



บริษัท เนาวรัตน์พัฒนากาญ จำกัด (มหาชน)  
NAWARAT PATANAKARN PUBLIC COMPANY LIMITED

# ANNUAL REPORT 2014



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# Message from Chairman

March 13, 2015

Dear All Shareholders  
Nawarat Patanakarn Public Company Limited

The year 2014 saw Thailand's GDP growth rate of only 0.7%, a very low rate compared to those of other countries in the region and the world's, which resulted from various factors including the political change within the country that caused the overall investment to decrease by up to 2.8%, especially the investment from the government sector, awaiting a clear-cut approach and decision from the new administration. Nevertheless, with effective strategic adjustment with regard to management and marketing by turning to focus more on Works from the private sector such as construction of factories, warehouses, and hotels, for example, the Company was, therefore, able to continuously earn revenues, culminating in a 15.1% increase from the preceding year. The construction contract value unrecognized as revenue was as high as 14,649 million baht. The Company, therefore, has confidence in the growth opportunity that would likely be higher in 2015.

With its long experience since the inauguration of the Company in 1976 together with its competent staff who have accumulated technical know-how in construction and engineering, the Company is proud to have overcome obstacles and hardship together with Thailand all through the 39 years and to have taken part in the country's development with commitment to seeing its prosperity in the international arena. For the year of 2014, the Company enjoyed its satisfying operation results given the above-mentioned factors and situations. The Company reported its revenue of 7,853 million baht, an increase by 1,032 million baht from that of 2013 with a total revenue of 6,821 million baht. Moreover, the net profit was 9.1 million baht, a decrease of 49.3 million baht from the figure in 2013 which had totaled 58.4 million baht. This is because in the past year some projects' costs and expenses were higher than estimated and the Company has completely recognized such losses since the third quarter of 2014.

The Company has a belief that, with a clearer political policy and investment decisions on various projects coming out from the government sector to develop the infrastructure, transportation system linking between the rail network and roads, together with the water management system, the utility systems (all to respond to the opening of the new year and the advance into AEC in the coming December), it is likely that the economic growth rate will expand, as will the investment from the private sector. In addition, the decrease in oil prices, which has kept the construction costs unchanged, will likely produce

a good effect on cost structure. Furthermore, the Company has a policy of continuous organizational development to ensure its potential at the international level and in the country's frontline; this is also to prepare for various constructions in ASEAN countries. The Company feels the confidence in its preparedness and ability to compete in the country and within ASEAN due to its capital increase and bond issuance to financially support the Work expansion. Also, the Company is still committed to its honest, cautious and concise business operation, pondering effects on the environment and society and abiding by the principles of good governance in order for all the interested parties to jointly and appropriately receive their benefits.

On behalf of the company's board of directors and executives, we would like to take this opportunity to express our gratitude to the shareholders, customers, trading partners, financial institutes, business alliance, other stakeholders, as well as all the employees of the company for your continuous supports to the business of the company. The Board kindly hope to still receive your honor, trust and supports the same way. Please stay positive and confident that the Company will firmly and strongly stride and be ready to grow together with Thailand and The Southeast Asian Region.

Respectfully yours



(Mr. Mana Karnasuta)  
Chairman



# VISION

“Concentrate in construction and related business, both in Thailand and overseas,  
To be number one in our specialized area  
and to be within top five in general contracting  
business in Thailand”

# MISSION

“Develop Planning, working procedure  
and measurement system,  
to increase efficiency and effectiveness,  
For the benefit of all stakeholder”



## **Board of Directors**



**Mr. Mana Karnasuta**

**Chairman**

**Age : 81 Years**

**Shareholding :**

5,598,695 Shares as January 12, 2015

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

**Education**

- Bachelor Degree in Electrical Engineer, Chulalongkorn University
- DAP' 55/2006

**Experience**

**Present :**

Chairman Nawarat Patanakarn Public Company Limited,  
Director Kao Chamao Hilly Resort Company Limited, Director  
Bua Company Limited and Director Tanina Company Limited  
Nawarat Patanakarn Plc.



**Mr. Prasertphand Pipatanakul**

**Independent Director, Chairman of the Audit Committee,  
Chairman of the Corporate Governance Committee and  
Chairman of the Code of Conduct Committee**

**Age : 80 Years**

**Shareholding : None**

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

12 of 12 Audit Board Meetings in 2014

**Education**

- Master Degree of Business Administration, Sasin Graduate  
Institute of Business Administration of Chulalongkorn  
University
- Bachelor Degree in Engineering, Chulalongkorn University
- DAP' 55/2006
- Finance for Non-Finance

**Experience**

**Present :**

Independent Director, Chairman of the Audit Committee,  
Chairman of the Corporate Governance Committee and  
Chairman of the Code of Conduct Committee Nawarat  
Patanakarn Plc.



**Mr. Niyom Niyamanusorn**

**Independent Director, Member of Audit Committee, Member of Corporate Governance Committee and Chairman of the Nomination and Remuneration Committee**  
**Age : 83 Years**

Shareholding : None

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

12 of 12 Audit Board Meetings in 2014

**Education**

- Master Degree, N.S.W. University at Australia
- Bachelor Degree in Engineering, Chulalongkorn University
- DAP' 55/2006
- Finance for Non-Finance 2006

**Experience**

Present :

Independent Director, Member of Audit Committee, Member of Corporate Governance Committee and Chairman of the Nomination and Remuneration Committee Nawarat Patanakarn Plc.



**Mr. Apichart Dharmasaroja**

**Independent Director, Member of Audit Committee, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Chairman of Risk Management Committee, Member of Nomination and Remuneration Committee and Chairman of the Corporate Social and Environmental Responsibility Committee**  
**Age : 63 Years**

Shareholding : None

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

12 of 12 Audit Board Meetings in 2014

**Education**

- MBA (Marketing, Finance and International Business), Northwestern University, USA
- DAP' 64/2007
- Director Forum' 1/2009
- DCP' 93/2007

**Experience**

Present :

Independent Director, Member of Audit Committee, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Chairman of Risk Management Committee, Member of Nomination and Remuneration Committee and Chairman of the Corporate Social and Environmental Responsibility Committee Nawarat Patanakarn Plc.





**Mr. Polpat Karnasuta**

**Director, President, Member of Corporate Governance Committee, Member of Nomination and Remuneration Committee and Chairman of the Executive Committee**  
**Age : 55 Years**

**Shareholding :**

270,484,785 Shares as January 12, 2015

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

**Education**

- Bachelor Degree in Business Administration,  
Oregon University, USA
- DAP' 7/2004

**Experience**

**Present :**

Director, President, Member of Corporate Governance Committee, Member of Nomination and Remuneration Committee and Chairman of the Executive Committee Nawarat Patanakarn Plc.  
 Director Banpulom Company Limited  
 Director C.I.N. Estate Company Limited  
 Director VSPN Property Company Limited  
 Director Bua Company Limited  
 Director Tanina Company Limited  
 Director E.G.G. Enterprise Company Limited



**Mrs. Wattana Samanawong**

**Director, Senior Vice President, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Member of Nomination and Remuneration Committee and Member of Executive Committee**  
**Age : 62 Years**

**Shareholding :**

1,696 Shares as January 12, 2015

**Meeting Attendance :**

14 of 14 Board Meetings in 2014

**Education**

- Master of Accounting, Faculty of Commerce & Accountancy, Thammasart University
- Diploma Certificate in Auditing, Faculty of Commerce & Accountancy, Chulalongkorn University
- Bachelor of Accounting, Faculty of Economics, Kasetsart University
- Accounting for Non-Accounting Audit Committee
- DAP' 62/2007

**Experience**

**Present :**

Director, Senior Vice President, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Member of Nomination and Remuneration Committee and Member of Executive Committee Nawarat Patanakarn Public Company Limited,  
 Director Utility Business Alliance Company Limited  
 Director C.I.N. Estate Company Limited



**Mr. Sook Sueyanyongsiri**

**Director, Senior Vice President, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Member of Risk Management Committee, Member of Corporate Social and Environmental Responsibility Committee and Member of Executive Committee**

**Age : 62 Years**

Shareholding : None

Meeting Attendance :

14 of 14 Board Meetings in 2014

**Education**

- Master Degree of Engineering, Asian Institute of Technology
- DAP' 35/2005

**Experience**

Present :

Director, Senior Vice President, Member of Corporate Governance Committee, Member of Code of Conduct Committee, Member of Risk Management Committee, Member of Corporate Social and Environmental Responsibility Committee and Member of Executive Committee Nawarat Patanakarn Plc.

## General Information

Nawarat Patanakarn Public Company Limited primarily provides all types of civil engineering construction services and manufactures pre-stressed concrete piles, other kinds of concrete products and processed steel used in its construction businesses and for sale.

Nawarat Patanakarn Public Company Limited was registered on May 31, 1976 with the registered capital of Baht 4 million. The capital was gradually increased. In 1995, the capital was increased from Baht 400 million to Baht 500 million as new shares were issued and offered to domestic and overseas investors. In September 1995, the Company was incorporated as a listed company in the Stock Exchange of Thailand. As of December 31, 2014 the Company has registered capital amounting to Baht 2,812,221,856 and paid-up capital totaling Baht 2,585,481,515 in the form of 2,585,481,515 common stocks at the par value of Baht 1 per share.



## Head Office

Head Office	Bangna Towers A, 18th-19th Floor, Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540
Tax ID No.	0107538000096
Company registration number	0107538000096 (Formerly known as Bor Mor Jor 532)
Web site	<a href="http://www.nawarat.co.th">www.nawarat.co.th</a>
Telephone	(662) 730-2100
Fax	(662) 751-9484-90
Company Secretary	Mrs. Wattana Samanawong Tel. (662) 730-2185
Investor Relation Section	Mr. Praty Mankong Tel. (662) 730-2178

## Branch Offices

Location	1796 Bangna-Trad Road Km. 4.5, Bangna, Bangkok
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## Pre-stressed Concrete Piles, Concrete Products and Processed Steel Plants

Location	1796 Bangna-Trad Road Km. 4.5, Bangna, Bangkok  53/4 Moo 9, Prong Akat, Bang Nampreaw, Chachoengsao
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## Pre-cast Concrete Jacking Pipes and Pre-cast Concrete Shaft Plant

Location	31/13 Moo 2, Rama II Road Km. 33.5, Bang Krachao Muang District, Samutsakhon
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**Joint Ventures, Subsidiary Companies, Associated Companies and Related Parties**  
(Still operating at December 31, 2014)

<b>Joint Ventures</b>	<b>Address</b>	<b>Nature of Business</b>	<b>Share of Profits (Percent)</b>
NWR - SBCC Joint Venture	2034/132-161 Italthai Tower, 34th Floor, Bangkok Huaykwangj Bangkok 10310	Construction - excavation and removal of earth and coal	50
Nawarat - A.S. Associated Joint Venture	8/24-25 Soi Ladprao 8, Ladprao Road Chomphon, Chatuchak, Bangkok 10900	Construction	70
Obayashi - Nawarat Joint Venture	2/3 Moo 14, Bangna Towers A 18th-19th Floor, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee, Samutprakarn 10540	Construction	30
NWR - STG Joint Venture	2/3 Moo 14, Bangna Towers A 18th-19th Floor, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee, Samutprakarn 10540	Construction	80
A.S. - Nawarat Joint Venture	2/3 Moo 14, Bangna Towers A 18th-19th Floor, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee, Samutprakarn 10540	Construction	50
ITD - Nawarat (L.L.C.)	Office No.003, M Floor Grosvenor Commercial Tower Bldg, Sheikh Zayed Road, Dubai, UAE	Construction	40

<b>Subsidiary Companies</b>	<b>Address</b>	<b>Nature of Business</b>	<b>Share of Profits (Percent)</b>
Myanmar NWR Co., Ltd.	32, Hlaing Myint Moh Street 4 Ward 10, Hlaing Township Yangon, Myanmar	Construction	100
Utility Business Alliance Company Limited	21 Viphavadi-Rangsit Road Chomthong, Chatuchak, Bangkok	Wastewater Treatment Management	60
NWR (Cambodia) Co., Ltd.	217, Group 1, Smach Meanchey Commune Smach Meanchey District, Kohkong Province Cambodia	Manage and Control Construction Project	100
Mana Patanakarn Company Limited	2/3 Moo 14, Bangna Towers A 18th Floor, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee, Samutprakarn 10540	Real-estate Development, resident houses	100
Advance Prefab Company Limited	2/3 Moo 14, Bangna Towers A 18th Floor, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee, Samutprakarn 10540	Manufacture and sale of precast concrete products	100

Associated Companies	Address	Nature of Business	Share of Profits (Percent)
C.I.N. Estate Company Limited	2922/98 Chan Issara II Tower New Petchaburi, khwang Bangkapi, Khet Huaikhwang, Bangkok 10310	Property development and Condominium operation	40
VSPN Property Company Limited	Highway No.3 Sta.136+400 km. Sukhumvit Rd, Banglamung Chonburi 22150	Property development and Villa	25

Related Parties (Relationship)	Address	Nature of Business	Share of Profits (Percent)
New Decade Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, the President of the company,taking the position of Executive Director)	19 Soi 7, Seiree 7 Road, Suan Luang Bangkok 10260	Construction	-
Ruen Rapee Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, the President of the company,taking the position of Executive Director)	19 Soi 7, Seiree 7 Road, Suan Luang Bangkok 10260	Property trade	-
East Bangkok Assets Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, the President of the company,taking the position of Executive Director)	19 Soi 7, Seiree 7 Road, Suan Luang Bangkok 10260	Property trade	-
K Alliance Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, the President of the company,taking the position of Executive Director)	1111 Moo 6, Samrongnua, Muang District Samutprakarn 10270	Mining business	-

Related Parties (Relationship)	Address	Nature of Business	Share of Profits (Percent)
Kao Chamao Hilly Resort Company Limited (with Mr. Apathorn Kanasuta, the younger brother of Mr. Polpat Karnasuta, the President of the company, taking the position of Executive Director)	9/3 Moo 3, Khaowongkot Kaenghang maeo, Chantaburi 2216	agricultural	-
E.G.G. Enterprise Company Limited (with Mr. Mana Karnasuta, the Chairman of the Company, taking the position of Executive Director)	19 Soi 7, Seiree 7 Road Suan Luang, Bangkok 10260	Furniture business	-
Italian-Thai Development Public Company Limited (with Director is Authorized to sign of both company has the same surname)	2034/132-161 ItalThai Tower New Petchburi Road, Bangkok Huaykwang, Bangkok 10310	Construction	-

Position	Name / Address
Share registrar	<p>Thailand Securities Depository Company Limited</p> <p>The Stock Exchange of Thailand Building, 62 Rachadapisek Road</p> <p>Klongtoey, Bangkok 10110</p> <p>Tel. 0-2229-2800</p>
Auditor	<p>EY Office Limited</p> <p>(originally named Ernst &amp; Young Office Limited)</p> <p>Mr. Khitsada Lerdwana Certified Public Accountant (Thailand) No. 4958</p> <p>33 rd Floor, Lake Rajada Office Complex</p> <p>193/136-137 Rajadapisek Road, Bangkok 10110</p> <p>Tel. 0-2264-0777, 0-2661-9190</p>
Legal Advisor	<p>Weerawong, Chinnawat &amp; Peangpanor Limited</p> <p>22nd Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan Bangkok 10330</p> <p>Tel. 0-2264-8000</p>
Financial Institution	<p>Siam Commercial Bank Plc.</p> <p>9 Ratchadapisek Rd., Jatujak, Bangkok 10900</p> <p>Tel. 0-2777-7777</p> <p>Krungthai Bank Plc.</p> <p>35 Sukhumvit Rd., Klongtoey Nua, Wattana Bangkok 10110</p> <p>Tel. 0-2208-8380</p>



## **Summarized Corporate Financial Highlights**



## 2 Summarized Corporate Financial Highlights

(Unit : Million Baht)

Consolidated Financial Statements	31 Dec 2014	31 Dec 2013	31 Dec 2012
Total assets	11,257	8,988	7,653
Total liabilities	7,383	5,960	5,626
Shareholders' equity	3,874	3,028	2,027
Fully paid common stocks	2,585	1,975	1,553
Total revenues	7,853	6,821	6,817
Net earnings (loss)	9	58	553

Financial Ratios	31 Dec 2014	31 Dec 2013	31 Dec 2012
Net profit margin (%)	0.12	0.85	8.11
Return on equity (%)	0.24	1.92	27.28
Return on total assets (%)	0.08	0.65	10.53
Book value (Baht)	1.50	1.53	1.31
Net profit (loss) / share (Baht)	0.0035	0.0317	0.3558
Current ratio (times)	1.62	1.17	1.25
Debt-equity ratio (times)	1.91	1.97	1.63
Dividend yield (%)	-	-	3.82





## Nature of Business Operation

Nawarat Patanakarn Public Company Limited has provided construction services and manufactured pre-stressed concrete piles since 1976. In 1995, it was listed on The Stock Exchange of Thailand and changed its name from Nawarat Patanakarn Company Limited to Nawarat Patanakarn Public Company Limited on February 17, 1995. The Company increased its registered capital and paid-up capital to 500 million Baht by offering for sale its ordinary shares to the public and also listed on the Stock Exchange of Thailand on 31 August 1995. The registration of the Company's securities was completed on September 27, 1995. Currently, the Company's registered capital is Baht 2,812,221,856 and the paid-up capital is Baht 2,585,481,515.

### Nature of Main Product/Service

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#### Construction Contracting Business

Nawarat Patanakarn Public Company Limited is involved in the construction contracting business providing construction services to the government sectors, state enterprises, as well as private sectors. It undertakes works of construction as a main contractor, a sub-contractor, or through a Joint Venture business. The Company is considered a leading contractor by several entities; for example, it has been designated a Category 1 A contractor by Department of Highways having the right to make bids in all sorts of the Department's road construction. Also, the Company has already registered with various government agencies such as Royal Irrigation Department, Public Works Department, Communication Authority of Thailand, Metropolitan Waterworks Authority, Provincial Waterworks Authority. The Company acquires construction projects by way of bidding and direct contact with the project owners, with its reputation and impressive track record being the main factors of building its customers' trust. At present, it is able to undertake various types of works including as follows:

- High Rise Buildings
- Warehouses and Industrial Plants
- Roads, Highways, Expressways, Bridges
- Public Works and Utilities
- Ports, Berths and Jetties
- Power Plants, electricity generating dam
- Dams, Reservoirs and Irrigation Works
- Wastewater Treatment Plants, waste water treatment plant
- Tunnelling and Pipe Jacking Works
- Excavation and removal of earth and coal

## **Pre-stressed Concrete Piles and Precast Concrete Products**

The Company established its precast concrete product factories to supply its construction projects and also sell to the public both by bidding and direct employment. The Company's products include pre-stressed concrete piles, pre-stressed concrete girders and precast concrete pipes for construction of wastewater treatment projects, parapets, concrete pre-cast slabs and sheet pile to protect from land subsidence, with the ratio of production for supplying its own projects to that for selling to the outside people being 80:20 in 2012 and 32:68 in 2013 and 62:38 in 2014.

## **Steel Structure Fabrication**

The Company has manufactured fabricated steel product for supplying its construction projects and selling to the outside people, with the ratio of the former to the latter being 98:02 in 2012 and 91:09 in 2013 and 94:06 in 2014.

## **Subsidiary Companies**

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### **1. Myanmar NWR Company Limited**

In 2000, the Company invested in Myanmar NWR Company Limited situated at 32, Hlaing Myint Moh Street 4, Ward 10, Hlaing Township, Yangon, Myanmar. The Company holds 100 percent of the shares for the purpose of supporting expansion of its construction contracting in The Union of Myanmar. The registered capital totals Kyat 1,000,000. The paid-up capital amounts to Kyat 500,000 or about three million Baht. The subsidiary has not yet operated since the overall economic situation and legal system in The Union of Myanmar has not yet been good enough for such an operation.

### **2 Utility Business Alliance Company Limited**

In 2001, the company made an investment in Utility Business Alliance Co., Ltd. which is involved in the management business of waste-water treatment plant. The investment portion was at 50 percent. On November 11, 2003, the company sold its investment to the third party partially so the investment portion was reduced to 33.33%. In the third quarter of 2006 the company purchased the investment back from the third party so the investment portion was 60 percent of the registered capital of 40 million baht with the paid-up capital amounting to 40 million baht. The other shareholders of the 40 percent portion are the other juristic persons with no relation to the company, both directorship and shareholding.

### **3. NWR (Cambodia) Company Limited**

In 2007, the company incorporated NWR (Cambodia) Company Limited in Cambodia with total 100 percent shareholding to facilitate the service work and construction supervision in Cambodia with registered capital of 20 million Riels or about 200,000

baht. At present the paid-up capital is 17,000 baht and the company has accepted the work on supervision of the construction of Tonle Sap Bridge with a private company and the employer is L.Y.P. Group Co., Ltd. and the project value is US\$2 million. Current, the construction of this bridge completed.

#### **4. Mana Patanakarn Company Limited**

In April, 2013, the Company invested in Mana Patanakarn Company Limited holding its 1,999,400 ordinary shares with each share valued at Baht 100, totaling around baht 200 million representing 100 percent of the registered capital of such a company, which was registered with the Ministry of Commerce on April 5, 2013.

In 2014 Mana Patanakarn Company Limited has registered capital of 200 million baht as a capital of 600 million baht and current paid-up capital of 572 million baht, as already mentioned.

#### **5. Advance Prefab Company Limited**

In December, 2013, the Company made an investment in Advance Prefab Company Limited, a newly founded company with a registered capital totaling 1 million baht. The Company holds 100 percent This Company was registered with the Ministry of Commerce on December 12, 2013

On January 8, 2014, Advance Prefab Company Limited registered its capital increase with the Ministry of Commerce, from the original amount of 1 million baht (10,000 ordinary shares with each valued 100 baht) to 100 million baht (1,000,000 ordinary shares with each valued 100 baht). Also, on November 6, 2014, Advance Prefab Company Limited registered another capital increase from 100 to 200 million baht (consisting of 2,000,000 ordinary shares with each valued 100 baht) with 85% paid-up shares. The company has paid for ordinary capital increase seven times: 25 million baht in January 2014, 10 million baht in June 2014, 30 million baht in July 2014, 35 million baht in August 2014, 50 million baht in November 2014, and another 20 million baht in February 2015, totaling 170 million baht. The investment proportion remains intact (100%).

### **Associated Companies**

#### **1. C.I.N. Estate Company Limited**

In September, 2006, the Company invested in C.I.N. Estate Company Limited to procure a land and develop it into a 47-storey condominium for the purpose of own residence and forward sale. Named "The Issara Ladprao", the condominium is located on Ladprao Road, between soi 12 and 14, with the project price amounting to Baht 1,868.68 million. The construction has commenced since January 2007 and completed in September 2011. At present, the company is launching another project called "ISSI Condo Suksawat" located on Suksawat Road close to the entrance and exit ramps for Suksawat express way and



MRT Purple Line station valued 2,000 million baht. The construction began in June 2013 and is supposed to end around late 2015 with the company's investment being 40 % of the registered capital amounting to 100 million baht.

In 2012 and 2013 the Company obtained its dividend in the amount of 60 million Baht and 16 million Baht from this company and recorded profit share to increase in "investments in associated companies" amounting to 114.17 million Baht in 2012 and another amount of 26.72 million Baht in 2013. and for another amount equaling 15.02 million baht in 2014.

## **2. VSPN Property Company Limited**

In February 2007, the Company invested in VSPN Property Company Limited to develop a land in Banglamung District, Chonburi, in the area of 20 rai and 33 sq. wa into a seaside village comprising 45 units for sale under the name "Sea Breeze Villa Pattaya" The project value is around Baht 500 million. The project was commenced in June 2007. The investment represents 25 percent of VSPN's registered capital, an equal amount to Baht 25 million. with 38 units passing through the signing of contracts, 33 of which already transferred, and 12 units out of the total of 45 units remaining untransferred.

In 2012 and 2013 and 2014 The Company recorded profit share (loss) from this company to increase in "investments in associated companies" amounting to 3.62 million Baht. In 2012 and another amount of 0.920 million Baht in 2013 and for another amount equaling (0.320) million baht in 2014.

## **Joint Ventures**

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Apart from the Company's construction contracting and subcontracting, it operates its construction business in cooperation between other companies in the form of joint ventures. The joint ventures allow the Company to undertake projects requiring advance technologies as well as complement its skill sets. Such strategic alliances enable the parties to meet the client's requirements and maximize the use of their machinery, equipment and personnel in order for the projects to achieve efficiency.

### **1. NWR-SBCC Joint Venture**

In 2008, the company and Saraburi Coal Co., Ltd. had formed a joint venture called NWR-SBCC Joint Venture with the investment at 50 percent each to undertake the excavation and removal of earth and coal project at Mae Moh mine of the Electricity Generating Authority of Thailand, Mae Moh District, Lampang. At present, the contract has been signed with the employer with the project value of 16,674.45 million baht (excluding the electrical charge) and the contract term of 9 years from December 18, 2009 to March 5, 2018 and as of December 31, 2014 work valued at 9,233.89 million baht has been delivered representing 55.37 percent.

The joint ventures already delivered the construction work but there are a few transactions such as loans borrowed, loans extended are as follows.

Joint Venture	Percent of profit sharing
- Nawarat - A.S. Associates Joint Venture	70
- Obayashi - Nawarat Joint Venture	30
- NWR - STG Joint Venture	80
- ITD - Nawarat (L.L.C.)	40

## Revenue Structure

Revenues by segment according to the consolidated financial statements of the company are as follows.

Revenue Type	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction Business	6,358.52	80.97	5,157.07	75.61	5,672.99	83.23
Income from Property Sales	244.10	3.11	112.68	1.65	63.38	0.93
Excavation and Removal of Earth and Coal Business	953.15	12.14	937.28	13.74	762.89	11.19
Concrete Products Business	223.35	2.84	519.59	7.62	204.35	3.00
Interest Income	15.61	0.20	14.60	0.21	21.35	0.31
Other Revenues	58.28	0.74	79.54	1.17	91.65	1.34
Total Revenues	7,853.01	100.00	6,820.76	100.00	6,816.61	100.00

### Incomes for 2014

1. The incomes from the construction business in 2014 totals 6,358.52 million baht consisting of an amount belonging to the company itself which equals 6,002.15 million baht, the amount for Utility Business Alliance Company Limited which equals 525.09 million baht and other subsidiary companies' adjusted items amounting to (168.72) million baht.
2. Revenue from sale Real Estate is the income from the sale of the Company's low-rise housing 244.10 million baht.
3. The income from the business of Excavation and Removal of Earth and Coal generated by NWR-SBCC Joint Venture totals 953.15 million baht
4. The income from the business of manufacturing concrete products totaling 223.35 million baht belongs, for the whole amount, to the company.
5. The interest incomes are from those of financial institutions, Joint Ventures and other companies.
6. Others revenues include profits from gain of sale of assets, project management income and ones gaining from the exchange rates.

## Risk Factors

**Internal and external risk factors affecting the Company's operation  
are summarized as follows**

1. The Economy and Economic Growth The construction contracting business directly relates to the country's economy and economic growth. The Company's operation, inevitably, has been affected by the recession. However, the corporate diversified supporting businesses allow diversification of risk. The economic recovery stage results in the Company's small growth rate. Construction works in the private sector are still subject to risk in terms of liquidity. Therefore, the Company has been careful with undertaking projects in this sector. The state of the economy adjusted positively in a short-time period resulting in a little increase in the Company's expansion rate. To survive in the industry, the Company has tried to acquire Works in the field it mostly specializes with less competitors. That includes works such as Jacking Pipes, Underground Tunnel, Sewage System and the like. In addition, the Company has become interested in tendering for more foreign projects either in the form of individual or joint-venture company. Still, dealing with those in private sector is risky in terms of the Employers' liquidity; as a result, much more care has to be taken in signing various projects whether within or outside of the country. At present, domestic works make up 94 % and another 6% goes to those from overseas which is mainly the construction of a power plant contracted to the Government of Laos PDR with the incomes paid to the company in US dollars. Since the work period is no later than 30 months, there is not likely to be much risk posed by the change in the exchange rate.
  
