee for tender	250.00	181.52	68.48	150.00	50.38	99.62
Letter of guarantee for contractual performance	202.81	202.81	-	210.06	210.06	-
Letter of guarantee for performance	395.00	135.54	259.46	402.00	112.23	289.77
Letter of guarantee for electricity use	5.79	0.29	5.50	6.11	1.03	5.08
Letter of guarantee for purchase payment	65.13	31.13	34.00	65.13	31.13	34.00
Letter of guarantee for land allotment	12.96	12.96	-	12.96	12.96	-
Promissory note	330.00	300.00	30.00	300.00	46.00	254.00
Long-term loans	570.00	570.00	-	600.00	346.89	253.11

(Unit : Million Baht)

<u>Separate Financial Statements</u>						
<u>As at December 31,</u>						
		<u>2018</u>			<u>2017</u>	
	<u>Credit facilities</u>	<u>Utilized</u>	<u>Available</u>	<u>Credit facilities</u>	<u>Utilized</u>	<u>Available</u>
Letter of guarantee (Total credit limit included all type )	90.00	50.19	39.81	90.00	74.82	15.18
Letter of guarantee (Total credit limit included electricity guarantees and product purchases)	250.00	30.35	219.65	250.00	5.18	244.82
Letter of guarantee for tender	250.00	181.52	68.48	150.00	50.38	99.62
Letter of guarantee for contractual performance	202.81	202.81	-	210.06	210.06	-
Letter of guarantee for performance	395.00	135.54	259.46	402.00	112.23	289.77
Letter of guarantee for electricity use	5.50	-	5.50	5.50	0.43	5.07
Letter of guarantee for purchase payment	65.13	31.13	34.00	65.13	31.13	34.00
Letter of guarantee for land allotment	10.79	10.79	-	10.79	10.79	-
Promissory note	330.00	300.00	30.00	300.00	46.00	254.00
Long-term loans	570.00	570.00	-	600.00	346.89	253.11

As at 31 December, 2018 and 2017, part of the debt under the letter of guarantee total amounting of Baht 7.50 million and Baht 14.50 million, respectively, is the debt obligation that the Company has entered into to guarantee the compliance with the construction contract instead of a subsidiary company without compensation between each other.

As at 31 December, 2018 and 2017, part of the debt under the letter of guarantee for land allocation, total amount of Baht 10.79 million, equally both 2 years .Is a debt obligation that the Company has guaranteed on behalf of a related company by without compensation between each other.

Commitments and contingent liabilities Guaranteed by mortgage of land and buildings under the real estate development project for sale and investment properties ( Notes 10 and 18) transfer rights for deposits (Note 14) and deposits of existing shareholders of a subsidiary, transfer the right to receive money from a receiving payment for construction work under the project "Bang Khun Thian Elderly Hospital" retention receivable and the Company's ownership of the condominium as discussed in the notes to financial statements No. 7, 8, 9 and 19 and the directors of the company have joined as a guarantee.

39.2 As at December 31, 2018 and 2017, the Group had commitments under purchase orders of construction materials and subcontractors services totaling Baht 393.90 million and Baht 551.08 million, respectively. (The Company only : Bath 362.11 million and Bath 523.13 million, respectively).

### 39.3 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>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Not later than 1 year	8,528	11,620	5,285	8,652
Later than 1 year and not				
later than 5 years	14,327	13,932	4,875	4,755
Later than 5 year	149,641	154,170	69,995	72,055
Total	172,496	179,722	80,155	85,462



#### 39.4 Obligation under construction services

As at December 31, 2018 and 2017, 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 2,782.83 million and Baht 2,968.56 million respectively, the Company has commitments to provide construction services in the amounted of Baht 773.29 million and Baht 2,355.36 million, respectively.

#### 39.5 Commitments from on-going projects development

As at December 31, 2018 and 2017, the Group had commitments to transfer condominium units, land and construction thereon totalling Baht 405.44 million and Baht 941.42 million respectively, under agreements to buy and to sell in projects (the Company only: Baht 336.33 million and Baht 761.42 million respectively).

39.6 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 2.90 million. But no rental payment per contract. The management of the subsidiary company has terminated the above contract and confiscated the entire deposit insurance amount due to that the lessee is breaching the contract.

39.7 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 Baht 400.00 million.

#### 40. Lawsuit

40.1 As at December 31, 2018 and 2017, the Group had lawsuits by the consolidated financial statement total of 4 cases and 3 cases in respectively (Separate financial statements : total of 3 cases and 2 cases in respectively). The disputant appealed to claim damages by the consolidated financial statements of Baht 32.55 million and Baht 1.79 million in respectively, (Separate financial statements of Baht 32.36 million and Baht 1.60 million in respectively). Some cases are detailed below :-

<u>Cases</u>	<u>In mistake</u>	<u>Damage called by plaintiff (Million Baht)</u>	<u>Adjudication</u>
Black case no. 866/2561	Damages	30.76	<ul style="list-style-type: none"> <li>On January 23, 2019, the plaintiff filed a petition to withdraw the lawsuit. As for the company to withdraw the counterclaim and return the letter of guarantee to the plaintiff on 30 January 2019, the case has ended.</li> </ul>

