



DEVELOPING THE FUTURE

Annual Report 2016

Nawarat Patanakarn Public Company Limited



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Message from Chairman

In 2016, it is an extraordinary year for the Company as it is the 40th anniversary of the Company since the establishment on May 31, 1976. After many decades have passed, the Company steadily continues its operation in which allow us to gain extensive experiences to conduct various types of construction. With the support of our engineers team and employees who have a plenty of knowledge, skills, expertise and a high potential to compete the complicated works result in an acceptable as a leading construction company in Thailand by both Government and private sectors.

Thailand's economy in 2016 has growth at the rate of 3.2 percent which is higher than last year which was only 2.8 percent. The growth rate was due to the impact of the increased of domestic demand and also the tourism which could compensate the decreased of exportation. For the construction industry, it shows the potential to grow due to the expedite investment in infra-structures by the Government which also enhanced the capability of Thailand's construction industry.

The Company stills strive "to be one of Thailand's top five largest general construction contractors with international standard, stability and sustainability together with responsibility to society and environment". The Board of Directors committed to create the growth of the organization continuously and the stability in long - term period, generate satisfactory return to shareholders, stakeholders and all related parties a build positive impact on the overall economy of the country. The Board is also committed to conduct the business in accordance with the guideline of sustainable development in terms of economy, society and environment under the good corporate governance principles. The Board regularly oversees and monitors the Management to perform their duties with carefulness, prudence and responsibilities to all stakeholders as well as provides from time to time recommendation on management of surrounding factors which challenged the business operation in order to minimize risks to an acceptable level.

For the direction of the Company, the Company remains its operation in construction business, focusing on a large scale project of the Government and private sectors which could produce a high profit margin. For the real estate business, the Company's strategy will focus on the possible market in order to seek for demand and increase its growth rate. In the year 2017, the Company will develop its organization to have a potential at international level to strengthen its foundation and prepare for the economic recovery and the intensive competition. The Company shall improve its management in all aspects, by managing risks more efficiently and effectively, controlling construction and labor cost together with quality of materials and equipment, enhancing efficiency and effectiveness of working to get quality and standard to meet the customer s' satisfaction while the



Company can optimize the return on profits. Moreover, the Company shall develop its personnel in both technical and management aspect on a continuous basis including encouraging awareness of social and environmental responsibility, since they are valuable resources and key essential of sustainable growth.

The Board of Directors, the executives, the employees and the subsidiary companies of Nawarat Patanakarn Public Company Limited would like to show our gratitude to all shareholders, bondholders, business partners, customers, all related parties, public and society for your support and trust in the Company as always. We do hope that we will continue receiving honor, trust and good support. Kindly believe that we will keep on our commitment and dedication to conduct business with prudence, caution, transparency and in compliance with the principles of good corporate governance and the framework of sustainability development for the utmost benefits of all parties concerned and for becoming organization with stable and sustainable growth in Thailand as the Company's vision.



Mr. Prasertphand Pipatanakul
Chairman

Message from President and Chief Executive Officer

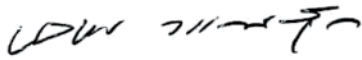
In the previous year, the overall construction industry has been improved due to the expedite investment in infrastructures by the Government which also helped balancing the deceleration of investment by private sectors, while competition on pricing among contractors remain intensely high. Nevertheless, the Company continues to grow its revenue from the previous year. In 2016, the total income of the Company was 8,361 Billion Baht which increased 9 percent compared to the year of 2015, and the Company net profit was 52 Million Baht. Notwithstanding, the Company earns a steady income from the existing construction projects. In addition, the drop of materials and fuel price, the lower level of labor cost, the decrease of financial cost which resulted from a lower interest rate as well as the debentures issuance which enable the Company to balance its financial status and has enough liquidity for future operation and investment.

The Company foresees that the turnover will grow better in the year 2017 due to the drive of the Government sector for large-scale investment projects and the support of private sectors which enhance the recovery in both accommodation and industrial segment. This would initiate a chance for the Company to be responsible for several projects in the near future. Furthermore, the Company has currently handling the Backlog project for about 16 Billion Baht which its revenue will be continuously recognize in the next two years. And there are also other projects approximately 100,000 Million Baht which still waiting for the action results. We expected that there would be more construction opportunities in the following years. The current value projects responsible by the Company are approximately 9,250 Million Baht. In addition, the inauguration of the ASEAN Economic Community (AEC) at the end of the year 2015 provides an opportunity to expand the business to other countries in South East Asia. Moreover, The Economics Corridor Development Project in Thailand (EEC) would create the advantages for the country and the Company not only in the infrastructure segment but also in an industrial segment, tourism and increased of the needs of accommodations.

The Company aims to enhance the organization for sustainable growth focusing on efficiency on management and operation in compliance with the best practice of the good corporate governance in terms of transparent and accountable operation, anti—fraud and corruption, while encouraging fair treatment, respect of human rights, environmental conservation and responsibility to all stakeholders, including take part in contributing communities and societies on a continuous basis.



On behalf of the Management of Nawarat Patanakarn Public Company Limited, I would like to sincerely thank all concerned parties namely employees, shareholders, business partners, customers, governmental agencies, private partners, stakeholders and financial institutes for your kind helps and good supports for the Company's operations in various aspects over 40 years. I ensure that the Company will professionally continue our business, adhere to the good corporate governance principles with social responsibility and environmental conservation, contribute to the customers' satisfaction, maintain utmost benefits and add more value to all stakeholders, in order to become one of the best construction and engineering companies and to drive all sectors to firmly and sustainably grow together.



Mr. Polpat Karnasuta
President and Chief Executive Officer

VISION

“To be one of Thailand’s top five largest general construction contractors with international standard, stability and sustainability together with responsibility to society and environment”

MISSION

- 1. Comprehensively conduct construction business and related engineering works and have stable profitability.*
- 2. Manage business professionally with modern technology for sustainable growth.*
- 3. Enhance the image of being Thai corporate with potential and international standard.*
- 4. Manage business under the corporate governance principle and operate with impartiality under the code of conduct to all stakeholders.*
- 5. Deliver works and services in time with quality, standard and meet customers' requirement.*
- 6. Recognize the importance of the quality of employees' life, encourage development of competency and cooperation among employees at all levels by establishing of tangible motivation systems.*
- 7. Have social and environmental responsibility on a continuous and consistent basis.*



Board of Directors

Board of Directors



Mr. Prasertphand Pipatanakul

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

Age : 82 years

Shareholding : None

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

12 of 12 Audit Committee Meetings in 2016

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
- DCP' 2016

Experience

Present : Chairman, Independent Director and Member of the Audit Committee of Nawarat Patanakarn Public Company Limited



Mr. Niyom Niyamanusorn

Independent Director, Chairman of the Audit Committee, Member of the Corporate Governance Committee and Chairman of the Nomination and Remuneration Committee

Age : 85 years

Shareholding : None

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

12 of 12 Audit Committee Meetings in 2016

Education

- Master Degree, N.S.W. University at Australia
- Bachelor Degree in Engineering, Chulalongkorn University
- DAP' 55/2006
- Finance for Non-Finance 2006
- DCP' 2016

Experience

Present : Independent Director and Chairman of the Audit Committee of Nawarat Patanakarn Public Company Limited



Mr. Apichart Dharmasaroja

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

Age : 65 years

Shareholding : None

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

12 of 12 Audit Committee Meetings in 2016

Education

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

Experience

Present : Independent Director and Member of Audit Committee of Nawarat Patanakarn Public Company Limited



Mr. Nattaphorn Bhromsuthi

Independent Director, Member of the Corporate Governance Committee, Member of the Risk Management Committee and Member of the Corporate Social Responsibility Committee

Age : 58 years

Shareholding : None

Meeting Attendance:

7 of 7 Board of Directors' Meetings in 2016

Education

- Bachelor Degree in Engineering, Chulalongkorn University
- Master Degree in Engineering, Chulalongkorn University
- Master of Science in Civil Engineering, Illinois Institute of Technology, Chicago, Illinois, U.S.A.
- Master Degree in Engineering (Architecture), Chulalongkorn University
- DCP' 2016

Experience

2016-Present : Independent Director of Nawarat Patanakarn Public Company Limited

2015-Present : Director of Container Architecture (Thailand) Company Limited

2010-Present : Director of ACE Design and Construction Company Limited



Mr. Polpat Karnasuta

**Director, President, Chief Executive Officer,
Member of the Corporate Governance Committee,
Member of the Nomination and Remuneration Committee and Member of the Executive Committee**

Age : 57 years

Shareholding : 272,410,285 shares
as of December 30, 2016

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

Education

- Bachelor Degree in Business Administration, Oregon University, U.S.A.
- DAP' 7/2004
- DCP' 2016

Experience

Present : Director, President and Chief Executive Officer of Nawarat Patanakarn Public Company Limited

- : Director of Advance Prefab Company Limited
- : Director of Mana Patanakarn Company Limited
- : Director of Banpulom Company Limited
- : Director of C.I.N. Estate Company Limited
- : Director of VSPN Property Company Limited
- : Director of Bua Company Limited
- : Director of Tanina Company Limited
- : Director of E.G.G. Enterprise Company Limited
- : Director of Taste Maker Company Limited



Mrs. Wattana Samanawong

Director, Senior Vice President, Member of the Corporate Governance Committee, Member of the Code of Conduct Committee, Member of the Nomination and Remuneration Committee and Member of the Executive Committee

Age : 64 years

Shareholding : 1,694 shares as of December 30, 2016

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

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'7/2004
- DCP' 2016

Experience

- Present : Director and Senior Vice President of Finance and Administration Department of Nawarat Patanakarn Public Company Limited
- : Director of Advance Prefab Company Limited
- : Director of Mana Patanakarn Company Limited
- : Director of Utility Business Alliance Company Limited
- : Director of C.I.N. Estate Company Limited
- : Director of Taste Maker Company Limited



Mr. Sook Sueyanyongsiri

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

Age : 65 years

Shareholding : None

Meeting Attendance :

13 of 13 Board of Directors' Meetings in 2016

Education

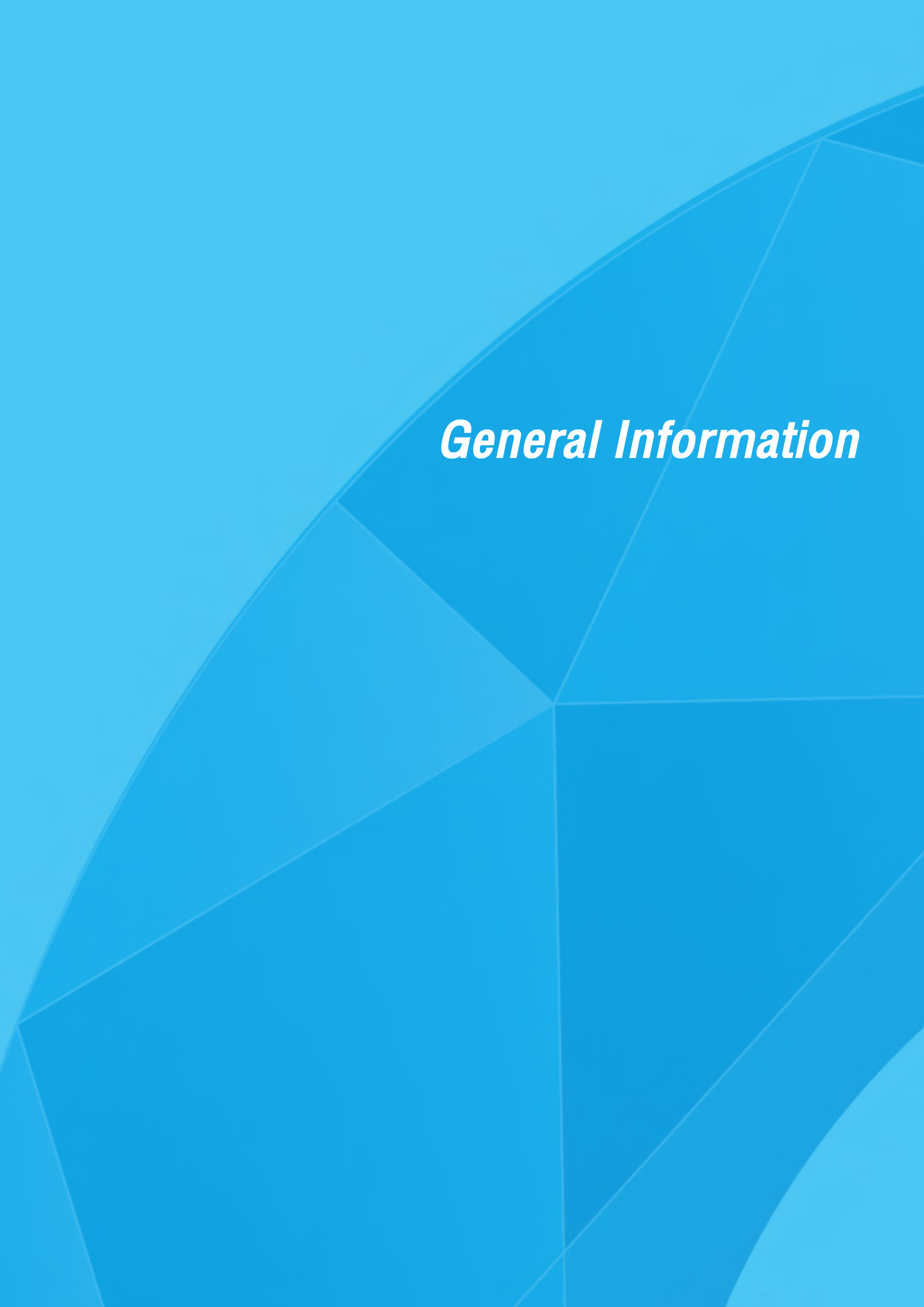
- Master Degree of Engineering, Asian Institute of Technology
- DAP' 35/2005
- DCP' 2016

Experience

Present : Director and Senior Vice President of Operation Department of Nawarat Patanakarn Public Company Limited

: Director of Advance Prefab Company Limited

: Director of Mana Patanakarn Company Limited



General Information

General Information

Nawarat Patanakarn Public Company Limited has conducted construction business and produced pre-stressed concrete piles since 1976. Currently, the Company principally operates as a construction contractor providing all types of civil engineering construction services and manufacturing 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 initial registered capital of 4 Million Baht. The capital has been gradually increased.
- In 1995, the capital was increased from 400 Million Baht to 500 Million Baht by way of shares distribution to domestic and overseas investors.
- On September 27, 1995, the Company was incorporated as a listed company on the Stock Exchange of Thailand. The Company changed its registered capital previous 5 years as follows: in 2012, the Company has its registered capital of Baht 2,217,950,679 and paid-up capital of Baht 1,552,901,243. In 2013, the Company has its registered capital of Baht 2,221,587,311 and paid-up capital of Baht 1,974,801,416. In 2014, the Company has its registered capital of Baht 2,812,221,856 and paid-up capital of Baht 2,585,481,515.
- Presently, as at December 31, 2016 the Company has its registered capital of Baht 2,585,481,515 and paid-up capital of Baht 2,585,481,515 which divided to 2,585,481,515 common shares at the par value of Baht 1 per share.
- Nawarat Patanakarn Public Company Limited assigned Tris Rating co., Ltd. (Tris) to affirm the Company rating and the ratings of the senior unsecured debentures which was announced in February 24, 2017 as follows:
 - The Company rating and the ratings of the outstanding senior unsecured debentures were rated as “BBB-”.
 - The rating outlook of the Company was rated as “Stable”.

The ratings reflect the Company’s acceptable track record of undertaking a broad range of construction projects for the public and private sectors as well as moderate-sized project backlog. Nonetheless, Tris considered that these strengths are partially offset by high leverage, the cyclical nature of the engineering and construction (E&C) industry, competitive threats, and the execution risks associated with its property development projects. According to the “Stable” outlook, it reflects the expectation that the Company will maintain its competitive position in the civil engineering work, for both public and private sector clients. Moreover, the Company is poised to grasp the opportunities ahead. Tris concluded that the Company’s success in the property development segment and a lessening of its debt load will be positive factors for the ratings and/or outlook.

Head Office

Location	Bangna Towers A, 18th - 19th Floor, No. 2/3 Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540
Company Registration Number	0107538000096 (previously no. Bor Mor Jor 532)
Website	www.nawarat.co.th
Telephone	(662) 730-2100
Fax	(662) 751-9484-90
Company Secretary	Miss Pakatip Lopandhsri Tel. (662) 730-2197
Investor Relation Section	Mr. Pratya Mankong Tel. (662) 730-2178

Branch Offices

Location	1796 Bangna-Trad Road, Bangna, Bangkok
Location	329 Moo 5, Srisa Chorakhe Yhai, Bang Sao Thong, Samutprakarn

Pre-stressed Concrete Piles, Pre-cast Concrete Products and Processed Steel Plant

Location	1796 Bangna-Trad Road, Bangna, Bangkok
Location	53/4 Moo 9, Prong Akat, Bang Nampreaw, Chachoengsao

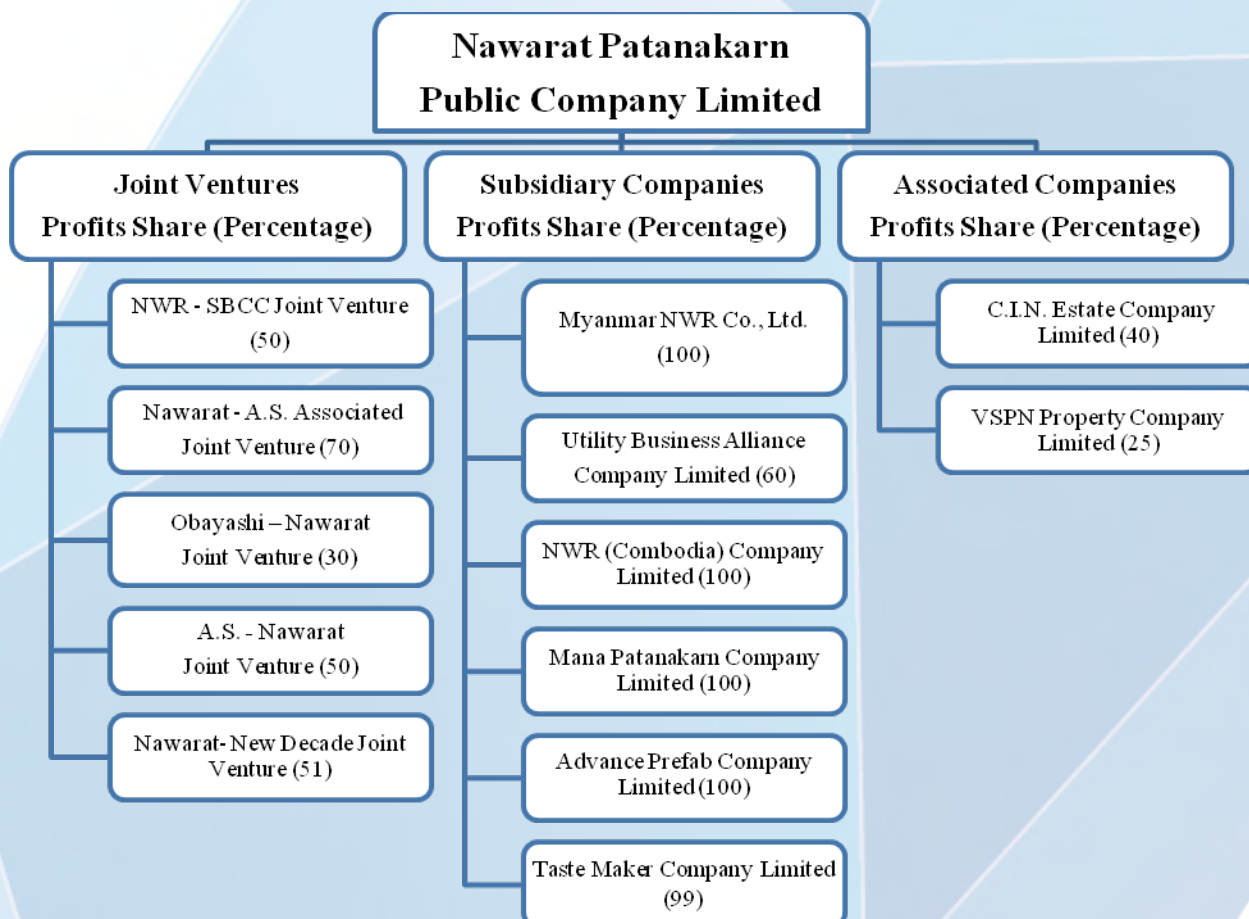
Pre-cast Concrete Jacking Pipes and Pre-cast Concrete Shaft Plant

Location	31/13, Rama II Road Km. 33.5, Bang Krachao, Muang District, Samutsakhon
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Shell Petrol Station by Nawarat Patanakarn Public Company Limited

Location	329 Moo 5, Srisa Chorakhe Yhai, Bang Sao Thong, Samutprakarn
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The Company's Shareholding Structure as of December 31, 2016.