2. Changes in material prices The cost from materials is considered the most important when it comes to calculating costs for tendering. A change in material price has a direct effect to the company's profit, especially the prices of oil. The rise in oil prices, which make up 20% of the overall construction cost, directly affects any construction of road and will also have an effect on the transportation cost for other materials. Even though the prices of oil and such main materials as steel have at some level gone down in the past years, there cannot be a confidence that it will not be bounced back to the same level, a circumstance which is likely to be risky when proposing construction prices at tendering. In addition, the costs of imported materials will also depend on the adjusted exchange rates. However, the company has arranged for the protection of any risks posed by the adjustment in construction material prices. This is, in a way, by implementing the policy of effectively keeping the stock of construction materials. This means the company provides its employees with the training on stock control and auditing. The auditing team works regularly at every project in every month; in this, some computer programs are used in effectively listing and recording inventories. This saves the company the expenses it would otherwise pay for keeping too much stock. If, at the same time, the price drastically went down such as that of structure steel in the past year which decreased from an averaged price of 22,000 baht per ton to 17,000 baht per ton in 2014 the company would immediately undertake the purchase for the sake of stock management and to reduce price risk. For another thing, to the point

in which the company makes some selection for works to be awarded to manage the risk of price adjustment, clients are divided into:

1. The Private sector with works such as office buildings, factories, shopping centers, and various real estate development projects.
2. The Government sector which consists of government agencies, state enterprises such as Department of Highways, EGAT, BMA.

In this, the company has tried to increase the proportion of government work since some of its projects allow contracts that include adjustable material prices.

The proportion between Works from private and government sector has been as follows:

For the year 2012

Private sector	55%	of construction revenue
Government sector	45%	of construction revenue

For the year 2013

Private sector	21%	of construction revenue
Government sector	79%	of construction revenue

And for the year 2014

Private sector	10%	of construction revenue
Government sector	90%	of construction revenue

3. Lack of the Construction Workforce The recovering real estate segment results in competitions among contractors over labors. Generally, there are no sufficient labors during important holidays such as New Year's and Songkran holidays. An incentive in the form of increased overtime is necessary to improve such situation. The operation cost consequently increases in certain times of the year. In general, we do not usually have problem with unskilled labors; on the other hand, when it comes to more expertly skilled labors it becomes more problematic. Some construction projects such as high-priced housing estates are always in need of those highly skilled labors at the same time resulting in competing for such labors among contractors. Therefore, in case the Company is awarded with this kind of project a good planning needs to be done in addition to the negotiation in advance with the highly skilled. However, the company has currently recruited foreign laborers to supplement its workforce to help ease the problem of labor shortage. This has been in compliance with the Department of Labor's regulations. Normally, the labor cost including the company's contractors is no higher than 15 % of the overall cost. Although foreign labor, which has been inevitably increased, is heightening the labor cost, the company has its ways of effectively managing the risk of labor. For example, the company hires an agent who takes responsibilities for supplying, importing and training

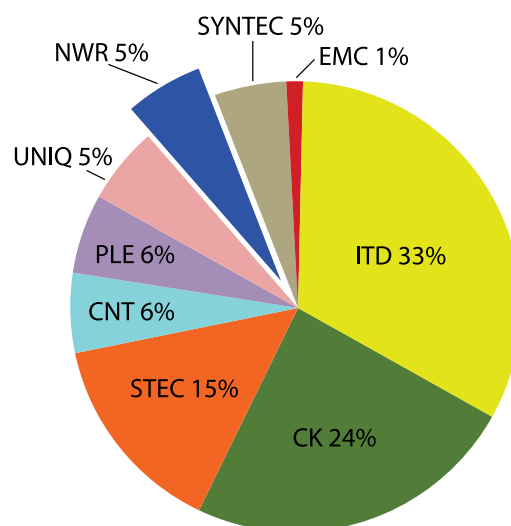


foreign laborers to be in good order and in line with regulations and to provide them with welfare. All those together with the effectively imposed punishment system make the foreign labor management highly efficient and worth investing. Now there are approximately 1,500 foreign laborers with the rate of 1:1.8 in proportion to Thai laborers (there are around 2,700 of them).

4. Unpredictable Difficulty Although contingency costs are explicitly part of the total cost estimate, limitations in terms of time or unpredictable problems such as floods or other natural catastrophes still adversely affect projects and no compensation can be sought from clients.

5. Free Trade in Service Sector The policy of opening up a Free-Trade Zone in the service Sector that covers works of construction leads to the increase in the number of foreign competitors. In this, the Company realizes the need to develop its manpower, construction equipments and techniques to be able to compete with other companies in the long run.

Rated construction companies listed on the Stock Exchange of Thailand in 2014. Its revenues from construction is ranked 7th by market share at 5 percent.



6. Factors of capital and interest rates The construction is necessary to use high working capital.

Especially in the case of projects which require investments in machinery. So if you are having trouble finding sources of financial support. It may cause the project to fail. The company plans to fix the problem by obtaining loans from commercial banks, more drawn to support the expansion of the company. And to make the company more options by issuing bond period 3 years. Potential fluctuations in the future. It may affect the results of operations and cash flows of the company as well. The Company does not use derivative financial instruments to hedge such risk. Borrowing from financial institutions, the interest rate is twice the rate.

Borrowing from financial institutions, the interest rate is twice the rate.

1. Fixed rate loans are in the bill. Term loans 3 to 9 months interest rate of approximately 4.25 - 4.50 years as of June 30, 2014, the outstanding loan of only 280 million baht and loans from financial institutions under the lease period of 48 months, interest rates Flat. rate of about 2.4-2.5 percent per year as of December 31, 2014 the Company had total debt of 320 million baht and a total debt of the Group of 343 million baht.
2. The interest rate is fixed based on the Minimum loan rate (MLR) or Minimum overdraft rate (MOR) of commercial banks, lenders, which is equal to 6.75 percent per year MLR and MOR were 7.375 to 7.425 per year, on December 31, 2014 the Company had outstanding debt of 87 million baht and a total debt of the Group was 1,632 million baht.
7. The risk of being unable to meet the needs of clients in real estate business. The company has expanded its business in the field of real estate development investment through joint ventures with other developers about 5 years ago, but today the number 3, the company has performed a self-4 project, a low-rise residential projects. The company has received good response from customers all the time. But if the market fluctuates. The company is engaged in marketing research. The decision to invest before proceeding. To reduce the risk of such investments .

	(Unit: Million Baht)		
	Year 2014	Year 2013	Year 2012
Revenue from construction	6,603	5,270	5,736
Revenue from property development business	244	113	63
As a percentage of revenue from the construction (%)	3.70 %	2.14 %	1.10 %

8. Joint Venture Companies' ability or inability to comply with Joint Venture agreements, sometimes the Company is obliged to get into bidding under the name "Joint Venture" working hand in hand with other companies. Whether working in such form becomes successful or not depends on both the abilities of the Company itself and those of other Joint Venture companies. For the latter, when they face problems whether about money or how to work; in other words, if they cannot perform their duties in accordance with the Contract, all parties involved will each suffer bad effects from operations. If, however, they are able to tackle the problem and continue working together, there will not be much effect to the Company. On the other hand, in case their problems can not be solved, the Company may have to help resolve them by putting more investment money in the Project to prolong their work operation (if the problem is about money) or by sending an expert to them. Until the present time, the company has never faced any problems working with any other parties on behalf of "Joint Venture". However, to set up a risk

management system and to minimize the number of potential causes for every chance of damage to the business, the company has established the committee for risk management to make its risk management policy and to also make a risk management manual

The purpose for producing the risk management manual is to get all employees to see the importance of risk management and to get them informed of the company's policy and approach to risk management according to the international standard. They will also be informed of their duties and the methods for accurately dealing with risks in order to minimize the number of problems in different sections of work and produce different aspects of good results to all interested parties, all employees, the company and to the society as a whole.

The Risk Management Committee has now hold meetings to set up the risk management policies. Moreover, the Committee is one who directs, oversees, follows up and supports the implementation of the risk management system to effectively get it across the organization. Its responsibility also includes the consideration of different budgets and expenses to keep on training the employees to gain knowledge for running the system.

The company's risk management manual contains the policy on risk management as follows:

1. Risk management will be practiced as an organizational culture in which all employees have chances to learn, get to understand, realize its importance and continually practice it.
2. Risk management will be run as a single-standard process for the whole company.
3. Risk management will be regarded as a tool for assisting the company's business operation to achieve the goals according to the objectives set.

9. Complying with terms and conditions for the company's bonds

The company is required to maintain "Net Debt to Equity Ratio" through the age of bonds at a maximum ratio of 2.5 : 1 as of the company's end of accounting quarter /fiscal year.

Nevertheless, "Net Debt to Equity Ratio" is defined, according to the Regulations governing the rights and obligations of the issuers and bondholders, as follows:

"Net Debt" means the gross number of debts declared in the bond issuer's consolidated financial statement Less cash and cash equivalents.

"Equity" means the equity of the issuer as declared in the consolidated financial statement.

"Cash and cash equivalents" means the amount of cash and cash equivalents according to the figures reported in the bond issuer's consolidated financial statements.

As of December 31, 2014, the company recorded the ratio of 1.55 : 1.

If, during the 3-year age of bond, there found to be a possibility that the ratio of Net Debt to Equity will be more than that of 2.5 : 1, the company would amend this by reducing the loan burden or increasing the shareholder's equity to a sufficient level.



## **The Shareholding Structure and Management**

### 5.1 Shareholders

The top ten shareholders as of January 12, 2015 are as follows:

Shareholder	Nationality	As of January 12, 2015	
		Number of Share	%
1. The Karnasutas (See Note)	Thai	294,222,446	11.3798
2. Thai NVDR Company Limited	Thai	146,033,715	5.6482
3. Mr. Suthep Satebunsang	Thai	97,400,057	3.7672
4. Mr. Natthaphat Rangson	Thai	40,077,100	1.5501
5. Mr. Pravit Poonphetkul	Thai	17,000,000	0.6575
6. Mrs. Narumpa Kuntangwattana	Thai	15,285,713	0.5912
7. Mr. Teera Satebunsang	Thai	14,745,713	0.5703
8. Mr. Ratchaphon Napanopparatkaew	Thai	14,697,735	0.5685
9. Mr. Suwat Lertpanyarot	Thai	12,951,682	0.5009
10. Mrs. Nonthaya Apitanonthai	Thai	12,559,821	0.4858
11. Other Shareholder		1,920,507,533	74.2805
Total		2,585,481,515	100.0000

#### NOTE:

The Karnasutas shareholders include:

1. Mr. Mana Karnasuta	Amount	5,598,695 Shares
2. Mrs. Nawarat Karnasuta	Amount	443 Shares
3. Mr. Polpat Karnasuta	Amount	270,484,785 Shares
4. Mrs. Sutasanee Karnasuta	Amount	6,580 Shares
5. Mr. Wasin Phuttharee	Amount	1,196,700 Shares
6. Mrs. Sutheera Phuttharee	Amount	9,650,000 Shares
7. Mr. Apathorn Karnasuta	Amount	7,253,573 Shares
8. Mrs. Anatchanit Karnasuta	Amount	18,278 Shares
9. Mr. Kanaphon Karnasuta	Amount	13,392 Shares
Total	Amount	294,222,446 Shares



## 5.2 Organization Structure/Personnel

The Company's Management structure consists of the Board of Directors, Audit Committee and executive Officer.

### The Company's Board of Directors

Annual general meeting of shareholder for the year 2014 held April 30, 2014 approved that the Company Board of Directors consists of 7 directors as follows:

- |                                 |  |
|---------------------------------|--|
| 1. Mr. Mana Karnasuta           | Chairman   |
| 2. Mr. Prasertphand Pipatanakul | Independent Director and Chairman of the Audit Committee |
| 3. Mr. Niyom Niyamanusorn       | Independent Director and Member of Audit Committee       |
| 4. Mr. Apichart Dharmasaroja    | Independent Director and Member of Audit Committee       |
| 5. Mr. Polpat Karnasuta         | Director and President                                   |
| 6. Mr. Sook Sueyanyongsiri      | Director and Senior Vice President                       |
| 7. Mrs. Wattana Samanawong      | Director and Senior Vice President                       |

### Responsibilities of the Board of Directors

According to the Company's regulations, the directors are responsible for managing the Company in line with objectives, regulations and resolutions of shareholders' meetings as well as maintain the corporate benefit with honesty and integrity. The Board may assign a director or directors or any individual to undertake a piece of work on behalf of the Board themselves, except for matters required by law for adoption of the resolutions before working such as the sale or transfer of the entire business or significant part of it to others, increase or decrease of the corporate capital.

### Signing and binding by Directors

Two directors sign and affix the corporate seal, with no exception for Independent Directors or Member of Audit Committee. Every of the directors can sign.

### The Composition and Appointment of the Board of Directors

The Board of Directors consists of not less than five persons appointed by the shareholder's meeting. Not less than half of the directors must be residents of The Kingdom of Thailand.



In the election of directors, a shareholder has one vote for one share that he/she holds. Each shareholder is required to exercise all their votes and may vote for one person or more to be a director/directors. Votes cannot be shared. Individuals who receive the highest votes are to be corporate directors. Should the number of persons receiving the highest votes exceeds the number of directors required, the chairperson will finalize the appointment of the persons receiving equal votes who are in the last ranks of those given the highest votes.

In each annual general meeting, one third of the Company's directors are due to resign. If the existing total number of directors cannot be evenly divided into three groups, the number of directors due to resign should be as closest to one third of the corporate directors as possible. During the first and the second year after the registration of the Company, directors due to resign are determined by drawing. For later years, directors remaining in their positions for the longest period are due to resign. Directors due to resign may be reappointed.

### **Executive Committee**

The meeting of the board of directors No. 3/2015 on march 13, 2015 made a resolution to appoint the executive committee consisting of :

- |                              |                                     |
|------------------------------|-------------------------------------|
| 1. Mr. Polpat Karnasuta      | Chairman of the executive committee |
| 2. Mr. Sook Sueyanyongsiri   | Member of executive committee       |
| 3. Mr. Mongkol Peerasantikul | Member of executive committee       |
| 4. Mrs. Wattana Samanawong   | Member of executive committee       |
| 5. Mr. Pasan Swasdiburi      | Member of executive committee       |
| 6. Mr. Apathorn Karnasuta    | Member of executive committee       |
| 7. Mr. Nicolino Pasquini     | Member of executive committee       |

### **The Audit Committee**

The meeting of the board of directors No.1/2006 on February 9, 2006 made a resolution to appoint an audit committee and working term of two years consisting of :

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the audit committee |
|                                 | working term ending april 2016  |
| 2. Mr. Niyom Niyamanusorn       | Member of Audit committee       |
|                                 | working term ending april 2016  |

3. Mr. Apichart Dharmasaroj a Member of Audit committee  
working term ending april 2015

The Audit Committee of the Company has the scope of duties, responsibilities and shall report to the Board of Directors on:

1. Review and assure the accuracy of the Company financial reports in accordance with the generally accepted auditing standard and sufficiency of data disclosure.
  2. Review and assure the efficiency and effectiveness of the internal control and internal audit systems.
  3. Review and assure the Company acts in compliance with rules and regulations issued by the Stock Exchange of Thailand and related laws applicable to the Company business.
  4. Consider, select and propose the appointment of Accounting Auditors and their auditing fee.
  5. Review and consider the accuracy of the Company disclosure occurrence of the related transaction and the conflict of interest.
  6. Prepare the report on corporate governance of the Audit Committee to be disclosed in the Company's annual report. The report must be signed by Chairperson of the Audit Committee.
  7. Review and provide comments pertaining to the Company related transactions with its subsidiaries in compliance with rules, regulations and related practices of the Stock Exchange of Thailand.
  8. Review and assure the suitability and effectiveness of the Company's risk management.
  9. Review and provide comments on internal audit plans and internal audit operation, as well as coordinate with the Certified Public Accountant.
  10. Provide approval of appointment, transfer and discharge, as well as consider performance and virtue of General Manager of the Internal Audit Department.
  11. Report operation results of the Audit Committee to the Board of Directors at least four times a year.
  12. Perform any matter as assigned by the Board of Directors, which is agreed by the Audit Committee.
- If the items concern an Audit Committee member or persons who gain or lose any interest or may have conflict of interest with the Company and/or subsidiary companies, the members who are involved in any of the matter is determined to have no rights to approve the items in such matter.

### **Scope of authority and duty of the Chief Executive Officer**

The meeting of the board of directors No.6/2006 on July 3, 2006, made a resolution to approve the authority and duty of the Chief Executive Officer to manage and supervise the business in accordance with the policy of the

company and in accordance with the Memorandum of Association with scope covering but not limited to the following authority.

1. To open/close and deposit/withdraw from an account made with a financial institute both in the country and overseas.
2. To prepare or revoke any transaction, including a bid submitted in the bidding contest, joint venture or entering into a juristic act with binding effect on the company (the amount not exceeding 200 million baht per transaction) in the country and overseas, based on the portion of the responsibility value of the company in the transaction as follows.
  - Direct liabilities : Direct liability obligation and
  - Contingent liabilities : Non-monetary obligation
3. Credit extension, registration of the mortgage or placement of any guarantee (the amount not exceeding 1,000 million baht per transaction for direct liabilities or 2,000 million baht per transaction for contingent liabilities) in the country and overseas.
4. Investment, purchase/sale of investment units (the amount not exceeding 200 million baht per transaction) in the country and overseas.
5. Investment and sale of investment in the other companies (the amount not exceeding 200 million baht ) in the country and overseas.
6. Sale/purchase of fixed assets such as land, machines (the amount not exceeding 200 million baht of the book value per transaction).
7. To undertake any work assigned by the board of directors not in conflict with the rules and regulations of the Stock Exchange of Thailand and the Securities Exchange Commission Office.

The authority and assignment of the authority may be made to the suitable person excluding the authority and/or assignment of the authority to approve any transaction that he or such person may have any conflict of interest in the company or the subsidiary company in accordance with the rules and regulations of the Stock Exchange of Thailand and/or the notification of the Securities Exchange Commission and the approval on such transaction is required to be submitted to the meeting of the board of directors and/or the meeting of shareholders for examination and approval on such transaction in accordance with the requirements of the company or related laws.

### **Scope of Duties and Responsibilities of the President**

The Board of Director's Meeting No. 6/2006 held on July 3, 2006 approved in principle that the president has the authority to act as the executor and the administrator for the business operation in accordance with the Company's

policies and as stipulated in Memorandum of Association covering but not limited to the following authorities:

1. To govern/manage the day-to-day running of the Company. Monitors and evaluates the Company operation regularly to prevent risks from internal and external factors and to report to the Board of Directors the operation results including the cooperation with external agencies in compliance with the law and procurement associated with the Company's normal operation activities.
2. To have the authority to consider the employment of the personnel, appoint, transfer, change the employee's field of work/section/department or dismiss the employee from his/her job, determine salaries, remunerations, bonus payments and fringe benefits for all corporate employees.
3. To have the authority to take legal actions, withdraw charges, carry out legal executions, proceed the process of arbitration, report or withdraw complaints on criminal cases, file petitions and appeal to the bureaucracy, take any action to maintain the Company's proper rights.
4. To open/close and deposit/withdraw from saving accounts with finance institutes both inside and outside of the country.
5. To undertake or cancel transactions and to bid in tendering sessions, enter into Joint Venture agreement, perform juristic act to sign and bind the Company (with the scope of liability not over Baht 1,000 million per one deal for contingent liability) whether inside or outside of the country based on the consideration of the Company's liability values as follows:
 

Direct Liabilities	: burden of debts and
Contingent Liabilities	: non-monetary bond
6. To apply for a credit, mortgage or put up other securities (with the scope of liability not over Baht 500 million per one deal) for Direct Liabilities and not over Baht 1,000 million per one deal for Contingent Liabilities whether inside or outside of the country.
7. To invest and buy/purchase investment units (not exceeding Baht 100 million per one time) both inside and outside of the country.
8. To invest and purchase investments in other companies (not exceeding Baht 100 million per one time) both inside and outside of the country.
9. To buy/purchase permanent assets such as land and machinery (not exceeding Baht 100 million per one time according to the account cost).
10. To perform any matter as assigned by the Company's Board of Directors in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission's regulations.

However, the authorities and authorization granted to suitable persons do not include the authorities and/or authorization in approving any matters that the President or any persons involved may have conflict of interest

with the Company and/or subsidiary companies according to the legislation of the Stock Exchange of Thailand and/or the Securities and Exchange Commission's announcements. Such matters are required to be presented to the Board of Directors' meeting or the shareholders' meeting for consideration and approval as specified by the Company's regulations or applicable laws.

### **The Management and Controlling Team**

<u>Name</u>	<u>Position</u>
1. Mr. Polpat Karnasuta	President
2. Mrs. Wattana Samanawong	Senior Vice President of Finance & Administration Department
3. Mr. Sook Sueyanyongsiri	Senior Vice President of Operation Department & Acting Vice President of Project Management 1, 4 and Machinery Department
4. Mr. Apathorn Karnasuta	Senior Vice President of Procurement & Transportation Department
5. Mr. Pasan Swasdiburi	Senior Vice President of New Business & Strategic Planning Department
6. Mr. Mongkol Peerasantikul	Senior Vice President of Marketing Department
7. Mr. Nicolino Pasquini	Senior Vice President of Corporate Integral Management Department
8. Mr. Nivate Ienghong	Vice President of Factory Department
9. Mr. Somchai Chaithaniyachat	Vice President of Estimate Department
10. Mr. Somchai Woonprasert	Vice President of Project Management 3 Department
11. Miss Pakatip Lopandhsri	Vice President of Finance & Accounting Department
12. Mr. Mitporn Tansrisuk	Vice President of Administration Department
13. Mr. Visut Suwanwitwaj	Vice President of New Business & Strategic Planning Department

The first seven names are the directors as defined by The Securities and Exchange Commission.

### **Directors and Executive Nomination**

The meeting of the board of directors No. 3/2015 on March 13, 2015 made a resolution to appoint the nomination and remuneration committee consisting of :

1. Mr. Niyom Niyamanusorn	Chairman of the nomination and remuneration committee
2. Mr. Apichart Dharmasaroja	Member of nomination and remuneration committee
3. Mr. Polpat Karnasuta	Member of nomination and remuneration committee
4. Mrs. Wattana Samanawong	Member of nomination and remuneration committee

Directors are nominated and voted by the shareholder's meeting.

## Personnel

As at December 31, 2014 the Company's personnel totaled 3,956 : 290 full-time engineers and 639 other monthly-paid employees and 3,027 workers who receive daily wages. Personnel remunerations included salaries, wages, overtimes, allowances and bonuses totaling Baht 795,887,737.81

The Company's personnel development policies involve academic training, on-the-job training in the related fields and support provided to promote further education in the fields that enhance work effectiveness.

### 5.3 Dividend Payment Policy

1. The Company has the policy to pay dividends of not less than 50 percent of the net profit, except that the Company is in need of working capital, business expansion or that there are other factors related to its management.
2. Subsidiary Companies and Joint Ventures have, until now, not set up the policy of dividend payment yet.
3. Profit shares in Joint Ventures are distributed year by year, upon completion of work, or according to the Joint-Venture parties' consideration.

## Related Party Transactions



## 6 Related Party Transactions

Nawarat Patanakarn Public Company Limited had significant business transactions between subsidiary companies, associated companies, joint ventures, related party and executive as follows:

Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
1. Nawarat - A.S. Associated Joint Venture				Revenue not claimed for payment.	8	The company made an investment jointly with A.S. Associated Engineer- ing Co., Ltd. (1964) in the joint venture at 70:30 to construct the water tunnel from Taksin-Petchkasem Ring Road to Rama 2 Road for the Metropolitan Water Authority at 661 million baht. The project completed in January 2007 and the construction warranty period ended on August 2009.
				<u>Less</u> Allowance on doubtful accounts	(8)	
					<u>0</u>	
2. Obayashi - Nawarat Joint Venture				Joint-venture Investment	16	The company made an investment jointly with Obayashi Corporation Co., Ltd. (Bangkok Branch) at 30:70 in the joint venture to construct the under- ground power line for the Metropoli- tan Electricity Authority in conjunction with Sojitsu Corporation and Exim Corporation under NEON Consortium. The project value is consisting of two currencies, 4,511 million yen and 1,297 million baht. The project ended April 2009 and the construction warranty period ended on September 2016.
				<u>Less</u> Allowance for diminishing in value of assets	(4)	
					<u>12</u>	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
3. Nawarat - Strega Joint Venture				Accounts receivable	6	It is the joint venture jointly undertaken by the company and Strega Co., Ltd. with the investment portion at 80:20 to undertake the construction work on underground power line of the Metropolitan Electricity Authority with the project value of 83 million baht. The construction work was completed in January 2009 and the construction warranty period ended on March 2012.
				<u>Less</u> Accrued interest income	(6)	
					<u>0</u>	
4. A.S. - Nawarat Joint Venture	Interest expense	1	1	Accrued interest expenses	5	The company made an investment jointly with A.S. Associate Engineering Co., Ltd.(1964) at 50:50 in the joint venture to jointly undertake the construction of Ua Arthorn Project of the National Housing Authority.
				Joint-Venture investment	5	
				<u>Less</u> Allowance for diminishing in value of assets	(5)	
					<u>0</u>	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
5. ITD-NAWARAT (L.L.C.)	Bad debt recoveries	-	99	Short-term loans and Advances	152	1. It is the company jointly invested and is registered in United Arab emirates to undertake the construc- tion work in Dubai and is 40% owned by the company. 2. As of December 31, 2014, the investment in this joint venture was 0.59 million baht and allowance for diminishing in value of assets was 0.59 million baht
				Less Allowance on doubtful accounts	(152)	
					0	
				Accrued interest income	29	
				Less Allowance on doubtful accounts	(29)	
					0	
				Joint-Venture Investment	1	
6. Myanmar NWR Company Limited	Interest income	2	1	Less Allowance for diminishing in value of assets	1	1. The company made an investment Myanmar NWR Company Limited at 100%. 2. The loan interest rate was 5.0% per year.
					0	
				Short-term loans	40	
				Accrued interest income	8	
				Less Allowance on doubtful accounts	(48)	
					0	
				Investment in subsidiary companies	3	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
7. Utility Business Alliance Co., Ltd.	Other revenues	<0.5 mil. Baht	<0.5 mil.Baht	Accounts payable	1	1. The company has held shares of Utility Business Alliance Co., Ltd. for 60%.
	Construction cost	2	5	Retention	<0.5 mil. Baht	
	Dividend income	-	3	Short-term loans	51	2. The loan interest rate is 8 percent per year.
	Interest income	2	-	Accrued interest income	<0.5 mil.Baht	
				Investment in subsidiary companies	28	
8. C.I.N. Estate Co., Ltd.	Management income	7	7	Investment in associated companies	100	1. It is the joint investment between Nawarat Patanakarn Public Co., Ltd. and Charn Issara Development Public Co., Ltd. at the portion of 40:60 to undertake the construction of a condominium at Ladprao Road between Soi 12-14 called "The Issara Ladprao" and the other one at Suksawat Road called "ISSI". 2. The loan interest rate is according to that of Krungthai Bank PCL's MLR.
	Interest income	<0.5 mil.Baht	<0.5 mil.Baht			
	Dividend income	-	16	Short-term loans	12	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
9. VSPN Property Co., Ltd.	Service income	<0.5 mil.Baht	-	Accounts receivable	<0.5 mil.Baht	1. This associated company is 25% owned by the company to develop the residential housing units in Banglamung District, Chonburi. It is under the construction process. 2. The loan interest rate is 19 percent per year.
	Management Income	1	1	Short-term loans	2	
	Interest income	1	1	Investment in associated companies	25	
				Accrued interest income	<0.5 mil.Baht	
10. K Alliance Co., Ltd.	Sale, rental and service revenue	16	15	Accounts receivable	13	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, the younger sisters of Mr. Polpat Karnasuta, the director and president of the company are the authorized director and the shareholders of K Alliance Co., Ltd, in which Mr. Mana Karnasuta takes the position of Chairman of the company's Board of Directors and Mr. Polpat Karnasuta being the company's President and director. 2. The main business of K Alliance Co., Ltd. is mining business. 3. The accounts receivable have been incurred since the company had repaired the machine resulting in wage and service expenses for works at the mine of K Alliance Co., Ltd.
	Cost of sales and rent	<0.5 mil.Baht	1			
	Profit(loss) from disposal of assets	<0.5 mil.Baht	-			
	Interest expenses	<0.5 mil.Baht	1			

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
11. E.G.G. Enterprise Co., Ltd.	Sale and rental revenue	1	1	Accounts receivable Deposit rental buildings	2 <0.5 mil.Baht	1. Mr. Polpat Karnasuta, the company's President and Director, is the authorized director and shareholder of E.G.G. Enterprise Co., Ltd. 2. The company has gained rental revenues from having its office building, land and warehouses rented by E.G.G. Enterprise Co., Ltd.