40.2 As at December 31 2018 and 2017, the Group has the plaintiff lawsuit filed to litigant as follows:

<u>Cases</u>	<u>In mistake</u>	<u>Damage called by plaintiff (Million Baht)</u>	<u>Adjudication</u>
Black case no. W. 1327/2557	Damages	262.77	<ul style="list-style-type: none"> <li>On March 29, 2016, the court had first judgment for the defendant to pay Baht 155.64 million and interest at the rate of 15% per annum from August 1, 2014 until the defendant will finish payment to the Company.</li> </ul>
Red case no. 468/2559			<ul style="list-style-type: none"> <li>On July 25, 2017, the court of appeal had vacated judgment to the defendant paid Baht 140.81 million and interest at the rate of 7.50% per annum of the said principal from August 1, 2014 until the defendant will finish payment to the Company.</li> <li>As at December 7, 2018, the company and the defendant agreed to enter into a compromise agreement by the defendant agreed to pay the debt to the company in the amount of Baht 185.00 million by requesting to payment by 15 plots of blank land with a fair value of Baht 192.07 million which the company received the ownership transfer of all land in 2018.</li> </ul>
Black case no. W. 874/2557	Damages	23.60	<ul style="list-style-type: none"> <li>On January 22, 2015, the court had first judgment for the defendant to pay Baht 2.30 million and interest at the rate of 7.50% per annum from May 8, 2014 until the defendant will finish payment to the Company.</li> </ul>
Red case no. W. 97/2558	(reimburseme nt tention)		<ul style="list-style-type: none"> <li>On June 29, 2016, the court of appeal ruled in accordance with the preliminary judgment. On July 14, 2016, the Company received a fine of Baht 2.49 million from the defendant.</li> <li>On April 10, 2018, the supreme court has a judgment to the defendant to pay Baht 6.03 million to the Company. In June 2018, the Company received the full amount of payment.</li> </ul>



<u>Cases</u>	<u>In mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
Black case no. W. 522/2558 Red case no. 1261/2558	Damages (reimburse- ment retention)	6.73	<p>On September 7, 2015, the court had first judgment for the defendant to pay Baht 6.73 million and interest at the rate of 15% per annum from April 3, 2015 until the defendant will finish payment to the Company. And to the defendant returned the cheque amounting of Baht 10.58 million to the Company.</p> <ul style="list-style-type: none"> <li>- On April 4, 2017, the court of appeal ruled in accordance with the preliminary judgment.</li> <li>- Currently, the Company filed a petition to the court to issue a writ of execution by the court appointment to investigate the petition on May 21, 2018. However, on July 9, 2018, the defendant agreed to pay in full amount of Baht 9.50 million. The payment will be made of Baht 1.00 million per installment. The first payment will be made in July 2018 and ended in March 2019, the 9<sup>th</sup> installment amounted to Baht 1.50 million. As at December 31, 2018, the Company had received such payment in amount Baht 6.00 million.</li> </ul>
Black case no. W. 1096/2559 Red case no. W. 444/2560	Damages	217.21	<ul style="list-style-type: none"> <li>- 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, the defendant brought bank account of Baht 260.00 million to assure the judgment of the court.</li> <li>- On March 29, 2018, the court of appeal ruled in accordance with the preliminary judgment and let the associate company provide a bank guarantee without time limit deadline granted to the defendant on the day of payment.</li> <li>- At the present, the Supreme Court has already ordered to receive the petition. The case is in the process of filing a petition to the court.</li> </ul>
Black Case no. W.465/2557 Red Case no. W.2120/2559	Breach of contract	31.76	<ul style="list-style-type: none"> <li>- On September 23, 2016, the Court adjudged the dismissal, the Company was appeal, on October 24, 2017, The Court of Appeal issued a judgment to the defendant for payment of Baht 4.49 million and returned the letter of guarantee to the Company.</li> <li>- The Company has filed a petition which is in the trial procedure of the Supreme Court.</li> </ul>

<u>Cases</u>	<u>In mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
Black Case no. W. 1523/2559	Breach of contract	24.62	<ul style="list-style-type: none"> <li>- On August 21, 2017, the Court issued judgement to the defendant to pay in the amount of Baht 23.49 million plus interest at the rate of 7.50% per annum for the principal amount of Baht 4.39 million as from December 25, 2015 and 7.50% per annum for the principal amount Baht 19.10 million from August 7, 2016 until the payment to the Company is completed.</li> <li>- On May 24, 2018, the Court of Appeal issued a judgment to the defendant for payment of Baht 23.49 million plus interest at the rate of 7.50% per annum for the principal amount of Baht 4.10 million (not to be charged VAT) as from December 25, 2015 and the rate of 7.50% per annum of the principal amount of Baht 19.10 million from August 7, 2016 until the payment to the Company is completed.</li> <li>- The defendant has extended the filing period of the petition and stay of execution of the case. Later, it was found that the defendant didn't filed petition within the deadline. The case is terminated.</li> <li>- Currently, on process to legal execution for asset investigation.</li> </ul>
Red Case no. W. 1459/2560			

However, the Group did not recognize contingent assets above transaction in the financial statements because of the definition of recognition is not pertinent to the relevant accounting standards.

#### 41. Events after the reporting period

As at 5 February 2019, the Company and Chiangmai Daily Co., Ltd. jointly to established Joint Venture Chiangmai Daily and EMC Co., Ltd., which is a juristic entity under the civil and commercial law, registered capital of Baht 10.00 million, 100,000 shares and par value of Baht 100 per share. On January 29, 2019, called up the share payment in the amount of Baht 5.00 million. The Company holding 51% of the paid-up capital, objective to operate under the lease agreement of the land of State Properties for construction and management in the project.name "Ban Pracha Rath" as described in Note No.17.

#### 42. Approval of the financial

These financial statements have been approved for issuance by the Company's board of directors on February 27, 2019.





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