Joint Ventures, Subsidiary Companies, Associated Companies and Related Parties (Still operating as of December 31, 2016)

Joint Ventures	Address	Nature of Business	Share of Profits (Percent)
NWR - SBCC Joint Venture	2034/132-161 Italthai Tower 34th Floor, Bangkapi, Huaykwang 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
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
Nawarat- New Decade Joint Venture	2/3 Moo 14, Bangna Towers A, 18th-19th Floor, Bangna-Trad Road Km. 6.5, Bangkaew Bangplee, Samutprakarn 10540	Construction	51

Subsidiary Companies	Address	Nature of Business	Share of Profits (Percent)
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	60
NWR (Cambodia) Company Limited	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	Produce and distribute pre-cast concrete products	100

Taste Maker Company Limited

2/3 Moo 14, Bangna Towers A,
18th Floor, Bangna-Trad
Road Km. 6.5, Bangkaew
Bangplee, Samutprakarn 10540

Food business : 99
fresh food, dried food,
instant food, canned food,
seasoning, all types of beverages

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, President of the Company, taking the position of director)	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Construction	0.00
Ruen Rapee Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, President of the Company, taking the position of director)	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Real estate trade	0.00
East Bangkok Assets Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, President of the Company, taking the position of director)	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Real estate trade	0.00
K Alliance Company Limited (with Mrs. Suthasanee Karnasuta, a younger sister of Mr. Polpat Karnasuta, President of the Company, taking the position of director)	1111 Moo 6, Samrongnua, Muang District, Samutprakarn 10270	Mining business	0.00
Kao Chamao Hilly Resort Company Limited (with Mr. Mana Kanasuta, former Chairman, taking the position of director)	9/3 Moo 3, Khaowongkot, Kaenghangmaeo, Chantaburi 22160	Agricultural business	0.00
E.G.G. Enterprise Company Limited (with Mr. Polpat Karnasuta, President of the Company, taking the position of director)	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Furniture business	0.00

Subsidiary Companies

1. Myanmar NWR Company Limited

In 2000, the Company invested in Myanmar NWR Company Limited, which is 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 Company has its registered capital of Kyat 1,000,000, the paid-up capital of Kyat 500,000 or approximately three Million Baht. The subsidiary has not started operating yet because the overall economy of the Union of Myanmar and the legal system is not feasible.

2. Utility Business Alliance Company Limited

In 2001, the Company invested in Utility Business Alliance Co., Ltd. to conduct the business of waste water treatment plant management with investment portion of 50 percent. On November 11, 2003, the Company sold some parts of its investment to other investors causing the proportion of the investment reduces to 33.33 percent. However, in the third quarter of 2006, the Company repurchased the investment from the outsider resulting in the Company currently invests in the proportion of 60 percent of the total registered capital of 40 Million Baht. The paid-up capital of this subsidiary is 40 Million Baht. For other shareholders of 40 percent, they are juristic persons that are not associated with the Company, neither in terms of directors nor shareholders.

3. NWR (Cambodia) Company Limited

In the year 2007, the Company established NWR (Cambodia) Company Limited in Cambodia, in which the Company holds 100 percent of its shares to facilitate operations and supervision of construction services in Cambodia with the registered capital of 20 Million Riel (or approximately 200,000 Baht) and the paid-up capital is 17,000 Baht. The subsidiary started its work as a supervisor of the construction project of Tonle Sap Bridge, awarded by the private enterprise of L.Y.P. Group Co., Ltd. with the project value of 2 Million United States Dollar. Currently, the project has been completed.

4. Mana Patanakarn Company Limited

On October 30, 2014, the extraordinary meeting of the shareholders of Mana Patanakarn Company Limited had resolutions to increase its registered capital from the existing 200 Million Baht (2,000,000 ordinary shares at a par value of 100 Baht per share) to 600 Million Baht (6,000,000 ordinary shares at a par value of 100 Baht per share) by issuing of 4,000,000 ordinary shares at a par value of 100 Baht per share. The Company still holds 100 percent shares in this subsidiary and paid the investment in the capital increase at the amount of 372 Million Baht or equal to the paid-up capital of 93 percent. The subsidiary registered its capital increase with the Ministry of Commerce on November 6, 2014.

On October 25, 2015, the extraordinary meeting of the shareholders of Mana Patanakarn Company Limited had resolutions to increase its registered capital from the amount of 600 Million Baht (6,000,000 ordinary shares at a par value of 100 Baht per share) to 800 Million Baht (8,000,000 shares at a par value of 100 Baht per share) by issuing of 2,000,000 ordinary shares at a par value of 100 Baht per share. The Company still holds 100 percent share in the subsidiary company. The subsidiary registered its capital increase with the Ministry of Commerce on October 6, 2015.

During the current year, the Company paid the investment in the capital increase of Mana Patanakarn Company Limited at the amount of 228 Million Baht resulting in the paid-up capital of the subsidiary company increased from 93 percent to 100 percent.

At present, Mana Patanakarn Company Limited is operating three development projects of residential houses for sale, which are divided into two horizontal projects and one condominium project. The first project is 2-storey detached house on

Romkloa Road named Baranee Park Romklao Project. The project nature is to develop 2—storey detached house of 87 units on a total area of 22-3-84 rai with project value of 1,004 Million Baht. The project started in October 2013 and is scheduled to complete in March 2016. The task is now at 97 percent of completion. The second project is for 140 units of 2—storey detached house named Baranee Resident (formerly named Baranee Garden). The project is located at Rangsit Klong 3 on the total area of area of 34-1-34 rai with the value of 848 Million Baht. Divide the construction into 5 phases, 2 phases completed 100% totally 65 units, The remaining 3 phases totally 75 units started in March 2017 and is scheduled to complete in July 2019. The last project is 1,448-unit condominium named “Aspen Condo”. The project is located in Soi Sukhumvit 105 Road (Lasalle) on the total area of 15-1-48 rai with the value of 2,773 Million Baht. The project started in May 2015 and is scheduled to complete in December 2019. The task is now 18 percent of completion.

5. Advance Prefab Company Limited

In the month of January 2014, the registered capital of Advance Prefab Company Limited was increased from 1 Million Baht (10,000 ordinary shares at a par value of 100 Baht per share) to 100 Million Baht (1,000,000 ordinary shares at a par value of 100 Baht per share) by issuing of 990,000 ordinary shares at a par value of 100 Baht per share. The Company purchased and paid the capital increase in the amount of 100 Million Baht calculating to 100 percent of the subsidiary’s registered capital. The subsidiary registered the capital increase with the Ministry of Commerce on January 8, 2014.

In November, 2014, the registered capital of Advance Prefab Company Limited was increased from 100 Million Baht (1,000,000 ordinary shares at a par value of 100 Baht per share) to 200 Million Baht (2,000,000 ordinary shares at a par value of 100 Baht per share) by issuing of 1,000,000 ordinary shares at a par value of 100 Baht per share. The Company still holds 100 percent of shares and paid the capital increase in the amount of 50 Million Baht or 50 percent of the paid-up capital. The subsidiary registered its capital increase with the Ministry of Commerce on November 6, 2014.

During the year 2016, the Company paid the capital increase of Advanced Prefab Company Limited at the amounts of 50 Million Baht resulting in its paid-up capital increases from 50 percent to 100 percent.

On June 27, 2016, the extraordinary meeting of the shareholders of Advance Prefab Company Limited had resolutions to increase its registered capital from the amount of 200 Million Baht (2,000,000 ordinary shares at a par value of 100 Baht per share) to 400 Million Baht (4,000,000 shares at a par value of 100 Baht per share) by issuing of 2,000,000 ordinary shares at a par value of 100 Baht per share. The Company still holds 100 percent share and paid the capital increase in the amount of 150 Million Baht or 75 percent of the paid-up capital. Currently, the capital of subsidiary is 350 Million Baht and the registered capital is 400 Million Baht. The subsidiary registered its capital increase with the Ministry of Commerce on July 11, 2016.

6. Taste Maker Company Limited

On November 17, 2016, Taste Maker Company Limited was registered as a limited company with the Ministry of Commerce by issuing of 50,000 ordinary shares at a par value of 100 Baht per share. The Company still holds 99 percent shares and paid the capital increase in the amount of 4,495,000 Million Baht.

Taste Maker Company Limited operates the food business which consists of fresh food, dried food, canned food, seasoning, all types of beverages.

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 residential and forward sale. The 561-unit condominium named “The Issara Ladprao” is located on Ladprao Road, between Soi 12 and 14 and has project value of 2,700 Million Baht. The construction started in January 2007 and completed in September 2011. At present, the company is launching another development project called “Issi Condo” located adjacent to Suksawat Road and close to the entrance and exit of Suksawat Expressway and to the MRT Purple Line station with project value of 2,000 Million Baht for 892 units. The project started in June 2013 and completed at the end of the year 2015. At present, the company is launching another development project called “Baan Issara Bangna” Single detached house value 40 Million Baht per unit, located on Kanchanaphisek Outer Ring Road East with project value around 2,600 Million Baht. The Company invested in the proportion of 40 percent of the C.I.N. Estate Company Limited’s registered capital which amounting to 100 Million Baht.

In 2013, the Company obtained the dividend in the amount of 16 Million Baht from this associated company and recorded the profit share to increase in the “investment in associated company” amounting to 15.02 Million Baht (in 2014), and 47.92 Million Baht (in 2015), and 27.09 Million Baht (in 2016).

In September, 2015, the Company sold the entire investment in C.I.N. Estate Company Limited, which is its associated company, in a total number of 999,997 shares amounting to 161 Million Baht to Mana Patanakarn Company Limited, which is its subsidiary company. However, the Company still has the same significantly influence in the proportion of investment of the associated company. Therefore, such investment is still categorized in the consolidated financial statements as the “investments in associated companies”.

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 of 45 units for sale under the name “Sea Breeze Villa Pattaya” with the project value of approximately 525 Million Baht. The project started in June 2007 and is scheduled to be completed in December 2016. The task is now 100 percent of completion. The Company invested in the proportion of 25 percent of VSPN Property Company Limited’s registered capital, which is equivalent to 25 Million Baht. Presently, 40 units has been passed through the sales contract; 37 units have been transferred; whereas, 8 of 45 units has not been transferred.

In 2014 and 2015 and 2016, the Company recorded profit share (loss) from this company to the “investments in associated companies” amounting to -0.320 Million Baht (in 2014), 0.18 Million Baht (in 2015) and -0.723 Million Baht (in 2016).

Joint Ventures

In addition to construction contracting and subcontracting, the Company also operates its construction business in cooperation with other companies in the form of joint ventures in order to bid projects which requiring advance technology or projects that the Company has never experienced before. The joint venture enables the parties to meet the client’s requirements and to take advantage of machinery, equipment and personnel of each party in order to save construction cost of the project.

As of December 31, 2016, the list of assets, liabilities, incomes, and expenses of the Joint Ventures in which the Company has co-invested represent the co-investment rate of more than 30 percent shall be recognizes in preparing the Company’s financial statements according to the investment proportions in such Joint Ventures.

NWR - SBCC Joint Venture

In 2008, the Company in cooperation with Saraburi Coal Co., Ltd. have formed a joint venture called NWR-SBCC Joint Venture with the investment proportion of 50 percent to undertake the project of excavation and removal of earth and coal at Mae Moh Mine of the Electricity Generating Authority of Thailand in Mae Moh District, Lampang. The project values 16,674.45 Million Baht (excluding the electrical charge) and has the contract term of 9 years from February 18, 2009 to March 5, 2018. As of December 31, 2016, the joint venture delivered work in the amount of 13,188.69 Million Baht, which is equivalent to 79.10 per-cent of total project value.

According to the Financial Reporting Standard No. 11 on Joint Works, it is stipulated that any company performing investment in any business must consider whether or not it has performed Joint Control with other investors in such business. Thereafter, by its sole discretion, such business is required to determine whether it is Joint Operation or Joint Venture, then record interests from the investment to suit the type of the joint work.

Hence, the Company has changed the recording method of the investment accounts of NWR-SBCC Joint Venture from the method of proportional consolidation to the equity method. With this, the Company has also retrospectively adjusted the financial statements for the year 2014 to reflect the outcome of the change.

At present, other Joint Ventures which have already delivered work but still have had some financial movements, such as borrowings, loans are as follows:

Joint Venture	Percent of profit sharing
- Nawarat - A.S. Associates Joint Venture	70
- Obayashi - Nawarat Joint Venture	30
- Nawarat - New Decade Joint Venture	51
- A.S. - Nawarat Joint Venture	50

Reference

Positions	Name/Address
Share registrar	The Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2229-2800
Auditor	EY Office Limited (Formerly Ernst & Young Office Limited) By Mr. Termphong Opanaphan Certified Public Accountant (Thailand) No. 4501 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0-2264-9090, Fax. 0-2264-0789-90

Positions	Name/Address
Legal Advisor	1. Weerawong, Chinnavat & Peangpanor Limited 22nd Floor, Mercury Tower, No. 540 Pleonchit Road, Lumpini, Pathumwan, Bangkok, 10330 Tel. 0-2264-8000
	2. Business law office Chingchai & Associate 2nd Floor, Room 19, Saladaeng Executive Building, Saladaeng Road, Soi Yommarat , Silom, Bangrak, Bangkok 10500 Tel. 0-2637-5599, Fax. 0-2636-3862
Financial Institution in regular contact	1. Siam Commercial Bank Public Company Limited Head Office No. 9 Ratchadapisek Road Jatuchak, Bangkok 10900 Tel. 0-2777-7777
	2. Krungthai Bank Public Company Limited Head Office No. 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110 Tel. 0-2208-7537, Fax. 0-2256-8156



Summarized Corporate Financial Highlights

Summarized Corporate Financial Highlights

(Unit : Million Baht)

Consolidated Financial Statements	31 December 2016	31 December 2015	31 December 2014
Total assets	12,576.77	11,434.84	9,444.83
Total liabilities	8,831.12	7,752.11	5,571.16
Shareholders' equity	3,745.65	3,682.73	3,873.67
Fully paid common shares	2,585.48	2,585.48	2,585.48

(Unit : Million Baht)

Consolidated Financial Statements	31 December 2016	31 December 2015	31 December 2014
Total revenues	8,360.94	7,672.81	6,893.79
Net Profit Shareholders Equity	52.02	(173.84)	8.29

Financial Ratios	31 December 2016	31 December 2015	31 December 2014
Net profit (loss) margin (%)	0.62	(2.27)	0.12
Return on equity (%)	1.42	(4.65)	0.24
Return on assets (%)	0.43	(1.67)	0.10
Book value (Baht)	1.45	1.42	1.50
Net profit (loss) / share (Baht)	0.0201	(0.0672)	0.0040
Current ratio (Times)	0.13	(0.26)	(0.22)
Debt-equity ratio (Times)	2.36	2.10	1.44
Debt-equity ratio from the terms and conditions of the rights and duties of the debenture issuer and the debenture holders (Times)	2.18	1.93	1.23
Dividend yield (%)	-	-	-



Nature of Business

Nature of Business

Nawarat Patanakarn Public Company Limited has provided construction services and manufactured pre-stressed concrete piles since 1976. In 1995, it was changed to a public company limited and changed its name from Nawarat Patanakarn Company Limited to Nawarat Patanakarn Public Company Limited. On February 17, 1995, the Company increased its capital and registered its paid-up capital to the amount of 500 Million Baht by offering its shares to the public and proposed to be listed on the Stock Exchange of Thailand on August 31, 1995. On September 27, 1995, the Company was incorporated as a listed company in the Stock Exchange of Thailand. As of December 31, 2016, the Company had the registered capital of 2,585,481,515 Baht and the paid-up capital of 2,585,481,515 Baht.

- 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 road construction for the Department regardless of the distance and price. 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, and 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::

- Buildings
- Warehouses and Industrial Plants
- Public Works and Utilities
- Ports, Berths and Jetties
- Power Plants, electricity generating dam
- Dams, Ditches and Irrigation Works
- Wastewater Treatment Systems, Wastewater Treatment Plants
- Tunneling and Pipe Jacking Works

- Pre-stressed Concrete Piles and Precast Concrete Products Business

The Company established its pre-stressed concrete product factories to supply its construction projects and also sell to the public 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 others being 62:38 in 2014, 77:23 in 2015 and 85:15 in 2016.

- Steel Structure Fabrication Business

The Company has manufactured fabricated steel product for supplying its construction projects and selling to the others, with the ratio of production for supplying its own projects to that for selling to the others being 94:06 in 2014, 72:28 in 2015 and 89:11 in 2016.

Revenues divided in operation categories as per the consolidated financial statements of the Company

Revenue Type	2016		2015		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction Business	7,919.19	94.72	7,202.21	93.87	6,358.52	92.23
Sale of real estate and services	113.15	1.35	238.75	3.11	244.10	3.54
Concrete Products Business	279.47	3.34	145.43	1.90	223.35	3.24
Interest Income	10.23	0.12	14.06	0.18	15.61	0.23
Other Revenues	38.90	0.47	72.36	0.94	52.21	0.76
Total Revenues	8,360.94	100.00	7,672.81	100.00	6,893.79	100.00

Separation of income in 2016

1. Income from construction business in total amount of 7,919.19 Million Baht. This consists of the Company's own income in amount of 7,515.50 Million Baht and of Utility Business Alliance Company Limited in amount of 403.69 Million Baht.
2. Income from sale of real estate and services which is sale of the Company's low-rise detached house in amount of 113.15 Million Baht.
3. Income from concrete products manufacturing business which Company's own income in amount of 272.71 Million Baht and own by subsidiary company, Advance Prefab Company Limited at 6.76 Million Baht.
4. Income from gained interests, such as the gained interest from financial institutions, joint ventures and other companies.
5. Others incomes, i.e. profits from sale of assets, project management cost and profits from exchange rates of the Company.

Marketing and Competition

1. Marketing Strategies

Important competitive strategies: Nawarat Patanakarn Public Company Limited has conducted its business for many years. The Company has enjoyed its experiences and expertise in many different types of construction works with its experienced and qualified personnel and plenty of equipment and machinery. These enable the Company to be able to fully support various types of works both from the government sectors and private sectors.

Strength: Nawarat Patanakarn Public Company Limited has the capacity to execute multiple types of work. The Company has experience and expertise in civil engineering works, such as roads, bridges, expressways, power plants, buildings, industrial plants, ports, hydroelectric dams and underground tunnels, etc. which enable the Company to continuously execute works. In case any types of construction work have dropped, the Company can maintain its business by undertaking other types of works. In addition, the Company possesses equipment, machinery and personnel thus ready to execute mega-projects and has good relationship with customers and sub-contractors; which make the Company create great opportunities to get new projects from them.

At present, the Company has an expertise in construction of large-scale utilities, such as roads, express ways, bridges, large-scale wastewater treatment systems, hydroelectric dams, ports, large-scale tunnels, with many projects are in progress of execution utilizing lots of machinery and equipment.

Weakness: Nawarat Patanakarn Public Company Limited has invested in machinery and equipment which are appropriate for executing large-scale projects. These make the Company bears higher costs and operational expenses than small contractors, if the Company obtained small-sized projects. (This is not the current policy of the Company.) Moreover, the mega-projects generally specified the requirement of the contractors' qualifications, especially experiences and sources of fund. For example, large-scale utilities that domestic contractor have never had experience before, the Company may have to cooperate with foreign companies or specialists in execution of such projects which causing the Company to have higher costs and expenses on operation and management.

Target customers: Target customers of the Company are government and private sectors including state enterprises both inside and outside the country, especially governmental works receiving financial support from Bank of Economic Development or World Bank for construction of utilities such as roads, expressways, power plants, wastewater treatment systems, etc.

Pricing policy: When quoting price for each construction project and for precast concrete piles, calculation will be based on cost and expenses of the project and will have to secure gross profit of 10-15 percent according to the project type and the competitive condition.

Investment: The Company expands its investments in businesses related to the Company's current business and other construction projects generating good outcomes in order to optimize the Company's growth and returns on investment both in short and long terms.