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
12. Ruen Rapee Co., Ltd.	Other revenues	-	<0.5 mil.Baht	Accounts receivable	45	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, the daughters of Mr. Mana Karnasuta and the younger sisters of Mr. Polpat Karnasuta, are the authorized directors and the shareholders of Ruen Rapee Co., Ltd, in which Mr. Mana Karnasuta takes the position of Chairman of the company's Board of Directors and Mr. Polpat Karnasuta being the company's President and Director.  2. The main business of Ruen Rapee Co., Ltd. is real estate development business and the project handled and constructed by the company is called "Barn Baranee" Project located at Klong 3, Rangsit.  3. By the third quarter of 2008, Ruen Rapee Co., Ltd. transferred to the company part of the houses and land in "Barn Baranee" Project amounting to 24.51 million baht as partial repayment of its debt to the company. And also ,in the second quarter of 2009, more houses and land in the Project with an amount of 57.48 million baht were transferred to the company as another repayment of such a debt.  4. As of December 31, 2014, the shareholders of Ruen Rapee Co., Ltd. consists of: Mrs. Sutasanee Karnasuta 590,998 shares, Mrs. Sutheera Phuttharee 1 share Miss Benja Yiemphu 1 share (Please see Additional Notes at end of the table)
	Construction cost	-	-			
	Bad debt recoveries	23	10	Less Allowance on doubtful accounts	(45)  0	



Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
13. East Bangkok Assets Co., Ltd.	Construction revenue	<0.5mil.Baht	1	Accounts receivable	26	1. Mrs. Sutasanee Kamasuta and Mrs. Sutheera Phuttharee, the daughters of Mr. Mana Kamasuta and the younger sisters of Mr. Polpat Kamasuta, are the authorized directors and the shareholders of East Bangkok Assets Co., Ltd., in which Mr. Mana Kamasuta takes the position of Chairman of the company's Board of Directors and Mr. Polpat Kamasuta being the company's President and Director.  2. The main business of East Bangkok Assets Co., Ltd. is real estate development business. There are two projects handled and constructed by the company. The first one is "De Ville" Project located at Soi Pattana Chumchon, Sri Nakharin Road and the other is called "De Siam" Project located at Soi Chaloemphrakiat Ror 9, Soi No. 38.  3. The fourth quarter of 2009, East Bangkok Assets Co., Ltd. transferred to the company part of the houses and land within "De Siam" Project amounting 34.5 million baht as partial repayment of its debt to the company.  4. As of December 31, 2014, the shareholders of East Bangkok Assets Co., Ltd. consisting of: Mrs. Sutasanee Kamasuta 399,998 shares Mrs. Sutheera Phuttharee 1 share Miss Benja Yiemphu 1 share (Please see Additional Notes at end of the table)
	Construction cost	-	-	<u>Less</u> Allowance on doubtful accounts	<u>(26)</u>	
					0	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the balance sheet	Amount	
14. Kao Chamao Hilly Resort Co., Ltd.	Sale revenue	-	-	-	-	<ol style="list-style-type: none"> <li>1. Mr. Mana Kamasuta takes the position of Chairman of the company's Board of Directors is the authorized director and shareholder of Kao Chamao Hilly Resort Co., Ltd.</li> <li>2. Mr. Polpat Kamasuta being the company's President and Director is the shareholder of Kao Chamao Hilly Resort Co., Ltd.</li> <li>3. The income generated from the sale of construction materials.</li> </ol>

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
15. New Decade Co., Ltd.	Construction revenue	1	1	Accounts receivable	109	<p>1. Mrs. Sutasanee Karnasuta, a daughter of Mr. Mana Karnasuta and a younger sister of Mr. Polpat Karnasuta is the authorized director of New Decade Co., Ltd.</p> <p>2. Mrs. Sutheera Phuttharee, a daughter of Mr. Mana Karnasuta and a younger sister of Mr. Polpat Karnasuta is the authorized director and shareholder of New Decade Co., Ltd. in which Mr. Mana Karnasuta takes the position of Chairman of the company's Board of Directors and Mr. Polpat Karnasuta being the company's President and Director.</p> <p>3. The main business of K Alliance Co., Ltd. is contracting business, with works subcontracted from the company being the construction of the bridge at Koh Yoh, Songkhla, and the construction of Chonburi-Pattaya road, section 3. Since there were some materials which could not be purchased under good prices and conditions, such purchases were finally made with the company.</p> <p>4. As of December 31, 2014, the shareholders of New Decade Co., Ltd. consisting of: Mrs. Sutheera Phuttharee 220,000 shares Mr. Wasin Phuttharee 10,000 shares Mr. Satha Chavalit 10,000 shares Mr. Kantharit Thamangraksat 20,000 shares Mr. Rangsan Boontaem 10,000 shares Mr. Kasemsuk Paisarnsisilp 20,000 shares Miss Orthip Muangcharoen 10,000 shares (Please see Additional Notes at end of the table)</p>
	Sale revenue	1	2	<u>Less</u> Allowance on doubtful accounts	<u>(90)</u>	
	Profit(loss) from disposal of assets	5	-		19	
	Construction cost	9	2	Accounts payable	8	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the balance sheet	Amount	
16. Italian Thai Development Public Co., Ltd.	Construction revenue	2	21	Accounts receivable	3	1. Italian Thai Development Public Co., Ltd. has leased the machinery from the company for use in construction projects. 2. Italian Thai Development Public Co., Ltd. has employed the company as a subcontractor for the construction of the flood-preventing tunnel in Chiangmai, with the value amounting to 74 million baht.
	Sale and rental revenue	34	16	Revenues not claimed for payment	12	
	Cost of construction and service	59	2	Advances		
	Project management expenses	-	18	Accounts payable	13	
				Accrued expenses	1	
				Retention	19	
17. Mana Patanakarn Company Limited	Construction revenue	167	-	Accounts receivable	27	1. Mana Patanakarn Company Limited was registered on April 5, 2013 with the starting registered capital of 200 million baht. As of December 31, 2014, the registered capital was equal to 600 million baht. The company has invested in this company at 100 percent with additional registered capital of 400 million baht, 93% of which already claimed for payment. 2. The main business of Mana Patanakarn Company Limited is that of housing estate with the project in progress named "Baranee Park Romklao" located on Romklao Road, Bangkok.
	Interest income	2	1	Accrued incomes	88	
	Interest expenses	<0.5 mil.Baht	-	Investments in subsidiaries	572	

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2014	Amount in 2013	Balance as of December 31, 2014		Remark
				Transaction in the Remark balance sheet	Amount	
18. Advance Prefab Co., Ltd.	Interest income Sale, rental and service revenue	<0.5 mil.Baht 9	<0.5 mil.Baht -	Accounts receivable Accrued incomes Investment in subsidiaries	2 6 150	1. Advance Prefab Co., Ltd. was set up as a registered company on December 12, 2013, with the starting registered capital of 1 million baht, and was, during the year of 2014, increased to 100 and 200 million baht respectively. The company's investment was at 100%, with the capital increased by another 100 million baht to 200 million baht at the time of the capital increase, 50% of which having been claimed for payment. 2. The main business of Advance Prefab Co., Ltd. is the manufacture of precast concrete products.
19. The Company's directors	Construction revenues	-	<0.5 mil.Baht	Other creditors House deposit and installment payment	1 <0.5 mil.Baht	Transactions between the company and the directors are performed in accordance with the usual terms and conditions of commerce implemented with general customers.

Summary of Related Party Loans and Advances (Unit: million baht)

**Balances of Loans, Advances and Accrued interest income as of the final date of loan period**

Person/Juristic Person (Debtor)	As of December 31,2014		As of December 31,2013		As of December 31,2012	
	Loan Principal	Accrued interest income	Loan Principal	Accrued interest income	Loan Principal	Accrued interest income
1. ITD-NAWARAT (LLC)	152	29	148	29	219	29
2. Myanmar NWR Company Limited	40	8	34	6	25	4
3. C.I.N. Estate Co., Ltd.	12	-	-	-	40	<0.5 Mil. Baht
4. VSPN Property Co., Ltd.	2	<0.5 Mil. Baht	6	-	17	-
5. Advance Prefab Co., Ltd.	-	-	26	<0.5 Mil. Baht	-	-
6. Utility Business Alliance Co., Ltd.	51	<0.5 Mil. Baht				

Movement of Related Party Loan and Advances (Unit: Million Baht)

Person / Juristic Person (Debtor)	Balance as of December 31, 2012	Increased amount during 2013	Decreased amount during 2013	Balance as of December 31, 2013	Increased amount during 2014	Decreased amount during 2014	Balance as of December 31, 2014
1. ITD-NAWARAT (LLC)	248	4	-75	177	4	-	181
2. Myanmar NWR Company Limited	29	11	-	40	8	-	48
3. C.I.N. Estate Co., Ltd.	40	-	-40	-	12	-	12
4. VSPN Property Co., Ltd.	17	3	-14	6	1	-5	2
5. Advance Prefab Co., Ltd.	-	26	-	26	-	-26	-
6. Utility Business Alliance Co., Ltd.	-	-	-	-	51	-	51
7. Mana Patanakarn Co.,Ltd.	-	-	-	-	<0.5 mil.Baht	-<0.5 mil.Baht	-

Summary of Related Party Loans (Unit: Million Baht)

Balances of Loans and Accrued interest expense as of the final date of loan period						
Person / Juristic Person (Creditor)	As of December 31, 2014		As of December 31, 2013		As of December 31, 2012	
	Principal	Accrued interest expense	Principal	Accrued interest expense	Principal	Accrued interest expense
1. A.S. - Nawarat Joint Venture	-	5	19	4	19	3
2. K Alliance Co., Ltd.	-	-	-	-	15	<0.5 mil.Baht

Movement of Related Party Loans (Unit: Million Baht)

Person / Juristic Person (Creditor)	Balance as of December 31, 2012	Increased amount during 2013	Decreased amount during 2013	Balance as of December 31, 2013	Increased amount during 2014	Decreased amount during 2014	Balance as of December 31, 2014
1. A.S. - Nawarat Joint Venture	22	1	-	23	1	-19	5
2. K Alliance Co., Ltd.	16	21	-37	-	20	-20	-



#### Additional Notes Concerning Related Party

##### 1. Ruen Rapee Co., Ltd (“Ruen Rapee”)

“Ruen Rapee” was established on February 6, 2003, with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee currently being its directors and shareholders. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are the daughters of Mr. Mana Karnasuta who is Chairman of the Board of Directors of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the President and Director of Nawarat Patanakarn Public Company Limited. Ruen Rapee has operated the business of housing estate and is now launching the project at Rangsit Klong 3 called “Barn Baranee”, consisting of 205 units of detached houses on the area of 56 rai of land with the price range between 2.5 and 3.5 million baht. The company has undertaken the construction of the buildings and utility system for Ruen Rapee.

Summary of Transactions between Nawarat Patanakarn Public Company Limited and Ruen Rapee Company Limited(Unit: Million Baht)

Transactions	As of 31-12-14	As of 31-12-13	As of 31-12-12	As of 31-12-11	As of 31-12-10	As of 31-12-09	As of 31-12-08	As of 31-12-07	As of 31-12-06
Accounts receivable	45	67	77	78	86	82	126	152	140
Less Allowance on doubtful accounts	(45)	(67)	(77)	(76)	(83)	(87)	(105)	(145)	(62)
Revenue not claimed for payment	-	-	-	-	-	-	2	10	13
Retention Receivables	-	-	-	-	-	5	5	4	3
Trade payables	-	-	<0.5 mil.Baht	1	2	1	-	-	-

#### Guidelines for Tackling Unpaid Debts

By the third quarter of 2008, Ruen Rapee made a transfer of assets comprising 12 house and land title deeds at “Barn Baranee” project amounting to 24.505 million baht to partially repay its debt to the company and also, during the second quarter of 2009, it transferred another 24 house and land title deeds including 22 deeds for vacant plots of land amounting to 57.480 million baht for more repayment of the debt. Thus, all of the 58 building and land deeds transferred for such debt repayment total 81.985 million baht.

(Note: In the third quarter of 2008, the assets transferred amounted to 39.073 million baht; however, after value reappraisal it was found that the forced sale value was only 24.505 million baht. Thus, the price difference of 14.568 million baht was deducted from the forced sale value from the second transfer of assets which equaled 57.480 million baht resulting in the trade value of 42.912 million baht for the 2nd quarter of 2009)

Ruen Rapee will repay the total outstanding debts by installments according to the business’s net cash flow.

## 2. East Bangkok Assets Co., Ltd. ("East Bangkok")

"East Bangkok" was established on May, 12 2003, with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee currently being its directors and shareholders. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are the daughters of Mr. Mana Karnasuta who is Chairman of the Board of Directors of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the President and Director of Nawarat Patanakarn Public Company Limited.

East Bangkok has operated the business of housing estate with its 2 projects in progress as follows:

1. The project called "De Ville" located at Soi Pattana Chumchon, Srinakarin Road, the construction project for 50 units of detached houses for which the company is undertaking works of the utility system.
2. The project called "De Siam" located at Soi Chalermpakiet Ror Klao, Soi 38, the construction project for 80 townhomes for which the company is constructing the buildings and the utility system.

Summary of Transactions between Nawarat Patanakarn Public Company Limited and East Bangkok Assets Co, Ltd., (Unit: Million Baht)

Transactions	As of 31-12-14	As of 31-12-13	As of 31-12-12	As of 31-12-11	As of 31-12-10	As of 31-12-09	As of 31-12-08	As of 31-12-07	As of 31-12-06
Account receivables	26	25	24	25	25	27	56	53	45
<u>Less</u> Allowance on doubtful accounts	(26)	(25)	(24)	(23)	(25)	(27)	(55)	(53)	(9)
Revenue not claimed for payment	-	-	-	1	2	-	-	-	3
<u>Less</u> Allowance on doubtful accounts	-	-	-	-	(2)	-	-	-	-
Retention Receivables	-	-	-	-	-	1	1	3	2
<u>Less</u> Allowance on doubtful accounts	-	-	-	-	-	-	-	(3)	-
Trade payables	-	-	-	1	-	-	-	-	-

### Guidelines for Tackling Unpaid Debts

1. By the fourth quarter of 2009, "East Bangkok" made the transfer of assets to repay its debts; this is with 50 plots of land at "De Siam" with the value amounting to 34.500 million Baht.  
(Note: The company was responsible for the transfer fee of 1.203 million baht; thus, the value of land recorded was equal to 35.703 million baht)
2. "East Bangkok" will repay the total outstanding debts by installments according to the business's net cash flow.

### 3. New Decade Co., Ltd. ("New Decade")

"New Decade" was set up on May 6, 2003, with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phutharee currently being its directors. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phutharee are the daughters of Mr. Mana Karnasuta who is Chairman of the Board of Directors of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the President and Director of Nawarat Patanakarn Public Company Limited. Mrs. Sutheera Phutharee is also a shareholder of "New Decade".

In 2003, "New Decade" undertook the construction of the bridge at Koh Yoh, Songkhla province, under a subcontract. During that time, the company was in its third year of operation under the restructuring plan (the period from 2000 until 2005) in which it became so tough for the company to apply for loans and supply itself with enough working capital for various operations; this also includes 50% personnel reduction. However, to maintain the company's market share, it was necessary to subcontract the then-awarded works such as the afore-said one. This is under the agreement that the purchases of main materials had to be made with the company for the sake of quality control. However, in early 2004, prices of construction materials rapidly went up, especially steel and cement which became highly expensive. The rise of oil prices in the world market was as high resulting in much higher construction cost. This made New Decade face loss and put a hold on its payments for materials and machine rental, which was supposed to be partly made to the company.

Summary of Transactions between Nawarat Patanakarn Public Company Limited and New Decade Co, Ltd., (Unit: Million Baht)

Transactions	As of 31-12-14	As of 31-12-13	As of 31-12-12	As of 31-12-11	As of 31-12-10	As of 31-12-09	As of 31-12-08	As of 31-12-07	As of 31-12-06
Account receivables	109	90	92	100	107	144	176	160	120
Less Allowance on doubtful accounts	(90)	(90)	(93)	(97)	(107)	(144)	(154)	(154)	(64)
Revenue not claimed for payment	-	-	-	<0.5 Mil. Baht	-	-	-	-	-
Accrued income	-	-	-	-	-	-	-	5	5
Advance payment for subcontractor	-	-	-	-	24	26	37	42	58
Trade payables	8	<0.5 Mil. Baht	<0.5 Mil. Baht	5	2	1	24	23	58
Retention payables	-	-	-	-	-	6	16	13	5

#### Guidelines for Tackling Unpaid Debts

After estimating New Decade's expenses and income to further estimate its debt repayment to the company, it was found that:

1. "New Decade" would attend bidding sessions held by both government and private sectors ; however, if its qualifications was considered not meeting requirements of any session the bidding would take the form of a joint venture instead. This is to try to earn enough income to further repay the debt. New Decade had joined SamCon Company Limited and launched the project for purchase and sale of equipment and machinery including their installation. The project site was at Waste Transfer Station (new system) at Saimai Waste Disposal Center, with the project value amounting to 735 million baht; the project was run under the name "SamCon-New Decade Joint Venture" and ended in March, 2011. During the project, New Decade agreed to repay the debt by installments according to the net cash flow (no less than 200,000 baht per month).
2. "New Decade" would contact renowned contractors with solid financial status to seek for subcontracted Works of construction, which is also technically beneficial, and is regarded as enhancing the competency of New Decade for future work opportunities.
3. "New Decade" is going to take on the role of a consultant for construction projects both inside and outside of the country.

#### Loan policy for Joint Ventures to be implemented in the future

The company will grant loans only when deemed necessary and will base the loan interest rate on the market rate. In this, the shareholders' meeting No. 1/1997 held on April 29, 1997 considered approving related-party transactions with regard to the practice of granting and receiving financial support , which has been held until now according to the detail below:

Since the company's and the related parties' financial management is thought of as the collective one for the utmost benefit and effectiveness in terms of liquidity and for more ability to negotiate with financial institutions, the company has set up guidelines for providing financial support to related parties which are divided into 3 groups as follows:

1. The group of Joint-Venture companies in which Nawarat Patanakarn Public Company Limited co-invests at the rate of less than 90%
2. The group of co-invested companies in which Nawarat Patanakarn Public Company Limited invests at the rate of less than 90%
3. The group of companies falling into Group 1 and 2 above which will make an investment in the future

The granting of loans takes forms of promissory notes, loan guarantees as well as other financial burdens with returns disbursed at the interest rate close to that offered to premier customers at leading commercial banks, but only for the transaction size which is no higher than 25% of the overall assets according to the consolidated financial statement figures in each quarter starting from the month of April 1997 until there is change.

#### Future construction policy established for related party

If employed to perform Works of another company in the same group whether it be construction of factories, office buildings, or works of the company running the project of real estate development, the project price must be an appropriate market

price with reasonable profit and not leaving too much cost to the employer.

#### Operation policy in case of tendering with the company's affiliate and related parties

The company's independent director will appoint an independent engineer for verifying the drawing and the construction value and will report to the company's Board of Directors (including independent directors) immediately after the bidding and will also make his comments on the annual report.

### **Summary of Related Party Transactions**

1. In case of trading transactions, the price of employment will be that of the market price equaling to the one offered to the outside people as a general trading business practice or as the sale of product at the same price as one offered to the outside customers. As for the related Party Transactions, there will be contracts with all details as ones entered into with the outside people.
2. In case of Related Party Loans, the interest rate charged will be the one according to the cost of capital or in accordance with the contract entered into. The interest rate charged will not be according to the market rate because the cost of capital is firstly considered, not defined by the rate any general businesses take charge of others. In this, the company considers that if the loan interest rate is defined according to the market rate it is not fair and unreasonable. This is because it is possible that the cost of loan may be higher than the market rate; thus, it is more appropriate to be concerned with the cost of loan. Likewise, if the cost of loan is low, the company will compare it with MLR (Minimum Loan Rate) and MOR (Minimum Overdraft Rate) of commercial banks and consider granting loans at MLR or MLO. In addition, the company will grant loans to other businesses in the form of Related Party Transaction only if such businesses have shown their reasons and necessities for taking the loan. The company will not consider granting any loan if it is not for operating the business, and the loan needs to produce utmost benefit to the company, too.
3. The collection of debts from account receivables in subsidiary companies, Joint-Venture companies and Related Parties will be performed in the same way as that from general account receivables.

In this, the audit committee has an opinion that the company has observed the rule and regulations of The Stock Exchange of Thailand with regard to related party transaction when revealing all the data in the financial statement and has complied with the SET's criteria since the first transaction.

## Good Corporate Governance Practice

### Corporate governance committee

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The meeting of the board of directors No. 3/2015 on march 13, 2015 made a resolution to appoint the corporate governance committee consisting of :

- |                                 |  |
|---------------------------------|--|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the corporate governance committee |
| 2. Mr. Niyom Niyamanusorn       | Member of corporate governance committee       |
| 3. Mr. Apichart Dharmasaroja    | Member of corporate governance committee       |
| 4. Mr. Polpat Karnasuta         | Member of corporate governance committee       |
| 5. Mr. Sook Sueyanyongsiri      | Member of corporate governance committee       |
| 6. Mrs. Wattana Samanawong      | Member of corporate governance committee       |

### Code of conduct committee

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The meeting of the board of directors No. 3/2015 on march 13, 2015 made a resolution to appoint the code of conduct committee consisting of :

- |                                 |   |
|---------------------------------|---|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the code of conduct committee |
| 2. Mr. Apichart Dharmasaroja    | Member of code of conduct committee       |
| 3. Mr. Sook Sueyanyongsiri      | Member of code of conduct committee       |
| 4. Mrs. Wattana Samanawong      | Member of code of conduct committee       |

The Board of Directors strongly believes that good corporate governance is one of the important factors to ensure the success of the company and enable the company to sustain continuous growth. The Principle on Corporate Governance is therefore adopted so that company's directors, management and employees can use it as the guidelines which is as detailed below:

### Section 1- Shareholder's rights

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#### Principle

Shareholders have their ownership right in which they can control the Company by appointing the Board of Directors to act as their representative who has the right to make decisions on the Company's important changes. The Company should therefore encourage its shareholders to exercise their right.



The Shareholders' basic rights include the purchase and sale of shares, participation in business profit sharing, adequate availability of data and information, attendance at Shareholders' meetings to vote for appointment or release of the Directors, appointment of accounting auditors, and other matters which affect the Company such as dividend allocation, enforcement or amendment of regulations and Article of Association, capital decrease or increase, and approvals on special matters.

Shareholders should be kept informed of rules and methods of Shareholders' meeting participation and of other information sufficiently and early enough for their consideration. They should also have opportunities to ask questions both in advance and in the Shareholders' meeting, to propose meeting agendas, and to have their authorized persons who can represent them in the Shareholders' meeting.

The Company's committee has to put much importance to shareholder's rights and must not perform any actions that are considered a breach of their right.

In 2014 The Company implemented the followings:

1. Held the annual Shareholders' meetings for the year 2014 The Shareholders' meetings was held at Ratchapruk 1 Room 2nd Floor Bangna Tower B Building, 2/3 M00 14 Bangna-Trad Rd., Bangkaew, Bangplee, Samutprakarn, 10540 where shareholders were able to conveniently come to participate in the meeting. And the company also provides a van service from and to On-nut BTS to get the shareholders convenient when travelling to and from the meeting venue.
2. It had submitted the annual Shareholders' meeting's invitation letters seven days before the meeting, enclosed with all meeting-related documents such as copy of annual general Shareholders' meetings minutes for the year 2013, annual report of the year 2013, profile of directors nominated for election in replacement of those retired by rotation, report from the capital increase, important details of warrants to purchase ordinary share, profile of members of audit committee proposed option to be proxy form A, form B and form C of shareholders unable to attend the meeting, general information on accounting auditors, letter of attorney, the Company's regulations for shareholder's meeting, the invitation letter, and a map for the meeting's venue. In addition, all the aforementioned documents has also been posted on the Company's website to facilitate those shareholders who would possibly receive late mails.
3. Chairman of the Board, Chairman of the Audit Committee, the Audit Committee's members, the Presidents and the Company's Directors together with its executives, accounting auditors, and legal consultant jointly attended the meeting legal consultant and financial consultant have participated in the meeting. This was to report to the shareholders the operating results and was also to clarify all doubtful issues from the shareholders including taking their issues into consideration.

4. Chairman of the meeting assigned the meeting announcer conducted the meeting according to the agendas listed on the invitation letter to shareholders. This was first started by giving explanations and staging discussions before voting for each agenda. Shareholders were allowed to equally exercise their right to inspecting the Company's operation and they also had chances to probe questions, give different views and suggestions, with all stated issues being recorded on the meeting's minutes in order that the shareholders able to review.
5. Recorded the Minutes of Shareholder's Meeting with complete and accurate contents, and has submitted the minutes to The Stock Exchange of Thailand. Furthermore, the Company has posted the minutes' pages on its website within 14 days after the meeting.
6. Giving importance on the disclosure of accurate, complete, constant, and timely information. In this, it has publicized different news and information so that they become known to shareholders, investors, related persons, and interested public through both the SET's channel and that of its own website [www.nawarat.co.th](http://www.nawarat.co.th). In addition, the Company has set up has investor relations section to communicate with shareholders, investors, related persons and public.

## Section 2 – Equality among individual shareholders

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### Principle

All shareholders, be its executives, a non-executives, or foreigner, be equally and equitably treated. The minority shareholders whose rights are breached should be compensated.

Since the shareholders' confidence that the Board of Directors and the management are committed to the appropriate use of their money is an important investment factor, the Board shall govern to ensure that shareholders receive equal treatment and are equally protected from infringement of their basic right as stated in the first principle.

The Board of Directors shall establish shareholders' meeting methodology in such a way as to promote equality among individual shareholders and to specify the policy in which the minority interest is able to propose in advance and in a proper period of time of their candidates to be nominated as director. Also, those who cannot attend the meeting by their own should be allowed to vote by way of proxy. And the minority interest should be allowed to propose the addition of agenda before the date of meeting.

The Board of Directors shall establish a protecting measure in case there is "abusive self-dealing" when any directors and executives make abusive use of internal information to benefit themselves. This kind of action, which may take forms of

insider trading, revealing some internal information to persons who are related to any directors or executives, is considered an advantage against other shareholders and may bring about damages to shareholders as a whole, for example.

The Board of Directors shall stipulate to that the Company's directors and executives to disclose the information in relation to their own and the related persons' interest in order for the directors to take into account the Company's business which may involve conflict of interest and to make useful discussion for the Company's interest. In this, all directors and executives who share the interest in business dealing with the Company should not be allowed to participate in decision making process of the transaction.

In 2014, the Company carried out the above matters as follows:

1. Before the meeting, in accordance with the agendas stipulated in the notice calling for the meeting. Chairman of the meeting had informed shareholders regarding the procedure of the meeting and the voting method for each agenda, which approved unanimously by the shareholders.
2. Voting is by way of one-share one-vote rule. Provided there is not any objection or abstention, shareholders will be taken as approving the resolution proposed. If any shareholder desires to object, disagree or vote for no vote, he will be advised to use the ballot provided by the Company. In casting a shareholder's vote, each of his share will represent one vote. However, in finding the result, only the number of votes for disagreement and /or abstention(sent in writing) will be subtracted from all votes present at the meeting. As for the shareholders who issue a letter of attorney to have someone else attend the meeting but choose to cast his vote in the shareholder-own-intention system, the Company will put their votes (whether for agreement, disagreement and /or abstention depending on their own intention) into its data base for one such regular resolution.
3. On the agenda appointing directors to replace those who retired by rotation, the company provided opportunity to shareholders to elect directors on individual basis.
4. In the proxy form, the company provided options to shareholders by providing names of the 3 audit committee members so that shareholders may select one of them as their proxies to attend the meeting and vote in the meeting.
5. On the day of the meeting, the Company provided one hour for registration before the meeting started.
6. No other agendas are considered in addition to those stipulated in the notice calling for the meeting.
7. On January 15, 2014, the Company sent a letter to the Stock Exchange of Thailand as well as posted the information on the company's website, informing the shareholders that the company has provided opportunity to shareholders to add agendas for the meeting also provide opportunity to shareholders to nominate suitable persons to be elected as the company's directors in accordance with the company's procedure (see details in the Company's website at [www.nawarat.co.th](http://www.nawarat.co.th) ).

## Section 3 – The role of interested parties

### Principle

The interested parties should be cared for by the Company in accordance with the applicable law. The Board of Directors shall take into account the setting up of a promotional activity which help encourage the cooperation between the Company and the internal parties in creation of financial prosperity and stability, and the business long-lasting existence.

In the corporate governance process, there are several groups of interested parties; among the important ones are customers, employees, business partners, shareholders or investors, creditors, and the community where the Company is situated, the society or government sector, other interested parties namely competition, and independent accounting auditors, for example.

The Board of Directors shall establish a policy in which there is a treatment to the interested parties in such a way that all their legal rights or ones according to the agreement made with the Company are concerned. There should not be any breach of the rights, and compensation measures for those who suffer damages from the infringement of right should be imposed.

The Board shall develop participating mechanism for the interested parties to support the Company operation performance for long-lasting sustainable growth. In addition, important information should be sufficiently disclosed to interested parties to effectively perform their full duty of such participation.

The Board of Directors shall establish a measure that allow informing of issues relating to the breach of laws, the accuracy of financial report, internal control failure, or matters about code of conducts. And there should be protective mechanism to protect the right of those who inform infringement clues.

The Board of Directors shall establish a complete policy on social responsibility, especially for matters directly affecting its operation of business. This is to ensure that related persons have confidence that the Company's operation of business is performed in a way that priority is put to the environment and social factors. This is in order to bring about sustainable development.

### 1. The Company policy on dealing with each group of interested parties.

The Company business operation involves with several groups of interested parties which are from shareholders, customers, business partners, competitors, creditors, government sectors, independent accounting auditors, employees, to

communities, societies, and the environment. Each of the groups is certainly viewed as having different desires. Therefore, the Company has defined its policy of responsibility in dealing with those parties to suit each of the desires. They are as follows:

### **1.1 With shareholders**

Encourage the shareholders to exercise their rights and the Company to get commit in creating the highest sense of satisfaction among them with sustainable growth, added value and offer appropriate and constant remunerations, and also carry out the business according to good corporate governance.

### **1.2 With customers**

Commit to building up the satisfaction and confidence for customers and public to ensure they will receive quality products and services with reasonable prices and continuous improvement of standard and at the same time maintain good and sustainable relationship.

As for the Quality Objectives in compliance with ISO 9001, the company aims to create quality Works to meet clients' satisfaction. In this, the evaluation criteria for client satisfaction requires that the result have to be no less than 87%. In 2014, client satisfaction evaluation were performed twice. The outcomes were both better than the criteria set, one getting the result of 91.37% and the other 90.25%.

### **1.3 With business partners**

Determine to equality and honesty in carrying out the business for mutual benefits by strictly observing laws and jointly defined resolutions and also keep the business operation under good code of conducts.

The company has defined ethics for business operation, and for manufacturers' goods and material supply and services as follows:

The aspect of human rights and labor

- Manufacturer, supplier of goods and materials, and services must respect to human rights and treat the employees equitably in accordance with laws and international standard.
- Manufacturer, supplier of goods and materials, and services must operate the business without hiring forced labor and also refrain from using involuntary or illegal labor.
- Manufacturer, supplier of goods and materials, and services must operate the business without hiring child labor and observe all applicable child or juvenile labor laws.
- Manufacturer, supplier of goods and materials, and services must operate the business without discrimination against races, complexion, sex, religion, age, and handicap, etc.

#### The aspect of safety, hygiene, and the environment

- Manufacturer, supplier of goods and materials, and services must be responsible and commit to efficient use of resources.
- Manufacturer, supplier of goods and materials, and services must strictly observe the applicable laws on safety, hygiene, and the environment.
- In the manufacturer's production system, supplier of goods and materials, and services must ensure of the installation of waste disposal and treatment system, emission of polluted air and safe drainage of water with regular quality inspection.
- Manufacturer, supplier of goods and materials, and services must provide the employees with safe and hygienic workplace with proper and adequate personal protective gears.

#### The aspect of ethic and observation of law

- Manufacturer, supplier of goods and materials, and services must operate the business with ethic and good morale and strictly conform with the law.
- Manufacturer, supplier of goods and materials, and services must operate the business without bribery of all kinds.
- Manufacturer, supplier of goods and materials, and services must operate the business with fair competition.
- Manufacturer, supplier of goods and materials, and services must manage complete and accurate business and accounting recording related to the operation of business and be ready for auditing when requested.
- Manufacturer, supplier of goods and materials, and services must protect the Company's confidential information.

### **1.4 With business competitors**

Treat business partners in conform with international standard under the framework of laws relating to guidelines for trade competition. Commit to fair competition.

### **1.5 With creditors**

Commit to the terms and conditions with fairness including punctual repayments to be made to creditors.

### **1.6 With government sector**

Give priority to the government sector which is taken as one of the Company's interested parties by establishment of guidelines for treating with government sectors in any countries where the Company invest to avoid issues that may lead to undesirable actions.

### 1.7 With independent accounting auditors

The Company has realized the importance of independent accounting auditors who are shareholders' inspecting mechanism when it comes to examining the Company's management through financial reports that must be complete and accurate. The Company must fully cooperate with the accounting auditors by providing accurate and complete information and also facilitate them when inspecting the Company's financial statement including the report of year 2014 which has been approved by these independent auditors without conditional comment.

### 1.8 With employees

Commit to organizational development to become a learning organization. Create the working culture and atmosphere to encourage teamwork activities. Provide fair remunerations with care for safety and maintain good working environment. Giving priority to knowledge transfer and employees' competencies development. Equally take into account of suggestions and viewpoints from employees of all levels. Define and develop organizational culture while realizing that employees is the important and valuable resources for sustainable success and advancement growth to the Company.

Benefits provided by the Company to employees are as follows:

1. In addition to salaries that the company paid to the employees within the same range of other companies with similar size and nature of business, the company has arranged for the provision of incentives based on work performance, annual bonus, the Provident Fund, Nawarat Patanakarn Saving and credit Cooperative Limited., Medical treatment fee, Rural Allowance, Foreign Allowance, Uniform, Life Assurance and Accident Insurance as well as the annual Physical Check up for all employees.
2. The Company has jointly worked with Government Housing Bank Limited and Government Savings Bank Limited (Sai Thong Loans) provided a residential credit to the employee of which the privileges are better than that of the personal loan so the employees are able to acquire their own residence.
3. Privileges on holidays and financial assistance in case that the employee's father-mother has passed away.
4. Daily transportation service for the employees and vehicles for employees in some positions at the construction site and head office.
5. Residential welfare for employees, including free electricity and potable water for employees at the construction site.
6. The Company has organized various training course to improve knowledge and skills of the employees in order to improve operation productivity and efficiency by both in-house training course and outside training centers. In 2014, there were 2,397 employees who attended courses and that made up a total of 23,643 training hours.
7. The Company has organized the Orientation Course to all new employees to acknowledge the policy culture of the Company and operation practices.



The company's human resources management is based on respect of employees' human rights. Their rights and duties are informed on the orientation day. They are fairly treated and are given opportunities to participate in making decisions on the company's welfare provision to meet the needs of employees. In this, a Welfare Committee in the establishment is set up consisting of 5 members who are selected through voting by their fellow employees and another 2 members who are appointed by the company. The committee members perform their duties as follows:

- Jointly discuss with the employer in providing welfares and benefits to employees
- Provide the employer with suggestions and opinions on employee welfare
- Inspect, oversee, and keep an eye on the employer's provision of employee welfare
- Propose to Labor Welfare Board opinions and guidelines for welfare provision beneficial to employees

The company has the policy of impartiality and provides its employees with equal opportunities regardless of their religion, age (the company has, at times, hired employees after retirement) race, any skin colors, sexes, education level (down to Pratom 4, the lowest) disabilities

As for the policy on foreign laborers, the company has also provided them with welfares and benefits in accordance with Labor Law including other benefits such as:

- Social Insurance (out of work injury / on-the-job injury) as provided to Thai laborers
- Group Accident Insurance as provided to Thai laborers
- Free accommodation as provided to Thai laborers
- Free home electricity and water supply, if not exceeding the amount required by the company, as provided to Thai laborers
- 300-baht daily minimum wage depending on work performance, as provided to Thai laborers
- Occupational hygienic & safety program such as protective devices as provided to Thai laborers
- Complaining system relating to work or other matters as provided to Thai laborers
- Freedom to give opinions and suggestions on work as provided to Thai laborers
- Advancement at work like Thai laborers

### **1.9 With community, society and the environment**

The Company operate its business with responsibilities to communities , societies and the environment. Encourage energy conservation and quality of life and surrounding communities both in the construction sites and country level. Also allocate the operation profit to return back for communities and society development. Determine impact

of the business to the environment with care of operating process starting from early stage of construction selection of technologies, manufacturing process, and waste elimination, including innovative research and development which will promote efficient use of energy.

Guidelines for interested parties' compensation due to damages from right infringement

The Company has its guidelines to protect the right of the interested parties who suffer from any right infringement in relation to its business operation. The compensation rates will not be lower than those stipulated by law.

**2. Since construction is a highly risky activity companies recognize the occupational health and safety management system is critical to the business. therefore the policy is established as follows:**

- 2.1 To properly carry out and continuously develop the system of occupational health and safety in accordance with TIS 18001 and OHSAS 18001 and conform with the rules of law and other standards.
- 2.2 To control under acceptable risk level, improve work sites, and prevent employee and related parties from health hazard, fire, chemical substances, machinery, emergency incidents, occupational diseases and others which may occur to employees or related persons.
- 2.3 The Company has provided human resources, time, budget and proper as well as sufficient training.
- 2.4 The Company has encouraged its employees' participation in activities and in giving suggestions and opinion on occupational health and safety.
- 2.5 To review the standard of occupational health and safety procedure at least once a year.
- 2.6 There shall be none of risk factors for any occupational disease

The company has produced Occupational Health, Safety & Environmental Manual having the content in coherence with Occupational Health&Safety Assessment Series-OHSAS 18001: 2011 and Environmental Management System- ISO 14001: 2004 to get all employees to understand the principle and procedure, realize and implement them in order to create a good and effective management system and to be able to resolve the problems relating to occupational health, safety and environmental management system. In addition, this is a way to maintain safety condition, protect employees from various forms of accidents at work, reduce the occurrence environmental problems caused by the company which might affect the outside environment of the company that implement the occupational health, safety and environmental management system. This includes the protection from any impacts on the adjacent community beside which the company is performing its work.

The Company has Division of Safety and Environment directly in charge and carries out activities in this area. In addition, the Safety Committee for Occupational Health Safety and Environmental has been established Comprising representatives of employers and worker representatives of 7 persons, whose responsibilities are, as follows:

- consider and inform the employer all planning and policies on occupational as well as out-of-work safety to protect from and reduce the occurrence of accidents, dangers, illnesses or other annoying situations at work
- report and give suggestions on measures or guidelines for correction or improvement to be in compliance with the law on occupational safety and the standard of occupational safety to the employers for the sake of safety among employees, contractors and also outside people who work or use the services in the business venue.
- Encourage and support the activities on safety in the business venue.
- Consider regulations and occupational safety manual including the occupational safety standard for the business venue and inform the employer.
- Survey the operation for occupational safety and check the statistics for the number of occupational hazards at the business venue at least once a month.
- Consider and give opinions to the employer on projects or training plans relating to occupational safety including ones concerning roles and responsibilities for safety, all to be focused on employees, heads, executives, employers, and all staff at each level.
- Set up a system for reporting unsafe working conditions and make it a duty each of the employees at all levels has to perform.
- Follow up to see how all the matters proposed to the employer have progressed.
- Report work operations for the year and indicate problems, difficulties and suggestions on the committee's working after performing their duties for a year and then submit all to the employer.
- Evaluate the operation results regarding occupational safety of the business venue.
- Do other jobs of occupational safety as assigned by the employer

As for the Quality Objective in accordance with ISO 9001, the company's safety goal is to minimize the occurrence of accidents to 4 times per 100 persons per year. In 2014, the number of accidents was 131 times with the rate of taking leaves being 670 days equaling to the average of 4.2 times per 100 persons per year which is a little below the criteria set

The company held the activity for occupational safety promotion in 2014 under the campaign concept of “Zero Accident in Every Quarter”. The company would award any work site that maintains its accident-free condition from the start until the end of a quarter within the year 2014. The award took the form of prize money, amount- ed by multiplying 15 with the total number of staff in such a work site. The response was quite good with several work sites performing well; the company ended up awarding the prize money of 45,400 baht.

### **3. The Company has respects people’s right to properties a strict policy not to breach intellectual property or copyright.**

Since all software or computer program have been protected under the Act of Copyright B.E. 2537 (Copyright Act) which protect the right to ownership of computer program, in other word, any acts of duplication, adapting, installing, renting, and distributing them must be approved in advance by the copyright owner.

The Company has, therefore, issued an instruction to prevent all employees from doing any actions in relation to the infringement of Software copyright. Software or other computer program which the Company does not have the copyright are not allowed to install into any Company’s computers. If any employee is found to breach the instruction, he/she will be con- sidered committing crime by intention and deliberately damaging the Company’s reputation and will be dismissed.

If any employee is found to install into the Company’s computer program without copyright, he will have to delete or uninstall all such programs. However, the Company is going to examine all programs installed into all computers. If its em- ployee does not sure whether or not the software or program being used have registered a proper copyright, the employee must contact the IT Department.

### **4. The Company has its guidelines for counter corruption**

The Company has promoted and encouraged employees of all levels to give priority and have awareness of counter corruption. It has also set up internal control systems to prevent from corruption, extortion, receiving or giving bribes of all kinds. According to the operation results for the year 2014, no cases of frauds were complained or reported to the company from both the outside agencies and its own employees

Acceptance of gifts, properties, or other forms of benefit including a treat taken or given by ones related to the Com- pany’s business can be performed in proper occasions especially those during the time of traditional festivals at an appropriate value and without requesting or acceptance which is considered abnormal or inappropriate, besides normal tradition, which may cause partiality while work.

At the meeting of the company's Board of Directors No. 3/2015 on March 13, 2015, the Board agreed to get the company to show its intention to join in the practice called "Collective Action Coalition" organized by Thailand's private sector in coordination with Thai Institute of Directors (IOD) to oppose corruption. It is currently under operation by the management

## **5. Receiving channel of incidence informing, complaints, suggestions to inform clues to the Company's damages and the protection of right for clue informants.**

The Company has established a unit for receiving incident information, complaints or suggestions from interested parties affected by the Company's 24 hours operation. This is by ways of informing in person, through telephone, fax machine, e-mail, and letters. The Company shall clarify and inform the ways to manage or measure for such matters as soon as possible or no later than 1 day.

Shareholders and interested parties can inform clues in case there are any actions considered the breaking of law, the Company's or any person's regulations or an incident that may cause damages to the Company. They can inform to the Company's Board of Directors using the address below:

The Secretariat of the Board of Directors

Nawarat Patanakarn Public Company Limited

18-19 floors, The Bangna Towers Building A, 2/3 Moo 14

Bangna-Trad Road, Km 6.5 Bangkaew, Bangplee, Samutprakarn province, 10540

The Company will keep the information confidential to protect the clue informant from trouble.

## **6. Since the contracting business has much impact on the environment, the company realizes the importance of the environmental responsibility in operating businesses and thus brings about a set of policies as follows:**

- 6.1 Prevent and control disposal of trash, waste water and air pollution caused by the company's activities to minimize as much impact to the environment as possible in practice.
- 6.2 Promote and observe the law on the environment as well as strictly observe the regulations of the environmental management system.
- 6.3 Ensure that such preventive and controlling measures have really been implemented and reviewed for continual improvement.
- 6.4 Be committed to promote energy preservation and economical and efficient use of resources.

6.5 Educate--and raise awareness among--employees and contractors including those involved with the responsible work as well as realize the impact on the environment.

6.6 Be committed to push and support various activities in order for them to be constantly launched and achieve goals within the environmental policy framework and then communicate the results and publicly reveal.

At present, the company's environmental management system is certified as standardized by ISO 14001: 2004. The certified area is within the head office, and the company is running the certification process for the part of factories.



ISO 14001 is a sequence standard for environmental management established in September 1996 for various organization to have their system for preserving, controlling, and improving the environment quality including protection of human health by establishment of plans and guidelines for operations. The objective is to protect and reduce pollution at the root cause by paying attention to the effects to the environment caused by activities, process of products, and organization services starting from the acquisition of materials, design, research and development, production, and delivery with efficiently usage of materials to meet the purpose, reuse, and avoidance of dangerous chemical usage which are good and effective environmental management system.

The company has therefore established environmental section to be in charge in this area and keeps all employees informed to be able to understand, realize and participate in matters of environmental management as follows:

- Publish a monthly journal called “Thang Si Kiew”
- Issue a pamphlet titled “ISO 14001: 2004: Environmental Management System”
- Provide training on :
  - Interpreting ISO 14001: 2004
  - Verification of Environmental Problems and Related Law
  - Internal Auditing for Environmental Management System
  - Environmental Awareness

## Section 4- Disclosure and Transparency

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### Principle

The Board of Directors should pay attention to the Company’s activities in disclosing important information. This includes the disclosure of both financial information and other information, performed correctly, completely, transparently, and timely through an easy access and with equality and credibility.

The Company’s important information includes financial report and non-financial information in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand and other related information such as the duty performed throughout the year by the directors and the commissioner, business governance policy, the policy on social and environmental responsibility and observation of the aforesaid policies.

The financial report quality matters to the shareholders and also outside persons. The Board should ensure all the data shown in the financial report is accurate and meet the accounting standard generally accredited and is approved by independent accounting auditors. The Chairman and the Managing Director are the most qualified persons to be the Company’s spoke-person. However, the Board may appoint other director or executive to carry out the function. The appointed person should carefully perform the duty. In addition, the Disclosure Policy should be established to clearly disclose the information to the public. Also, the Board should adopt a responsible unit or person who will take the IR (Investment Relations) work in order to communicate with the outside people in matters such as the shareholders, the institution investors, general investor, analysts, and the government sectors involved. This should be equally and equitably performed with a chance to see the Company’s executives in person based on the notion that the information provided has been publicly disclosed.

In 2014, the Company carried out the matters as follows:

The company realizes the importance to pay attention to the disclosure and transparency with regard to the corporate governance. The company has disclosed information both the financial information and other information correctly, accurately, transparently, and on time in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

1. Had submitted the financial reports and other reports to Securities and Exchange Commission and Stock Exchange of Thailand within the given time set forth by them.
2. Had disclosed the financial status and other information such as nature of business, business risk, the number of the Company's shares held by each director, the connected transactions and Good Corporate Governance Practice etc. in the annual report and in the Form 56-1.
3. Had disclosed the financial information and other information correctly and accurately in the company's website [www.nawarat.co.th](http://www.nawarat.co.th)

4. The company has Section Investor Relations office so that shareholders and other persons can contact at

Mr. Praty Mankong

Tel : (662) 730-2178

Fax : (662) 751-9484

E-mail : [ir@nawarat.co.th](mailto:ir@nawarat.co.th)

5. The Board of Directors had selected the Independent Auditors who are independent and do not have conflict of interests with the company and the Auditors have been approved by Securities and Exchange Commission. The company has appointed the auditors from EY Office Limited. As the company's auditor for the year 2014 (who were the company's existing auditor) as recommended by the Audit Committee as follows:

Mr. Khitsada Lerdwana                      C.P.A. License No. 4958 and/or

Ms. Siraporn Uranantakul                      C.P.A. License No. 3844 and/or

Mr. Termphong Opanaphan                      C.P.A. License No. 4501

The audit fee for year 2014 of not exceed 2,020,000 Baht

6. The Company audited financial reports have been certified by the Independent Auditor and the financial reports are unqualified (clean reports)
7. The Company has adopted the safeguard and inspection system for the use of internal information for inappropriate personal gain. All directors and management must report the changes in holding of the company's securities to the Securities and Exchange Commission. All directors, management and the employees involved in the internal information are prohibited to disclose such information to outside people or people whose job are not involved with the information. Also, all directors, management and employees involved in the preparation of the fi-



financial reports are prohibited to sell or buy the company's securities before the information is disclosed to the public.

8. The Company has adopted a policy in which its directors including the executives up from the Vice President position are required to report their or their related persons' interest in accordance with the announcement issued by Capital Market Supervisory Board ref. No. 2/2009.

## Section 5- Responsibilities of the Board

### Principle

The Board of Directors has an important role in governing the business for the best interest of the Company. The Board is responsible for performance of duties to the shareholders and is independent from the management.

The Board should have leadership, vision, and freedom in decision making for the best interest of the Company and shareholders as a whole. The Board should adopt a mechanism in which the Board and the Management can work under duty and role separation and govern the Company and adopt the system to ensure the Company's activities are carried out in compliance with laws and with good ethics.

The Board should comprise directors who have different skills, experience and specific talents that benefit the Company. This includes some qualification in relation to dedication and effort in performing duties to reinforce the Company's Board of Directors.

The selection process for appointment of directors at the shareholder's meeting should be transparent without any influence from powerful shareholders or the Management and should produce confidence to outside people.

In order to perform duty efficiently and effectively, the Board should adopt different sub-committees to help study and filter works as appropriate, especially in cases which must depend on a neutral scrutiny. All the policies, roles, responsibilities, and working process, for example, organizing meeting procedure or presentation to the Board of Directors should be clearly defined.

All directors should clearly understand their roles and responsibilities and the nature of business. They must be ready to give opinions independently and always being modernized. The Board should perform the work with honesty, prudence, and transparency. They should work under the concept of the Company's best interest and of being equitable to all shareholders by receiving accurate and complete information. In addition, all directors should dedicate enough time to fully carry out their responsibilities. Each of the directors has his duty to attend the Board of Directors' Meeting except there is a really reasonable reason not to attend.

The requirement of director's remuneration is a direct benefit to them. Directors should not approve the remuneration themselves. The Board should adopt a transparent method of remuneration requirement and seek approval from shareholders. The rate and proportion of director's remuneration should be appropriate and proper enough to and able to retain quality directors; however, too much payment of remuneration should be avoided.

In 2014, the Company carried out the matters as follows:

#### 1. Board Structure

1. The Board of Directors comprises 7 members: 4 executive directors, 3 independent directors.
2. The Board has 3 independent directors which is more than 1/3 of total directors. And the whole are Audit Committee members
3. The Chairman and the Chief Executive Officer is not the same person
4. The retired directors by rotation may be re-elected.
5. Directors must not be the directors in other public companies more than 3 companies. The holding of directorship in other companies mentioned above must be informed to the Board and approved by the Board.
6. No directors is allowed to be the partner or director of other companies which have similar business and operate the business in competition with the Company except that the matters were informed in shareholder's meeting before the person was appointed to the company's director.
7. Every director should understand comprehensively the duties and responsibilities of the Company director and the nature of business of the Company as well as shall express their opinions independently. The director should also dedicate time and effort in carrying out the duties to reinforce the position of the Board of Directors.
8. The company's top management and directors have never been employees or partnership of the outside Accounting Audit Company in which the company has used the service for the past two years.
9. Within the company's Board of Directors, three non-executive directors who have had experience related to the company's business are Mr. Prasertphand Pipatanakul, Mr. Niyom Niyamanusorn and Mr. Apichart Dharmasaroja.
10. Definition and properties of Directors

- Executive Director is an executive who is appointed as member of the Board of Directors. The Executive Directors must be knowledgeable and understand the business of the Company and must not be a person who is prohibited to be company's director by law, or regulations of the Securities and Exchange Commission or the Stock Exchange of Thailand.
- Non-executive director is a director who has no position in the Company's management team. The Non-executive Director must have skills, experience and expertise that are useful to the Company. And must meet the following qualification outlined by the Securities and Exchange Commission or The Stock Exchange of Thailand.
- Independent Director who has no position in the Company's management team and must meet the following qualification outlined by the Securities and Exchange Commission and the Stock Exchange of Thailand with detail as following:

1. Hold Company's shares of not more than 5% of the Company's paid up capital or of those of the Company's customers, suppliers, trade creditors, loan creditors or loan debtors etc. They must also have no benefits or interests directly or indirectly with regard to financial and management of the Company, the subsidiaries, the affiliates or the associates in such a way to make them less independent.
2. Must not be management, employees or advisors who receive regular compensation from the Company, or personal advisors of the person who control the Company, the subsidiaries, the affiliates or the associates. He must not have benefits or interests mentioned above for a period of not less than 3 years.
3. Must not have business relation with the company, such as the customers, suppliers, trade creditors, loan creditors or loan debtors etc. They must not have benefit or interests either directly or indirectly with regard to financial and management of the Company, the subsidiaries, the affiliates or the associates in such a way to make them less independent.
4. Must not be relatives or other connected persons which may make them less independent with the management or major shareholder of the Company, the subsidiaries, the affiliate or the associates, including persons who are representatives of the management major shareholders.

## 2. Sub-committee

The company has the sub-committees as follows:

- Audit Committee
- Corporate Governance Committee
- Code of Conduct Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Corporate Social and Environmental Responsibility Committee
- Executive Committee

## 3. Roles Duties, and Responsibilities of Directors

1. The Board involved in approval of business directions and the Company's yearly budget including directing, supervising, and overseeing the management to carry out works in accordance with the defined policies and the business plan. This is to enhance the highest economic value to the shareholders as well as to bring about firm and sustainable growth. In addition, the Board has set up a Audit Committee to scrutinize financial reports, internal control system, risk management system, the selection of accounting auditors. It also directs the Com-

pany to be in compliance with laws and relevant regulations.

2. The Company gives priority to the internal control and risk management system for the implementation of those system

#### Biography of General Manager for Internal Audit Division



Mr. Surin Kruevutthikul

Phone numbers:

02-730-2153, 089-040-5670

Age: 62

Shareholding: -

Education:

MBA, Siam University

Work Experience:

2003-present: General Manager, Internal Audit Division

1988-2002: General Manager, Personnel & Administration Division

History of Training on Internal Auditing:

1. Internal Audit in practice

(Association of Accountants and Auditors Permission)

2. Risk Management (Dharmniti Training & Seminar Company)

To report directly to the Audit Committee as a mechanism to reinforce the internal control system and the internal audit system as well as to follow up and ensure that there is improvement and correction of the flaws found from the audit to improve the efficiency and reduce risk for the operation.

#### 3. Risk Management Policy

In order to have a system for risk management to reduce causes in each chance that may lead to damages to the Company, and to control risks to be under a manageable scale and level, the Company has therefore defined its risk management policy as follows:

- 3.1 Implement the risk management as an organizational culture by requiring each of the employees to learn and understand, and also realize the importance of risk management and continuously practice it.
- 3.2 Define the risk management methodology as a single standard for the whole Company.
- 3.3 Take the risk management as a tool for achieving the Company objectives set.

The Company has implemented the risk management system as a procedure to enable it to identify potential

problems in advance and prepare for protective and corrective measures which decreases the chance of losing while increasing the chance of success and results in sustainable and continuous growth. The Company's risk management system covers three levels of risk as follows:

- Organization Risk
- Operation Risk
- Individual Risk

It also covers four types of risk as follows:

- Strategic Risk
- Operation Risk
- Financial Risk
- Compliance Risk

The Company has created a manual on Risk Management System to ensure all divisions understand its principle and process and apply as a guideline for risk management. And all divisions have to continuously implement the risk management productively and efficiently.

The meeting of the board of directors No. 3/2015 on march 13, 2015 made a resolution to appoint the risk management committee consisting of :

- |                                |   |
|--------------------------------|---|
| 1. Mr. Apichart Dharmasaroja   | Chairman of the risk management committee |
| 2. Mr. Sook Sueyanyongsiri     | Member of risk management committee       |
| 3. Mr. Somchai Chaithaniyachat | Member of risk management committee       |
| 4. Mr. Somchai Woonprasert     | Member of risk management committee       |
| 5. Mr. Nivate Ienghong         | Member of risk management committee       |
| 6. Miss Pakatip Lopandhsri     | Member of risk management committee       |
| 7. Mr. Mitporn Tansrisuk       | Member of risk management committee       |
| 8. Mr. Surin Kruevutthikul     | Member of risk management committee       |
| 9. Mr. Visut Suwanwitwaj       | Member of risk management committee       |

Who have their roles and duties as follows:

- Define policies, direct and systemize the Company's risk management system as well as consider and review the risk management plan and manual to ensure effectiveness of operation.
  - Govern, develop, and evaluate the risk management system as well as constantly monitor all divisions' performance in implementation of the risk management policy.
  - Carry out other risk management activities whenever assigned by the Board.
  - To consider and approve the budget, other expenses of implementing risk management.
4. The company is committed to becoming a leading construction company who keeps creating reliability for investors and all interested parties in order to increase the organizational value. This is not without all transparent stages of management. Therefore, the Business Ethics Manual was written to have all the people in the organization understand the ethical standard and how to treat interested parties or those related. Those who need to comply with these ethics include the company's directors, the management, staff who are in contact with clients or trade partners. In addition, this manual shall be used as organizational guidelines for shareholders, the community and society as a whole. And there are prohibitions for any actions that go against the ethics which contain punishment provision. Morality is therefore valuable to the organization, to those related and to the country's whole community.( download documents at [www.nawarat.co.th](http://www.nawarat.co.th))
5. The committee get involved in the determination of the company's Vision and Mission in order to make all of the employees proceed to the same directions and achieve the same goals. This will be reviewed in every 5 years.