Human resources development: develop knowledge and ability of employees to have competitive potential as well as ethics to conduct business and improve management structure to suit and facilitate future development and expansion.

Marketing aspect: encourage potential of proactive marketing by using the Company's network and information system. Create good relationship with customers by treating them with high responsibility and good planning to deliver on-time and good quality work. Expand scope of business to work in overseas, especially in Asia and the Middle East. For domestic works, still focus on works from the government sectors such as construction of roads, bridges, water transmission tunnels, power plants, wastewater collection and treatment systems. In addition, the Company operates the manufacturing plants for concrete products and processed steel; this helps the Company to reduce construction cost and to be able to control the quality of the product to be used.

Production and services: Nawarat Patanakarn Public Company Limited manufactures and provides quality products and services with the concern of maintaining leadership of quality with no environmental and social impact. The Company also keeps seeking for new technologies to facilitate construction works and for systematically management, to prevent negative any impact on the environment, and to comply with the law on environmental protection as stated in the Company's policy.

Use of technologies: use modern technologies for construction and manufacture concrete products to be used as materials for construction and to reduce cost in long term.

2. Sale and distribution channels

Acquiring of construction works: the Company directly contacts employers either through tendering or negotiation whereas the Company would buy the bidding documents and make a calculation for price proposal in accordance with the requirements. Sometimes, the Company got a contact from employer, designer, or work supervisor due to its experience, apparent reputation in experience, potential to operate works, and quality of the preceding works that allows the employer to trust in the Company and let the Company to offer more services.

Distribution of concrete piles: the Company directly contacts the employer either through tendering or negotiation, as same as the acquiring of construction works. The deal may be limited only to supplying and driving piles or performing work of the whole project. In addition, the Company also conducts direct sales to purchasers and contractors in accordance with their required specifications. By this way, the Company would start manufacturing the products upon receiving the purchase order and the specifications from customers, since their required products may need to be manufactured in specific size and weight tolerance.

Distribution of processed steel: the Company mainly manufactures processed steel for using in the construction work by itself, using as structure of beams for bridge or using as structure for large buildings in order to reduce the construction cost. Normally, in the past five years, the proportion of manufacturing for its own usage and for sale was 80:20. However, in case there is sufficient capacity, the Company would manufacture the products as per order and requirement of customers.

3. Nature of customers

Nature of customers and relationship between customers and the Company or its subsidiaries can be divided as follows:

Construction Services: the group of customers consists of:

1. Private sectors consist of the following types of work: office buildings, industrial plants, shopping malls, real estate projects, etc.
2. Public sectors consist of government agencies and state enterprises such as Department of Highway, the Electricity Generator Authority of Thailand (EGAT), Bangkok Metropolitan Administration (BMA) etc.

The revenue proportion between the private and government sectors as described below:

Year 2014

Private Sectors	10	percent of total revenues
Government Sectors	90	percent of total revenues

Year 2015

Private Sectors	41	percent of total revenues
Government Sectors	59	percent of total revenues

Year 2016

Private Sectors	2	percent of total revenues
Government Sectors	98	percent of total revenues

The Company believes that the income from the government sectors will be increased since the Government is focusing on construction of various projects of utilities and infrastructure. Customers from the government sectors are The Bangkok Metropolitan Administration (BMA), Department of Highway, the Electricity Generator Authority (EGAT), public universities, public hospitals, state enterprises, etc. Customers from the private sectors consist of industrial factories, hotels, real estate development projects, etc.

Sales of pre-stressed concrete piles and concrete products: the Company's customers for the sale of pre-stressed concrete piles and concrete products can be divided to both private and public sectors, as same as the construction services, named as the Electricity Generator Authority of Thailand (EGAT). In addition, some concrete products are produced for using in construction projects executed by the Company itself.

Sale of processed steel: the Company's customers for the sale of processed steel are the private and the government sectors, as same as the construction services. Customers from the government sectors are Department of Highway, Department of Public Work, the Electricity Generator Authority of Thailand (EGAT), etc. In addition, the processed steel is also mainly used for projects executed by the Company itself.

Debt Collection Policy: in case any customers does not make payment in a timely manner, the Company shall calculate the interest for the delayed payment based on the payment due date. This standard is obliged to be applied for accounts receivable of both normal accounts receive and the Company related parties. However, due the current economic circumstance, the Company conceded not to charge the interest from some accounts receivable with a trivial late payment, unless those receivable who have been under prosecutions litigation process for debt repayment.

When considering of accounts receivable for unrelated parties, the Company has 12-month overdue accounts receivable before deduction of doubtful debts as at December 31, 2016 in the amount of 290.81 Million Baht, increased by 55.74 Million Baht from the amount as of December 31, 2015.

In 2016, the Company recorded the doubtful debts of all accounts receivable who have overdue payment for more than one year according to the Company's criteria and policy.

Summary of reserved recordings of doubtful debts

Transactions	Unit: Million Baht		
	Year 2014	Year 2015	Year 2016
Payment receipt from account receivables who were recorded for doubtful debts (reversed bad debts)	27.93	8.21	15.14
Additional record of periodic doubtful debts	3.73	218.43	217.02

The first three accounts receivable with the highest balances as of December 31, 2016 namely:

- 1) Mana Patanakarn Company Limited: The balance amount as of December 31, 2016 was 425.06 Million Baht. Which consisted of the three projects include:
 1. Baranee Park Romklao Village, Romklao Road, Ladkrabang, Bangkok
 2. Baranee Residence Village, Klongsam, Klongluang, Patumthani
 3. Aspen Condo, Lasalle Road (Sukhumvit 105), Bangna, Bangkok
- 2) Star Sapphire Hotel Co., Ltd.: the construction of Dawei hotel, Myanmar. The balance amount as of December 31, 2016 was 275.42 Million Baht.
- 3) Department of Drainage and Sewerage, The Bangkok Metropolitan Administration (BMA): The balance amount as of December 31, 2016 was 169.29 Million Baht. The construction project consists of
 1. the drainage system at Klongbangtoey, is an Escalation Factor
 2. the tunnel drainage under Klongbangsue from Klongladprao towards Chaopraya river

Duration of debt collection: for governmental sectors, payments will be made in accordance with the criteria stipulated by each government agencies, approximately 45 - 60 days. For the private sectors, the Company established the condition for payment within 30 days. Currently, the Company's customers arrange payments in accordance with the defined terms of payment or sometimes a little bit delay with an acceptable reason. However, for the debtors from the private sectors, some of them have not made an overdue payments for some construction projects which the work already been delivered, due to the lack of their liquidity, the Company has still continued following up their payment. In case such overdue payments have not been made for a long time, the Company will file lawsuits against the debtors to recover such debts.

4. Competitive condition within the industry

The construction industry is viewed as highly competitive. The competition is both among Thai contractors and also among Thai and foreign contractors. Due to the economic downturn in recent years, a lot of small-scale contractors have had to quit operating their businesses while at the same time the amount of domestic construction is starting to increase. In addition, there are unfavorable factors for conducting the business. For example, the rigidity of financial institution in granting loans has made contractors to face the problem of financial liquidity and the prices of construction materials has a tendency to increase which making construction cost rose.

For acquiring of the construction works from both the government and private sectors, the Company usually uses the method of tendering. In which a suitable contractor who make the lowest price proposal and has the qualifications as required would be selected. Provided there are more than one contractors participating in the price proposal session, the owner would have more chances to select the most favorable contractor. On the other hand, contractors themselves also have chances to select their desirable project and make the price proposal. Since it is a free market, the employers and the contractors have their rights to negotiate. However, the owner would be the one who defined the qualifications of the contractors qualified to participate in the bidding session and has his own right to select any contractor viewed as meeting the required criteria.

From the competitive condition, the company which is able to accept various kinds of works and has experiences and expertise in several working areas would be considered as having more advantageous than any other companies. Since if the amount of construction work of any type is a decreased, then such company may be able to acquire any other type of work instead. The important factor is to carry out work within the limitation of time.

Procurement of Products or Services

Production: for construction business, a construction site will be located at the project area in which the Company is performing works. For the production business of pre-stressed concrete products and processed steel, the Company has three supporting plants, one located on Bangna-Trad K.M. 4, one located in Bangnampriew District, Chachoengsao (the plants for manufacturing of processed steel and pre-stressed concrete steel are located in the same area) and another one located on Rama 2 Road, Muang District, SamutSakorn for manufacturing of concrete pipes.

1. Manufacturing capacity and production volume

Construction contracting business: the Company's productivity is limited by

1. Number of personnel who specialized in specific working areas such as skilled labor, especially construction laborers of special types/architectural workers
2. Amount of investment funds
3. Number of equipment and machinery

At present, Nawarat Patanakarn Public Company Limited is able to responsible for 15 to 20 projects at the same time, with the average project value of 500 Million Baht. However, it depended on the type of work, personnel, equipment, machinery and investment funds to support the project.

Manufacture of pre-stressed concrete piles and concrete products:

	2016 cu.m/year	2015 cu.m/year	2014 cu.m/year
Productivity *			
-Bangna-Trad Plant, KM 4	30,000	30,000	30,000
-Bangnampruew Plant, Chachouengsao	48,000	48,000	48,000
- The manufacturing Plant for concrete pipe and precast concrete products (Mahachai)	20,000	20,000	20,000
Total	98,000	98,000	98,000
Actual production			
-Bangna-Trad Plant, KM 4	13,947	17,893	22,810
-Bangnampruew Plant, Chachouengsao	32,175	22,876	39,370
- The manufacturing Plant for concrete pipe and precast concrete products (Mahachai)	18,393	15,217	11,533
Total	64,514	55,986	73,713
Percent of productivity	65.83	57.13	75.22
Percent of increase of production	15.23	-24.05	-5.97

Note

* Productivity means the highest capacity or ability to manufacture concrete piles in standard size. However, normally, piles are manufactured in various sizes which, comparing to the standard manufacturing capacity, make the manufactured quantity decreased.

* The Company manufactures concrete pipes to supply the wastewater treatment project at the Work Site on Rama 2 Road established for the manufacture of concrete pipes to supply the nearby project; this is to save transportation costs.

Manufacture of processed steel: Nawarat Patanakarn Public Company Limited has productivity of processed steel of approximately 8,000 tons per year and is now preparing for future productivity expansion. The Company is expanding its capacity in proportion to the increasing works.

	2016 (tons)	2015 (tons)	2014 (tons)
capacity	8,000	8,000	8,000
quantity	6,891	4,659	7,053
Percent of productivity	86.14	58.24	88.16
Percent of increase (decrease) of production	47.91	-33.94	15.25

Since the nature of business of the Company is construction business, the manufacture of concrete piles and processed steel, need to operate to meet the construction plans in each period of the Project. But there is no specific number of shifts in each manufacturing phrase unlike normal operation in industrial factory, the capacity and manufactured quantity is thus represented according to the authentic work outcomes against the manufacturing capacity.

2. Construction materials and suppliers

The main types of construction materials: the construction materials used for the Company's business operation comprise of cement, steel, concrete, sand, stone, wood and others.

The source of construction materials: the construction materials are ordered from domestic manufacturers or suppliers. In some cases, the Company may order them from abroad if conditions are considered to be better than purchasing from the domestic suppliers or sellers. At present, almost all of the Company's construction materials are provided by domestic sources.

The use of equivalent materials: In executing construction projects, some construction materials may be specified, for example concrete with compressive strength of 350 kilograms per square centimeter or equivalent, which can be available from several domestic manufacturers. By this way, the Company would forward the specifications of the equivalent construction materials to be approved by the project owner. Or in case there are no specifications required, the Company would give the first priority to ones domestically manufactured with qualified standard and reasonable prices.

Technological change and use of construction materials: since the execution of works must be in compliance with the contract. In spite of using differing construction technologies, the materials as specified in the Contract still needed to be used.

Problems related to construction materials: some time, there are some shortages or price adjustment of construction materials. In case there is a high demand of quantity, the Company would probably consider purchasing directly from the manufacturer or importing such from abroad. Since the Company has been in the business for such a long time and has had strong relationship with groups of construction materials' suppliers and manufacturers thus we confidence that quality, prices and quantity will be sufficient for continuously usage in each project. In case there are fluctuations in price of materials, the Company would get into a contract and make the order in advance, including making a fixed-price contract in case there is no information on the specific number of materials.

The number of construction material suppliers: the construction material suppliers such as cement, steel, concrete and other materials which are plenty and available such as SCG Cement-Building Materials Co., Ltd., Kim Seng Steel Co., Ltd., Siamchai Steel Co., Ltd. and The Concrete Products And Aggregate Co., Ltd. The Company has conducted the construction business for a long time and has had strong relationship with plenty of suppliers and manufacturers who have consistently maintained good business contact with the Company. Thus, there is no problem in supplying construction materials.

Proportion of material purchased in and outside of the country: The construction materials that the Company used are mainly provided by domestic suppliers. The quantity and type of materials used each year depends on types of construction specified in each project. For example, road construction requires the use of a large amount of sand, gravel, asphalt while building construction may require plenty of concrete and steel rods. Notwithstanding, no construction material is used more than 50 percent of the overall production cost. The purchase balance for main construction materials such as cement, concrete, steel rods, stone, sand, the Company purchased from domestic supplier no higher than 30 percent of the overall purchasing value for each year. Also, there is no binding agreement in purchasing construction materials from any specific manufacturers or suppliers. Change in price of construction materials in a given period of time is according to market mechanism and condition during that time. Price of some materials was under the government's control.

3. Environmental Impact

The construction process normally initiates an environmental impact either in the type of sound, dust or vibration which the Company has prevented the impact on local community and also the people in the nearest area with the following schemes:

- 3.1 Preventing the dust by covering the building which under construction or regularly watering the road which under construction.
- 3.2 Using the qualified machine which would not create noisy. In any cases which the Company required a noisy machine, we would avoid conducting such activity at night.
- 3.3 Announce to the local community in the nearest area to make the mutual understanding about the construction process and developing a positive relationship with them.

For the past 3 years until now, the Company and subsidiary companies never had any issue regarding an environmental impact. Though, in order to minimize the uncertainty, the Company has managed its insurance in every construction projects to deal with any charge of environmental impact.



Risk Factors

Risk Factors

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

1. The Economy and Economic Growth

Growth The construction contracting business directly relates to the country's economy and economic growth. The Company's operation has been inevitably affected by the recession. However, the Company has the ability to acquire various types of project which help diversified risks and minimized potential damage that might occurred. The economy adjusted positively in a short-time period resulting in a little increased in the Company's expansion rate. However, the downturn had finally made a comeback. To survive in the industry, the Company has tried to acquire works in the field it mostly specializes with a fewer 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 sectors is risky in terms of the employers' liquidity; as a result, more precaution has to be taken in execution of various projects whether within or outside of the country. At present, domestic works make up 94 percent and another 6 percent goes to those from overseas which is the construction of road (BAN HUAG (PHAYAO)-MUANG KHOB-MUANG XIANG HONE ROUTE and MUANG KHOB-BAN PAKKHOB-BAN KONETEUN ROAD IMPROVEMENT PROJECT contracted with the Government of Laos PDR, with the project value amounting 613 Million Baht. The project duration is from May 2014 to November 2016. Since it is a short-term project and the project price is in Thai Baht, there is no risk in an exchanging rate.

2. Changes in materials' prices

Changes in materials' 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 considered as 20 percent of the overall construction cost, directly affects any road construction and will also have an effect on the transportation cost for other materials. Even though the prices of oil and main material such as steel have at some level gone down in the past years, but it could not be assured that there will not bounced back to the same level. Thus, this raises the risk of bidding for construction in this situation. In addition, the costs of imported materials will also depend on the adjustment of exchanging rates. However, the Company has arranged for the protection of any risks posed by the adjustment of the construction material prices 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; some computer programs are used in effectively listing and recording inventories. This saves the Company's expenses for keeping too many stocks. If, at the same time, the price drastically went down due to the global market such as steel structure which continuously decreased from an average price of 19,800 Baht per ton (in 2013), went down to 12,500 Baht per ton (in 2014) and 15,000 Baht per ton (in early 2015), then the company would immediately undertake to purchase for the sake of stock management and to reduce price risk. In this connection, in terms of selecting works to serve the need of manage price adjustment risk, the Company divides the customers into:

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

The Company has tried to increase the proportion of government work since some of its contract provides an adjustment of material prices. The proportion of income from the private and government sectors has been presented as follows:

Year 2014

Private sectors	10 percent of total revenue
Government sectors	90 percent of total revenue

Year 2015

Private sectors	41 percent of total revenue
Government sectors	59 percent of total revenue

Year 2016

Private sectors	2 percent of total revenue
Government sectors	98 percent of total revenue

3. Lack of the Construction Workforce

Lack of the Construction Workforce The recovering of real estate segment results in competitions among contractors over labors. Generally, there are no sufficient labors during important holidays such as New Year and Songkran holidays. An incentive in the form of increased overtimes is necessary to improve in such situation. The operation cost consequently increases in certain times of the year. In general, the Company barely faces a problem with normal labors; on the other hand, when it comes to more 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 together with the negotiation in advance with the highly skilled labors. However, the Company has currently recruited foreign labors to supplement its workforce and help easing 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 shall not be higher than 15 percent 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 labors. For example, the Company hires an agent who takes responsibilities for supplying, importing and training foreign labors to be in good order and in line with regulations and to provide them with welfare. All these together with the effectively imposed punishment system make the foreign labor management highly efficient and worth investing. Now there are approximately 1,200 foreign labors with the rate of 1: 2 in proportion to the Thai labors (There are around 2,400 Thai labors).

4. Unpredictable Difficulty

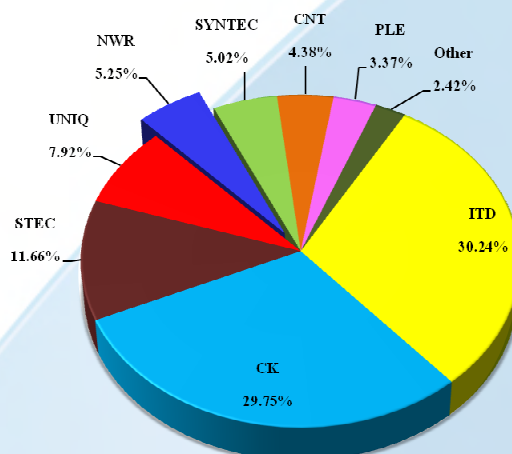
Unpredictable Difficulty Although contingency costs are explicitly part of the total cost estimate, limitations in terms of time or unpredictable problems such as floods or other natural catastrophes still adversely affect projects and no compensation can be sought from customers.

5. Free Trade in Service Sector

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 increased in the number of foreign competitors. The Company realizes the need to develop its manpower, construction equipment and techniques to be able to compete with other companies in the long term.

From the ranking of construction companies listed on the Stock Exchange of Thailand in year 2016 which earning more than 5,000 Million Baht per year, the Company is ranked in 5th out of 8 companies with a 5.25 percent market share.

Market Share of Construction Company Listed
on the Stock Exchange of Thailand in 2016



6. Factors of capital and interest rates

Factors of capital and interest rates The construction business requires high working capital, especially for projects with high investment in machinery. Therefore, if the Company faces the difficulty in finding sources of financial support, the project operation can be in trouble. Thus, the Company plans to fix this problem by obtaining more loans from commercial banks and other financial institutions in order to reserve for the expansion of the Company's work. Also, to create more options, the Company has issued the three-year debentures for using in investments and as its working capital. In addition, risk of potential fluctuations in an interest rate may affect the Company's operation and cash flow as well. The Company does not use derivative financial instruments to hedge such risk.

There are two interest rates for loans granted from financial institutions to the Company, divided as follows:

1. Fixed interest rate, the loans from financial institutions under the lease period of 48 months, with the flat interest rate of approximately 2.30 - 3.15 per year. As of December 31, 2016, the Company's total debt was equal to 390 Million Baht and the total debt of the Company's group was equal to 398 Million Baht.
2. Adjustable interest rate based on the Minimum loan rate (MLR) or Minimum overdraft rate (MOR) of commercial banks, the lenders, which MLR is equal to 6.275 percent per year and MOR is 7.210 per year. As of December 31, 2016, the loan amount of the Company itself was equal to 18.99 Million Baht and the total loan amount of the Company's group was equal to 1,118 Million Baht.