#### 4. Board of Directors' Meeting

1. The Board of Directors has had regular meeting every month, set the schedule of meeting every year in advance and may have additional meeting when it is necessary.
2. In every meeting the Board had clearly specified the agenda and had sent the notice calling for the meeting not less than 7 days in advance so that the Board of Directors shall have sufficient times to study the information. Minutes of meeting had been written correctly and accurately, and the minutes of meeting that certified by the Board had been kept properly so that the Board of Directors and other involved persons can investigate them accordingly.

In 2014, The Board of Directors had 14 meeting and each meeting took approximately 2 hours

3. The Company's directors realizes the importance to attend the Board of Directors' meetings.

In 2014, each of the directors attended more than 80% of the Board meetings held during the year detail as the following:

- |                                 |   |
|---------------------------------|---|
| 1. Mr. Mana Karnasuta           | attend 14 out of 14 meetings equaling to 100% |
| 2. Mr. Prasertphand Pipatanakul | attend 14 out of 14 meetings equaling to 100% |
| 3. Mr. Niyom Niyamanusorn       | attend 14 out of 14 meetings equaling to 100% |
| 4. Mr. Polpat Karnasuta         | attend 14 out of 14 meetings equaling to 100% |
| 5. Mrs. Wattana Samanawong      | attend 14 out of 14 meetings equaling to 100% |
| 6. Mr. Apichart Dharmasaroja    | attend 14 out of 14 meetings equaling to 100% |
| 7. Mr. Sook Sueyanyongsiri      | attend 14 out of 14 meetings equaling to 100% |

4. Non-executive directors constantly had meetings without the management's participation. And the Audit Committee is the meeting venue where the directors discuss problems about management.

5. The Board's Self-Evaluation

The Company has not had any such evaluation yet.

6. Remuneration

The Company had paid out the remuneration to directors in 2014 as follows:

Name	Board of Directors		Audit Committee		Number of month to get paid	Total amount of Remuneration in 2014 (Baht)
	Position	Remuneration /month(Baht)	Position	Remuneration /month(Baht)		
Mr.Mana Karnasuta	Chairman	46,107.00			12	553,280.00
Mr.Prasertphand Pipatanakul	Director	29,640.00	Chairman	23,053.00	12	632,320.00
Mr.Niyom Niyamanusorn	Director	29,640.00	Director	16,467.00	12	553,280.00
Mr.Apichart Dharmasaroja	Director	29,640.00	Director	16,467.00	12	553,280.00
Mr.Polpat Karnasuta	Director	29,640.00			12	355,680.00
Mrs.Wattana Samanawong	Director	29,640.00			12	355,680.00
Mr.Sook Sueyanyongsiri	Director	29,640.00			12	355,680.00
Total amount of Remuneration for Committee						3,359,200.00

Note- Except for monthly remunerations, the company does not provide all directors with any other benefits.

#### 7. Directors and Executive Development

1. The Company has conducted its first director orientation for newly appointed directors. The Management was responsible for compiling documents and information that are useful to the new directors. Also, a summarized lecture on the Company's business and other matters has been given.
2. All directors have been provided with various training courses; this includes other seminar activities regularly conducted to enhance their work performance.



## **Corporate Social Responsibility - CSR**

Nawarat Patanakarn Public Company Limited was established on May 31, 1976 throughout the Company's business operation period, it has been recognized as one of the leading companies in Thailand with the customers' trustworthy and has been awarded with various construction projects.

The Company has executed works according to management principles with the focus on customers' best benefits and satisfaction. In addition, it has a policy on social responsibility which is supported and cooperated well from government agencies and various local authorities to create benefit for those communities. The Company has also supported and given assistance in many forms for example the support of religious activities and charity, Thailand educational development, several areas of social, sanitation, and environmental development.

The meeting of the board of directors No. 3/2015 on march 13, 2015 made a resolution to appoint the corporate social and environmental responsibility committee consisting of :

1. Mr. Apichart Dharmasaroja      Chairman of the corporate social and environmental responsibility committee
2. Mr. Sook Sueyanyongsiri      Member of corporate social and environmental responsibility committee

### The policy on the promotion of religious activities and charity

The Company has realized the importance in maintenance of all religious. It has donated money for restoration of religious places, shrines, sermon halls in monasteries, toilets, utilities infrastructure, electricity, water supply, telephone lines for temples in remote areas.

### The policy on educational development activities

The Company has placed much importance to education and committed to participate in educational development to ensure Thailand becomes a learning society that leads to its sustainable development.

The Company has been supporting different projects such as:

- Financial support in construction educational institutes
- Financial support in building educational and occupational centers such as the school for blind people
- Financial support for improving school
- Provision of education tools for different educational institutes
- Financial support for students' voluntary projects from different institutions
- Sending staff who are specialists in specific field to teach and give lecture in various educational institutes.

#### The policy to promote social activities and sanitation

The Company has constantly contributed support in activities of foundations and public charities to give help to socially disadvantaged people to improve their quality of life. Also, donations to those who suffered from several natural disasters with focus to relieve their hardship in many forms such as:

- Donation in a fund to purchase medical equipments for hospitals
- Donation in a fund to built hospitals, purchase foods and medicines for HIV patients at Thammrak foundation in Prabatnamphu temple
- Donation in a fund for construction of a new building in a hospital in Chumporn province.
- Donation and giving support for organizing social activities in communities surrounding its construction sites such as those on Children's day (joining with Sub-district administration office) and sport competitions etc.

#### The policy on supporting communities

- The Company has performed its duty in dealing with people surrounding the communities with friendship and give help and support to make them live good life including being responsible when problems arises in relation to its operation; this is to be done with equality and being equitable.
- The Company and its employees have to act and behave properly as a good citizen for the benefit to community and society.
- The Company has a duty in supporting and promoting useful activities with willingness which benefit the society and in cooperation with the government and other agencies with dedication for the public.

#### The policy on sustaining the environment

- Protect and control the elimination of trash, wastewater, air pollution caused by the company's operation activities in order to reduce as much impact to the environment as possible in practice
- Encourage and abide by law on environmental protection and also strictly follow the regulations on environmental management system
- Ensure the adoption and review of such measures for protection and control of pollution for continuous improvement
- Be committed to the promotion of energy preservation and use resources economically and worthily
- Educate employees, contractors as well as all related persons in the responsible works and create awareness among them, and also realize the impact to the environment

- Be committed to pushing activities to be conducted and get them accomplished within the environmental policy framework in communication with employees, all related persons and the public

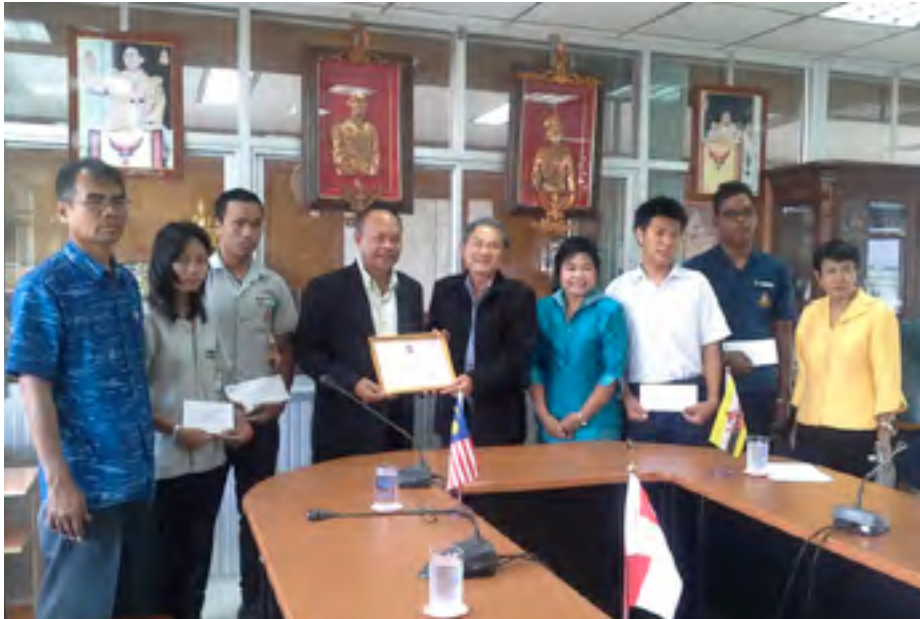
In 2014, The Company carried out the activities on CSR as follows:

1. The company has sponsored an amount of 20,000 baht for the publication of program cards and pamphlets of Thai Red Cross Society.
2. The company has sponsored an amount of 40,000 baht for construction of the parking building at Klongluang Land Office, Patumthani.
3. The company has sponsored an amount of 100,000 baht as a scholarship for physician students under Somdetch Phra Mahitala Dhibesra Adulyadej Vikrom the Prince Father Foundation



4. The company has donated an amount of 10,000 baht as merit money to Wat Pongchan, Chantaburi Province
5. The company has donated an amount of 3,000 baht as merit money to Wat Jetsadaram, Samutsakorn Province
6. The company has sponsored to Saeng Sawang Institute Foundation an amount of 35,000 baht for a golf competition for charity.
7. The company has donated an amount of 20,000 baht as merit money to Wat Ban Talad, Nongbualumpoo.
8. The company has sponsored an amount of 10,000 baht for the sport competition at Naluang School.

9. The company has sponsored an amount of 12,000 baht as a scholarship to students of Surin Technical College.



10. The company has sponsored an amount of 31,342 baht as a scholarship for its employees' children



## **Report from Board of Directors Relative to Financial Reports**

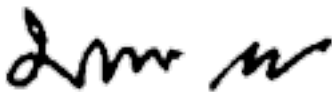
The Board of Directors is responsible for the company's financial reports and the details therein. The financial reports are prepared in accordance with the generally accepted accounting standards in Thailand, by adopting the appropriate accounting policy and consistent implementation as well as due judgment and best estimation in the financial reports preparation, including the sufficient note and explanation of the financial reports. In addition, The Board of Directors has provided

- Internal control system which handle by Internal Audit Division, report directly to Audit committee (as independent director). To be free from management's suggestive. Monitor the operation of all units.
- Good corporate governance practice to ensure all directors, executives and employees can strict compliance.
- Risk management system to identify potential problems in advance and prepare for protective and corrective measures

are appropriate and efficient to ensure that the financial reports are correct, accurate and sufficient to safeguard the company's assets as well as to protect frauds.

The Board of Directors has appointed the Audit Committee to oversee and review the company's accounting policy and the accuracy of the financial reports, including the review of the company's internal control system and internal audit system, the details of which can be seen from the Audit Committee's Report included in the annual report. In addition the company's financial reports were audited by the independent auditor, EY Office Limited. The report of the independent auditor is included in the annual report.

The Board of Directors has the opinion that the company's internal control system in general is satisfactory and can be assured that the financial reports of Nawarat Patanakarn Public Company Limited and it's subsidiary for the year ended December 31, 2014 are accurate and fairly presented, as well as in compliance with relevant laws and regulations.



(Mr. Mana Karnasuta)

Chairman

## **Audit Committee Report Year 2014**



The Audit Committee of Nawarat Patanakarn Public Company Limited is comprised of 3 independent directors and all the member of the Audit Committee are not the management or the advisors of the company.

- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the Audit Committee |
| 2. Mr. Niyom Niyamanusorn       | Member of Audit Committee       |
| 3. Mr. Apichart Dharmasaroja    | Member of Audit Committee       |

The Audit Committee has performed its duties and responsibilities as assigned by the Board of Directors and in accordance with the good practices for the Audit Committee of the Stock Exchange of Thailand.

In 2014, The Audit Committee has 12 meeting for various matters. The top management, the Internal Audit Manager and the Auditor has participated in the discussion of relevant agendas. The meeting for review of annual financial statement is one in which there are none of the Company's executives involved. Performance of the Audit Committee can be summarized as follows:

1. The review of quarterly financial reports and annually financial report for the year 2014, the financial reports and fairly presented. The information disclosure is adequate and reliable and in accordance with the general accepted accounting standards, the connected transactions between the company and its subsidiary has also properly been disclosed to ensure that they has been done in accordance with normal business transaction and in compliance with the criteria of the Stock Exchange of Thailand before forwarding them to Board of Directors for consideration.
2. The oversight of the internal control, the Audit Committee review with the Internal Audit Manager and has established audit plan that are suitable to the circumstance in order that the internal control is good, well-covered and suitable to the operating process. The Audit Committee has reviewed the investigating results and followed up the implementation as planed to protect or reduce possible risk as well as review regularly the performance of the Internal Audit Manger. The Audit Committee is of the opinion that the internal audit system is appropriate and efficient.
3. The review of the compliance with the Securities and Exchange Commission's laws and other relevant laws, The Audit Committee had a meeting with the Company Secretary who oversees and follows up the compliance of the company with the laws, rules and regulations of the Securities and Exchange Commission. The Audit committee is of the opinion that the company has operated the business in compliance with relevant laws and no material flaws are found.

4. The consideration of nomination of Auditor, the Audit committee has nominated for shareholder's approval:

- |                              |                                |
|------------------------------|--------------------------------|
| 1. Mr. Khitsada Lerdwana     | C.P.A. License No. 4958 and/or |
| 2. Ms. Manee Rattanabannakit | C.P.A. License No. 5313 and/or |
| 3. Mr. Termphong Opanaphan   | C.P.A. License No. 4501        |

EY Office Limited. As the company's Auditor for the year 2015



(Mr. Prasertphand Pipatanakul)

Chairman of the Audit Committee



## **Explanation and Verification of Financial Position and Operation Results**

## Explanation and Verification of the Management

### 1.Explanation and Verification of Financial Position and Operation Results

In 2013, the world's economic situation was still in trouble. Some countries suffered political problems. Thailand's economic problem continued, and this caused labor shortage leading to more imported laborers. Prices of consumer goods as well as those of construction materials gradually increased. In the 4th quarter, the internal political conflict made a U-turn giving bad effects to most businesses. This has resulted in economic slowdown, halted investment plans from both domestic and overseas investors, reviews of investment plans, including the frozen government budgets for investment projects.

The first quarter of 2014 saw the ongoing problems both in and outside of the country. The country's situations remained the same as the 4th quarter of 2013. Specifically speaking, the political impact had caused the economy to slow down, investment plan to halt, the government's investment budget to be indefinitely put off. Nevertheless, after the political change, the country's development policies gradually came out. More and more government's construction projects have appeared bringing about opportunities for various businesses.

### 2. Explanation of Financial Position and Operation Result

#### Summary of Financial Position Based on Consolidated Financial Statement as of December 31,2014

As of December 31, 2014, the total assets of the company's group registered at 11,257.03 million baht, an increase of 2,269.03 million baht from the figure of December 31, 2013.

#### Major changes in assets consisting of:

1. Temporary investments: The balance as of December 31, 2014 was equal to 713.44 million baht consisting of six-month bank deposits and investment in open-end fund; there was none of this as of December 31, 2013.
2. Trade and other receivables: The balance as of December 31, 2014 before deduction of doubtful debt was equal to 2,330.41 million baht, a decrease of 403.15 million baht from that of December 31, 2013. The three projects with highest figures of Trade Account Receivables are:
  - 1) Construction Project of Waste Water Treatment System-Phase 7, Bangsue, owned by Bangkok Metropolitan Administration, subcontracted from A.S. Associate Engineering(1964) Limited. The accounts receivable as of December, 31 2014 were 124.50 million baht.
  - 2) Construction Project of Drainage Tunnel underneath the Bangsue canal, running from Radplao canal until the Chao Phraya River, owned by BMA. The accounts receivable as of December 31, 2014 were

101.87 million baht.

- 3) Construction Project of S12 Station, Elevated- Road Extension and Stabling Yard for The Bangkok Mass Transit System, Silom Extension(Taksin-Phetkasem), subcontracted from S.T.-A.S. Joint Venture. The accounts receivable as of December 31, 2014 were 84.37 million baht.

3. Accounts not claiming for payment: The balance as of December 31, 2014 before deduction of allowance for doubtful accounts was equal to 1,820.41 million baht, an increase of 681.34 million baht from that of December 31, 2013.

The top 3 projects with highest figures of accounts not claiming for payment are:

- 1) Civil and Agricultural Work ABP4 CCCP and ABP5 CCCP Project of TPSC (Thailand) Co., Ltd. The accounts not claiming for payment as of December 2014 were 168.85 million baht.
- 2) Construction Project of showroom, office and parking area of Toyota Mueng Non Co., Ltd. The accounts not claiming for payment as of December 31, 2014 were 162.44 million baht.
- 3) Construction Project of Drainage Tunnel underneath the Bangsue canal, running from Radplao canal to the Chao Phraya River, owned by BMA. The accounts not claiming for payment as of December 31, 2014 were 143.22 million baht.

4. Costs of Real-Estate Development Projects: The balance as of December 31, 2014 was equal to 1,168.49 million baht, an increase of 582.31 million baht from that of December 31, 2013. The real estate development projects for sale under the name of the company consist of:

- 1) The Construction Project of Townhomes under the name "De Siam" located at Soi Chaloemphrakiat Ror 9 (soi 38), Bangkok, the project costing 45.15 million baht.
- 2) The Construction Project of Detached Houses under the name "Barn Baranee" located on Rangsit-Klong 3 Road, Pathumthani Province, the project costing 4.64 million baht.
- 3) The Construction Project of Detached Houses under the name "Villa Baranee" located on Rangsit-Klong 3 Road, Pathumthane Province, the project costing 240.81 million baht.

In addition, there are three more real-estate development projects run by Mana Patanakarn Company Limited, the company's subsidiary, with an overall project value as of December 31,2014 equaling 877.90 million baht.

Major changes in liabilities consisting of:

Bonds: As of August 28, 2014, the company issued bonds No. 1/2014 and proposed them for sale. The number of bonds issued was 1,500,000 units, with a par value of 1,000 baht each, amounting to 1,500 million baht.

They are unsubordinated bonds with holders' names on them, with each having a trustee but with no securities. The bonds are effective for three years, entirely redeemed on the due date (August 28, 2017).

The bond interest is 5.5 percent per year, paid at 3 month intervals.

The bonds reported on statements of financial position amount to 1,489.36 million baht, an amount netting deferred bond issuance costs 10.64 Million Baht.

## Operation results for the year 2014

1. Verification of the operation results for the year 2014 as opposed to that for 2013 according to consolidated financial statement

Transaction	2014	2013	Increase (decrease)	
			Amount	%
1.1 Construction revenue	6,602.62 mil.baht	5,269.75 mil.baht	1,332.87 mil.baht	25.29
1.2 Construction cost as opposed to construction revenue	95.56%	96.05%	-	(0.51)
1.3 Sale and service revenues	1,176.50 mil.baht	1,456.87 mil.baht	(280.37) mil.baht	(19.24)
1.4 Sale and service cost as opposes to sale and service revenue	90.19%	89.78%	-	0.46
1.5 Management cost	358.07 mil.baht	366.14 mil.baht	(8.07) mil.baht	(2.20)
1.6 Financial expenses	163.32 mil.baht	133.79 mil.baht	29.53 mil.baht	22.07

2. Operation results for the year ended December 31

Transaction	2014	2013
Profit (Loss) for shareholder's portion <u>based on consolidated financial statements</u>	9.12 mil.baht	58.36 mil.baht
Profit (Loss) for the year <u>based on Separate Financial Statement</u>	35.32 mil.baht	95.17 mil.baht

## Explanation and verification of the Management for the year 2014

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### 1. Operation results for the year 2014

In 2014, construction revenue increased, as opposed to that of 2013, by 1,332.87 million baht or 25.29% resulting from more works of construction. The top three construction projects which generated the most incomes for the company in 2014 are:

- A. Construction Project of the Road off the Highway No. 3 (Bangpu)-Ban Klongkrabue, Section 3, owned by Department of Highway. The revenue in 2014 was 565 million baht.
- B. Construction Project of the Drainage Tunnel underneath Klong Bang Sue, running from Klong Lad Prao to the Chao Phraya River, owned by BMA. The revenue in 2014 was 538 million baht.
- C. Construction Project of a Drinking Water Factory, owned by Mahasarakam Beverages Company Limited. The revenue in 2014 was 453 million baht.

### 2. The Project facing problems during construction

The company faced problems during its construction of two big projects causing the construction costs to be much higher than the budget set. In this, the company has tried its best to correct the problems. The two projects in question are:

- A. Construction Project of Nam Sana Dam and Hydraulic Power Plant, in Laos PDR, owned by Electricite du Laos, The problems found are:

1.1 Topography After having been awarded with this project, the company undertook the survey before making the design and found that there were several caves underneath the area of the power plant location. Therefore, more location survey needed to be done, and finally there found to be a new location spotted at higher level than the previous one resulting in more quantity of drilled-out rock than earlier estimated to keep the power plant and the drainage line at the desired level.

1.2 While drilling soil to construct a water tunnel in which the water flows further into the high-pressure steel pipe, there happened to be a heavy rain which caused landslide which occurred three times and affected the work. Because of that, more soil drilling needed to be done. Moreover, some of the Work Site area was found to be slope one resulting in a construction delay and a higher cost of construction.

B. Construction Project of Education and Environmental Preservation Center, Bangsue, Bangkok, owned by BMA

The problem occurred because the line area of the construction drawing happened to run pass a housing estate which did not allow the construction causing a change of the drawing. Moreover, while doing the work of pipe-jacking various difficulties were found underground making it necessary to build 50 more man holes to distort the underground pipe line. This also prolonged the planned construction time.

### 3. Revenue from Concrete Products

The sale and service revenues for the year 2014 faced a reduction of 19.24 % from that of the year 2013 since the production was made to mainly serve the company's own construction projects and to sell more to its subsidiary companies while at the same time selling less to the outside clients.

### 4. Employment of Foreign Laborers

Due to the shortage of Thai labor, the company had to hire foreign laborers which cost more than the Thai ones. However, to prepare for works from the government sector (which is likely to greatly increase) and to reinforce the current execution of Works to create timely delivery and avoid being fined due to late delivery, it is unavoidable to hire foreign laborers to compensate the labor shortage.

### 5. Purchase materials in advance

To keep the construction cost under the budget, the company gradually purchased some of the main materials in advance in sufficient quantity to reduce the risk from price adjustment. This policy is seen as effective in relieving effect the material prices have on the construction cost.

### 6. The Issuance of Bonds and Offering for Sale 1,500 Million Baht

As of August 28, 2014, the company issued bonds and offered them for sale. The number of bonds issued was 1,500,000 units, with a par value of 1,000 baht each, amounting to 1,500 million baht. They are unsubordinated bonds with holders' names on them, with each having a trustee but with no securities. The bonds are effective for three years, and will be entirely redeemed on the due date (August 28, 2017). The bond interest is 5.50 percent per year. The purpose for this is to pay off the previous debt, to generate working capital and investments in new projects for the company to gain profits. The bond interest in 2014 was equal to 28.48 million baht.



## Summary of Financial Position Based on Consolidated Financial Statement as of December 31, 2013

As of December 31, 2013, the total assets of the company registered at 8,988.00 million baht, an increase of 1,335.35 million baht or 17.45% from that of December 31, 2012.

### Major changes in assets consisting of:

1. Trade and other receivables before deduction of allowance for doubtful accounts as of December 31, 2013 was 2,732.93 million baht, an increase by 418.74 million baht from December 31, 2012. The three projects ranging from one having the most accounts receivables are as follows:
  - 1) Construction Project of Wastewater Treatment System, Phase 7, located at Bangsue, the project owned by BMA, subcontracted to the company by A.S Associate Engineering Co., Ltd.(1994), with the amount recorded as of December 31, 2013 equaling 384.38 million baht
  - 2) Construction Project of Drainage Tunnel under Bangsue Canal, from Ladprao Canal to the Chao Phraya River, owned by BMA , with the amount recorded as of December 31, 2013 equaling 200.05 million baht
  - 3) The Project of Concrete-Product Sale to Thipakorn Co., Ltd. for use in construction, with the amount recorded as of December 31, 2013 equaling 195.96 million baht
  
2. Accounts not claiming for payment before deduction of allowance for doubtful accounts as of December 31, 2013 was 1,139.07 million baht, increased by 227.60 million baht from December 31, 2012. The three projects ranging from one having the most accounts not claiming for payment are as follows:
  - 1) Construction Project of Wangnoi Power Plant, Ayutthaya province, owned by EGAT, subcontracted to the company by Marubeni Corporation, of which incomes have not been claimed for 185.59 million baht as of December 31, 2013.
  - 2) Construction Project of Chana Power Plant, Song khla province, owned by EGAT, subcontracted to the company by Marubeni Corporation, of which incomes have not been claimed for 160.14 million baht as of December 31, 2013
  - 3) "Nam Sana Hydropower Plant" in Laos PDR, a turnkey project owned by Electricite du Laos, of which incomes have not been claimed for 158.10 million baht as of December 31, 2013

3. Cost of real estate development projects as of December 31, 2013 was equal to 586.18 million baht, an increase by 332.49 million baht from December 31, 2012. Costs for each of the real estate development projects for sale under the name of the company are as follows:

1) The Construction Project of Townhomes under the name "De Siam" located at Soi Chalemphrakiat Ror 9 (soi 38), Bangkok, valued 43.84 million baht

2) The Construction Project of Detached Houses under the name "Barn Baranee" located on Rangsit-Klong 3 Road, Prathumthani Province, valued 4.64 million baht

3) The Construction Project of Detached Houses under the name "Villa Baranee" located on Rangsit-Klong 3 Road, Prathumthane Province, valued 297.52 million baht

Additionally, there is another Construction Project of Detached Houses under the name "Baranee Park Romklao", located on Romklao Road, Bangkok, executed by Mana Patanakarn Co., Ltd, the company's subsidiary, valued 240.18 million baht as of December 31, 2013.

Major changes in liabilities consisting of:

1. Bank overdrafts and short-term loans as of December 31, 2013 amounts to 854.97 million baht, increased by 98.07 million baht from December 31, 2012. An amount of loan is for purchasing main material with a tendency of higher price. In this, the company will purchase according to the required amount to avoid risk of material-price increase. The loan is also for helping with its liquidity in times of economic hardship and political unrest.

2. Advance received from construction as of December 31, 2013 was equal to 826.66 million baht, an increase by 100.23 million baht from December 31, 2012. The company signed several contracts for construction projects and has received the advance payments for construction from the employers as agreed. Examples are:

1) Construction Project of Drainage Tunnel under Bangsue Canal, from Ladprao Canal to the Chao Phraya River, owned by BMA, valued 2,442.40 million baht (VAT included)

2) Construction of Road linked to Highway No.3(Bangpu)-Ban Klong Krabue, Section 3, Samut prakarn Province, totaling 6.160 km in length, owned by Highway Department, valued 1,138.38 million baht (VAT included)

## Operation results for the year 2013

1. Verification of the operation results for the year 2013 as opposed to that for 2012 according to consolidated financial statement

Transaction	2013	2012	Increase (decrease)	
			Amount	%
1.1 Construction revenue	5,269.75 mil.baht	5,736.37 mil.baht	(466.62) mil.baht	(8.13)
1.2 Construction cost as opposed to construction revenue	96.05%	91.82%	-	4.61
1.3 Sale and service revenues	1,456.87 mil.baht	967.24 mil.baht	489.63 mil.baht	50.62
1.4 Sale and service cost as opposed to sale and service revenue	89.78%	95.96%	-	(6.44)
1.5 Management cost	366.14 mil.baht	407.53 mil.baht	(41.39) mil.baht	(10.16)
1.6 Financial expenses	133.79 mil.baht	123.06 mil.baht	10.73 mil.baht	8.72

- 2 Operation results for the year ended December 31

Transaction	2013	2012
Profit (Loss) for shareholder's portion <u>based on consolidated financial statements</u>	58.36 mil.baht	552.52 mil.baht
Profit (Loss) for the year <u>based on Separate Financial Statement</u>	95.17 mil.baht	550.34 mil.baht

## Explanation and verification of the Management for the year 2013

1. Operation results for the year 2013

In 2013, net profit for the company's shareholders' portion, according to consolidated financial statements, was equal to 58.36 million baht whereas the net profit for 2012 was 552.52 million baht, a decrease of 493.84 million baht, since the construction costs went up for the part of wages. The company faced the difficulty of recruiting laborers to a sufficient level. As a result, it is necessary to hire foreign laborers and had to pay more overtime payment to meet the deadline (See item three for more explanation on the employment of foreign laborers)

In addition, in 2012, the company was paid with debts repayment from the businesses with transactions recorded as allowance for doubtful debts for the amount of 395.06 million baht. Also, in 2013, the company was paid for the amount of 111.08 million baht resulting in the net profit for the year.

The accounts receivable the company recorded “allowances for doubtful accounts” and received the repayment of debt later include Meeyahta International Hotel Limited 391.45 million baht, New Decade Company Limited 3.60 million baht, for example. For the year 2013, those making their repayment of debts are ITD-Nawarat (L.L.C.) 72.15 million baht, CMC di Ravenna 24.68 million baht, Ruen Rapee Company Limited 9.90 million baht, for example.

2. The Operation of Maemoh Project: Contract No. 6

The revenue from the Project for removal and transport of earth and coal, Contract No. 6, has increased since the broken engine of the conveyor system was repaired and has been in normal use since early 2013. This is together with the adjustment of the unit price in accordance with the Contract resulting in the increase in incomes and gross profits.

The Project for removal and transport of earth and coal, Contract No. 6, Maemoh District, Lampang Province, owned by EGAT, executed by NWR-SBCC Joint Venture, a Joint Venture generated by co-investing between Nawarat Patanakarn Public Company Limited and Saraburi Coal Company Limited at 50:50 with an operating period of 9 years starting from March 2009 until February 2018.

3. Employment of foreign laborers

Due to the shortage of Thai labor, the company had to hire foreign laborers which cost it higher than hiring Thai workers. Nevertheless, to ensure timely delivery and avoid the risk of being fined from late delivery of works, it is unavoidable that the company hires foreign laborers to reinforce the local labor.

4. Purchasing materials in advance

To keep the construction cost under the budget, the company gradually purchased some of the main materials in advance in sufficient quantity to reduce the risk from price adjustment. If there is an increase in prices, construction cost will be immediately affected.

5. Receiving Debt Repayment from ITD-Nawarat (LLC)

In 2013, ITD-Nawarat (LLC) received debt repayment from Seven Tides Ltd., the employer of Palm Jumeirah in Dubai, UAE, in the amount of AED 29,450,000. This construction project was run by ITD-Nawarat (LLC) which is a Joint-Venture business between Italian-Thai Development Public Company Limited and Nawarat Patanakarn Public Company Limited at the ratio of 60 : 40. First, Seven Tides Ltd. has unpaid the construction cost amounting to AED 69,148,594. On June 11, 2013, the Arbitrator in Dubai, determined that ITD-Nawarat (LLC) be repaid with the construction cost in the amount of AED 31,358,052.19. The negotiation between ITD-Nawarat (LLC) and Seven Tides Ltd. had reached a compromise before Seven Tides Ltd. agreed to pay off its debts to the Joint Venture which totaled AED 29,450,000.

On November 5, 2013, the company received the debt-repayment amount of USD 3,188,080, approximately 99 million baht, for the company's portion which is equivalent to AED 11,780,000 or equaling to 40 % of AED 29,450,000. This transaction of debt repayment is recorded as "allowance for doubtful accounts (reversal)" in Statement of Comprehensive Income.

## **The auditing company for the financial statements of Nawarat Patanakarn Public Company Limited**

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EY Office Limited as the company's Auditor, as follow:

Year 2011-2014 Mr. Khitsada Lerdwana C.P.A. License No. 4958

In 2011-2012      The Company auditing expenses totaling Baht 1.95 million per year.

In 2013            The Company auditing expenses totaling Baht 2.00 million per year.

In 2014            The Company auditing expenses totaling Baht 2.02 million per year.

Note: EY Office Limited originally named Ernst & Young Office Limited



Nawarat Patanakarn Public Company Limited,  
Its subsidiaries and its jointly controlled entities

Report and consolidated financial statements 31 December 2014



Building a better  
working world

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## Independent Auditor's Report

To the Shareholders of Nawarat Patanakarn Public Company Limited

I have audited the accompanying consolidated financial statements of Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities, which comprise the consolidated statements of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Nawarat Patanakarn Public Company Limited for the same period.

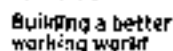
## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities, and of Nawarat Patanakarn Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

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Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 26 February 2015



**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**
**Statement of financial position**
**As at 31 December 2014**

(Unit: Baht)

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	683,863,147	298,586,526	569,156,477	249,425,076
Current investment	8	713,439,219	-	713,439,219	-
Trade and other receivables	9	1,171,894,413	1,563,430,524	961,989,622	1,309,870,890
Unbilled receivables	10	1,800,418,497	1,098,212,617	1,607,464,781	998,641,923
Retention receivables		538,285,006	504,801,383	521,777,540	483,455,967
Short-term loans and advances	11	136,879,297	125,939,660	65,076,664	32,496,210
Inventories	12	641,558,860	788,330,358	557,463,145	709,674,672
Project development cost	13	1,168,489,997	586,178,808	290,589,449	346,000,050
Other current assets	14	599,903,280	551,119,773	443,255,924	427,939,657
<b>Total current assets</b>		<b>7,454,731,716</b>	<b>5,516,599,649</b>	<b>5,730,212,821</b>	<b>4,557,504,445</b>
<b>Non-current assets</b>					
Restricted bank deposits	15	208,342,565	298,664,256	163,491,995	266,505,584
Investments in subsidiaries	16	-	-	753,236,363	231,486,613
Investments in joint ventures	17	-	-	12,176,965	20,644,855
Investments in associates	18	176,617,672	161,917,893	124,999,596	124,999,596
Other long-term investments	19	10,197,037	11,534,980	10,197,037	11,534,980
Investment properties	20	189,346,117	189,006,117	189,346,117	189,006,117
Property, plant and equipment	21	2,957,474,712	2,705,916,996	1,380,689,944	1,116,517,572
Leasehold right for land	22	15,090,970	17,677,966	15,090,970	17,677,966
Deferred tax assets	32	39,910,068	37,907,528	36,907,621	35,399,827
Other non-current assets		205,323,356	48,771,659	79,625,941	11,170,141
<b>Total non-current assets</b>		<b>3,802,302,497</b>	<b>3,471,397,395</b>	<b>2,765,762,549</b>	<b>2,024,943,251</b>
<b>Total assets</b>		<b>11,257,034,213</b>	<b>8,987,997,044</b>	<b>8,495,975,370</b>	<b>6,582,447,696</b>

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

## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

### Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	23	578,404,873	854,970,262	367,373,713	677,071,009
Trade and other payables	24	2,321,972,734	2,342,132,891	1,268,606,553	1,407,176,239
Short-term loans from and interest payable					
to related parties	6	114,667,298	86,270,013	5,380,064	23,328,765
Current portion of hire purchase creditors					
and finance lease payable	25	124,518,065	75,087,346	116,079,896	67,098,368
Current portion of long-term loans	26	451,977,179	371,281,812	-	92,500,379
Advance received from construction		829,659,369	826,664,698	825,436,215	819,007,039
Other current liabilities		167,050,866	164,786,667	144,968,623	144,880,931
<b>Total current liabilities</b>		<b>4,588,250,384</b>	<b>4,721,193,689</b>	<b>2,727,845,064</b>	<b>3,231,062,730</b>
<b>Non-current liabilities</b>					
Hire purchase creditors and finance lease payable,					
net of current portion	25	218,883,483	142,093,789	203,520,653	118,137,944
Long-term loans, net of current portion	26	881,691,280	855,664,989	-	-
Debentures	27	1,489,357,915	-	1,489,357,915	-
Retention payables		84,387,146	133,673,064	82,571,851	131,934,950
Provision for long-term employee benefits	28	117,510,889	107,446,859	111,763,205	102,951,614
Other non-current liabilities		3,285,250	28,800	3,285,250	28,800
<b>Total non-current liabilities</b>		<b>2,795,115,963</b>	<b>1,238,907,501</b>	<b>1,890,498,874</b>	<b>353,053,308</b>
<b>Total liabilities</b>		<b>7,383,366,347</b>	<b>5,960,101,190</b>	<b>4,618,343,938</b>	<b>3,584,116,038</b>

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

## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

### Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Shareholders' equity</b>					
Share capital	29				
Registered					
2,812,221,856 ordinary shares of Baht 1 each					
(2013: 2,221,587,311 ordinary					
shares of Baht 1 each)		<u>2,812,221,856</u>	<u>2,221,587,311</u>	<u>2,812,221,856</u>	<u>2,221,587,311</u>
Issued and fully paid					
2,585,481,515 ordinary shares of Baht 1 each					
(2013: 1,974,801,416 ordinary					
shares of Baht 1 each)		2,585,481,515	1,974,801,416	2,585,481,515	1,974,801,416
Premium on ordinary shares	29	968,944,135	738,393,907	968,944,135	738,393,907
Retained earnings					
Appropriated - statutory reserve	30	31,234,848	29,468,945	27,234,848	25,468,945
Unappropriated		266,605,022	259,255,076	293,219,559	259,667,390
Other components of shareholders' equity		<u>(15,386,789)</u>	<u>(17,211,471)</u>	<u>2,751,375</u>	<u>-</u>
Equity attributable to owners of the Company		3,836,878,731	2,984,707,873	3,877,631,432	2,998,331,658
Non-controlling interests of the subsidiaries		<u>36,789,135</u>	<u>43,187,981</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>3,873,667,866</u>	<u>3,027,895,854</u>	<u>3,877,631,432</u>	<u>2,998,331,658</u>
<b>Total liabilities and shareholders' equity</b>		<u>11,257,034,213</u>	<u>8,987,997,044</u>	<u>8,495,975,370</u>	<u>6,582,447,696</u>

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

## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

### Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from construction		6,602,615,996	5,269,752,925	6,246,243,831	4,893,606,892
Sales and service income		1,176,495,905	1,456,868,114	230,575,765	519,587,677
Other income					
Interest income		15,614,253	14,602,002	19,175,640	15,507,149
Dividend income	16, 18	-	-	-	18,999,949
Others		58,288,215	79,539,423	40,196,917	25,863,811
<b>Total revenues</b>		<u>7,853,014,369</u>	<u>6,820,762,464</u>	<u>6,536,192,153</u>	<u>5,473,565,478</u>
<b>Expenses</b>					
Cost of construction		6,309,416,669	5,061,634,185	5,973,311,287	4,721,589,498
Cost of sales and service		1,061,076,771	1,307,952,921	206,014,177	469,409,103
Administrative expenses		358,073,947	366,141,387	259,151,335	250,550,966
Reversal of allowance for doubtful debts		(24,200,846)	(107,291,876)	(13,456,230)	(120,038,096)
<b>Total expenses</b>		<u>7,704,366,541</u>	<u>6,628,436,617</u>	<u>6,425,020,569</u>	<u>5,321,511,471</u>
<b>Profit before share of profit from investments</b>					
<b>in associates, finance cost</b>					
<b>and income tax expenses</b>		148,647,828	192,325,847	111,171,584	152,054,007
Share of profit from investments in associates	18	<u>14,699,779</u>	<u>27,638,504</u>	<u>-</u>	<u>-</u>
<b>Profit before finance cost and income</b>					
<b>tax expenses</b>		163,347,607	219,964,351	111,171,584	152,054,007
Finance cost		<u>(163,320,987)</u>	<u>(133,786,291)</u>	<u>(78,049,149)</u>	<u>(55,546,992)</u>
<b>Profit before income tax expenses</b>		26,620	86,178,060	33,122,435	96,507,015
Income tax income (expenses)	32	<u>2,690,383</u>	<u>(24,351,371)</u>	<u>2,195,637</u>	<u>(1,336,411)</u>
<b>Profit for the year</b>		<u>2,717,003</u>	<u>61,826,689</u>	<u>35,318,072</u>	<u>95,170,604</u>

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

## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

### Statement of comprehensive income (continued)

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(926,693)	(12,285,004)	-	-
Actuarial losses	28	-	(25,134,565)	-	(25,709,508)
Gain on change in value of available-for-sale investments		3,439,219	-	3,439,219	-
Income tax effect	32	(687,844)	5,026,913	(687,844)	5,141,902
Other comprehensive income for the year		1,824,682	(32,392,656)	2,751,375	(20,567,606)
Total comprehensive income for the year		4,541,685	29,434,033	38,069,447	74,602,998
Profit attributable to:					
Equity holders of the Company		9,115,849	58,359,126	35,318,072	95,170,604
Non-controlling interests of the subsidiaries		(6,398,846)	3,467,563		
		2,717,003	61,826,689		
Total comprehensive income attributable to:					
Equity holders of the Company		10,940,531	25,782,488	38,069,447	74,602,998
Non-controlling interests of the subsidiaries		(6,398,846)	3,651,545		
		4,541,685	29,434,033		
Earnings per share	33				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.0044	0.0317	0.0170	0.0516
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.0041	0.0309	0.0160	0.0504

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

## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

## Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of shareholders' equity							Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity
	Retained earnings			Other comprehensive income						
	Issued and fully paid share capital	Premium on ordinary shares	Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity			
Balance as at 1 January 2013	1,552,901,243	-	23,006,415	413,990,817	(4,926,467)	-	(4,926,467)	1,984,972,008	41,536,436	2,026,508,444
Profit for the year	-	-	-	58,359,126	-	-	-	58,359,126	3,467,563	61,826,689
Other comprehensive income for the year	-	-	-	(20,291,634)	(12,285,004)	-	(12,285,004)	(32,576,638)	183,982	(32,392,656)
Total comprehensive income for the year	-	-	-	38,067,492	(12,285,004)	-	(12,285,004)	25,782,488	3,651,545	29,434,033
Increase share capital (Note 29)	421,843,034	738,325,340	-	-	-	-	-	1,160,168,374	-	1,160,168,374
Share capital issued as a result of warrants exercise (Note 29)	57,139	68,567	-	-	-	-	-	125,706	-	125,706
Dividend paid (Note 36)	-	-	-	(186,340,703)	-	-	-	(186,340,703)	-	(186,340,703)
Transferred to statutory reserve (Note 30)	-	-	6,462,530	(6,462,530)	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)
Balance as at 31 December 2013	1,974,801,416	738,393,907	29,468,945	259,255,076	(17,211,471)	-	(17,211,471)	2,984,707,873	43,187,981	3,027,895,854
Balance as at 1 January 2014	1,974,801,416	738,393,907	29,468,945	259,255,076	(17,211,471)	-	(17,211,471)	2,984,707,873	43,187,981	3,027,895,854
Profit for the year	-	-	-	9,115,849	-	-	-	9,115,849	(6,398,846)	2,717,003
Other comprehensive income for the year	-	-	-	-	(926,693)	2,751,375	1,824,682	1,824,682	-	1,824,682
Total comprehensive income for the year	-	-	-	9,115,849	(926,693)	2,751,375	1,824,682	10,940,531	(6,398,846)	4,541,685
Share capital issued as a result of warrants exercise (Note 29)	610,680,099	230,550,228	-	-	-	-	-	841,230,327	-	841,230,327
Transferred to statutory reserve (Note 30)	-	-	1,765,903	(1,765,903)	-	-	-	-	-	-
Balance as at 31 December 2014	2,585,481,515	968,944,135	31,234,848	266,605,022	(18,138,164)	2,751,375	(15,386,789)	3,836,878,731	36,789,135	3,873,667,866

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

**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**
**Statement of changes in shareholders' equity (continued)**

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements				Other components of	
					shareholders' equity	
					Other comprehensive	
					income	
					Surplus on changes	
					in value of	
	Issued and fully	Premium on	Retained earnings		available-for-sale	Total
	paid share capital	ordinary shares	Appropriated	Unappropriated	investments	shareholders' equity
Balance as at 1 January 2013	1,552,901,243	-	20,710,415	376,163,625	-	1,949,775,283
Profit for the year	-	-	-	95,170,604	-	95,170,604
Other comprehensive income for the year	-	-	-	(20,567,606)	-	(20,567,606)
Total comprehensive income for the year	-	-	-	74,602,998	-	74,602,998
Increase share capital (Note29)	421,843,034	738,325,340	-	-	-	1,160,168,374
Share capital issued as a result of						
warrants exercise (Note29)	57,139	68,567	-	-	-	125,706
Dividend paid (Note 36)	-	-	-	(186,340,703)	-	(186,340,703)
Transferred to statutory reserve (Note 30)	-	-	4,758,530	(4,758,530)	-	-
Balance as at 31 December 2013	1,974,801,416	738,393,907	25,468,945	259,667,390	-	2,998,331,658
Balance as at 1 January 2014	1,974,801,416	738,393,907	25,468,945	259,667,390	-	2,998,331,658
Profit for the year	-	-	-	35,318,072	-	35,318,072
Other comprehensive income for the year	-	-	-	-	2,751,375	2,751,375
Total comprehensive income for the year	-	-	-	35,318,072	2,751,375	38,069,447
Share capital issued as a result of						
warrants exercise (Note 29)	610,680,099	230,550,228	-	-	-	841,230,327
Transferred to statutory reserve (Note 30)	-	-	1,765,903	(1,765,903)	-	-
Balance as at 31 December 2014	2,585,481,515	968,944,135	27,234,848	293,219,559	2,751,375	3,877,631,432

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

**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**
**Cash flow statement**
**For the year ended 31 December 2014**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>				
Profit before tax	26,620	86,178,060	33,122,435	96,507,015
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	543,179,444	476,520,909	220,470,494	167,887,957
Amortisation of leasehold right for land	2,586,996	2,586,996	2,586,996	2,586,996
Reversal of allowance for doubtful debts	(24,200,846)	(107,291,876)	(13,456,230)	(120,038,096)
Share of profit from investments in associates	(14,699,779)	(27,638,504)	-	-
Loss on impairment of assests (reversal)	(340,000)	2,351,800	(340,000)	2,351,800
Loss (gain) on disposal of equipment	(11,446,073)	(5,497,102)	(11,514,082)	9,965,452
Write - off equipment	4,881,439	-	4,881,436	-
Loss of diminution in value of investment	1,337,943	3,911,813	9,805,833	3,911,813
Reduction of inventory to net realisable value	3,496,791	6,278,137	3,496,791	6,278,137
Reduction (increase) of project development cost to net realisable value	406,924	(2,726,003)	406,924	(2,726,003)
Unrealised loss (gain) on exchange	(187,093)	7,917,646	(187,093)	7,917,646
Provision for long-term employee benefits	13,194,640	7,938,830	11,942,201	7,061,236
Provision for construction project loss (reversal)	(860,738)	3,557,328	(860,738)	3,557,328
Provision for contingent liabilities from litigation	1,152,500	-	1,152,500	-
Amortisation of deferred debenture issuing cost	1,266,415	-	1,266,415	-
Dividend income	-	-	-	(18,999,949)
Interest income	(15,614,253)	(14,602,002)	(19,175,640)	(15,507,149)
Interest expenses	163,320,987	133,786,291	78,049,149	55,546,992
Profit from operating activities before changes in operating assets and liabilities	667,501,917	573,272,323	321,647,391	206,301,175

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



## Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

### Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating assets (increase) decrease				
Trade and other receivables	407,292,610	(406,788,713)	362,841,884	(236,708,844)
Unbilled receivables	(681,339,576)	(157,157,883)	(587,956,554)	(191,069,035)
Retention receivables	(39,475,273)	(140,356,135)	(44,313,223)	(166,224,182)
Inventories	143,274,707	(175,773,502)	148,714,736	(154,129,102)
Project development cost	(570,225,844)	(324,995,695)	55,152,630	(84,998,358)
Other current assets	(9,166,382)	(69,659,539)	25,300,496	(44,319,782)
Other non-current assets	(156,568,854)	7,364,971	(68,455,800)	5,552,031
Operating liabilities increase (decrease)				
Trade and other payables	(37,264,176)	42,119,115	(145,763,249)	57,977,234
Advances received from construction	2,986,978	92,915,951	6,421,483	85,304,544
Other current liabilities	3,123,937	4,223,497	948,430	(27,660,825)
Retention payables	(49,285,918)	25,505,887	(49,363,099)	25,760,722
Other non-current liabilities	<u>(1,026,660)</u>	<u>(4,604,495)</u>	<u>(1,026,660)</u>	<u>(4,601,962)</u>
Cash from (used in) operating activities	(320,172,534)	(533,934,218)	24,148,465	(528,816,384)
Cash paid for interest expenses	(142,298,608)	(130,963,746)	(56,591,848)	(54,555,877)
Cash paid for income tax expenses	(136,397,425)	(132,233,815)	(128,824,745)	(119,247,699)
Income tax refund	<u>114,544,096</u>	<u>120,336,318</u>	<u>105,954,622</u>	<u>120,336,318</u>
<b>Net cash used in operating activities</b>	<u>(484,324,471)</u>	<u>(676,795,461)</u>	<u>(55,313,506)</u>	<u>(582,283,642)</u>
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investment	(710,000,000)	146,000,000	(710,000,000)	146,000,000
Decrease (increase) in restricted bank deposits	90,321,691	(90,907,603)	103,013,589	(86,045,847)
Cash paid for investment in subsidiaries	-	-	(521,749,750)	(200,189,950)
Decrease (increase) in short-term loans and advances to related parties	(9,463,193)	103,145,396	(42,372,590)	73,428,418
Proceeds from disposal of equipment	25,962,152	18,870,287	25,760,654	11,986,004
Dividend income from subsidiary	-	-	-	2,999,997
Dividend income from investment in associate	-	15,999,952	-	15,999,952
Acquisition of land and equipment	(615,091,111)	(407,453,225)	(304,727,307)	(274,884,617)
Interest income	<u>7,915,797</u>	<u>11,453,034</u>	<u>12,797,031</u>	<u>11,518,051</u>
<b>Net cash used in investing activities</b>	<u>(1,210,354,664)</u>	<u>(202,892,159)</u>	<u>(1,437,278,373)</u>	<u>(299,187,992)</u>

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

**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**
**Cash flow statement (continued)**

For the year ended 31 December 2014

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(276,565,389)	98,066,180	(309,697,296)	98,741,868
Repayment liabilities under hire purchase and finance lease agreements	(106,468,283)	(77,750,708)	(95,800,872)	(67,281,560)
Increase (decrease) in long-term loans from banks, net	106,722,658	3,833,856	(92,500,379)	(87,742,121)
Increase (decrease) in short-term loans from related parties, net	27,871,636	(72,116,401)	(19,000,000)	(15,299,999)
Cash receipt from capital increase	841,230,327	1,156,103,996	841,230,327	1,156,103,996
Net cash receipt from debentures issuing	1,488,091,500	-	1,488,091,500	-
Dividend paid	-	(186,340,703)	-	(186,340,703)
Dividend payment for non-controlling interests of the subsidiary	-	(2,000,000)	-	-
<b>Net cash from financing activities</b>	<u>2,080,882,449</u>	<u>919,796,220</u>	<u>1,812,323,280</u>	<u>898,181,481</u>
<b>Decrease in translation adjustments</b>	<u>(926,693)</u>	<u>(12,285,004)</u>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>385,276,621</u>	<u>27,823,596</u>	<u>319,731,401</u>	<u>16,709,847</u>
Cash and cash equivalents at beginning of year	<u>298,586,526</u>	<u>270,762,930</u>	<u>249,425,076</u>	<u>232,715,229</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>683,863,147</u></u>	<u><u>298,586,526</u></u>	<u><u>569,156,477</u></u>	<u><u>249,425,076</u></u>

**Supplemental cash flows information**

## Non-cash transactions

Assets acquired under hire purchase and finance lease agreements during the year	199,043,567	149,578,273	199,043,567	147,760,681
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The accompanying notes are an integral part of the financial statements.

**Nawarat Patanakarn Public Company Limited,  
its subsidiaries and its jointly controlled entities  
Notes to consolidated financial statements  
For the year ended 31 December 2014**

**1. General information**

Nawarat Patanakarn Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of construction services and its registered office is at 2/3, Bangna Towers A, 18<sup>th</sup>-19<sup>th</sup> Floor, Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Nawarat Patanakarn Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and its jointly controlled entities (“jointly controlled entities”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> Percent	<u>2013</u> Percent
<b><u>Subsidiaries</u></b>				
Myanmar NWR Company Limited	Construction	Union of Myanmar	100	100
Utilities Business Alliance Company Limited	Water and wastewater utility management service	Thailand	60	60
NWR (Cambodia) Company Limited	Constructions consulting services	Cambodia	100	100
Mana Patanakarn Company Limited	Property development	Thailand	100	100
Advance Prefab Company Limited	Manufacture and distribution of concrete products	Thailand	100	100
<b><u>Joint controlled entities</u></b> (proportionate consolidation)				
Nawarat - A.S. Associated Joint Venture	Construction	Thailand	70	70
Obayashi - Nawarat Joint Venture	Construction	Thailand	30	30
A.S. - Nawarat Joint Venture	Construction	Thailand	50	50
NWR - Strega Joint Venture	Construction	Thailand	-	80
ITD - Nawarat (L.L.C.)	Construction	United Arab Emirates	40	40
NWR - SBCC Joint Venture	Soil and coal extraction and transportation	Thailand	50	50

On 30 November 2014, NWR - Strega Joint Venture announced the cessation of its business, since its construction project was completed. In addition, ITD - Nawarat (L.L.C.) is currently in the process of liquidation.

- b) Subsidiaries are fully consolidated and jointly controlled entities are proportionately consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries and jointly controlled entities are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies and jointly controlled entities are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company, its subsidiary companies and its jointly controlled entities have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries, joint ventures and associates presented under the cost method, have been prepared solely for the benefit of the public.

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates

TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

#### Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

#### Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

#### Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

#### Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

**(b) Financial reporting standards that will become effective in the future**

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company, its subsidiaries and its jointly controlled entities believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

**TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company, its subsidiaries and its jointly controlled entities already recognised actuarial gains and losses immediately in other comprehensive income.

**TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company, its subsidiaries and its jointly controlled entities have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company, its subsidiaries and its jointly controlled entities believes that this standard will not have any significant impact on the financial statements of the Company, its subsidiaries and its jointly controlled entities.



**TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

At present, the Company uses the proportionate consolidated method to account for jointly controlled entities when preparing the consolidated financial statements. The management of the Company is evaluating the impact on the financial statements when it is applied in 2015.

**TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company, its subsidiaries and its jointly controlled entities.

**TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company, its subsidiaries and its jointly controlled entities believes that this standard will not have any significant impact on the financial statements of the Company, its subsidiaries and its jointly controlled entities.

**4. Significant accounting policies****4.1 Revenues and expenses recognition****a) Revenues***Revenues from construction*

Revenues from construction are recognised on a percentage of completion basis, and the percentage of completion based on the proportion of actual costs incurred to date to the total estimated budget cost. Recognised revenues which are not yet due per the contracts have been presented under the caption of "Unbilled receivables" in the statement of the financial position.



*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Rendering of services*

Service income is recognised when services have been rendered taking into account the stage of completion.

*Interest income*

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

*Dividends*

Dividends are recognised when the right to receive the dividends is established.

**b) Expenses**

Costs of construction, sales and service and other expenses are recognised on an accrual basis.

Provision for anticipated losses on construction projects is made in the accounts in full when the likelihood of loss is ascertained.

**4.2 Cash and cash equivalents**

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

**4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### 4.4 Inventories

Finished goods and works in process are valued at the lower of cost (first-in, first-out method) and net realisable value. This cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost (first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

#### 4.5 Project development cost

Project development cost is stated at cost less allowance for loss on diminution in value of projects. The details of cost calculation are as follows:

Land	-	The Company and its subsidiary record cost of land separately for each project.
Construction in progress	-	Construction in progress consists of the cost of design, cost of construction, public utility costs and interest capitalised to cost of projects. The Company and its subsidiary record cost of design, construction and public utilities based on the actual cost incurred.

#### 4.6 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

#### 4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any). Cost includes that land and cost of land development.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.8 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Land improvements	-	5 years
Building and constructions	-	5,10, 20 years and the period of lease agreement
Tools, machinery and equipment	-	2 - 10 years
Office equipment, furniture and fixtures	-	2 - 5, 10 years
Motor vehicles	-	5,15 years

Depreciation is included in determining income.

No depreciation is provided on land and constructions in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.10 Leasehold right and amortisation

Leasehold right is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation is calculated by reference to its cost on the straight-line basis over the lease period.

The amortisation is included in determining income.