7. The risk of being unable to meet the needs of the real estate customers

The risk of being unable to meet the needs of the real estate customers For the past 5 years, The Company has expanded its business in the field of real estate development investment through joint venture with other developers in three projects. However, at present the Company, by itself, operating 2 projects namely Neo De Siam and Villa Baranee which are a low-rise housing project. The Company has at all times received good response from customers. Nevertheless, if the market is fluctuated, the Company would engage a marketing researcher to help in decision making before investment in any project, in order to reduce the risk of such investments.

(Unit: Million Baht)

	Year 2016	Year 2015	Year 2014	Year 2013
Revenue from construction	7,919.19	7,202.21	6,358.52	5,157.07
Revenue from real estate development	113.15	238.75	244.10	112.68
Revenue in proportion to construction (%)	1.43%	3.31 %	3.84%	2.18 %

8. Joint Ventures' ability or inability to comply with Joint Venture agreements

Joint Ventures' ability or inability to comply with Joint Venture agreements In some cases, the Company is obliged to get into bidding under the name of "Joint Venture", working hand in hand with other Joint Venture companies. However, working in such form will become successful or not, it would depend on both the abilities of the Company itself and those of other Joint Venture companies. If the other parties happen to face problems whether in term of financial or operational or in other words if they could not perform their duties in accordance with the Joint Venture contract, all parties involved will suffer bad effects from such situation. If, however, they are able to tackle the problem well enough and continue working together, there will not be much effect to the Company. On the other hand, in case their problems could not be solved, the Company may have to help them solving their problem by putting more investment money into the Project to prolong their operation (if the problem is about financial) or by sending an expert to help if they are facing operation difficulty. Previously, the Company has never faced any problems in 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 which may damage to the business, the Company has established the committee for risk management to set up the risk management policy and a risk management manual.

The purpose of establishing the risk management manual is to get all employees to acknowledge 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. Employees 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 good results in different aspects to all stakeholders, all employees, the Company and to the society as a whole.

The Risk Management Committee regularly holds meetings to set up the risk management policy. 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 for training the employees to continuously have them 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 to learn, understand, recognize its importance and continually practicing it.
2. Risk management will be 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 its objectives.

9. Risk from the terms and conditions of the rights and duties of the debenture issuer and the debenture holders

Risk from the terms and conditions of the rights and duties of the debenture issuer and the debenture holders “Unsecured debentures of Nawarat Patanakarn Public Company Limited No. 1/2015 shall be due in 2018” which is not in compliance with the standard of the terms and conditions of the rights and duties of the debenture issuer and the debenture holders of Securities and Exchange Committee (SEC). The regulation on the rights and obligations of the debenture issuer and the debenture holder is an important document to enforce the repayment of such debentures. Therefore, SEC regulated that any issuance or offering of debentures need to stipulate the terms and conditions between the debenture issuer and the debenture holders. The general terms and minimum conditions shall be as per Section 42 of the Securities and Exchange Act. Nevertheless, the terms and conditions of the rights and duties of the debenture issuer and the debenture holders of the Company which stated that “the unsecured debentures of Nawarat Patanakarn Public Company Limited No. 1/2015 shall be due in 2018” (the “Terms and conditions”) is differ from SEC’s standard requirements, details as follows:

- (1) Articles 6.3 to 6.15 of the Terms and conditions defined the Company’s obligations in addition to the standard rights requirement, i.e. taking the best effort in conducting appropriate and effective business and complying with the law on Securities and Stock Market and other related laws; taking the best effort in maintaining the status of being a listed company in the Stock Exchange of Thailand; maintaining the Net Debt to Equity Ratio; the obligations of not selling or transferring any part or all of the debenture issuer’s assets essential for conducting his business except that the said action shall not significantly pose any negative effect to the debenture issuer’s ability to make the repayment of such debenture to the debenture holders; the debenture issuer’s cancellation of dividend payment in cash to the shareholder in case the debenture issuer’s default in payment of interest or any other payments relating to debenture in pursuant to Terms and conditions; and forwarding the copy of the financial statements, reports and documents to the debenture holder’s representative.
- (2) Article 7.1 to 7.3 of the Terms and conditions defined the Company’s obligations in addition to the standard rights requirement, for instance: the debenture issuer is a juristic person in the category of Public Company Limited that has registered in compliance with the Law of Thailand and listed on the Stock Exchange of Thailand and is granted the legal rights to fulfill its business objectives. The debenture issuer guarantees each of the debenture holders that the issuance and offering of debenture or any actions performed by the debenture issuer relating to the issuance of debenture are lawful actions and are in conformity with the objectives, requirements set and with the shareholders’ meeting resolution and all the rules and regulations of the SEC. Moreover, it is not considered as breaching or avoiding any obligations, commitments, certifications or any agreements made by the debenture issuer or entered into with any other persons as of the date of debenture issuance. According to facts and information the debenture issuer knows or should know of, no arbitration process or court proceeding has been conducted and no one has filed a lawsuit against the debenture issuer, seized, or sequestered any assets or rights of the debenture issuer, which shall significantly give a negative effect to the debenture issuer’s financial status and his ability to make the repayment of debentures.
- (3) Article 11.1 of the Terms and conditions which indicated an attenuation on the cause of default in which the Company has not made repayment of the debentures on the due date due to the delay of money transferring system and if such default is remaining in a period of three working days from the repayment due date. Such Terms and conditions is differ from the standard right requirement in that article 4 of the standard rights requirement has on attenuation on the period of time in case of the delay of money transfer system. The Terms and conditions indicating the cause of default in repayment of any debts more than the overall amount stipulated in

the standard rights requirement in Article 4. The Terms and conditions indicated the cause of the default in case the Company faces final court judgment or final arbitral ruling that it has to make a payment at one or more times in the amount of higher than 300,000,000 Baht (or other equivalent currencies). An additional condition that in case the debenture issuer has the ability to repay such debt in all amount within the time period required by the final court decision or arbitral ruling and the repayment of debt has no effect to the debenture issuer's ability to make the repayment of debenture, this shall not be deemed as a default, which differed from the standard rights requirement of SEC. Because Article 4 of the standard right requirement has not mentioned of the additional exception. Therefore, the Terms and conditions specified other circumstances that the standard rights requirement does not generally regulated.

- (4) Article 12.3 of the Terms and conditions stated more apparent details on the shareholders' meeting than the standard rights requirement.

In addition to the above said matters, there are others requirements in the Terms and conditions which differ from those indicated in the standard rights requirement, for example, the Company's statement of testimony, the transfer of debentures, the amendment of the Terms and conditions, and the appointment of the debenture holder's representative. Please study additional information on the different and similar contents-- for the offered debenture compared with the standard rights requirement of SEC as enclosed in Attachment 6, labeled "Summary of the differences between the Company's the Terms and conditions and the Office of SEC's standard rights requirement".

10. Complying with terms and conditions for the Company's debentures

Complying with terms and conditions for the Company's debentures The Company is required to maintain "Net Debt to Equity Ratio" throughout the term of such debentures 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" as defined in the terms and conditions of the rights and duties of the debenture issuer and the debenture holders are as follows:

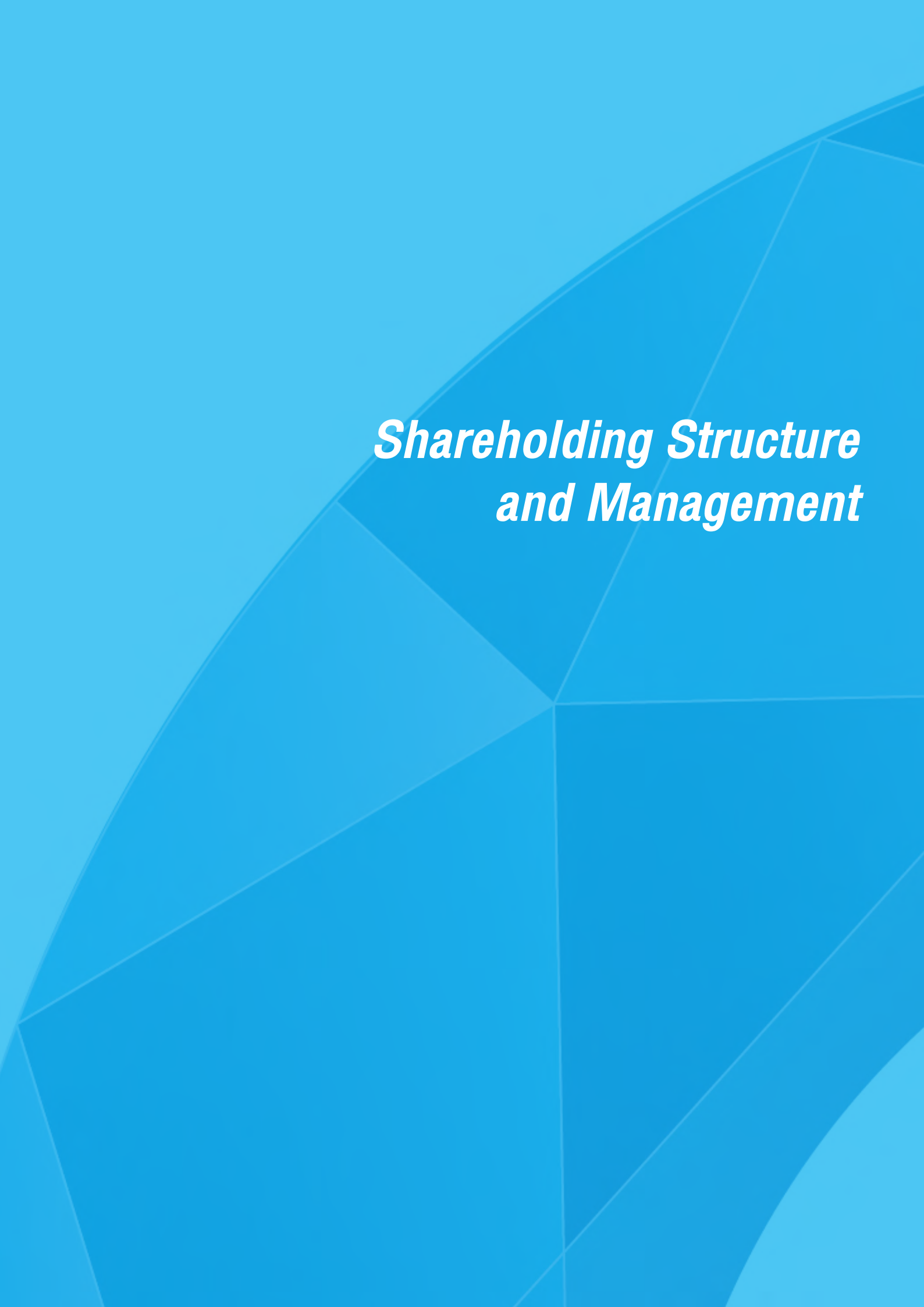
"Net Debt" means the gross number of debts declared in the debenture issuer's consolidated financial statement less cash and cash equivalents.

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

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

As of December 31, 2016, the Company recorded the ratio of 2.18 : 1

If, during the 3-year term of debenture, there is any tendency that the ratio of Net Debt to Equity will be more than 2.5 : 1, the Company shall solve this by reducing other loan burdens or increasing the shareholder's equity to a sufficient level.



Shareholding Structure and Management

Shareholding Structure and Management

Securities of the Company and Shareholders

1 Securities of the Company

Nawarat Patanakarn Public Company Limited was registered on May 31, 1976 with the registered capital of 4 Million Baht. The capital has been gradually increased. In 1995, the capital was increased from 400 Million Baht to 500 Million Baht by way of shares distribution to domestic and overseas investors. On September, 1995, the Company was incorporated as a listed company on the Stock Exchange of Thailand. As at December 31, 2016, the Company has its registered capital of Baht 2,585,481,515 and paid-up capital of Baht 2,585,481,515 divided to 2,585,481,515 common shares at the par value of 1 Baht per share.

2 Shareholding Structure

The top ten shareholders as of December 30, 2016 are as follows:

Rank	List of shareholders	Nationality	As of December 30, 2016	
			Number of Shares	%
1.	The Karnasuta (See Note)	Thai	296,334,554	11.461
2.	Thai NVDR Company Limited	Thai	123,401,288	4.773
3.	Mr. Pravit Poonphetkul	Thai	58,000,000	2.243
4.	Mr. Thaweechat Chulangkul	Thai	34,521,900	1.335
5.	Mr. Suthep Satebunsang	Thai	32,700,057	1.265
6.	Mr. Nattapong Phanrattanamongkol	Thai	25,950,300	1.004
7.	Mr. Suwat Lertpanyarot	Thai	17,557,182	0.679
8.	Mr. Natthaphat Rangson	Thai	16,700,000	0.646
9.	Mr. Ratchaphon Napanopparatkaew	Thai	15,897,735	0.615
10.	Mrs. Narumpa Kuntangwattana	Thai	15,285,713	0.591
11.	Other Shareholders		1,949,132,786	75.388
	Total		2,585,481,515	100.000

NOTE: The Karnasuta shareholders include:

1. Mr. Mana Karnasuta	amount 5,598,695 shares
2. Mrs. Nawarat Karnasuta	amount 443 shares
3. Mr. Polpat Karnasuta	amount 272,410,285 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 7,453,573 shares
8. Mrs. Anatchanit Karnasuta	amount <u>18,278</u> shares
Total	amount <u>296,334,554</u> shares

3 Dividend Payment Policy

1. The Company has the policy to pay dividends of not less than 50 percent of the net profit, except in the case that the Company requires the money for a working capital, business expansion or other factors relating to its management.
2. The dividend payment policies of the subsidiaries and associated companies have not been set up yet.
3. Profit sharing in Joint Ventures are allocated year by year or upon completion of work or in accordance with the determination of the Joint Ventures.

4 Debentures and Bill of Exchange

As of December 31, 2016	The Company's total outstanding debts of Debentures were 3,000 Million Baht.
As of December 31, 2016	The Company has no debt of Bill of Exchange.

Organization Structure

The Management structure of the Company consists of the Board of Directors, the Audit Committee, the Executive Committee and the executives.

Board of Directors

The Annual General Meeting of Shareholder in the year 2015 held on April 30, 2015 resolved to approve the composition of the Board of Directors consisting 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 the Audit Committee
4. Mr. Apichart Dharmasaroja	Independent Director and Member of the Audit Committee
5. Mr. Polpat Karnasuta	Director, President and Chief Executive Officer
6. Mr. Sook Sueyanyongsiri	Director and Senior Vice President
7. Mrs. Wattana Samanawong	Director and Senior Vice President

Noted :

- The first Director, Mr. Mana Karnasuta resigned from the Chairman position in May 1, 2016. Then, Mr. Nattaphorn Bhromsuthi takes the position as Independent Director which effected on May 10, 2016 onwards.
- The second Director, Mr. Prasertphand Pipatanakul takes the position as Chairman after Mr. Mana Karnasuta resigned which effective on May 10, 2016 and resigned from the Chairman of the Audit Committee position on June 22, 2016.
- The third Director, Mr. Niyom Niyamanusorn was appointed by the Board of Directors Meeting to hold the position of Chairman of the Audit Committee instead of Mr. Prasertphand Pipatanakul who previously resigned from the Chairman of the Audit Committee position which effective on July 14, 2016 onwards.
- The Seventh Director, Mrs. Wattana Samanawong resigned from the Director and Member of the Executive Committee position and Ms. Pakatip Lopandhsri was appointed instead which effective on January 1, 2017 onwards.

After resignation and designation, the Board of Directors is currently consisting of seven directors as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Prasertphand Pipatanakul | Chairman, Member of the Audit Committee and Independent Director |
| 2. Mr. Niyom Niyamanusorn | Chairman of the Audit Committee and Independent Director |
| 3. Mr. Apichart Dharmasaroja | Independent Director and Member of the Audit Committee |
| 4. Mr. Nattaphorn Bhromsuthi | Independent Director |
| 5. Mr. Polpat Karnasuta | Director, President and Chief Executive Officer |
| 6. Mr. Sook Sueyanyongsiri | Director and Senior Vice President |
| 7. Ms. Pakatip Lopandhsri | Director and Senior Vice President |

Responsibilities of the Board of Directors

According to the Articles of Association, the directors are responsible for managing the Company in line with objectives, articles of association, and resolutions of the shareholders' meetings with integrity as well as maintain the Company's benefits. The Board may assign a director or directors or any other persons to undertake any works on behalf of the Board, except for matters required by law which required to obtain an 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 Company's capital.

Signing and binding by Directors

Two directors sign and affix the corporate seal with no exception. Independent directors or member of Audit Committee are prohibited to be a signatory while every director can be.

Composition and Appointment of the Board of Directors

The Board of Directors consists of not less than five persons appointed by the meeting of shareholders. Not less than half of all directors shall have residence in the Kingdom of Thailand.

In the election of directors, a shareholder has one vote for each share held. Each shareholder is required to exercise all their votes to elect one or several persons as director(s), but he/she may not allot his/her votes to any person in any number. The persons receiving the highest votes shall be elected as a director in respective order of the votes for the number of directors of the Company, or for the number of directors which should be elected at such election. In case of tie votes causing the number of person elected to be in excess of the number to be elected in such meeting, the chairman shall have a casting vote.

At every annual ordinary meeting of shareholders, one-third (1/3) of the directors of the Company shall retire from the position. If the number of directors cannot be divided into a multiple of three, the number of directors nearest to one-third (1/3) shall be retired. The directors to be retired from his/her position in the first and second year following the registration of the Company shall be made by drawing lots. For subsequent years, the director who has held the position longest shall be retired. The retiring directors shall be entitled to be re-elected.

Executive Committee

The meeting of the Board of Directors No. 3/2015 on March 13, 2015, resolved to appoint the Executive Committee consisting of:

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

NOTE: The fourth member, Mrs. Wattana Samanawong resigned from Member of the Executive Committee and Ms. Pakatip Lopandhsri was appointed instead which effective on January 1, 2017 onwards.

Duties and responsibilities of the Executive Committee

The meeting of the Board of Directors No. 9/2015 on September 17, 2015, approved the duties and responsibilities of the Executive Committee as follows:

1. Formulate the Company's business strategies and business operation plan; oversee and monitor the compliance of the corporate governance principles and the operating results of the Company to be the most effective and efficient.
2. Review the Company's operational performance from time to time to find prompt solutions to achieve the planned business targets.
3. Review and endorse on annual budgets and large scale of investment projects of the Company before submitting to the Board of Directors for approval.
4. Set up organizational structure and carry out efficient management covering recruitment, trainings, employment, termination of employment and compensation of executives and employees.
5. Due to the authorized power, to act as a representative to exercise business transactions on behalf of the Company within the limits of authority defined in the Corporate Governance policy and the Company's regulations.
6. Provide an advice to the Board of Directors for making any decisions on important issues.
7. Execute other duties as assigned by the Board of Directors.

The quorum of the Executive Committee meeting shall consist of the directors of not less than a half of the total number of directors.

Audit Committee

The meeting of the Board of Directors No.1/2006 on February 9, 2006 resolved to appoint the Audit Committee with the two years term. Names of the Audit Committee's members who are independent directors are as follows:

- | | |
|---------------------------------|----------------------------------|
| 1. Mr. Niyom Niyamanusorn | Chairman of the Audit committee |
| | Office term ending in April 2018 |
| 2. Mr. Prasertphand Pipatanakul | Member of the Audit Committee |
| | Office term ending in April 2018 |
| 3. Mr. Apichart Dharmasaroja | Member of the Audit committee |
| | Office term ending in April 2017 |

NOTE: Mr. Prasertphand Pipatanakul resigned from the Chairman of the Audit Committee position which effective on June 22, 2016. Then, Mr. Niyom Niyamanusorn was appointed by the Board of Directors to hold the position of Chairman of the Audit Committee instead which effective on July 14, 2016 onwards.

Duties and responsibilities of the Audit Committee

1. Ensure the accuracy, completeness, reliability and timely information disclosure of the financial statements report.
2. Ensure that the Company has sufficient, appropriate and effective internal control and internal audit system.
3. Ensure that the Company has duly complied with the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and other regulations and laws related to the Company's businesses.
4. Consider, select and nominate an independent person to be the Company's auditor and propose such person's remuneration.
5. Consider the Company's disclosure on the related transactions or the transactions which may lead to conflicts of interests with accuracy and completeness.
6. Prepare the Audit Committee's annual performance report and disclose it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee.
7. Review the related transactions or the transactions that may lead to conflicts of interests of the Company and its subsidiaries to make sure that they are in compliance with the law and regulations stipulated by the Stock Exchange of Thailand.
8. Ensure that the Company has sufficient, appropriate and effective risk management system.
9. Review and provide opinions to the Internal Audit plan, performance of the Audit Department and cooperation with the external auditors.
10. Approve the appointment, transfer, and dismissal and evaluate performance of the General Manager of the internal audit department or related parties.
11. Report performance of the Audit Committee to the Board at least 4 times per year.
12. Execute other duties as assigned by the Board of Directors.