#### **4.11 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, its subsidiaries and its jointly controlled entities, whether directly or indirectly, or which are under common control with the Company, its subsidiaries and its jointly controlled entities.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company, its subsidiaries and its jointly controlled entities that gives them significant influence over the Company, its subsidiaries and its jointly controlled entities, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company, its subsidiaries and its jointly controlled entities.

#### **4.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.13 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.14 Impairment of assets

At the end of each reporting period, the Company, its subsidiaries and its jointly controlled entities perform impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company, its subsidiaries and its jointly controlled entities could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company, its subsidiaries and its jointly controlled entities estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.15 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

**Post-employment benefits***Defined contribution plans*

The Company, its subsidiaries and its jointly controlled entities and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company, its subsidiaries and its jointly controlled entities. The fund's assets are held in a separate trust fund and the Company, its subsidiaries and its jointly controlled entities's contributions are recognised as expenses when incurred.

*Defined benefit plans*

The Company, its subsidiaries and its jointly controlled entities have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company, its subsidiaries and its jointly controlled entities treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

**4.16 Provisions**

Provisions are recognised when the Company, its subsidiaries and its jointly controlled entities have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**4.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

**Deferred tax**

Deferred income tax is provided 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.

The Company, its subsidiaries and its jointly controlled entities recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company, its subsidiaries and its jointly controlled entities review 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 utilised.

The Company, its subsidiaries and its jointly controlled entities record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**Construction contracts and estimated construction project costs**

The Company, its subsidiaries and its jointly controlled entities recognise revenues from construction services by reference to the stage of completion of the construction contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that actual construction costs incurred up to the end of the period bear to the total estimated construction project costs. The management is required to make judgments regarding the total estimated construction project costs and the outcome of the construction contract in order to determine the stage of completion, based on past experience and information obtained from the project engineers.

The Company, its subsidiaries and its jointly controlled entities estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and overhead costs to be incurred to completion of service, including forecasts of any changes. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.



**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**Impairment of investments**

The Company treats investments in subsidiaries, joint ventures, associates and other long-term investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

**Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Company has contingent liabilities as a result of litigation. The management of the Company has used judgement to assess of the results of the litigation and believe that provisions as recorded at the financial statements date is adequate.



## 6. Related party transactions

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

<u>Business transactions</u>	<u>Pricing and lending policy</u>
Revenues from construction, sales and service	Mutually agreed price with comparison to market price
Cost of construction, sales and service	Mutually agreed price with comparison to market price
Disposal of equipment	Mutually agreed price
Interest income	Interest rates at 5.00 - 19.00 percent and MOR per annum (2013: 5.00 - 19.00 percent and MOR per annum)
Interest expenses	Interest rates at 6.75 - 7.425 percent per annum (2013: 6.75 - 7.425 percent per annum)
Management fee income	Contract price
Consultation fee	Contract price

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b><u>Transactions with subsidiaries</u></b>				
(eliminated from the consolidated financial statements)				
Revenues from construction sales and service	-	-	176	-
Cost of construction, sales and service	-	-	2	5
Interest income	-	-	5	3
Loans and advances to the parties (average during the year)	-	-	128	44
<b><u>Transactions with related parties</u></b>				
Revenues from construction, sales and service	54	54	54	54
Cost of construction, sales and service	68	4	68	4
Interest income	1	2	1	2
Interest expenses	1	2	1	2
Disposal of equipment	5	-	5	-
Management fee income	7	7	7	7
Consultation fee	6	40	-	18
Loans and advances to the parties (average during the year)	96	146	156	233
Loans from the parties (average during the year)	11	22	16	31

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
<b><u>Trade and other receivables - related parties</u></b>				
Subsidiary	-	-	35,273	2
Associated companies	251	659	251	659
Jointly controlled entities	1,070	8,113	5,348	20,091
Related companies (related by common shareholders and/or authorised directors being members of the same family as that of the Company's directors)	207,590	193,878	207,075	193,378
Related companies (related by common directors)	1,612	734	1,612	734
Total	210,523	203,384	249,559	214,864
Less: Allowance for doubtful accounts	(160,515)	(183,058)	(165,863)	(189,319)
<b>Total trade and other receivables - related parties, net</b>	<b>50,008</b>	<b>20,326</b>	<b>83,696</b>	<b>25,545</b>
<b><u>Unbilled receivables - related parties</u></b>				
Subsidiary	-	-	88,279	-
Jointly controlled entities	2,481	2,481	8,271	8,271
Total	2,481	2,481	96,550	8,271
Less: Allowance for doubtful account	-	-	(8,271)	(8,271)
<b>Total unbilled receivables - related parties, net</b>	<b>2,481</b>	<b>2,481</b>	<b>88,279</b>	<b>-</b>
<b><u>Short-term loans and advances to related parties</u></b>				
Subsidiary	-	-	98,794	66,321
Associated companies	14,032	6,000	14,032	6,000
Jointly controlled entities	108,764	110,238	181,273	177,345
Related company (related by common shareholders)	-	195	-	195
Total	122,796	116,433	294,099	249,861
Less: Allowance for doubtful accounts	-	(3,834)	(229,022)	(217,365)
<b>Total short-term loans and advances to related parties, net</b>	<b>122,796</b>	<b>112,599</b>	<b>65,077</b>	<b>32,496</b>
<b><u>Trade and other payables - related parties</u></b>				
Subsidiaries	-	-	1,208	2,377
Jointly controlled entities	29,459	34,112	-	-
Related companies (related by common shareholders)	450,209	425,957	21,441	1,129
Related companies (related by common directors)	1,137	390	1,137	390
<b>Total trade and other payables - related parties</b>	<b>480,805</b>	<b>460,459</b>	<b>23,786</b>	<b>3,896</b>

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b><u>Advance received from construction - related parties</u></b>				
Related companies (related by common shareholders)	89	89	89	89
Related companies (related by common directors)	135	101	135	101
<b>Total advance received from construction - related parties</b>	<b>224</b>	<b>190</b>	<b>224</b>	<b>190</b>
<b><u>Retention payable - related party</u></b>				
Subsidiary	-	-	481	609
<b>Total retention payable - related party</b>	<b>-</b>	<b>-</b>	<b>481</b>	<b>609</b>
<b><u>Short-term loans from and interest payable to related parties</u></b>				
Jointly controlled entities	80,667	86,270	5,380	23,329
Related company (minority shareholders of subsidiary and common directors)	34,000	-	-	-
<b>Total short-term loans from and interest payable to related parties</b>	<b>114,667</b>	<b>86,270</b>	<b>5,380</b>	<b>23,329</b>

### **Short-term loans and advances to related parties (Note 11)**

As at 31 December 2014 and 2013, the balance of short-term loans and advances between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)					
		Consolidated financial statements			
Short-term loans and advances	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2013	the year	the year	2014
ITD - Nawarat (L.L.C.)	Jointly controlled entity	110,238	-	(1,474)	108,764
C.I.N. Estate Company Limited	Associated company	-	12,000	-	12,000
VSPN Property Company Limited	Associated company	6,000	1,032	(5,000)	2,032
Other		195	-	(195)	-
		116,433	13,032	(6,669)	122,796
Less: Allowance for doubtful accounts		(3,834)	-	3,834	-
<b>Total</b>		<b>112,599</b>	<b>13,032</b>	<b>(2,835)</b>	<b>122,796</b>

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2013	the year	the year	2014
Short-term loans and advances	Related by				
Utility Business Alliance Company	Subsidiary company				
Limited		-	51,045	-	51,045
Myanmar NWR Company Limited	Subsidiary company	40,027	7,722	-	47,749
Mana Patanakarn Company Limited	Subsidiary company	142	-	(142)	-
Advance Prefab Company Limited	Subsidiary company	26,151	-	(26,151)	-
ITD - Nawarat (L.L.C.)	Jointly controlled entity	177,339	3,934	-	181,273
C.I.N. Estate Company Limited	Associated company	-	12,000	-	12,000
VSPN Property Company Limited	Associated company	6,000	1,032	(5,000)	2,032
Others		202	-	(202)	-
		249,861	75,733	(31,495)	294,099
Less: Allowance for doubtful accounts		(217,365)	(11,657)	-	(229,022)
<b>Total</b>		<b>32,496</b>	<b>64,076</b>	<b>(31,495)</b>	<b>65,077</b>

## Short-term loans from and interest payable to related parties

As at 31 December 2014 and 2013, the balance of short-term loans and interest payable between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
		Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2013	the year	the year	2014
Short-term loans and interest payable	Related by				
A.S. - Nawarat Joint Venture	Jointly controlled entity	11,664	526	(9,500)	2,690
Italian - Thai Development Public Company Limited	Related company (related by common shareholders and/or authorised directors being members of the same family as that of the Company's directors)	74,606	3,371	-	77,977
PPM Engineering Company Limited	Related company (minority shareholders of subsidiary and common directors)	-	34,000	-	34,000
<b>Total</b>		<b>86,270</b>	<b>37,897</b>	<b>(9,500)</b>	<b>114,667</b>

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2013	the year	the year	2014
Short-term loans and interest payable	Related by				
A.S. - Nawarat Joint Venture	Jointly controlled entity	23,329	1,051	(19,000)	5,380
K Alliance Company Limited	Related company (related by common shareholders)	-	20,320	(20,320)	-
<b>Total</b>		<b>23,329</b>	<b>21,371</b>	<b>(39,320)</b>	<b>5,380</b>

### **Directors and management's benefits**

During the years ended 31 December 2014 and 2013, the Company, its subsidiary and its jointly controlled entity had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	50	49	34	34
Post-employment benefits	1	1	1	1
<b>Total</b>	<b>51</b>	<b>50</b>	<b>35</b>	<b>35</b>

(Unit: Million Baht)

### **Guarantee obligations with related parties**

The Company has outstanding guarantee obligation with its related parties, as described in Note 37.3 a) to the financial statements.

## **7. Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	29,683	35,528	26,714	31,873
Bank deposits	654,180	263,059	542,442	217,552
<b>Total</b>	<b>683,863</b>	<b>298,587</b>	<b>569,156</b>	<b>249,425</b>

(Unit: Thousand Baht)

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.50 and 3.00 percent per annum (2013: between 0.50 and 3.00 percent per annum).

## **8. Current investments**

As at 31 December 2014, current investments are as follows:

	(Unit: Thousand Baht)
<b>Fixed Deposit</b>	<b>100,000</b>
<b>Investments in available-for-sale securities</b>	
Unit trust in open-end mutual funds	610,000
Add: Unrealised gain on changes in value of investments	3,439
Investments in available-for-sale securities - fair value	613,439
<b>Total current investments</b>	<b>713,439</b>

The fixed deposits carried interests at a rate of 2.70 percent per annum.

## 9. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	468,827	322,162	358,611	266,492
Past due				
Up to 3 months	308,613	696,938	221,868	565,354
3 - 6 months	75,278	299,174	29,762	248,050
6 - 12 months	179,381	158,287	179,381	138,326
Over 12 months	184,954	110,511	184,954	110,511
Total	1,217,053	1,587,072	974,576	1,328,733
Less: Allowance for doubtful accounts	(119,700)	(108,147)	(119,700)	(108,147)
Net	1,097,353	1,478,925	854,876	1,220,586
<u>Trade accounts receivable - unrelated parties,</u>				
<u>    long past due and during legal action</u>				
Aged on the basis of due dates				
Past due over 12 months	878,296	878,296	878,296	878,296
Less: Allowance for doubtful accounts	(878,296)	(878,296)	(878,296)	(878,296)
Net	-	-	-	-
Total trade accounts receivable - unrelated parties, net	1,097,353	1,478,925	854,876	1,220,586
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,892	2,241	10,997	2,242
Past due				
Up to 3 months	13,286	5,027	33,615	5,029
3 - 6 months	14,864	4,472	14,864	4,472
6 - 12 months	5,941	520	5,941	520
Over 12 months	162,430	189,898	166,708	201,876
Total	198,413	202,158	232,125	214,139
Less: Allowance for doubtful accounts	(160,515)	(183,058)	(165,863)	(189,319)
Total trade accounts receivable - related parties, net	37,898	19,100	66,262	24,820
<u>Other receivables</u>				
Accrued income - unrelated parties	21,880	63,722	21,016	63,473
Accrued income - related parties	12,110	1,226	17,434	725
Other	2,653	457	2,402	267
Total other receivables	36,643	65,405	40,852	64,465
<b>Total trade and other receivables, net</b>	<b>1,171,894</b>	<b>1,563,430</b>	<b>961,990</b>	<b>1,309,871</b>

## 10. Unbilled receivables

The outstanding balances of unbilled receivables are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2014	2013	2014	2013
Project value as per contract	29,142,377	23,450,678	18,946,423	13,944,228
Accumulated amount recognised as revenue on percentage of completion basis	16,408,514	12,218,747	11,661,421	9,122,510
Less: Value of total billed	(14,588,103)	(11,079,675)	(10,033,963)	(8,083,009)
Total	1,820,411	1,139,072	1,627,458	1,039,501
Less: Allowance for doubtful accounts	(19,993)	(40,859)	(19,993)	(40,859)
<b>Unbilled receivables - net</b>	<b>1,800,418</b>	<b>1,098,213</b>	<b>1,607,465</b>	<b>998,642</b>

## 11. Short-term loans and advances

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2014	2013	2014	2013
Short-term loans and advances to related parties (Note 6)	122,796	112,599	65,077	32,496
Short-term loan to venturer	14,083	13,341	-	-
<b>Total</b>	<b>136,879</b>	<b>125,940</b>	<b>65,077</b>	<b>32,496</b>

Loans to a venturer carried interest at the rate of MOR per annum which were repayable on demand.

## 12. Inventories

	(Unit: Thousand Baht) Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	104,028	127,198	(10,635)	(10,635)	93,393	116,563
Works in process	107,478	189,554	-	-	107,478	189,554
Raw materials and supplies	457,477	462,954	(16,789)	(13,293)	440,688	449,661
Good in transit	-	32,552	-	-	-	32,552
<b>Total</b>	<b>668,983</b>	<b>812,258</b>	<b>(27,424)</b>	<b>(23,928)</b>	<b>641,559</b>	<b>788,330</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Finished goods	104,028	127,198	(10,635)	(10,635)	93,393	116,563
Works in process	107,478	189,554	-	-	107,478	189,554
Raw materials and supplies	373,381	384,298	(16,789)	(13,293)	356,592	371,005
Good in transit	-	32,552	-	-	-	32,552
<b>Total</b>	<b>584,887</b>	<b>733,602</b>	<b>(27,424)</b>	<b>(23,928)</b>	<b>557,463</b>	<b>709,674</b>

During the current year, the Company reduced cost of inventories by Baht 4 million (2013: Baht 6 million) to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 1 million (2013: None) and reduced the amount of inventories recognised as expenses during the year.

### 13. Project development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and construction under development	1,119,559	493,866	241,658	253,687
Developed land and construction	50,571	93,546	50,571	93,546
<b>Total</b>	<b>1,170,130</b>	<b>587,412</b>	<b>292,229</b>	<b>347,233</b>
Less: Allowance for loss on diminution in value of project	(1,640)	(1,233)	(1,640)	(1,233)
<b>Total project development cost - net</b>	<b>1,168,490</b>	<b>586,179</b>	<b>290,589</b>	<b>346,000</b>

As at 31 December 2014, the Company and its subsidiaries had an outstanding balance of project development cost amounting to Baht 389 million (2013: Baht 176 million) (The Company only: Baht 119 million, 2013: Baht 140 million) which has been financed with loans from financial institutions. During 2014, the Company and its subsidiary capitalised interest of approximately Baht 11 million (2013: Baht 4 million) (The Company only: None, 2013: Baht 4 million), as part of project development cost. The capitalisation rate on project development cost is approximately 6.50 - 6.88 percent per annum (2013: 7.00 per annum).

The Company and its subsidiary have mortgaged all land and construction thereon of their development projects as collateral for the loans of the Company and its subsidiary obtained from a financial institution.



#### 14. Other current assets

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2014	2013	2014	2013
Withholding income tax	266,437	244,584	248,072	225,203
Advance payment	49,234	125,617	17,230	123,588
Advance payment for goods	92,516	22,350	92,190	22,350
Prepaid expenses	69,264	58,534	44,393	29,699
Value added tax refundable	17,701	6,602	30	19
Others	104,751	93,433	41,341	27,081
<b>Total other current assets</b>	<b>599,903</b>	<b>551,120</b>	<b>443,256</b>	<b>427,940</b>

#### 15. Restricted bank deposits

The outstanding balances represent fixed deposits accounts of the Company and its subsidiary which have been pledged with banks to secure credit facilities and letter of guarantee facilities for use in respect of construction and bidding of projects.

#### 16. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)				
Myanmar NWR Company Limited	Kyats 0.5 million	Kyats 0.5 million	100	100	3,013	3,013	-	-
Utility Business Alliance Company Limited	Baht 40 million	Baht 40 million	60	60	28,267	28,267	-	3,000
NWR (Cambodia) Company Limited	USD 505	USD 505	100	100	17	17	-	-
Mana Patanakarn Company Limited	Baht 572 million	Baht 200 million	100	100	571,940	199,940	-	-
Advance Prefab Company Limited	Baht 150 million	Baht 0.25 million	100	100	150,000	250	-	-
<b>Total</b>					<b>753,237</b>	<b>231,487</b>	<b>-</b>	<b>3,000</b>

##### Investment in Mana Patanakarn Company Limited

In April 2013, the Company invested in 1,999,400 ordinary shares of Mana Patanakarn Company Limited at a price of Baht 100 per share, for a total of approximately Baht 200 million, or representing 100 percent of the registered capital of such company. This company registered its incorporation with the Ministry of Commerce on 5 April 2013.

On 30 October 2014, an Extraordinary General Meeting of the shareholders of Mana Patanakarn Company Limited approved an increase in its registered share capital from Baht 200 million (2,000,000 ordinary shares of Baht 100 each) to Baht 600 million (6,000,000 ordinary shares of Baht 100 each) through the issuance of 4,000,000 ordinary shares with a par value of Baht 100 per share. The Company's shareholding in such company remains 100 percent and it has paid up Baht 372 million of the additional share capital, or representing 93% of the called capital. The increase in share capital was registered with the Ministry of Commerce on 6 November 2014.

#### Investment in Advance Prefab Company Limited

In December 2013, the Company invested in Advance Prefab Company Limited, a newly established company. This company has registered share capital of Baht 1 million. The Company's shareholding in such company is 100 percent and paid for the investment amounting to Baht 0.25 million, or representing 25% of its registered share capital. This company registered its incorporation with the Ministry of Commerce on 12 December 2013.

In January 2014, the registered share capital of Advance Prefab Company Limited was increased from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 100 million (1,000,000 ordinary shares of Baht 100 each) through the issue of 990,000 ordinary shares with a par value of Baht 100 per share. The Company purchased Baht 100 million of the additionally issued ordinary shares and this represents 100 percent of the registered capital of such company. This company registered the increase in its share capital with the Ministry of Commerce on 8 January 2014.

In November 2014, the registered share capital of Advance Prefab Company Limited was increased from Baht 100 million (1,000,000 ordinary shares of Baht 100 each) to Baht 200 million (2,000,000 ordinary shares of Baht 100 each) through the issue of 1,000,000 ordinary shares with a par value of Baht 100 per share. The Company's shareholding in such company remains 100 percent and it has paid up Baht 50 million of the additional share capital, or representing 50% of the called capital. The increase in share capital was registered with the Ministry of Commerce on 6 November 2014.

## 17. Investments in joint ventures

### 17.1 Details of investments in joint ventures:

Investments in joint ventures as presented in the separate financial statements represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Jointly controlled entities	Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	2014	2013	2014	2013	2014	2013
Obayashi - Nawarat Joint Venture	16,098	16,098	(3,921)	(453)	12,177	15,645
A.S. - Nawarat Joint Venture	5,000	5,000	(5,000)	-	-	5,000
ITD - Nawarat (L.L.C.)	592	592	(592)	(592)	-	-
<b>Total</b>	<b>21,690</b>	<b>21,690</b>	<b>(9,513)</b>	<b>(1,045)</b>	<b>12,177</b>	<b>20,645</b>

## 17.2 Summarised financial information of jointly controlled entities

The Company's proportionate shares of the assets, liabilities, revenue and profit or loss for the year of significant jointly controlled entities, according to proportion under joint venture agreement, is as follows:

Jointly controlled entities	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total revenues for		Profit (loss) for the	
	as at		as at		as at		the year ended		year ended	
	31 December		31 December		31 December		31 December		31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Obayashi - Nawarat Joint Venture	16	16	13	16	1	1	-	-	(3)	-
A.S. - Nawarat Joint Venture	5	5	49	55	39	44	6	2	(1)	(1)
ITD - Nawarat (L.L.C.)	1	1	1	-	183	180	3	112	(1)	71
Nawarat - Strega Joint Venture	-	-	-	2	4	5	-	-	-	-
NWR - SBCC Joint Venture	-	-	1,705	1,837	1,836	1,949	958	941	(19)	(34)
Nawarat - A.S. Associated Joint Venture	-	-	2	2	6	6	-	-	-	-

## 18. Investments in associated companies

### 18.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements				Separate financial statements			
					Carrying amounts		Share of profit (loss)		Carrying amounts		Dividend received during	
					based on equity	from investments						
					method	during the year	based on cost method	the year				
			2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)								
C.I.N Estate Company Limited	Property development	Thailand	40	40	159,305	144,282	15,023	26,719	100,000	100,000	-	16,000
VSPN Property Company Limited	Property development	Thailand	25	25	17,313	17,636	(323)	920	25,000	25,000	-	-
Total					176,618	161,918	14,700	27,639	125,000	125,000	-	16,000

### 18.2 Summarised financial information of associates

Financial information of the associated companies is summarised belows.

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the year ended		Profit (loss) for the year ended	
	as at 31 December		as at 31 December		as at 31 December		31 December		31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
C.I.N Estate Company Limited	250	250	979	670	583	312	226	461	38	67
VSPN Property Company Limited	100	100	120	109	44	32	25	70	(1)	4

## 19. Other long-term investments

(Unit: Thousand Baht)

	Percentage of shareholding	Consolidated/Separate financial statements					
		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		2014	2013	2014	2013	2014	2013
SG Star Properties Limited	4.71	35,762	35,762	(35,762)	(35,762)	-	-
Mission Success 2005 Company Limited	5.56	10,000	10,000	-	-	10,000	10,000
Thai Contractors Asset Company Limited	2.00	10,000	10,000	(9,977)	(8,639)	23	1,361
Others		3,053	3,053	(2,879)	(2,879)	174	174
<b>Total</b>		<b>58,815</b>	<b>58,815</b>	<b>(48,618)</b>	<b>(47,280)</b>	<b>10,197</b>	<b>11,535</b>

## 20. Investment properties

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	Land awaiting sale	Land awaiting development	Building for rent - under construction	Total
<b><u>Cost:</u></b>				
As at 1 January 2013	162,960	22,187	16,648	201,795
Transfer to fixed assets	-	-	(16,648)	(16,648)
Transfer from fixed assets	6,211	-	-	6,211
As at 31 December 2013	169,171	22,187	-	191,358
As at 31 December 2014	169,171	22,187	-	191,358
<b><u>Allowance for impairment loss:</u></b>				
As at 1 January 2013	-	-	-	-
Increase during the year	2,352	-	-	2,352
As at 31 December 2013	2,352	-	-	2,352
Reversal allowance for impairment loss	(340)	-	-	(340)
As at 31 December 2014	2,012	-	-	2,012
<b><u>Net book value:</u></b>				
As at 31 December 2013	166,819	22,187	-	189,006
As at 31 December 2014	167,159	22,187	-	189,346

The fair value of the investment properties as at 31 December 2014 and 2013 stated below:

	(Unit: Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>
Land awaiting development	41,700	36,000
Land awaiting sale	314,320	314,160

The fair values have been determined based on valuations performed by an accredited independent valuer. The fair value of the land awaiting development and land awaiting sale have been determined based on market prices.

The Company has mortgaged investment properties, with the net book value as at 31 December 2014 totaling Baht 137 million (2013: Baht 169 million), with a financial institution as collateral for the Company's credit facilities obtained from the financial institution.

## 21. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	
<b>Cost:</b>								
As at 1 January 2013	148,139	26,799	97,231	4,702,530	159,764	632,442	190,723	5,957,628
Additions	26,000	-	4,942	268,398	12,321	54,839	198,117	564,617
Disposals	-	-	(7)	(76,755)	(5,431)	(18,236)	(7,681)	(108,110)
Transfer from investment properties	-	-	16,648	-	-	-	-	16,648
Transfer to investment properties	(6,211)	-	-	-	-	-	-	(6,211)
Transferred in (out)	-	2,156	8,047	224,453	2,130	50,952	(287,738)	-
As at 31 December 2013	167,928	28,955	126,861	5,118,626	168,784	719,997	93,421	6,424,572
Additions	-	7,894	12,202	339,522	33,225	42,838	378,455	814,136
Disposals/write-off	-	-	-	(56,221)	(9,595)	(31,314)	-	(97,130)
Transferred in (out)	-	4,514	5,307	166,580	705	12,128	(189,234)	-
As at 31 December 2014	167,928	41,363	144,370	5,568,507	193,119	743,649	282,642	7,141,578
<b>Accumulated depreciation:</b>								
As at 1 January 2013	-	25,536	58,705	2,611,789	131,579	468,156	-	3,295,765
Depreciation for the year	-	677	6,305	418,865	9,525	41,149	-	476,521
Depreciation on disposals	-	-	2	(64,696)	(4,476)	(17,864)	-	(87,034)
As at 31 December 2013	-	26,213	65,012	2,965,958	136,628	491,441	-	3,685,252
Depreciation for the year	-	1,180	9,989	470,169	13,224	48,618	-	543,180
Depreciation on disposals/write-off	-	-	-	(39,019)	(8,706)	(30,007)	-	(77,732)
As at 31 December 2014	-	27,393	75,001	3,397,108	141,146	510,052	-	4,150,700



(Unit: Thousand Baht)

## Consolidated financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Allowance for impairment loss:</u></b>								
As at 31 December 2013	-	-	-	33,403	-	-	-	33,403
As at 31 December 2014	-	-	-	33,403	-	-	-	33,403
<b><u>Net book value:</u></b>								
As at 31 December 2013	167,928	2,742	61,849	2,119,265	32,156	228,556	93,421	2,705,917
As at 31 December 2014	167,928	13,970	69,369	2,137,996	51,973	223,597	282,642	2,957,475
<b><u>Depreciation for the year</u></b>								
2013 (Baht 470 million included in cost, and the balance in administrative expenses)								476,521
2014 (Baht 533 million included in cost, and the balance in administrative expenses)								543,180

(Unit: Thousand Baht)

### Separate financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Cost:</u></b>								
As at 1 January 2013	148,139	26,799	67,931	2,453,885	141,098	612,582	46,761	3,497,195
Additions	-	-	4,942	249,607	10,548	51,423	99,914	416,434
Disposals	-	-	-	(59,092)	(4,944)	(18,136)	(7,681)	(89,853)
Transfer from investment properties	-	-	16,648	-	-	-	-	16,648
Transfer to investment properties	(6,211)	-	-	-	-	-	-	(6,211)
Transferred in (out)	-	2,157	8,047	65,434	2,130	50,951	(128,719)	-
As at 31 December 2013	141,928	28,956	97,568	2,709,834	148,832	696,820	10,275	3,834,213
Additions	-	-	3,465	324,640	31,183	42,830	101,653	503,771
Disposals/write-off	-	-	-	(55,692)	(8,897)	(31,090)	-	(95,679)
Transferred in (out)	-	4,514	3,343	68,578	705	12,128	(89,268)	-
As at 31 December 2014	141,928	33,470	104,376	3,047,360	171,823	720,688	22,660	4,242,305
<b><u>Accumulated depreciation:</u></b>								
As at 1 January 2013	-	25,536	50,368	1,938,440	119,661	456,513	-	2,590,518
Depreciation for the year	-	677	2,947	120,001	7,054	37,209	-	167,888
Depreciation on disposals	-	-	-	(52,306)	(4,043)	(17,764)	-	(74,113)
As at 31 December 2013	-	26,213	53,315	2,006,135	122,672	475,958	-	2,684,293
Depreciation for the year	-	1,180	6,582	156,812	10,771	45,125	-	220,470
Depreciation on disposals/write-off	-	-	-	(38,574)	(8,193)	(29,784)	-	(76,551)
As at 31 December 2014	-	27,393	59,897	2,124,373	125,250	491,299	-	2,828,212

(Unit: Thousand Baht)

### Separate financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Allowance for impairment loss:</u></b>								
As at 31 December 2013	-	-	-	33,403	-	-	-	33,403
As at 31 December 2014	-	-	-	33,403	-	-	-	33,403
<b><u>Net book value:</u></b>								
As at 31 December 2013	141,928	2,743	44,253	670,296	26,160	220,862	10,275	1,116,517
As at 31 December 2014	141,928	6,077	44,479	889,584	46,573	229,389	22,660	1,380,690
<b><u>Depreciation for the year:</u></b>								
2013 (Baht 164 million included in cost, and the balance in administrative expenses)								167,888
2014 (Baht 213 million included in cost, and the balance in administrative expenses)								220,470

As at 31 December 2014, the Company had machinery, vehicles and equipment with net book value of Baht 305 million (2013: Baht 117 million) which were acquired under finance lease agreements.