If the audited items concern an Audit Committee member or persons who gain or lose any interest or have conflict of interests with the Company and/or subsidiary companies, the committee member who is involved with the said matters is deemed to have no rights to approve the item.

Scope of duties of the Chief Executive Officer

The Board of Director's Meeting No. 8/2016 held on July 14, 2016 resolved the appointment of Mr. Polpat Karnasuta as Director and President to take a position of the Chief Executive Officer instead of Mr. Mana Karnasuta who previously resigned.

The meeting of the Board of Directors No.6/2006 on July 3, 2006 resolved to authorize the Chief Executive Officer to manage and oversee the Company's business operation in accordance with the Company's policy and the requirements stipulated in the Memorandum of Association covering but not limited to the following authorities:

1. To open/close and deposit/withdraw from saving accounts with finance institutes both inside and outside the country.
2. 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 2,000 Million Baht per transaction for contingent liability) whether inside or outside the country, based on the consideration of the Company's liability values as follows:
 - Direct Liabilities, and
 - Contingent Liabilities
3. To apply for a credit, mortgage or put up other securities (with the scope of liability not over 1,000 Million Baht per one deal for direct liabilities and not over 2,000 Million Baht per one deal for contingent liabilities) whether inside or outside the country.

4. To invest and buy/sell investment units (not exceeding 200 Million Baht per one time) both inside and outside the country.
5. To invest and sell investments in other companies (not exceeding 200 Million Baht per one time) both inside and outside the country.
6. To buy/sell fixed assets such as land and machinery (not exceeding 200 Million Baht of the book value per transaction) both inside and outside the country.
7. To perform any matter as assigned by the Board of Directors which shall not be conflicted 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 he or any persons who may have conflict or indirectly get involved in the conflict of interests with the Company and/or subsidiary companies according to the regulation of the Stock Exchange of Thailand and/or the Securities and Exchange Commission's announcements. Such transactions are required to be proposed to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations or applicable laws.

Scope of duties of the President

The Board of Directors' Meeting No. 6/2006 held on July 3, 2006 resolved the approval to authorize the President to manage and oversee the Company's business operation in accordance with the Company's policy and the requirements stipulated in the Memorandum of Association which covering but not limited to the following authorities:

1. To govern/manage the day-to-day operation of the Company. Monitor and evaluate the Company's 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. Including arrange any 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. Including determination of salaries, remunerations, bonus payments and welfare for all corporate employees.
3. To have the authority to take legal actions, withdraw charges, defense against any lawsuit, request the execution of court decision, 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 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 1,000 Million Baht per transaction for contingent liability) whether inside or outside of the country based on the consideration of the Company's liability values as follows:
 - Direct Liabilities, and
 - Contingent Liabilities
6. To apply for a credit, mortgage or put up other securities (with the scope of liability not over 500 Million Baht per one deal for direct liabilities and not over 1,000 Million Baht per one deal for contingent liabilities) whether inside or outside the country.

7. To invest and buy/sell investment units (not exceeding 100 Million Baht per one time) both inside and outside the country.
8. To invest and sell investments in other companies (not exceeding 100 Million Baht per one time) both inside and outside the country.
9. To buy/sell fixed assets such as land and machinery (not exceeding 100 Million Baht of the book value per transaction) both inside and outside the country.
10. To perform any matter as assigned by the Board of Directors, which is not in conflict 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 he or any persons who may have conflict or indirectly get involved in the conflict of interests with the Company and/or subsidiary companies according to the regulation of the Stock Exchange of Thailand and/or the Securities and Exchange Commission's announcements. Such transactions are required to be proposed to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval as specified by the Company's regulations or applicable laws.

The Company's executives as of December 31, 2016 are as follows:

Name	Position
1. Mr. Polpat Karnasuta	President and Chief Executive Officer
2. Mrs. Wattana Samanawong	Senior Vice President of Finance & Administration Department
3. Mr. Sook Sueyanyongsi	Senior Vice President of Operation Department & Acting Vice President of Project Management Department 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 Chaithaniyachart	Vice President of Estimate Department
10. Mr. Somchai Woonprasert	Vice President of Project Management 3 Department
11. Ms. 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 and the 11th name are executives according to the definition of the Securities and Exchange Commission.

NOTE: The Company's executive number two, Mrs. Wattana Samanawong resigned from Member of the Executive Committee and Ms. Pakatip Lopandhsri, the 11th executive, was appointed instead which effective on January 1, 2017.

Employees

As at December 31, 2016 / 2015 / 2014, the Company had employees of 3,391 / 3,563 / 4,357 respectively, divided into full time engineers 371 / 350 / 290, other monthly employees 671 / 676 / 639 and daily wages workers 2,349 / 2,537 / 3,428. Total Employees' compensation including salaries, wages, overtimes, allowances and bonuses in 2016, 2015 and 2014 were Baht 872,649,919.43 / 870,933,115.44 / 795,887,737.81 respectively.

The higher number of employees resulted in the increase of the compensation expenses, but it remained in the proportion of the increasing incomes. According to the Company's single financial statement, the incomes for the years 2016 / 2015 / 2014 were Baht 8,128,844,422 / 7,696,599,022 / 6,544,067,415 respectively.

The Company has a policy to develop employees by providing them both academic seminars and on-the-job training which relating to their work responsibilities, and sponsor a scholarship for the fields that enhancing their work effectiveness.



Related Party Transactions

Related Party Transactions

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

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Amount in 2016	Amount in 2015	Balance as of December 31, 2016		Remark
				Transaction in the balance sheet	Amount	
1. Nawarat - A.S. Associated Joint Venture				Earned Revenues not yet bill	8	The Company jointly invested with A.S. Associated Engineering (1964) Co., Ltd. in the joint venture in proportion of 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 was completed in January 2007 and the construction warranty period ended on August 2009.
				Less Allowance on doubtful accounts	(8)	
					0	
2. Obayashi - Nawarat Joint Venture				Joint-venture Investment	1	The Company jointly invested with Obayashi Corporation Co., Ltd. (Bangkok Branch) in the joint venture in proportion of 30:70 to construct the underground power line for the Metropolitan Electricity Authority in conjunction with Sojitsu Corporation and Exim Corporation under NEON Consortium. The project value consisted of two currencies, 4,511 Million Yen and 1,297 Million Baht. The project completed April 2009 and the construction warranty period ended on February 2017.
				Less Impairment	(1)	
					0	
3. A.S. - Nawarat Joint Venture	Interest Expense	-	-	Accrued Interest	5	The Company jointly invested with A.S. Associated Engineering (1964) Co., Ltd. in the joint venture in proportion of 50:50 to jointly undertake the construction of Ua Arthorn Project of the National Housing Authority.
				Joint-Venture investment	5	
				Less Impairment	(5)	
					0	

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
4. Myanmar NWR Company Limited	Interest Income	3	2	Short-term loans	58	1. The Company invested in Myanmar NWR Company Limited by holding 100% of the shares. 2. The loan interest rate at 5.0% per year.
				Accrued Interest Income	14	
				Less Allowance on doubtful accounts	(72)	
				Investment in subsidiary companies	0	
				Less Impairment	3	
					(3)	
					0	
5. Utility Business Alliance Co., Ltd.	Service Revenue	1	1	Short-term loans	61	1. The Company invested in Utility Business Alliance Co., Ltd. by holding 60% shares. 2. The loan interest rate at 6.5 percent per year.
	Construction Cost	<0.5 MB.	<0.5 MB.	Investment in subsidiary companies	28	
	Interest Income	4	6			
6. C.I.N. Estate Co., Ltd.	Service Revenue	15	7	Short-term loans	12	1. It is the former joint investment between Nawarat Patanakarn Public Co., Ltd. and Charn Issara Development Public Co., Ltd. in proportion of 40:60 to undertake the construction of a condominium at Ladprao Road between Soi 12-14 called "The Issara Ladprao" and another one at Suksawat Road called "ISSI". Later, in September 2015 the Company sold this company's total number of 999,997 shares amounting 161 Million Baht to Mana Patanakarn Company Limited, the Company's subsidiary company which conducting the real estate business. 2. The loan interest rate is according to MLR of Krungthai Bank PCL.
	Interest Income	1	1	Accounts Receivable	1	
	Sale/rental/service revenue	<0.5 MB.	-			
7. VSPN Property Co., Ltd.	Sale/rental/service Revenue	<0.5 MB.	<0.5 MB.	Short-term loans	9	1. This associated company is 25% owned by the Company to develop the residential housing units in Banglamung District, Chonburi province, which is now under construction. 2. The loan interest rate at 19% per year.
	Management Income	-	<0.5 MB. <0.5 MB.	Investment in associated companies	25	
	Interest Income	1				

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
8. K Alliance Co., Ltd.	Sale/rental/service Revenue	<0.5 MB.	16	Accounts Receivable	6	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, the younger sisters of Mr. Polpat Karnasuta are the authorized directors and the shareholders of K Alliance Co., Ltd, with Mr. Polpat Karnasuta holding the position of Chief Executive Officer and the company's President. 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	-	-	Less Allowance on doubtful accounts	(1)	
	Profit(loss) from disposal of assets	-	-		5	
	Interest Expenses	-	-			
	Bad debt recoveries	6	-			
9. E.G.G. Enterprise Co., Ltd.	Sale/rental/service Revenue	1	1	Accounts Receivable	<0.5 MB	1. Mr. Polpat Karnasuta, the Chief Executive Officer and the Company's President, 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.
				Deposit Rental Buildings	<0.5 MB	

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
10. Ruen Rapee Co., Ltd.	Bad debt recoveries	-	4	Accounts Receivable Less Allowance on doubtful accounts	41 (41) 0	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, the younger sisters of Mr. Polpat Karnasuta, are the authorized directors and the shareholders of Ruen Rapee Co., Ltd. with Mr. Polpat Karnasuta holding the position of Chief Executive Officer and the Company's President. 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 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 in the second quarter of 2009, more houses and land in the Project in amount of 57.48 Million Baht were transferred to the Company as another repayment of such a debt. 4. As of December 31, 2016, the shareholders of Ruen Rapee Co., Ltd. consisted 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)

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
11. East Bangkok Assets Co., Ltd.	Construction Revenue	-	-	Accounts Receivable	26	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, the younger sister of Mr. Polpat Karnasuta, are the authorized directors and the shareholders of East Bangkok Assets Co., Ltd., with Mr. Polpat Karnasuta taking the position of Chief Executive Officer and the company's President. 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 Churnchon, Sri Nakharin Road and the other is called "De Siam" project located at Soi Chaloemphrakiat Ror 9, No. 38. 3. The fourth quarter of 2009, East Bangkok Assets Co., Ltd. transferred the land at "De Siam" project amounting 34.5 Million Baht as partial repayment of its debt to the Company. 4. As of December 31, 2016, shareholders of East Bangkok Assets Co., Ltd. consisted of: Mrs. Sutasanee Karnasuta 599,998 shares, Mrs. Sutheera Phuttharee 1 share, Mrs. Benja Yiemphu 1 share The 200,000 capital increase shares of Mrs. Sutasanee Karnasuta were already paid up at a par value of 30 Baht per share out of the total value of 100 Baht per share. (Please see Additional Notes at end of the table)
	Bad Debt Recoveries	<0.5 MB	-	Less Allowance on doubtful accounts	<u>(26)</u>	
					<u>0</u>	

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
12. New Decade Co., Ltd.	Construction Revenue	3	2	Accounts Receivable	101	1. Mrs. Sutasanee Karnasuta, the younger sister of Mr. Polpat Karnasuta, is the authorized director of New Decade Co., Ltd., with Mr. Polpat Karnasuta taking the position of Chief Executive Officer and the company's President. 2. Mrs. Sutheera Phuttharee, the younger sister of Mr. Polpat Karnasuta, is the authorized director and the shareholder of New Decade Co., Ltd. 3. The main business of New Decade Co., Ltd. is construction business, with works subcontracted from the Company for construction of bridge at Koh Yor and construction of road, Chonburi- Pattaya Route, Section 3. In executing those projects, there were some items of construction materials which could not be purchased under good conditions and at reasonable prices. The purchase of such materials was, therefore, made from the Company. 4. As of December 31, 2016, shareholders of New Decade Co., Ltd. comprise: Mrs. Sutheera Phuttharee 220,000 shares, Mr. Wasin Phuttharee 10,000 shares, Mr. Satta Chavarit 10,000 shares, Mr. Kantarit Tamanruksat 20,000 shares, Mr. Rangsan Boontaem 10,000 shares, Mr. Kasemsuk Paisansrisin 20,000 shares, Ms. Aurathip Muangchareon 10,000 shares (Please see Additional Notes at end of the table)
	Sale Revenue	-	-	Less Allowance on doubtful accounts	(95)	
	Profit(loss) from disposal of assets	-	<0.5 MB		6	
	Construction cost	6	9	Accounts Payable	8	

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
13. Mana Patanakarn Co., Ltd.	Construction Revenue	165	271	Accounts Receivable	425	1. Mana Patanakarn Company Limited was set up as a registered company on April 5, 2013, with a registered capital of 200 Million Baht. As of December 31, 2016, the paid-up capital was equal to 800 Million Baht. The Company made 100% investment in this company. 2. The main businesses of Mana Patanakarn Co., Ltd. are real estate business and construction of condominiums. The projects handled are: 1. "Baranee Park Romklao" on Romklao Road, Bangkok 2. "Baranee Residence" on Rangsit Klong 3 Road, Pratumthani 3. "ASPEN CONDO" Condominium in Soi Lasalle, Sukhumvit Road (Soi 105) 3. The loan interest rate is according to MLR of Siam Commercial Bank PLC.
	Interest Income	1	-	Accrued Incomes	32	
	Interest Expenses	-	-	Investment in Subsidiary companies	800	
	Management Expenses	5	5	Other creditors	<0.5 MB	
	Profit from sales of CIN	-	60	Loans	75	
	Estate's shares	-	-	Accrued Interest Income	1	
	Profit from sales of land	<0.5 MB	-			
	Sale/rental/service Revenue	<0.5 MB	-			

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of December 31, 2016		Transaction in the balance sheet	Amount	Remark
		Amount in 2016	Amount in 2015			
14. Advance Prefab Co., Ltd.	Interest Income	17	4	Accounts Receivable	40	1. Advance Prefab Co., Ltd. was set up as a registered company on December 12, 2013, with the registered capital of 1 Million Baht. On December 31, 2016, the paid-up capital was equal to 350 Million Baht. The Company made 100% investment in this company. 2. The main business of Advance Prefab Co., Ltd. is the manufacture of concrete products. 3. The loan interest rate is according to MLR of Siam Commercial Bank PLC
	Construction Revenue	34	34	Accrued Incomes	3	
	Sale/rental/service Revenue	36	59	Investment in subsidiaries	350	
	Profit from disposal of assets	<0.5MB	<0.5MB	Accrued Interest Income	3	
	Construction cost	1	1	Accounts payables	2	
	Loans			Short-term loans	270	
15. Bua Co., Ltd.	Cost of sale and service	3	-	Other creditors	<0.5 MB	1. Mr. Polpat Karnasuta who holds the position of Chief Executive Officer and the Company's President, is the authorized director and the shareholder of Bua Co., Ltd. 2. The main business of Bua Co., Ltd. is restaurant business. 3. This Transaction initiates from the employment in aboard.
16. Taste Maker Co., Ltd.				Advance Receivable	<0.5 MB	1. Taste Maker Co., Ltd. was set up as a registered company on November 17, 2016, with the registered capital of 5 Million Baht. The Company made 100% investment in this company. 2. The main business of Taste Maker Co., Ltd. is the restaurant business and processed food.

Summary of Related Party Loans and Advances (Unit: Million Baht)

Person/Juristic Person (Debtors)	Balances of Loans, Advances and Accrued interest income as of the final date					
	As of December 31, 2016		As of December 31, 2015		As of December 31, 2014	
	Loan Principal	Accrued Interest Income	Loan Principal	Accrued Interest Income	Loan Principal	Accrued Interest Income
1. ITD-NAWARAT (LLC)	-	-	-	-	152	25
2. Myanmar NWR Company Limited	58	14	52	11	40	8
3. C.I.N. Estate Co., Ltd.	12	-	12	-	12	-
4. VSPN Property Co., Ltd.	9	-	7	-	2	<0.5 MB
5. Advance Prefab Co., Ltd.	270	3	190	4	-	-
6. Utility Business Alliance Co., Ltd.	61	-	58	-	51	<0.5 MB
7. Mana Patanakarn Co., Ltd.	75	2	-	-	-	-

Movement of Related Party Loans and Advances (Unit: Million Baht) (Only Principal)

Person / Juristic Person (Debtor)	Balance as of December 31, 2014	Increased amount during 2015	Decreased amount during 2015	Balance as of December 31, 2015	Increased amount during 2016	Decreased amount during 2016	Balance as of December 31, 2016
1. ITD-NAWARAT (LLC)	152	-	-152	-	-	-	-
2. Myanmar NWR Company Limited	40	12	-	52	6	-	58
3. C.I.N. Estate Co., Ltd.	12	-	-	12	-	-	12
4. VSPN Property Co., Ltd.	2	5	-	7	2	-	9
5. Advance Prefab Co., Ltd.	-	190	-	190	80	-	270
6. Utility Business Alliance Co., Ltd.	51	8	-	58	3	-	61
7. Mana Patanakarn Co., Ltd.	-	-	-	-	75	-	75

Summary of Related Party Loans (Unit : Million Baht)

Person / Juristic Person (Creditor)	Balances of Loans and Accrued Interest Expenses as of the ending period					
	As of December 31, 2016		As of December 31, 2015		As of December 31, 2014	
	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses
กิจการร่วมค้า เอ.เอส.และเนาวรัตน์	-	5	-	5	-	5

Additional Notes Concerning Related Parties

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

Ruen Rapee Co., Ltd. was established on February 6, 2003. Currently, Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are directors and shareholders. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are the younger sisters of Mr. Polpat Karnasuta, the President and Chief Executive Officer of Nawarat Patanakarn Public Company Limited. Ruen Rapee conducts the real estate business and the project handled and constructed by the company is called “Barn Baranee” Project located at Klong 3, Rangsit. The project consists of 205 units of detached houses on the area of 56 rai with the price range between 2.5 and 3.5 Million Baht. The Company has undertaken the construction of the buildings and the utility systems for Ruen Rapee.

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

Transactions	As of 31-12-16	As of 31-12-15	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
Accounts Receivable	41	41	45	67	77	78	86	82	126	152
Less Allowance on doubtful accounts	(41)	(41)	(45)	(67)	(77)	(76)	(83)	(87)	(105)	(145)
Revenue not yet billed	-	-	-	-	-	-	-	-	2	10
Retention Receivables	-	-	-	-	-	-	-	5	5	4
Accounts payable	-	-	-	-	<0.5 MB.	1	2	1	-	-

Guidelines for Tackling Unpaid Debts

In the third quarter of 2008, Ruen Rapee transferred assets comprising 12 houses 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 houses together with land title deeds and 22 deeds for vacant plots 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 are amounting to 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 difference price of 14.568 Million Baht was deducted out of the second assets transfer which equaled to 57.480 Million Baht resulting in the trade value of the second quarter of 2009 was amounting to 42.912 Million Baht for). Ruen Rapee will repay the total outstanding debts by installments according to its business’s net cash flow.

2. East Bangkok Assets Co., Ltd. (“East Bangkok”)

East Bangkok was set up on May 12, 2003. Currently, Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are directors and shareholders. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are the younger sisters of Mr. Polpat Karnasuta, the Chief Executive Officer and the President of Nawarat Patanakarn Public Company Limited.

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

1. The project called “De Ville” located at Soi Patana Chumchon, Srinakarin Road, the construction project for 50 units of detached houses for which the Company is undertaking utility system works.
2. The project called “De Siam” located at Soi Chalemparakiet Ror Kao, Soi 38, the construction project for 80 townhomes for which the Company is constructing the buildings and the utility system works.