As at 31 December 2014, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,377 million (2013: Baht 2,311 million) (The Company only: Baht 2,329 million, 2013: Baht 2,294 million).

The Company and its jointly controlled entity (in proportion to the Company's interest) have mortgaged the part of land and buildings thereon, machinery and ships, with the net book value as at 31 December 2014 totaling Baht 947 million (2013: Baht 1,148 million) (The Company only: Baht 142 million, 2013: Baht 142 million) with a financial institution as collateral for the Company and the jointly controlled entity's credit facilities and letter of guarantee facilities obtained from the financial institution.

## 22. Leasehold right for land

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	<u>2014</u>	<u>2013</u>
Leasehold right for land	69,418	69,418
Less: Accumulated amortisation	(54,327)	(51,740)
Leasehold right - net	<u>15,091</u>	<u>17,678</u>
Amortisation for the year	<u>2,587</u>	<u>2,587</u>

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

	Interest rate (% p.a.)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Bank overdrafts	7.43%, MOR+0.25%	1,797	177	-	110
Trust receipt payable	MLR	44,785	115,211	29,500	79,379
Short-term loans from financial institutions	7.00% - 7.43%, MOR, MLR, MLR-1.00%	531,823	739,582	337,874	597,582
<b>Total</b>		<u><b>578,405</b></u>	<u><b>854,970</b></u>	<u><b>367,374</b></u>	<u><b>677,071</b></u>

The bank overdrafts and short-term loan facilities of the Company, its subsidiary and its jointly controlled entity are secured by the pledge of fixed deposits of its subsidiary, the mortgage of the part of land with structures thereon and ships of the Company, project development cost and investment properties and future structures of the Company's development project, transfer of rights of claim over collections for work done under construction agreements of its subsidiary and its jointly controlled entity's project, the pledge of machine of its jointly controlled entity and are guaranteed by the Company, the jointly controller, the Company's director and its related party.

## 24. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - related parties	195,591	184,850	19,530	2,894
Trade payables - unrelated parties	1,552,615	1,553,427	1,154,523	1,303,148
Advance received from related parties	224	190	224	190
Advance received from unrelated party	31,350	29,836	-	-
Other payables - related parties	279,424	268,513	4,256	1,002
Other payables - unrelated parties	142,727	213,983	41,685	59,547
Accrued expenses - related parties	5,790	7,096	-	-
Accrued expenses - unrelated parties	114,252	84,238	48,389	40,395
<b>Total trade and other payables</b>	<b><u>2,321,973</u></b>	<b><u>2,342,133</u></b>	<b><u>1,268,607</u></b>	<b><u>1,407,176</u></b>

## 25. Hire purchase creditors and finance lease payable

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Liabilities under hire purchase and finance lease agreements	374,404	239,679	348,578	204,037
Less: Deferred interest expenses	(31,003)	(22,498)	(28,977)	(18,801)
Total	343,401	217,181	319,601	185,236
Less: Portion due within one year	(124,518)	(75,087)	(116,080)	(67,098)
<b>Liabilities under hire purchase and finance lease agreements, net of current portion</b>	<b><u>218,883</u></b>	<b><u>142,094</u></b>	<b><u>203,521</u></b>	<b><u>118,138</u></b>

The Company, its subsidiary and its jointly controlled entity have entered into hire purchase and finance lease agreements with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years and the effective interest rates are between 3.99 and 8.15 percent per annum (2013: between 4.18 and 8.15 percent per annum).

Future minimum lease payments required under the hire purchase and finance lease agreements were as follows:

	(Unit: Million Baht)		
	Consolidated financial statements		
	as at 31 December 2014		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	142	232	374
Deferred interest expenses	(17)	(14)	(31)
Present value of future minimum lease payments	125	218	343

	(Unit: Million Baht)		
	Consolidated financial statements		
	as at 31 December 2013		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	83	156	239
Deferred interest expenses	(8)	(14)	(22)
Present value of future minimum lease payments	75	142	217

	(Unit: Million Baht)		
	Separate financial statements		
	as at 31 December 2014		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	132	217	349
Deferred interest expenses	(16)	(13)	(29)
Present value of future minimum lease payments	116	204	320

	(Unit: Million Baht)		
	Separate financial statements		
	as at 31 December 2013		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	74	130	204
Deferred interest expenses	(7)	(12)	(19)
Present value of future minimum lease payments	67	118	185

## 26. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2014	2013	2014	2013
1	MLR-1	Monthly installments from May 2010 - February 2017	576,417	747,460	-	-
2	MLR-1	Monthly installments from June 2012 - May 2014	-	40,300	-	40,300
3	MLR-1	Monthly installments from April 2013 - August 2015	80,181	125,236	-	-
4	MLR-1	Monthly installments from April 2013 - February 2014	-	11,179	-	-
5	MLR	Paid all amount within 4 years commencing from the first draw down	-	52,200	-	52,200
6	MLR-1	Paid all amount within June 2016	54,810	87,500	-	-
7	MLR-1	Monthly installments since January 2015	325,000	120,071	-	-
8	MLR-0.25	Paid all amount within 40 months since sign contract	163,600	43,000	-	-
9	MLR-0.25	Paid all amount within 55 months since sign contract	70,660	-	-	-
10	MLR	Monthly installments from March 2015 - September 2018	63,000	-	-	-
Total			1,333,668	1,226,946	-	92,500
Less: Current portion			(451,977)	(371,281)	-	(92,500)
<b>Long-term loans, net of current portion</b>			<b>881,691</b>	<b>855,665</b>	<b>-</b>	<b>-</b>

The loan agreements contain covenants as stipulated in the agreement and restrictions imposed by the lender, relating to such matters as asset restriction, creation of further debts, dividend payment, reduction of capital, maintenance of a certain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements. The loan is secured by the transfer of rights of claim over collections for work done under construction agreements of the Company and its jointly controlled entity's project, the mortgage of project development cost and future structures of the development project of the Company and its subsidiary, the mortgage of investment properties of the Company, the pledge of machine of its jointly controlled entity and guaranteed by the Company, the jointly controller, the directors of the Company and its subsidiary, and its related party.

As at 31 December 2014, the Company, its subsidiary and its jointly controlled entity (in proportion to the Company's interest) have an undrawn amount of loan under the above agreements amounting to Baht 471 million (2013: Baht 547 million) (The Company only: Baht 101 million, 2013: Baht 140 million).

Movements in the long-term loans account during the year ended 31 December 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	1,226,946	92,500
Add: Increase during the year	480,087	20,899
Less: Payment during the year	(373,365)	(113,399)
Balance as at 31 December 2014	1,333,668	-
Less: Current portion	(451,977)	-
<b>Long-terms loans, net of current portion</b>	<b>881,691</b>	<b>-</b>

## 27. Debentures

On 28 August 2014, the Company issued and offered 1,500,000 units of debentures No. 1/2557 with a par value of Baht 1,000 each, totaling Baht 1,500 million. These are registered, unsubordinated, unsecured debentures with trustees, and have a term of 3 years from the issue date, maturing on 28 August 2017. The coupon rate is 5.50 percent per annum (effective interest at a rate of 5.79 percent per annum), with interest payable every 3 months throughout the life of the debentures.

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions, such as limitations on the use of assets and the maintenance of a net debt to equity ratio.

As at 31 December 2014, the debentures are summarised below.

	(Unit: Thousand Baht)
	Consolidated/Separate financial statement
Debentures issued on 28 August 2014	1,500,000
Less: Deferred debenture issuing costs	(10,642)
Balance as at 31 December 2014	1,489,358



## 28. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the company, was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Defined benefit obligation at beginning of year</b>	107,447	78,978	102,952	74,783
Current service cost	8,887	5,058	7,824	4,344
Interest cost	4,308	2,880	4,118	2,717
Benefits paid during the year	(3,131)	(4,604)	(3,131)	(4,602)
Actuarial loss	-	25,135	-	25,710
<b>Provisions for long-term employee benefits at end of year</b>	<b><u>117,511</u></b>	<b><u>107,447</u></b>	<b><u>117,763</u></b>	<b><u>102,952</u></b>

Long-term employee benefit expenses included in the profit or loss consist of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current service cost	8,887	5,058	7,824	4,344
Interest cost	4,308	2,880	4,118	2,717
<b>Total expenses recognised in profit or loss</b>	<b><u>13,195</u></b>	<b><u>7,938</u></b>	<b><u>11,942</u></b>	<b><u>7,061</u></b>
Line items in profit or loss under which such expenses are included				
Cost of construction	7,909	2,952	7,909	2,952
Cost of sales and services	1,253	877	-	-
Administrative expenses	4,033	4,109	4,033	4,109

As at 31 December 2014, cumulative actuarial gains (net of actuarial losses), which were recognised in other comprehensive income of the Company and its subsidiary, amounted to Baht 25 million (The Company only: Baht 26 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.0 - 4.3	4.0 - 4.3	4.0	4.0
Future salary increase rate	3.0 - 6.0	3.0 - 6.0	4.0 and 4.5	4.0 and 4.5
Staff turnover rate (depending on age)	2.5 - 50	2.5 - 50	2.5 - 50	2.5 - 50

The amounts of defined benefit obligations and experience adjustments for the current year and the past three years are as follows:

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
Year 2014	117,511	117,763	-	-
Year 2013	107,447	102,952	23,357	22,637
Year 2012	78,978	74,783	-	-
Year 2011	73,468	70,060	-	-

(Unit: Thousand Baht)

## 29. Share capital/Warrants

29.1 On 28 March 2013, the Annual General Meeting of the Company's shareholders approved the following resolutions:

- a) Decrease the Company's registered share capital from Baht 2,218 million to Baht 1,553 million by eliminating the 665,049,436 registered shares with a par value of Baht 1 per share that had not been issued. The Company registered the reduction of its registered share capital with the Ministry of Commerce on 29 March 2013.
- b) Increase the Company's registered share capital from Baht 1,553 million to Baht 2,222 million through the issuance of 668,686,068 new ordinary shares with a par value of Baht 1 each, to be allocated by the following means:
  - 1) Allocation of up to 221,843,034 new ordinary shares, with a par value of Baht 1 per share, to be offered to existing shareholders of the Company in proportion to their shareholdings per the register of shareholders at a rate of 7 existing ordinary shares for 1 new ordinary share. The Company offered such additional ordinary shares at a price of Baht 2.6 per share.
  - 2) Allocation up to 200,000,000 new ordinary shares, with a par value of Baht 1 per share, to be offered by private placement to specific persons who are not connected persons. The Board of Directors and/or Chief Executive Officers are authorised to determine the offering price of the new ordinary shares, which is not to be lower than the price of the ordinary shares offered to existing shareholders of the Company in proportion to their shareholding under 1) and not lower than 90 percent of the market price.

- 3) Allocation up to 246,843,034 new ordinary shares, with a par value of Baht 1 per share, to support the exercise of the Company's warrants that are offered to the existing shareholders of the Company in proportion to their shareholding, after the completion of the allocation of the new ordinary shares under 1) and 2).

The Company registered the resultant Baht 668,686,068 increase in share capital with the Ministry of Commerce on 1 April 2013.

- c) Issuance of 246,843,034 warrants for offer to existing shareholders of the Company at a rate of 1 warrant for every 8 existing ordinary shares, at no cost. Any fractions will be discarded.

29.2 In April and May 2013, the Company sold 200,342,053 additional ordinary shares with a par value of Baht 1 each through a private placement with a non-connected person, at a price of Baht 3 per share. In addition, in May 2013, the Company sold 221,500,981 additional ordinary shares with a par value of Baht 1 each through an offering to the existing shareholders, at a price of Baht 2.6 per share, for a total of Baht 1,177 million. The Company incurred expenses relating to this share offering totaling Baht 17 million (net of income tax of Baht 4 million), and these were presented as a deduction from the premium on ordinary shares.

29.3 On 26 June 2013, the Company issued the warrants (NWR-W1) to existing shareholders of the Company, and on 26 July 2013, the Stock Exchange of Thailand accepted the listing of the warrants as securities. A summary of the warrants granted is presented below.

#### NWR-W1

Number of warrants granted	-	246,829,342 units
Life of warrants	-	12 months from the issue date
Exercisable	-	Every three months
First exercise date	-	26 September 2013
Final exercise date	-	26 June 2014
Exercise price per 1 ordinary share	-	2.045 Baht per share*
Exercise ratio	-	1 warrant per 1.076 ordinary shares*

\* Adjustment of the exercise price and exercise ratio on 26 May 2014

During the current year, the 119,239,300 units of the above warrants were exercised to subscribe to 128,300,838 newly issued ordinary shares. A total of 127,532,903 warrants (NWR-W1) remained unexercised when the warrants expired on 26 June 2014. The increase in paid up share capital to Baht 2,103,102,254 is the result of the exercise of warrants (NWR-W1) and the Company registered the additional shares from warrants exercise with the Ministry of Commerce on 4 July 2014.

29.4 On 30 April 2014, the Annual General Meeting of the Company's shareholders approved the following resolutions:

- a) Decrease the Company's registered share capital from 2,221,587,311 to 2,221,573,619 ordinary shares, by eliminating the 13,692 registered shares with a par value of Baht 1 per share for which warrants (NWR-W1) were not exercised. The Company registered the reduction of its registered share capital with the Ministry of Commerce on 15 May 2014.
- b) Increase the Company's registered share capital from 2,221,573,619 to 2,812,221,856 ordinary shares through the issuance of 590,648,237 new ordinary shares with a par value of Baht 1 each, to be allocated as follows:
  - 1) To support the exercise of the second series of warrants (NWR-W2) being offered to the existing shareholders of the Company in proportion to their shareholding.
  - 2) To support the adjustment of the exercise ratio of the warrants offered to existing shareholders of the Company (NWR-W1) in 2013.

The Company registered the resultant Baht 590,648,237 increase in share capital with the Ministry of Commerce on 16 May 2014.

- c) Issue up to 555,396,828 units of the second series of warrants (NWR-W2) for offer to existing shareholders of the Company at a rate of 1 warrant for no more than every 4 existing ordinary shares.

29.5 On 29 May 2014, the Company issued the second series of warrants (NWR-W2) described in 29.4 c). A summary of the warrants granted is presented below.

NWR-W2

Number of warrants granted	- 493,690,718 units
Life of warrants	- 6 months from the issue date
Exercisable	- One time on 1 December 2014
Exercise price per 1 ordinary share	- 1.20 Baht per share, unless there is any exercise adjustment in accordance with the conditions for adjustment
Exercise ratio	- 1 warrant per 1 ordinary shares, unless there is any exercise adjustment in accordance with the conditions for adjustment

On 15 July 2014, the Stock Exchange of Thailand accepted the listing of the above warrants as securities.

During the current year, the 482,379,261 units of the above warrants were exercised to subscribe to 482,379,261 newly issued ordinary shares. A total of 11,311,457 warrants (NWR-W2) remained unexercised when the warrants expired on 1 December 2014.

As at 31 December 2014, the increase in paid up share capital to Baht 2,585,481,515 is the result of the exercise of warrants (NWR-W2) and the Company registered the additional shares from warrants exercise with the Ministry of Commerce on 4 December 2014.

### 30. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

### 31. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Raw materials and consumables used	2,855,057	2,697,661	2,799,220	2,595,697
Salaries, wages and other employee benefits	992,492	891,124	799,564	717,822
Subcontractor costs	1,320,357	1,203,701	1,230,746	1,101,210
Fuel charges	533,523	487,218	153,726	134,463
Depreciation and amortisation	545,766	479,108	223,057	170,475
Repair and maintenance	247,285	240,573	114,531	122,856
Other expenses	1,313,945	778,526	1,208,235	587,786
Changes in inventories of finished goods and work in process	(103,146)	(108,798)	(103,146)	(108,798)

### 32. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Current income tax:</b>				
Current income tax charge	-	2,142	-	-
Effects of income tax related to the share offering (Note 29)	-	4,190	-	4,190
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,690)	18,019	(2,196)	(2,854)
<b>Income tax expense (income) reported in the statement of comprehensive income</b>	<u>(2,690)</u>	<u>24,351</u>	<u>(2,196)</u>	<u>1,336</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax relating to actuarial gains and losses	-	5,027	-	5,142
Deferred tax on gain from the change in value of available-for-sale investments	688	-	688	-
	<u>688</u>	<u>5,027</u>	<u>688</u>	<u>5,142</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	27	86,178	33,122	96,507
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	5	17,236	6,624	19,301
Effects of tax which deferred tax assets have been recognised and not utilised in the current year	-	22,292	-	-
Utilisation of previously unrecognised tax losses	(3,635)	-	(3,635)	-
Tax losses for the year that have not been recognised as deferred tax assets	10,844	4,657	-	1,781
Effects of:				
Non-deductible expenses	8,025	34,508	7,471	18,312
Additional expense deductions allowed	(9,568)	(3,425)	(7,235)	(3,299)
Exemption of income	(5,421)	(45,389)	(5,421)	(34,759)
Share of profit from investments in associates	(2,940)	(5,528)	-	-
Total	(9,904)	(19,834)	(5,185)	(19,746)
Income tax expenses (income) reported in the statement of comprehensive income	(2,690)	24,351	(2,196)	1,336

As at 31 December 2014 and 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	5,485	4,786	5,485	4,786
Allowance for diminution in value of project development cost	328	247	328	247
Allowance for asset impairment	6,822	6,890	6,822	6,890
Accumulated depreciation - Plant and equipment	5,658	2,204	3,805	596
Provision for long-term employee benefits	23,502	21,490	22,353	20,590
Provisions	580	2,291	580	2,291
Others	351	-	351	-
<b>Deferred tax liabilities</b>				
Amortisation of deferred debenture issuing costs	(2,128)	-	(2,128)	-
Unrealised gain on changes in value of investments	(688)	-	(688)	-
Total Deferred tax assets - net	39,910	37,908	36,908	35,400

As at 31 December 2014, the Company, its subsidiaries and its jointly controlled entities (in proportion to the Company's interest) had unused tax losses totaling Baht 184 million (2013: Baht 159 million) (The Company only: Baht 25 million, 2013: Baht 38 million). No deferred tax assets have been recognised on these amounts as the Company, its subsidiaries and its jointly controlled entities believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2013, the jointly controlled entity had reversed deferred tax assets recognised on unused tax losses totaling Baht 111 million (in proportion to the Company's interest) since the management of the jointly controlled entity believes that future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

### 33. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2014 (Thousand Baht)	2013 (Thousand Baht)	2014 (Thousand Shares)	2013 (Thousand Shares)	2014 (Baht)	2013 (Baht)
<b>Basic earnings per share</b>						
Profit for the period	9,116	58,359	2,081,854	1,843,871	0.0044	0.0317
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	121,904	43,291		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	9,116	58,359	2,203,758	1,887,162	0.0041	0.0309



	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the period	35,318	95,171	2,081,854	1,843,871	0.0170	0.0516
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	121,904	43,291		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>35,318</u>	<u>95,171</u>	<u>2,203,758</u>	<u>1,887,162</u>	0.0160	0.0504

### 34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its main businesses and have three reportable segments as follows:

- (1) Construction contracting business
- (2) Manufacture of concrete product business is a segment that involves manufacture of pre-stressed concrete piles and precast concrete products for third-party distribution.
- (3) Soil and coal extraction and transportation business is a segment that involves a jointly controlled entity which is incorporated in Thailand under the joint venture agreement on carrying out the work of soil and coal extraction and transportation.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Group's financing activities, which give rise to finance costs and finance income, and income taxes are managed on the Group basis. Therefore these income and expenses are not allocated to operating segments

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the operating segments of the Group for the year ended 31 December 2014 and 2013, respectively.

(Unit: Million Baht)

## The consolidated financial statements for the year ended 31 December 2014

	Construction contracting business	Manufacture of concrete products business	Soil and coal extraction and transportation business	Eliminations	Consolidated
Revenue from external customers	6,603	223	953	-	7,779
Inter-segment revenue	-	325	-	(325)	-
<b>Segment operating profit (loss)</b>	<b>(4)</b>	<b>6</b>	<b>49</b>		<b>51</b>
Unallocated income (expenses):					
Interest income					16
Interest expenses					(163)
Other income and expenses					81
Share of profit from investments in associates					15
<b>Profit before income tax expenses</b>					<b>-</b>
Income tax income					3
<b>Profit for the year</b>					<b>3</b>
Non-controlling interests of the subsidiaries					6
<b>Profit for the year - attributable to equity holders of the Company</b>					<b>9</b>

(Unit: Million Baht)

## The consolidated financial statements for the year ended 31 December 2013

	Construction contracting business	Manufacture of concrete products business	Soil and coal extraction and transportation business	Eliminations	Consolidated
Revenue from external customers	5,270	520	937	-	6,727
Inter-segment revenue	-	192	-	(192)	-
<b>Segment operating profit (loss)</b>	<b>(85)</b>	<b>17</b>	<b>58</b>		<b>(10)</b>
Unallocated income (expenses):					
Interest income					15
Interest expenses					(134)
Other income and expenses					186
Share of profit from investments in associates					28
<b>Profit before income tax expenses</b>					<b>85</b>
Income tax expenses					(24)
<b>Profit for the year</b>					<b>61</b>
Non-controlling interests of the subsidiaries					(3)
<b>Profit for the year - attributable to equity holders of the Company</b>					<b>58</b>

### Geographic information

Revenue from external customers and non-current assets (other than financial instruments and deferred tax assets) are based on locations of the customers by the following percentages:

	(Unit: Million Baht)	
	<u>2014</u>	<u>2013</u>
Revenue from external customers		
Thailand	7,440	6,331
Others	339	396
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	3,162	2,906
Others	-	7

### Major customers

For the year 2014, the Group has revenue arising from construction contracting business derived from one major customer in amount of Baht 1,336 million (2013: one major customer in amount of Baht 1,252 million) and revenue arising from soil and coal extraction and transportation business derived from one major customer in amount of Baht 953 million (2013: one major customer in amount of Baht 937 million).

## **35. Provident fund**

The Company, its subsidiary and its jointly controlled entity and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, its subsidiary and its jointly controlled entity contribute to the fund monthly at the rate of 2-5 percent of basic salary (The Company only: 5 percent of basic salary). The fund, which is managed by Bank of Ayudhaya Public Company Limited and UOB Asset Management (Thailand) Company Limited, will be paid to their employees upon termination in accordance with the rules of the provident fund of the Company, its subsidiary and its jointly controlled entity. During the year 2014, the Company, its subsidiary and its jointly controlled entity (in proportion to the Company's interest) contributed Baht 17 million to the fund (2013: Baht 15 million) (The Company only: Baht 14 million, 2013: Baht 13 million).

## **36. Dividend**

On 28 March 2013, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend in respect of the 2013 income of Baht 0.12 per share, or a total of Baht 186 million. Such dividend was paid on 24 April 2013.

### 37. Commitments and contingent liabilities

#### 37.1 Capital commitments

As at 31 December 2014, the Company, its subsidiary and its jointly controlled entity had the following capital commitments:

- a) The Company had an outstanding commitment of approximately USD 4,495 and Baht 78 million of the uncalled portion of investment in three subsidiary companies (2013: USD 4,495 and Baht 749,850 of the uncalled portion of investment in two subsidiaries companies).
- b) The Company had capital commitments of approximately Baht 10 million (2013: None), relating to the acquisition of motor vehicles.
- c) A subsidiary company had outstanding commitments of approximately Baht 20 million (2013: None) relating to the payment of leasehold rights under a land lease agreement.
- d) A jointly controlled entity had capital commitments (in proportion to the Company's interest) of approximately Baht 13 million relating to the acquisition of machinery (2013: Baht 31 million, USD 1 million and EUR 1 million).

#### 37.2 Operating lease commitments

The Company and its jointly controlled entity (in proportion to the Company's interests) entered into operating lease agreements in respect of lease of land, building and equipment. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

Payable	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
In up to 1 year	16	21	11	16
In over 1 and up to 5 years	22	35	15	24
In over 5 years	3	6	3	6

#### 37.3 Guarantees

- a) As at 31 December 2014, the Company has commitments in respect of its guarantees of bank credit facilities of two subsidiary companies amounting to Baht 1,031 million (2013: Baht 341 million). Generally, the guarantees are effective so long as underlying obligation has not been discharged by its subsidiaries. No fee is charged for the provision of such guarantees.

- b) The outstanding bank guarantees issued by banks on behalf of the Company, its subsidiary and its jointly controlled entity (in proportion to the Company's interest) in respect of certain performance bonds as required in the normal course of business were summarised in foreign currencies as follows:

Foreign currency	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Baht	3,760	3,190	2,765	2,200
Yen	1	1	1	1
USD	3	6	3	6

(Unit: Million)

### 37.4 Service commitments

The Company's jointly controlled entity has entered into service agreements with a total of service fee (in proportion to the Company's interest) to be paid between 2015 and 2020 as follows:

	(Unit: Million Baht)	
	<u>2014</u>	<u>2013</u>
Repair and maintenance contract	2	1
Project consultation contracts	-	69
Construction contracts	108	28
Operating service contract	1	1

### 38. Litigation

A company joined with an insurance company to file a lawsuit against the Company as the second defendant, claiming Baht 43 million in compensation on the grounds that they had been affected by construction in which the Company was involved. On 9 April 2013, the Court of First Instance delivered a judgement ordering the Company and the insurance company of the Company's project to compensate such amount of loss, together with interest at the rate of 7.5 percent per annum. The Company has filed an appeal against this ruling with the Court of Appeals. However, the Company's management believes that no significant loss will be incurred as a result of the case since the Company can claim any compensation losses from the insurance company of this project. Therefore no provision for this contingent liability was recorded into the accounts.

As at 31 December 2014, the Company has set up provision of approximately of Baht 1.2 million in the financial statements for contingent losses from the legal cases that are currently being litigated. The Company's management believes that the amount of such provision is sufficient for the losses that may be incurred as a result of the litigation.

### 39. Financial instruments

#### 39.1 Financial risk management

The Group's (the Company, its subsidiaries and its jointly controlled entities) financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans to, investments, trade and other payables, bank overdrafts, short-term loans, long-term loans and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

##### Credit risk

The Group is exposed to credit risk primarily with respect to construction contract debtors. However, since the majority of construction services are made to creditworthy customers such as state enterprises and government agencies and due to the large number of entities comprising the Group's customer base, the Group does not anticipate material losses from its debt collection. The maximum exposure to credit risk is limited to the carrying amount of receivables, loans and other receivables as stated in the statement of financial position.

##### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposit with financial institutions, short-term loans, bank overdrafts, short-term borrowings, long-term borrowings and debentures. Most of the Group's financial assets and liabilities bear floating interest rates which are close to the market rate or fixed interest rates which will maturity in the near future (except hire purchase creditors and finance lease payable, long-term loans and debentures as described in Note 25, 26 and 27 to the financial statement, respectively), the interest rate risk is expected to be minimal.

##### Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from loans to related parties, trading transactions and income derived from overseas that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currency are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	2	3	-	3	32.9187	32.7645

As at 31 December 2014, no outstanding sell and buy foreign exchange contracts.

As at 31 December 2013, sell and buy foreign exchange contracts outstanding are summarised below.

Foreign currency	Sold amount	Contractual exchange rate - sold	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
USD	6	31.26 - 32.65	27 January 2014 - 4 October 2014

Foreign currency	Bought amount	Contractual exchange rate - bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
Yen	317.5	0.316342 - 0.317107	25 July 2014 - 12 September 2014

In addition, the Company is also exposed to the effect of foreign exchange movements on its investments in foreign subsidiary companies, which currently are not hedged by any derivative financial instrument.

### 39.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature and bear floating interest rates which are close to the market rate for long-term loan and debentures, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 40. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 1.91:1 (2013: 1.97:1) and the Company's was 1.19:1 (2013: 1.20:1).

### 41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2015.