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

Transactions	As of 31-12-16	As of 31-12-15	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
Accounts Receivable	26	26	26	25	24	25	25	27	56	53
Less Allowance on doubtful accounts	(26)	(26)	(26)	(25)	(24)	(23)	(25)	(27)	(55)	(53)
Revenue not yet billed	-	-	-	-	-	1	2	-	-	-
Less Allowance on doubtful accounts	-	-	-	-	-	-	(2)	-	-	-
Retentions Receivable	-	-	-	-	-	-	-	1	1	3
Less Allowance on doubtful accounts	-	-	-	-	-	-	-	-	-	(3)
Accounts payable	-	-	-	-	-	1	-	-	-	-

In the fourth quarter of 2009, East Bangkok made the transfer of assets to repay its debts; 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 by the Company was equal to 35.703 Million Baht)

East Bangkok will pay the total outstanding debts by installments according to its business's net cash flow.

New Decade was set up on May 6, 2003. Currently, Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phutharee are directors. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee are the younger sisters of Mr. Polpat Karnasuta, the Chief Executive Officer and the President of Nawarat Patanakarn Public Company Limited. Mrs. Sutheera Phuttharee is also a shareholder of “New Decade”.

In 2003, New Decade undertook the construction of the bridge at Koh Yoh in Songkhla province, as a subcontractor. During that time, the Company was in its third year of operation under the rehabilitation 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 above 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 which resulting in much higher construction costs. 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 Related Transactions between Nawarat Patanakarn Public Company Limited and New Decade Co., Ltd. (Unit: Million Baht)

Transactions	As of 31-12-16	As of 31-12-15	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
Accounts Receivable	101	98	109	90	92	100	107	144	176	160
Less Allowance on doubtful accounts	(95)	(95)	(90)	(90)	(93)	(97)	(107)	(144)	(154)	(154)
Revenue not yet billed	-	-	-	-	-	<0.5 MB.	-	-	-	-
Accrued income	-	-	-	-	-	-	-	-	-	5
Advance payment for subcontractor	-	-	-	-	-	-	24	26	37	42
Accounts payable	8	2	8	<0.5 MB.	<0.5 MB.	5	2	1	24	23
Retentions payable	-	-	-	-	-	-	-	6	16	13

Guidelines for Tackling Unpaid Debts

After estimating New Decade's expenses and income to further estimate its debt repayment to the Company, it can be concluded as follows:

1. New Decade would attend bidding sessions held by both government and private sectors; however, if its qualifications were considered not met with requirements of any session then the bidding would take in a form of a joint venture instead in order to earn enough income for further debt repayment. In November, 2016, a joint venture between New Decade and Nawarat Patanakarn Public Company Limited was registered in order to increase a chance of bidding. Moreover, New Decade had joined Samcon Company Limited and launched the project for purchase and sale of equipment and machinery including 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 completed 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 a 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 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 regard, 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 is the Company's practice as show in the details below:

Since the Company's and the related parties' financial management is collectively as 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 April 1997 until there is any change.

Future construction policy established for related parties

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 at market price with reasonable profits 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 would appoint an independent engineer for verifying the drawing and the construction value and would report it to the Company's Board of Directors (including independent directors) immediately after the bidding and would also make his comments on the annual report.

Summary of Related Party Transactions

1. In case of trading transactions, the price of employment would 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 would be contracts with all details as same as entering into with the outside people.
2. In case of Related Party Loans, the interest rate charged would be the one according to the cost of capital or in accordance with the contract entered into. The interest rate charged would 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 regard, the Company considers that if the loan interest rate is defined according to the market rate it is not fair and unreasonable. 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 was low, the Company would compare it with MLR (Minimum Loan Rate) and MOR (Minimum Overdraft Rate) of commercial banks and consider granting loans at MLR or MOR. In addition, the Company would grant loans to other businesses in the form of Related Party Transaction only if such businesses have shown their reasons and necessities for taking such loan. The Company would 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 accounts receivable in subsidiary companies, Joint-Venture companies and Related Parties would be performed in the same way as that from general accounts receivable.

In this, the Audit Committee has an opinion that the Company has observed the rule and regulations of the Stock Exchange of Thailand (SET) with regard to related party transaction when revealing all the data in the financial statements and has complied with the SET's criteria in every transaction.

***Report of the
Corporate Governance Committee***

Report of the Corporate Governance Committee

To the shareholders,

The Corporate Governance Committee of Nawarat Patanakarn Public Company Limited consists of seven directors of the Board and at least half of the total members and the chairman of this committee must be independent directors. The Corporate Governance Committee has the responsibilities to oversee and monitor the Company's corporate governance to be in compliance with the good principles of the Stock Exchange of Thailand, Thailand Institute of Directors (IOD) and the Organization for Economic Cooperation and Development (OECD).

In 2016, the Corporate Governance Committee convened two meetings to monitor the operation under the good corporate governance plan and reported its performance to the Board of Directors as summarized below:

1. Monitor and supervise the corporate governance in various aspects which responsible by sub-committees, in order to maintain the effectiveness of the operation, by providing the details of guidelines and action plans thereof. In addition, provide indicators in order to be able to see the concrete results. And in appropriate situation, the committee also motivates the executives to recognize the significance and function of the corporate governance.
2. Developed and strengthened the knowledge of the Board of Directors regarding the corporate governance in various areas, management guideline, and internal management to be compliance with the good corporate governance of the Stock Exchange of Thailand (SET), Thailand Institute of Directors (IOD) and the Organization for Economic Cooperation and Development (OECD) by encouraging the directors and executives to participate in several course provided by IOD and SET.
3. Provided the assessment of the performance of the Board of Directors, the Audit Committee, the President and the Chairman in accordance with assessment standard of the Stock Exchange of Thailand, in order to encourage the effectiveness and capacity of the operation and also enhance the perpetually improvement.
4. Ensured the Company has fully compliance with the good corporate governance principles according to the guideline of the Stock Exchange of Thailand and the corporate governance principles of the Organization for Economic Cooperation and Development (OECD) in 5 categories as follows:
 - 1) The Rights of the shareholders
 - 2) The Equitable treatment of the shareholders
 - 3) The Roles of stakeholders in Corporate Governance
 - 4) Disclosure of Information and Transparency
 - 5) The Responsibilities of the Board

5. Encouraged the directors, the executives and all employees to acknowledge, understand, realize and correctly comply with the principles of good corporate governance through various communication channels such as e-mail, intranet and the Company's website.
6. Disseminated the Corporate Governance Policy to the shareholders and all stakeholders via www.nawarat.co.th

The Company still remains committed to comply with the defined Good Corporate Governance Policy and shall advocate improvement and development of such policy. The Company shall also disclose the operation on the corporate governance on a continuous and proper basis which will reflect effectiveness, transparency, trustworthy and verifiability of the Management



Mr. Prasertphand Pipatanakul
Chairman of the Corporate Governance Committee

***Report of the Business Code
of Conduct Committee***

Report of the Business Code of Conduct Committee

To the shareholders,

The Business Code of Conduct Committee of Nawarat Patanakarn Public Company Limited consists of four directors from the Board and at least half of the total members must be independent directors. The Chairman of the Business Code of Conduct Committee must be independent director. The Business Code of Conduct Committee has duty to oversee and monitor the Company's business operation to base on integrity, transparency, morality, ethics and responsibilities to all stakeholders.

In 2016, the Business Code of Conduct Committee convened two meetings and reported its performance to the Board of Directors as summarized below:

1. Encouraged the Business Code of Conduct Working Group for monitoring and promoting the activities in respect of Business Code of Conduct to be efficient and effective; and defined roles, duties, and responsibilities of the Business Code of Conduct Working Group. To ensure that directors, executives and all employees acknowledge, understand and recognize the importance of the Business Code of Conduct and conform to it appropriately through a variety of communication channels and activities. Disseminated the Business Code of Conduct to the shareholders and all stakeholders to know and comply with on the Company's website (www.nawarat.co.th).
2. Motivated development and standardized the project plan to meet multiple criteria such as ISO, OSHA, etc. This could heighten the Company's expertise and competency which increase a chance for further international bidding.
3. Assigned engineers and architectures to acquire professional licenses in multiple levels which could enhance their potential, management capability and design skills. This scheme also includes other skill trainings which positively affect the Company's capability due to the increasing of skills and knowledge.
4. Took actions to express the Company's commitment in resisting of fraud and corruption by establishing anti—corruption guidelines and policy covering the offering and acceptance of bribe, offering and acceptance of gifts, assets, hospitality or other benefits, political contributions and charitable contribution, encouraging directors to attend training courses regarding anti-corruption organized by Thailand Institute of Directors, and applying as a membership of PACT Network with the purpose to prepare the Company to be ready for declaration of intent with the Thailand Private Sector Collective Action Coalition Against Corruption (CAC).

The Business Code of Conduct Committee has its decisive intention and commitment to promote and develop of the Company's business administration in accordance with the Business Code of Conduct to be more efficient in order to reinforce the confidence of shareholders and all stakeholders.



Mr. Prasertphand Pipatanakul

Chairman of the Business Code of Conduct Committee

***Report of the Nomination
and Remuneration Committee***

Report of the Nomination and Remuneration Committee

To the shareholders,

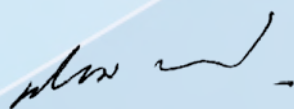
The Board of Directors' Meeting resolved to appoint the Nomination and Remuneration Committee to nominate and consider remunerations for directors, sub-committee, Chief Executive Officer and the President to ensure transparency and fairness. The Nomination and Remuneration Committee consists of four directors, with Mr. Niyom Niyamanusorn holds the position of Chairman of the Nomination and Remuneration Committee.

In 2016, the Nomination and Remuneration Committee convened five meetings and reported its performance to the Board of Directors as summarized below:

1. Considered qualified persons to be selected as directors and propose to the Board of Directors and the Annual General Meeting of Shareholders for year 2016 which allow the minority shareholders the opportunity to propose qualified persons for selection as directors from January 20, 2016 to February 25, 2016. However, there was no proposal made by shareholders. Thus, the Nomination and Remuneration Committee proposed the nominations of the retired directors in 2016 to remain in the position for another terms which the Meeting of Shareholders resolved the approval of such proposal.
2. Considered the compensation of the year 2016 for the Company's Directors and sub-committee which include the Audit Committee, then proposed it to the Board of Directors and the Annual General Meeting of Shareholders for year 2016.
3. Considered the adjustment rate of compensation for the Company's executives and employees in the year 2016 with corresponding to the respective assigned duties and responsibilities, performance match up with the results of the Company's operation, relevant business environment, as well as comparing to other companies within the same or similar industry and business sector as the Company. After proposed it to the Board of Directors' meeting, the proposal was approved.
4. Considered the nomination of Mr. Prasertphand Pipatanakul who holds the position of Independent Director, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee and Chairman of the Business Code of Conduct Committee, to take the position of the Company's Deputy Chairman which the Board of Directors' meeting resolved the approval of the proposal.
5. Considered the nomination of Mr. Prasertphand Pipatanakul who holds the position of Deputy Chairman, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee and Chairman of the Business Code of Conduct Committee, to take the position of the Company's Chairman instead of Mr. Mana Karnasuta who previously resigned due to his personal matter which affected his full time attendance. Thus, the Board of Directors' meeting resolved the approval of the proposal.
6. Considered the nomination of Mr. Nattaphorn Bhromsuthi to take the position of the Company's Director (Independent Director) instead of Mr. Mana Karnasuta who previously resigned due to his personal matter which affected his full time attendance. The appointment term is equal to the remaining term of Mr. Mana Karnasuta. Thus, the Board of Directors' meeting resolved the approval of the proposal.
7. Considered the nomination of Mr. Warawut Nakpairat who holds the position of General Manager of Internal Audit Department, to be a member of the Risk Management Committee instead of Mr. Surin Kruevutthikul who passed away. Thus, the Board of Directors' meeting resolved the approval of the proposal.

8. Considered the nomination of Mr. Niyom Niyamanusorn who holds the position of Independent Director, member of the Audit Committee, member of the Corporate Governance Committee, Chairman of the Nomination and Remuneration Committee, to be Chairman of the Audit Committee instead of Mr. Prasertphand Pipatanakul who previously resigned in regards for the sake of independence and to avoid any action which may cause the conflict of interests as being the Company's Chairman. The Board of Directors' meeting resolved the approval of the proposal.
9. Considered the nomination of Mr. Polpat Karnasuta to be Chief Executive Officer instead of Mr. Mana Karnasuta who previously retired. Thus, the Board of Directors' meeting resolved the approval of the proposal.
10. Considered the proposal of the criteria and method for annual performance evaluation for the Company's directors and sub-committee. Thus, the Board of Directors' meeting resolved the approval of the proposal.
11. Considered the proposal of the criteria and method for annual performance evaluation of the Chief Executive Officer and President. Thus, the Board of Directors' meeting resolved the approval of the proposal.
12. Considered the nomination of Miss Pakatip Lopandhsri who holds the position of Vice President of Accounting and Finance Department, and the member of the Risk Management Committee, to be the Company's director, member of the Corporate Governance Committee, member of the Business Code of Conduct Committee, member of the Executive Committee and the Company's Secretary instead of Mrs. Wattana Samanawong who previously retired which effective on January 1, 2017. Thus, the Board of Directors' meeting resolved the approval of the proposal.
13. Considered the compensation of the year 2017 for the Company's directors and sub-committee including the Audit Committee, then proposed for the approval to the Board of Directors and the Annual General Meeting of Shareholders for year 2017.
14. Considered the adjustment rate of compensation for the Company's executives and employees in the year 2017 with corresponding to the respective assigned duties and responsibilities, performance match up with the results of the Company's operation, relevant business environment, as well as comparing to other companies within the same or similar industry and business sector as the Company. After proposed it to the Board of Directors' meeting, the proposal was approved.

The Nomination and Remuneration Committee operates with carefully, honestly and responsible for the duties as stated in the Charter of the Nomination and Remuneration Committee. The Committee committed to perform under the good corporate governance principles for the equilibrium benefits and sustainable for all of the Company's shareholders.



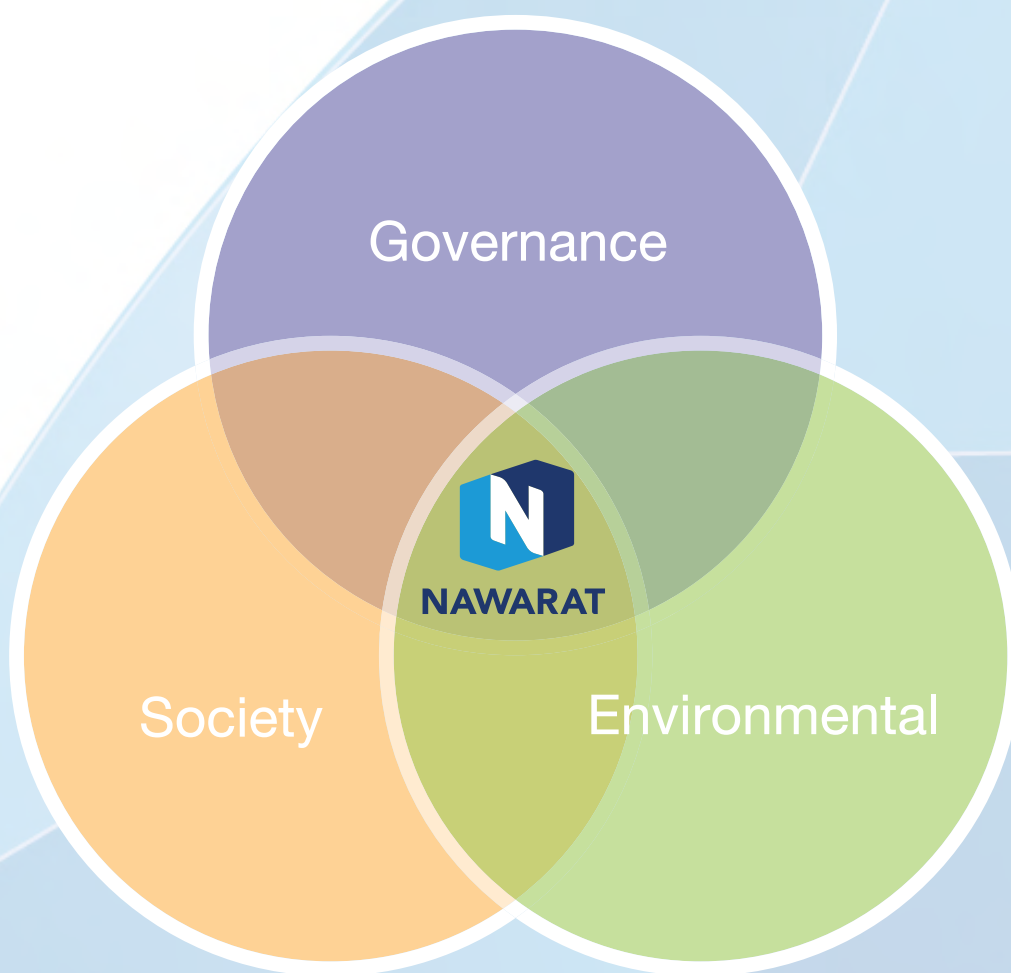
Mr. Niyom Niyamanusorn
Chairman of the Nomination and Remuneration Committee

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Sustainability Development

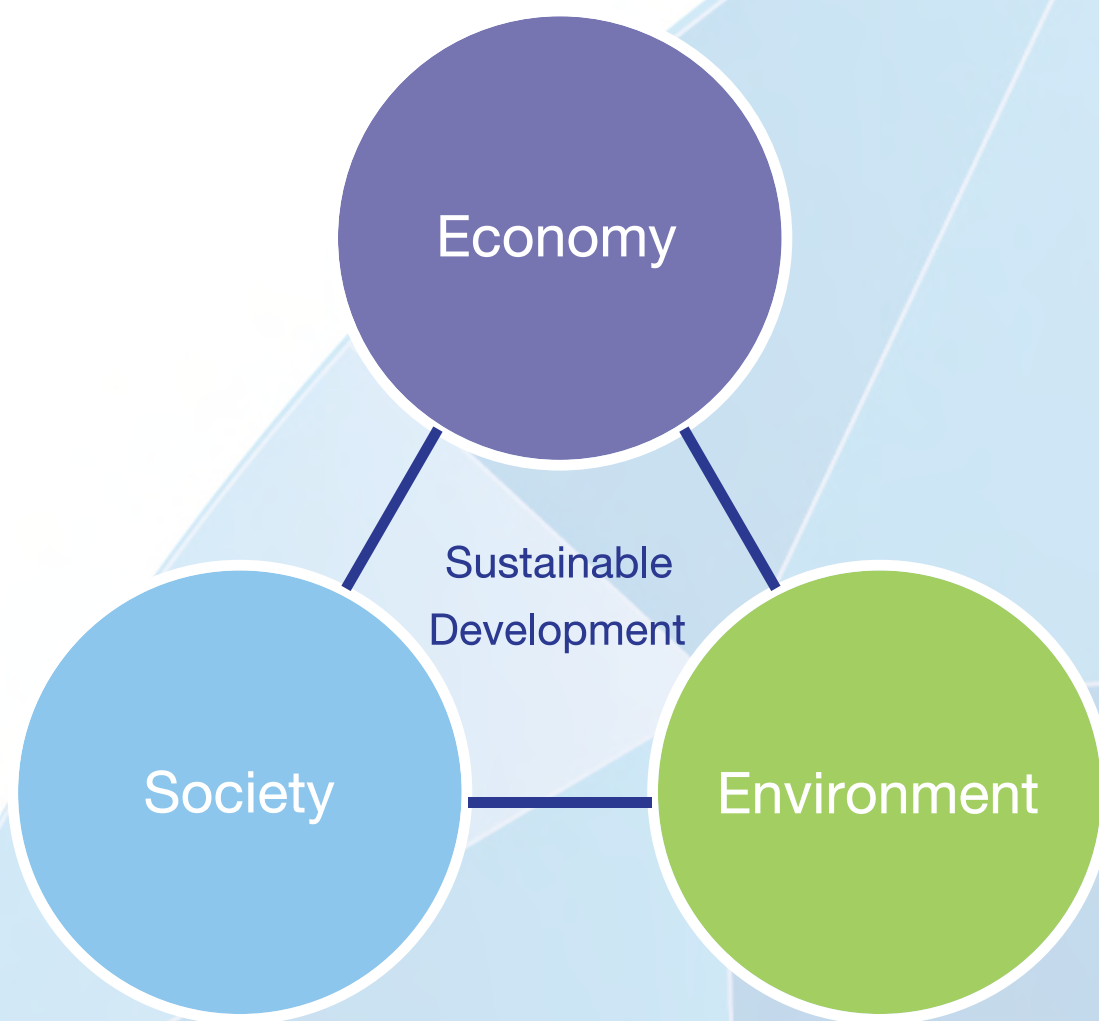
Sustainability Development

To ensure that all aspects of the organization have direction toward sustainable development, the Company sets the vision as a guideline for conducting business and established the business plan or short term goal each year, both in term of value and of economy to be in line with the mission in order to grow the organization, based on the corporate governance principle and the sustainable development guideline. The Company mainly conducts the construction business. In addition to maintaining the quality and standard of construction in order to deliver quality products and services in a timely manner, the Company also gives the importance to operate its business that is friendly to environment, has responsibility towards society and all stakeholders with fair and equitable treatment and administer transparently, verifiably and ethically in complying with the principles of good corporate governance (Environmental, Social and Governance: ESG).



Sustainability Development Framework

Nawarat Patanakarn Public Company Limited aims to sustainably conduct the business by balancing the economy, society and environment. The Company has applied the frameworks of organizational sustainability development or Triple Bottom Line (TBL), which focuses on three key business aspects: economy, society and environment, in the establishment of the operational goal to enhance the stable growth of the organization. The three aspects of the business operation are as follows:



Economy

The Company has set objectives to develop the organization for constant growth and long-term security. The Company operates the business with transparency, has risk management at appropriate level in order to generate satisfactory returns to shareholders, executives and employees, as well as make positive impact on the overall economy of the country.

Society

The Company conducts its business with ethics and adheres to social responsibilities with acknowledgement that the growth of business is based on good society. Therefore, the Company's social responsibility gives an importance to fair management and development of human resources, respect on human rights, anti fraud and corruption as well as awareness of all groups of stakeholders and the national society at large

Environment

The operation of the Company as a contractor has impacts on society and environment on various aspects. The Company, therefore, the Company give importance to conduct its business with environmental responsibility. The Company has policy to operate its business and its work processes with awareness of environment, enhance efficiency of resources utilization and build good consciousness of environmental conservation in both work place, community and society

Stakeholders Engagement for Sustainability Development

The Company conducts its business in complying with the business code of conduct, adhering to responsibility and respect for the rights of all stakeholders, both inside and outside the organization to ensure that all stakeholders are fairly protected, treated with equality and receive benefits as expected from the business operation. The Company realizes that all stakeholders are important for the constant operation of the business operation and for the growth of the Company.

The Company analyzes and assess all groups of stakeholders in order to know their expectation and sets up the operation framework for each group of stakeholder to encourage their participation and to respond their needs as detailed below:

Stakeholders	Engagement Methods	Expectation	Response	Outcome
Shareholders / Investors	1. Annual General Meeting 2. Annual Report 3. Opportunities Day with SET 4. Analysts' / Shareholders' meeting 5. Information disclosure on the Company's website under "Investor Relations" 6. Conversation / Inquiries response 7. Suggestions / Complaints	1. Business expansion and development / Good performance 2. Good and constant returns 3. Equitable treatment to all shareholders 4. Management in compliance with good governance principles 5. Clear, accurate and punctual information disclosure 6. Stable growth of the Company	1. Good performance and return on investment 2. Good corporate governance 3. Establishment of Investor Relations Section to be responsible for disclosure of information to relevant parties and building good relationship with shareholders and investors 4. Transparent, complete and punctual information disclosure 5. Building trustworthy to shareholders and investors	1. Growth of company performance 2. Shareholders' trustworthy in investment
Customers	1. Establishment of good standard procedure 2. Customer visit 3. Communication via various channels 4. Annual customer's satisfaction survey 5. Suggestions / Complaints	1. Good service with quality 2. Work delivery with standard and punctuality	1. Services development to meet with customer's needs 2. Delivery projects which meet standard and in timely manner 3. Complaints management and response 4. Customers' Treatment Policy	1. Customers' satisfaction of the Company's services 2. Growth and sustainability of the Company's performance

Stakeholders	Engagement Methods	Expectation	Response	Outcome
Business Partners / Contractors	1. Meetings / Discussion / Conversation 2. Participation in activities and events 3. Communication via various channels 4. Suggestions / Complaints	1. Fair treatment to business partner and contractor 2. Complying with trade conditions as mutually agreed 3. Business growth 4. Activities promoting and supporting 5. Taking part in problem solving	1. Complying with trade conditions as mutually agreed 2. Business partners / contractors' code of conduct	1. Constant business operation 2. Mutual business growth
Creditors	1. Annual Report 2. Meeting	1. On time debt payment 2. Meeting the conditions and agreements	1. On time debt payment 2. Fair and responsible treatment to creditors 3. Creditors Treatment Policy	1. Constant financial support to the Company
Employees	1. Communication of information via various internal channels, e.g. information board, Intranet system 2. Discussion/ Conversation 3. Trainings / Seminars 4. Suggestions / Complaints	1. Career path and growth 2. Suitable salary and benefits 3. Self development of knowledge and capabilities 4. Working safety 5. Suggestions / Complaints 6. Equality and fairness	1. Setting out efficient human resource management system 2. Management of fair and appropriate payment of remunerations and welfares 3. Promotion and development of employees' competency 4. Employees' treatment policy 5. Safety, Occupational Health and Environment Policy	1. Commitment of the employee to the organization 2. Employees' happiness

Stakeholders	Engagement Methods	Expectation	Response	Outcome
Government Agencies	1. Meeting 2. Welcoming of government agencies' visit	1. Ensuring compliance with the law and regulations 2. Responsibility to society and environment 3. Participation in government programs	1. Complying with law and regulations concerning business operations 2. Support and participation in government programs	1. Government agencies' trustworthy in business operation 2. Being good entrepreneur
Communities, Society and Environment	1. Discussion / Conversation / Site Visit 2. Community relations activities 3. Suggestions / Complaints	1. Operating of construction work with safety and without impacts on communities, society and environment 2. Promoting and supporting activities useful for communities and society	1. Operating construction work with standards 2. Management and mitigation of impact from construction 3. Constant monitoring and inspection of environmental quality 4. Support of activities on community relations education, religions and charities 5. Establishment of activities on environment and energy preservation 6. Communities and society code of conduct 7. Environment Policy	1. License to operate from communities and society 2. No complaints on business operation 3. Rapid operation

Good Corporate Governance

The Board of Directors of Nawarat Patanakarn Public Company Limited is well aware of the importance of corporate governance in the belief that good corporate governance will be a key element in enabling its business to achieve success. It will also create confidence to shareholders, investors, stakeholders as well as all parties concerned, which will bring about sustainable growth with quality, add value to the business and create good returns to shareholders.

The Boards of Directors has established the Good Corporate Governance Policy Handbook in writing to ensure that the business operations of the Company is efficient, transparent and auditable which will bring about business growth and sustainability. The Company has also set out the Business Code of Conduct to be used as the practical guideline for all directors, executives and employees to adhere to.

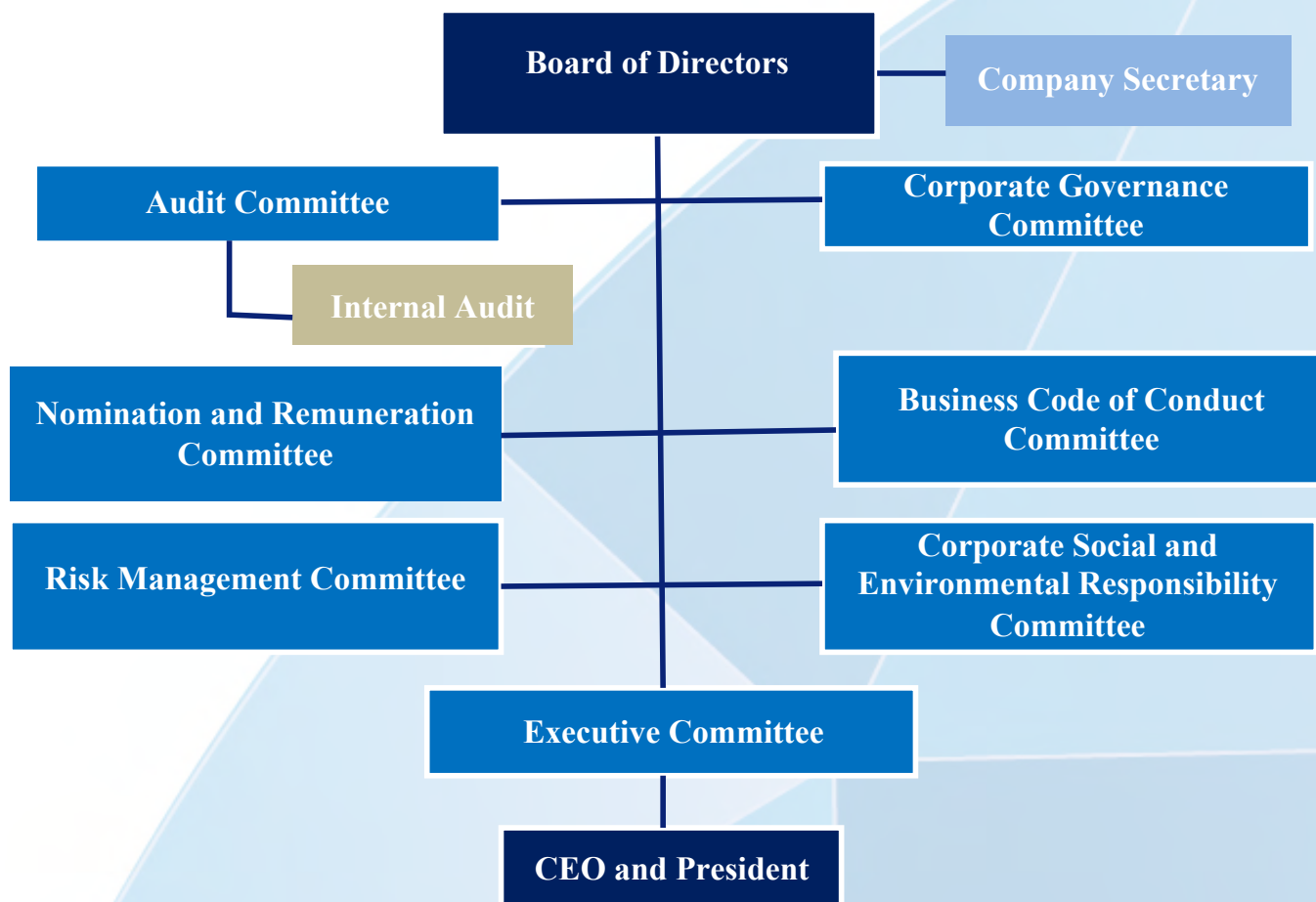
The Business Code of Conduct and the Corporate Governance Policy of the Company have been reviewed and updated on regular basis in order to make them up to date, appropriate to circumstance and in compliance with the best practical guideline in the country and oversea, such as the corporate governance policy of the Organization for Economic Co-operation and Development (OECD), the requirement of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) Thai Institute of Directors (IOD) and other international standard practices

All directors, executives and employees of the Company have been informed the Corporate Governance Policy and the Business Code of Conduct and are required to make efforts to study, understand and take it as part of discipline to correctly and strictly adhere to. In this regard, the Company has disseminated and communicated the Corporate Governance Policy Handbook and the Business Code of Conduct to everyone in the Company via email and the Company's Intranet system (Lotus Note) and includes them in the orientation program of new staff to cultivate their awareness at the beginning. The Company also establishes the "White Road" which is the internal monthly journal for communication information about the Business Code of Conduct to all employees and disseminates it via email. In addition, the Company has publicized the "Corporate Governance Policy Handbook" and the "Business Code of Conduct Manual" on the Company's website (www.nawarat.co.th) to inform shareholders, stakeholders, related parties, and the outside people.

Corporate Governance Structure



Board Structure for Corporate Governance



Corporate Governance Policy

The Board of Directors understands its duties, roles and responsibilities to shareholders including stakeholders and related parties and is committed to operate business under the good corporate governance principles in conformity with best practices or regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission including other related regulations.

The Company's Corporate Governance Policy is in compliance with the requirements of the Stock Exchange of Thailand and the Thailand Institute of Directors (IOD) and the good corporate governance policy of the Organization for Economic Cooperation and Development (OECD)' in five chapters as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure of Information and Transparency
5. Responsibilities of the Board

The details are as follows:

Section 1 – Rights of Shareholders

The Company recognizes the importance of the rights of shareholders by actual implementation of related principles and shall not perform any actions that may violate or diminish their rights. The Company provides basic rights to individual shareholders equally. In 2016, the Company executed the actions as follows

- The Company informed shareholders the meeting schedule not less 30 days in advance so that shareholders can schedule their time to attend the meeting.
- The Company delivered by mail the invitation letter of the Annual General Meeting of Shareholders to all shareholders 7 days ahead the meeting and enclosed all documents relating to the meeting such as copy of the minute of the Annual General Meetings of Shareholders, annual report of the year 2015, biographies of proposed directors who will be elected in replacement of those retired by rotation, profile of independent directors for appointment of proxy, proxy form A, form B and form C, the Company's Articles of Association concerning with shareholders' meeting, guidelines for registration, appointment of proxies, documentation and evidence required to be presented on the date of the meeting and map of meeting venue. The Company also posted such documents on the Company's website to facilitate shareholders who may receive the documents by mail with delay.
- The Company organized the Annual General Meeting of Shareholders for the year 2016 on Thursday 28th April 2016 at 10.00 hrs. at Ratchapruek 1 Room, 2nd Floor, Bangna Tower B Building, 2/3 Moo 14, Bangna-Trad Road, Bangkaew, Bangplee, Samutprakarn, 10540 which is the location of the Company's headquarters and where shareholders are able to conveniently come to the meeting. To facilitate the shareholders, the company provided minibuses service from and to On-nut BTS station to the shareholders for travelling to and from the meeting venue. A total of 46 shareholders personally attended or were represented by their proxies. This was total 323,009,724 shares of total paid-up 2,585,481,515 shares amounting to 12.49 percent of all paid up shares forming a quorum under the clause no. 33 of the Articles of Association, which specifies that this Annual General Meeting is re-organized since the AGM on April 11, 2016 could not proceed because the shareholders attending the meeting did not complete the quorum in accordance with the clause no. 103 of the Public Limited Companies Act.
- On the date of the Annual General Meeting of Shareholders, 6 (out of 7) directors of the Company attended the meeting by the concerted as follows:-

Name	Position
1. Mr. Prasertphand Pipatanakul	Vice Chairman (Independent Director) / Chairman of Audit Committee / Chairman of Corporate Governance Committee / Chairman of the Business Code of Conduct Committee
2. Mr. Niyom Niyamanusorn	Independent Director / Audit Committee / Chairman of Nomination and Remuneration Committee / Corporate Governance Committee
3. Mr. Apichart Dharmasaroja	Independent Director / Audit Committee / Chairman of Risk Management Committee / Chairman of Corporate Social and Environmental Responsibility Committee / Corporate Governance Committee / Business Code of Conduct Committee / Nomination and Remuneration Committee
4. Mr. Polpat Karnasuta	Director / Corporate Governance Committee / Nomination and Remuneration Committee / Chairman of Executive Committee / President
5. Mr. Sook Sueyanyongsiri	Director/ Corporate Governance Committee / Business Code of Conduct Committee / Risk Management Committee / Corporate Social and Environmental Responsibility Committee / Executive Committee / Senior Vice President
6. Mrs. Wattana Samanawong	Director / Corporate Governance Committee / Business Code of Conduct Committee / Nomination and Remuneration Committee / Executive Committee / Senior Vice President / Company Secretary

Remark: One director was absent from the meeting: Mr. Mana Karnasuta due to health problem

Moreover, the Management members, both senior vice presidents and vice presidents at total 6 persons presided over the meeting to report the operating results of the Company to shareholders as well as to answer inquiries and to listen to suggestions/comments in various subjects raised by the shareholders. The Company requested independent legal advisers from Weerawong, Chinnavat and Peangpanor Company Limited and from Narit and Associates Company Limited to ensure that the meeting was transparent and in compliance with the law and the Articles of Association. The Company also invited the external auditor from EY Company Limited to attend the Annual General Meeting since the start of the meeting to listen to the opinions and answer questions raised by shareholders.



- Chairman of the meeting assigned the MC of the meeting to conduct the meeting following respective agenda items as stated in the meeting invitation letter, explain and give time for questions before voting of each agenda. Shareholders were also allowed to equally exercise their right to inspecting the Company's operation, raise questions and give comments and suggestions. The Company recorded all significant issues in the minute of the meeting so that the shareholders are able to review.
- The Company fully recorded the minute of the Shareholder's Meeting with the votes for each agenda and important questions or suggestions completely and accurately. The minute of the meeting was forwarded to the Stock Exchange of Thailand and was posted on the Company's website (www.nawarat.co.th) within 14 days after completion of the meeting.
- The Company recognizes the importance of the information disclosure with accuracy, completeness, constancy, and in timely manner. The Company displays news and information through the SET's channel and the Company's website (www.nawarat.co.th) so that they are informed to shareholders, investors, related persons, and interested public. In addition, the Company has established the Investor Relations Section to communicate with shareholders, investors, related persons and the interested public.

Section 2 – Equitable Treatment to Shareholders

The Company observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or minor ones, institutional or foreign investors. The Company treats all shareholders equally, gives importance to the protection of their basic rights, and encourages them to exercise their rights as defined by law. Shareholders shall obtain information completely and equally. Any shareholder who is unable to attend the meeting in person because of any inconvenient case may exercise his/her right to vote by appointing proxy to attend and vote on his/her behalf. The best practices implemented by the Company related to equitable treatment of shareholders are as follows:

- Enabled minor shareholders to propose in advance agenda items, nominate directors and send questions on the agendas ahead of the AGM. The Company announced the criteria with steps clearly through the Company's website (www.nawarat.co.th). However, for the AGM 2016, no shareholder had proposed any agenda item or nominate directors.
- Shareholders, who are unable to attend the meeting themselves can give a proxy to their representatives or the independent directors. The Company sends out proxy forms and guidelines for appointment of proxies together with the meeting invitation letter to shareholders at least 7 (seven) days prior to the meeting and disseminates proxy form both in Thai and English with details and procedures through the Company's website (www.nawarat.co.th) 14 days ahead of the meeting date.

In addition, the Company has established the following policies and measures on the protection of use of internal information to ensure that such a policy is informed and strictly complied:

1. Directors, executives and employees must not use internal information of the Company or of business partners obtained from discharge of duties to buy/sell or to offer to buy/sell or to persuade others to buy/sell or to offer to buy/sell securities of the Company or of business partners for personal benefits or others'; and must strictly observe relevant laws.
2. Directors, executives, and employees must keep confidentiality and the internal information for which they are responsible not to be disclosed to other persons or unrelated personnel of the Company.
3. The Company prevents the use of internal information by restriction of access of undisclosed information allowing only persons involved and deemed appropriate; and provide security of internal information. Information owner must instruct involved person to strictly conform.
4. Disclosure of information must be made by the Company's authorization only. Personnel having no duty to disclose information when being asked any information shall suggest person to contact the authorized person in order to get correct information.
5. Apart from information disclosed to the public, the Company considers that any information is internally used only. Directors, executives and employees must use information under the framework of assigned duties and responsibilities.
6. Directors, executives, and employees have duty to protect information and shall not seek benefit from internal information, even though the status as employees has terminated.
7. Directors and top executives are required to disclose the reports to the Securities and Exchange Commission on their holding of securities as well as reporting on every change in such holding under Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 (three) business days after the date of purchase, sale, transfer or acceptance of transfer.
8. Any person who conducts the disclosure of information without permission shall bear legal liabilities.

In 2016, the Company did not receive any complaints on the abuse of the Company's internal information of the directors and executives.

Section 3 – Roles of Stakeholders

All groups of stakeholders are important for the Company’s constant business operation and play important role in promoting the Company’s business growth and sustainability. The Company has clearly defined the policy for treatment of the stakeholders in the “Corporate Governance Policy” and the “Business Code of Conduct Manual” as detailed below

Stakeholder	Principles	Practical Guidelines
Shareholder	The Company encourages shareholders to exercise their basic rights and is committed to create sustainable growth, adds value and continues provision of appropriate returns to shareholders, respect shareholders’ rights to equally receive necessary information, disclose information accurately and conduct its business with honesty, transparency and fairness.	1. Perform duties with honesty, good faith and transparency for the benefits of the Company and shareholders. Manage the business to ensure prosperity and stability of the Company and appropriate returns to shareholders 2. Perform duties with maximum potential and capabilities for the benefits of the Company and the shareholders 3. Respect the rights of shareholders; disclose and report operating results, financial position and supportive information of the Company accurately, completely and actually 4. Treat every shareholder equitably
Customers	The Company is committed to ensure the satisfaction and confidence of customers and public with quality products and services under safety of health life and properties at appropriate price levels, continuously develop and upgrade standard of its goods and services, treat all customers with fairness, provide information about services in its entirety with completeness and accuracy and survey customers’ satisfaction so as to use results for improvement of service and maintain good relationship	1. Treat all customers politely 2. Keep confidentiality of customer’s information 3. Be trustworthy to customers 4. Refrain from acceptance of assets or other benefits which is excessive than normal from customers. If directors, executives or employees receive such assets and know later that such assets is excessive than normal, directors, executives or employees must report to supervisor without delay in order to execute as deemed appropriate to the case 5. Avoid situation that may leads to conflict of interests with customers

Stakeholder	Principles	Practical Guidelines
Business Partners	The Company treats all business partners with equality and integrity, recognizes mutual benefits, develops and maintain long relationship with business partners, builds mutual trust and creates economic, social and environmental cooperation.	1. Maintain mutual benefits with business partner by strict adherence to the law, agreement and conditions based on fair return of two parties 2. Refrain from demanding, receiving or offering any illicit benefits from/to business partners 3. Operate procurement processes transparently
Trade Competitors	The Company manages its business under a fair competition framework, does not seek information about its competitors' trade secrets through dishonest and improper means and does not violate any intellectual properties of the business competitors.	1. Compete under a fair competition framework 2. Not seek business competitors' secrets through dishonest or illegal means 3. Not discredit competitors by way of slander or other improper and unfair manner
Creditors	Strictly honors all contractual conditions and obligations with the creditors, use loan according to its objective, do not use loan in the way that will create damage to the Company and completely complies with conditions as mutually agreed	1. Repay loan and interests to all creditors on time 2. Promptly negotiate with the creditors in advance, if promises or agreement made with creditors cannot be able to comply in order to solve problems
Auditors	The Company recognizes the importance of the auditor who is considered by shareholders as an important mechanism for auditing of the executives' performance and for ensuring that the financial report is accurate and adequate by giving full co-operation to the auditor	Provide correct and complete information as well as facilitate the auditor when conducting the audit of the Company's financial report.
Employees	The Company give importance to employees as strongly realizes that employees are valuable assets which contribute to the success, advance and sustainable growth to the Company	1. Develop organization into one of a learning organization. Foster working culture and ambience, and enhance teamwork 2. Pay proper remunerations according to knowledge, ability, responsibility and performance 3. Monitor working environment to be safe for health, life and property of employees 4. Enhance employees' competency to advance and secure their career by focusing on their knowledge and ability development 5. Inform key information, e.g. rights and duties to employees on orientation day

Stakeholder	Principles	Practical Guidelines
		6. Ensure that the provision of rewarding and punishment is determined on the basis of righteousness and fairness 7. Comply with all laws and regulations governing labor and welfare of employees 8. Listen to opinions and suggestions of employees at all levels fairly and equally 9. Treat employees at all levels on the basis of human dignity, respect the human right, fairly and do not discriminate. 10. Give the opportunity to define guideline on welfare contribution to meet the employees' requirement
Government Agencies	Set practical guideline for the government to comply with laws and regulations	1. Comply with rules and regulations relevant to the operation 2. Set practical guideline for the government to comply with laws and regulations 3. Provide cooperation and support to the government policies for the benefits of the Country under relevant laws and regulations 4. Committed to pursue projects useful to public
Communities, Society and Environment	The Company aims to conduct business on the basis of responsibility to communities, society and environment, in terms of safety, quality of life and preservation of natural resources and recognizes the importance of quality of life, of communities and of society surrounding construction sites and plants	1. Allocate a proportion of profits to contribute for communities and society development 2. Take into account on environment impact from beginning stage of project construction, selection of technology, production procedures, waste elimination procedures as well as innovative research and development for efficient usage of energy 3. Support any activities that are beneficial to community and society as a whole 4. Respond rapidly and efficiently to any incidents that may cause harms to communities, society and environment resulted from the Company's business operation and must provide good cooperation to officers and related authorities 5. Must not provide cooperation or support to any person or entity who does illegal business or business that is detrimental to the society and national security 6. Must not do anything that may destroy the reputation of the country 7. Continuously cultivate conscious mind of communities and social responsibility to employees at all levels in the Company

Policy and practical guidelines on others' property, intellectual property and copyrights

The Company conducts its business and encourages its employees to perform their duties in compliance with the law and regulations on intellectual property rights, whether in trademarks, patents, copyrights, classified commercial information, and other stipulated categories of intellectual property such as uses of computer software or licensed computer programs. The Company prohibits any actions violating software copyrights and any installations of pirate software in the office. Any employee who violates this regulation shall be considered commitment of criminal offence intentionally and having intention to damage the Company and shall be dismissed. Any employee who installs any pirate computer software in the office must delete such software. The Company shall verify software installed in all computers.

Policy and Practical Guidelines against Fraud and Corruption

The Company advocates and encourages its directors, executives and employees at all levels to realize the importance and has awareness of resistance of all types of fraud and corruption and has set up internal control systems to prevent all types of fraud and corruption.

The Business Code of Conduct Committee has clearly formulated in written the policy and practical guidelines for anti-corruption covering duties and responsibilities of directors, executives and employees in work performance in the "Business Code of Conduct Manual" and has defined measures for disciplinary punishment in accordance with the Company's rules and regulations step-by-step for the case of corruption or of rules and regulation violation of employees. The policy and practical guidelines for anti-corruption was approved by the Board of Directors' meeting and was communicated to everyone in the Company to acknowledge study and understand.

Practical guidelines for Anti-Corruption

1. Nawarat Patanakarn Public Company Limited supports and encourages employees at all levels to become aware of fraud and anti-corruption and puts in place the internal control to prevent the Company from fraud and corruption, from offering and acceptance of bribe in all forms, all regions and all countries where the Company performs its works.
2. Directors, executives and employees at all levels must comply with the guidelines as per detailed below:-
 - Offering and Acceptance of Bribe
Offering and acceptance of all forms of bribe in exchange of business advantages is prohibited. This includes delegating other persons to commit such actions.
 - Gifts, Hospitality and Other Benefits
Offering and acceptance of gifts, assets, hospitality or other benefits to/from customers, business partners, or related parties must be in compliance with the regulation on "Offering and Acceptance of Gifts, Assets or Other Benefits" prescribed in the "Business Code of Conduct Handbook"
 - Political Contributions
 1. The Company is politically neutral; shall not directly or indirectly contribute and engage in any actions affiliated with political parties or groups.
 2. Directors, executives and employees have rights and freedom under the constitution to exercise political activities, but must not claim the status of being a director, an executive and an employee and must not utilize company assets or provide its services in support of political activities. If directors, executives and employees engage in any political activities, they must take particular care not to imply or mislead that the Company is supporting any political parties

- Charitable / Public Benefit Contributions and Sponsorship

As a part of society contribution, the Company has the policy for charitable and public benefit contribution either money or other means such as stuff donation, activities participation, etc. and has formulated a guideline for making charitable contribution or sponsorship as follows:

1. Offering or accepting charitable / public benefit contributions or sponsorships must be transparent, lawful, and ethical; does not expect any business returns and does not cause any damage to the public.
2. Offering or accepting charitable / public benefit contributions or sponsorships shall not be used as an excuse for bribery.
3. Use of the Company's money or assets for charitable / public benefit contributions must be done under the name of the Company and has purpose to create good image and reputation of the Company
4. Any actions taken must be in compliance with procedures of reviewing and approving charitable/ public benefit contributions or sponsorships as stipulated by the Company's regulations
3. The Company is committed to create and sustain the organizational culture of zero tolerance of corruption when dealing with both government and private sector.
4. Directors, executives, and employees at all levels must not be negligent when witness any actions of possible corruption, and shall report the matter to his/ her supervisor or the responsible person and give full cooperation in investigation. Channels for hearing any complaint from external parties shall also be provided. In this regard, it shall be in compliance with the Company's regulation
5. The Company must be fair and protect any employees who refuse to associate with or provide information about corruptions. Accordingly, the Company shall not demote, punish, or cause any negative consequence to such employee, although his/ her action may lead to the Company's loss of business opportunity. The Company shall also be fair and protect employees or other parties who provide information or evidence about fraud and corruption concerned with the Company and its subsidiaries by applying protective measures for informants or person who cooperates in reporting of fraud and corruption as specified in the Whistle Blowing Policy
6. Directors and executives at all levels must demonstrate integrity and must be role model in following of the Anti — Corruption Policy. The Human Resources are assigned to educate, promote understanding, and encourage employees at all levels to strictly and continuously adhere to the Anti — Corruption Policy so that it becomes a part of the organizational structure.
7. The Anti — Corruption Policy covers human resources management procedures from recruitment, selection, promotion, training and performance appraisal. Supervisors at all levels are in charge of communication to their teams creating understanding and enabling all employees to apply the Policy to business activities within their scope of work as well as monitoring to ensure effective application of the Policy.
8. Any person conducting fraud and corruption is considered disciplinary violation of personnel management's rules and regulations for employees and is subjected to disciplinary punishment as defined by the Company as well as lawful action if such conducts is illegal.
9. Any action taken under the Anti-Corruption Policy shall be in accordance with guidelines prescribed in the Company's "Corporate Governance Policy", "Business Conduct of Conduct Handbook" as well as related working manuals and any additional guidelines to be formulated in the future.
10. The Company will regularly review the practical guidelines and operating measures to be update and in comply with the changing of laws and business operation conditions
11. The Company stipulates that communication and public relation activities of Anti-Corruption Policy are carried out via both internal and external media e.g. intranet, the Company's website and annual report.

Policy on Acknowledgement of Incidence, Grievance, Suggestions Channels for Informants and Protection of the Rights of Informants (Whistle Blowing Policy)

The Company has systematically imposed the practical guidelines for systematic, transparent and accountable consideration and investigation of grievance and complaints.

The Company has established a department to acknowledge incident, grievance or suggestion from stakeholders affected from the Company's operation on a 24 — hour basis. This can be done verbally, via telephone, facsimile, electronic mail and postal mail. The Company will provide initial explanation of facts and measures to manage such matters to the party submitting grievance or involved party as soon as possible or within 1 day at latest.

In case of doubts or discovering any acts of possible violation or against laws, regulations, rules, code of conduct or corporate governance policy, stakeholders can ask, undertake whistle - blowing or file complaints with detailed evidences to relevant person or department through the following channels:

1. For internal grievance, suggestions and complaints within the Company

Contact: Mr. Mitporn Tansrisook
Vice President, Administration Department
Tel.: 02 7302100 ext. 2146
E-mail: t_mitporn@nawarat.co.th

Or contact through the employees' suggestion box which is put at workplace

2. For external grievance, suggestions and complaints from third parties

Contact: Mr. Pasan Swasdiburi
Secretary to the Board of Directors Office
Nawarat Patanakarn Public Company Limited
18th -19th Floor, Bangna Tower A, 2/3 Moo 14
Bangna - Trad Road, K.M. 6.5, Bangkaew, Bangplee, Samutprakarn 10540
Tel.: 02 7302100 ext. 2195
E-mail: s_pasan@nawarat.co.th

The Company will keep such information confidential in order that the informants may not suffer any trouble. For employees, customers or persons, who work for the Company, report clues or complaints will be protected by law. Details are defined in the Company's Business Code of Conduct and the Corporate Governance Policy

In 2016, the Company did not have any significant disputes with its stakeholders

Policy and Practical Guidelines for Occupational Health and Safety Management

Since the construction business is considered highly risky, the Company realizes the importance of occupational health and safety and defined the policy and practical guidelines for occupational health and safety management as follows:

1. Carry out and develop continuously the occupational health and safety management system in accordance with TIS 18001 & OHSAS. 18001 suitably and comply with other legal requirements and standard requirements.
2. Control and improve working sites; prevent employees and related parties from health hazard, fire, chemical substances, electricity, machinery, emergency incidents, occupational diseases and other dangers within acceptable risk level.
3. Supports resources such as personnel, operation time, budget and training suitably and adequately.
4. Encourage all employees to join activities and express opinions on occupational health and safety
5. Review occupational health and safety management standard procedure at least once a year.
6. Risk factors for any occupational diseases must be zero.

ประกาศ

นโยบายอาชีวอนามัยและความปลอดภัย

บริษัท เนาวรัตน์พัฒนาการ จำกัด (มหาชน) ดำเนินธุรกิจเกี่ยวกับ รับเหมาก่อสร้าง บริษัทฯ ตระหนักถึงระบบการจัดการอาชีวอนามัยและความปลอดภัยเป็นสิ่งสำคัญในการดำเนินธุรกิจ จึงกำหนดนโยบายดังต่อไปนี้

1. ดำเนินการและพัฒนาระบบการจัดการอาชีวอนามัยและความปลอดภัยตามมาตรฐาน มอก. 18001&OHSAS.18001 อย่างเหมาะสมและสอดคล้องกับข้อกำหนดของกฎหมายและข้อกำหนดมาตรฐานอื่นๆ อย่างต่อเนื่อง
2. ควบคุม ปรับปรุงสภาพพื้นที่ทำงานและป้องกันอันตรายที่ส่งผลต่อสุขภาพ อันตรายจากอัคคีภัย สารเคมี ไฟฟ้า เครื่องจักร เหตุฉุกเฉิน โรคจากการทำงาน และอันตรายอื่นๆ เกิดกับพนักงาน และผู้เกี่ยวข้องให้อยู่ในระดับความเสี่ยงที่ยอมรับได้
3. บริษัทฯ ให้การสนับสนุนทรัพยากรทั้งในเรื่อง บุคลากร เวลาในการดำเนินการ งบประมาณ และการฝึกอบรม ที่เหมาะสมและเพียงพอ
4. บริษัทฯ ให้การสนับสนุนให้พนักงานทุกคนมีส่วนร่วมในกิจกรรม และในการเสนอความคิดเห็นต่างๆ ด้านอาชีวอนามัยและความปลอดภัย
5. ให้มีการทบทวนระบบมาตรฐานการจัดการอาชีวอนามัยและความปลอดภัยอย่างน้อยปีละ 1 ครั้ง
6. ปัจจัยเสี่ยงที่ทำให้พนักงานเกิดโรคจากการทำงาน ต้องเป็นศูนย์

จึงประกาศมาเพื่อทราบโดยทั่วกัน



ประกาศ ณ วันที่ 12 กุมภาพันธ์ พ.ศ.2558



(นายพลพัฒน์ กรรณสูต)
กรรมการผู้จัดการ

Policy and Practical Guidelines for Environmental Management

Since the construction business highly affects the environment, the Company recognizes the importance of the environmental responsibilities in business conduct and has defined the environmental policies covering three principles as follows:

1. Pollution prevention
2. Regulations and law adherence
3. Constant improvement

In 2016, the Company reviewed and improved the environmental policy to be in line with the Environmental Management System ISO 14001:2004 and to cover the social and environmental responsibility issues as details below:

1. Prevent and control the disposal of trash, waste water, and air pollution caused by the Company's business activities in order to minimize the impact on the environment as much as it can in practical.
2. Promote and comply with the related laws on the environment and strictly follow the regulations on the environmental management system.
3. Ensure that the preventive and controlling measures are implemented and reviewed for continual improvement.
4. Get committed to promote energy preservation and efficient use of resources.
5. Educate and cultivate social and environmental awareness of employees, contractors and persons involved to create mutual ways in developing and taking responsibility of society and environment.
6. Get committed to constantly push activities to be done and fulfilled in accordance with the environmental policy framework and communicate with employees and relevant persons as well as disseminate to the public.

The Company communicates the above environmental policy to all employees through e-mail, the bulletin boards at the head office and construction sites, and pamphlets as well as disseminates to the outside parties such as juristic person who manages Banana Tower Building and the less or of office space for the Company's head office and on the Company's website.

ประกาศ นโยบายสิ่งแวดล้อม

บริษัท เนาวรัตน์พัฒนาการ จำกัด (มหาชน) ดำเนินธุรกิจประเภทรับเหมาก่อสร้าง โดยยึดมั่นในความรับผิดชอบต่อสิ่งแวดล้อม ดังนั้นบริษัทจึงพัฒนาระบบการจัดการด้านสิ่งแวดล้อมอย่างต่อเนื่องเพื่อลดผลกระทบต่อสิ่งแวดล้อมให้อยู่ในระดับที่ยอมรับได้ โดยมีแนวปฏิบัติดังนี้

1. ป้องกันและควบคุมการกำจัดขยะ น้ำเสีย และมลพิษทางอากาศที่เกิดจากกิจกรรมของบริษัท เพื่อลดผลกระทบต่อสิ่งแวดล้อมให้เหลือน้อยที่สุดเท่าที่จะเป็นไปได้ในทางปฏิบัติ
2. ส่งเสริมและปฏิบัติตามกฎหมายด้านสิ่งแวดล้อมที่เกี่ยวข้อง และปฏิบัติตามข้อกำหนดของระบบการจัดการด้านสิ่งแวดล้อมอย่างเคร่งครัด
3. ให้มั่นใจได้ว่ามาตรการป้องกันและควบคุมมลพิษดังกล่าวได้ถูกนำไปปฏิบัติและทบทวนเพื่อการปรับปรุงพัฒนาอย่างต่อเนื่อง
4. มุ่งมั่นที่จะส่งเสริมการอนุรักษ์พลังงานและการใช้ทรัพยากรอย่างประหยัดและคุ้มค่า
5. ส่งเสริมและให้ความรู้ สร้างจิตสำนึกด้านสิ่งแวดล้อมและสังคมกับพนักงานทุกระดับของบริษัทฯ รวมทั้งผู้รับเหมา เพื่อใช้เป็นแนวทางร่วมกันในการพัฒนาและดูแลรับผิดชอบต่อสังคมและสิ่งแวดล้อม
6. มุ่งมั่นที่จะผลักดันสนับสนุนกิจกรรมต่างๆ ได้ดำเนินการให้บรรลุตามกรอบนโยบายสิ่งแวดล้อมอย่างสม่ำเสมอ และสื่อสารให้พนักงานและผู้ที่เกี่ยวข้อง รวมทั้งเผยแพร่ต่อสาธารณชนด้วย

นโยบายฉบับนี้ถือเป็นความรับผิดชอบต่อพนักงานและผู้ที่เกี่ยวข้องทุกคนที่จะนำไปปฏิบัติอย่างจริงจังและสม่ำเสมอ เพื่อให้มีคุณภาพสิ่งแวดล้อมที่ดีต่อพนักงาน ผู้ที่เกี่ยวข้อง และชุมชนรอบข้างต่อไป

จึงประกาศมาเพื่อทราบโดยทั่วกัน

ประกาศมา ณ วันที่ 15 มีนาคม พ.ศ.2559



(Signature)

(นายพลพัฒน์ วรรณสุต)

กรรมการผู้จัดการ

Section 4 – Information Disclosure and Transparency

Disclosure of information is an important indicator of transparency of the operations and is a key factor in building confidence towards investors and all stakeholders. The Company recognizes the importance of information disclosure and has policy to disclose the Company's important financial and non-financial information, in both Thai and English, to all related parties equitably, completely, adequately, reliably, timely, transparently and in compliance with the requirements stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand on the websites of Stock Exchange of Thailand and the Company's website. In 2016, the Company carried out the below practices.

1. The company's Board of Directors has established a policy that the Company shall disclose both financial and non-financial information like financial statements, operation results, the Company's information, nature of business, organization structure, shareholding structure, business group structure and shareholding proportion, information relating to directors, sub-committees, and executives, investors' relation information, related transactions, the Company's Articles of Association, the Business Code of Conduct and the Corporate Governance Policy with accuracy and completeness through three main channels below:
 - 1) Annual registration statement (Form 56-1) and Annual Report (Form 56-2) providing detailed information on important topic including business overview, nature of business, risk factors, securities and shareholders information, management structure, corporate governance, social responsibility, internal control and risk management, related transactions, operation results, future projects and financial status.
 - 2) The Management Discussion and Analysis (MD&A) quarterly and annually, which provides detailed operation and financial information, including analysis and explanations of factors causing changes in performance results, progress report of projects under construction, key factors or influences that may affect future results and financial status. This report provides shareholders and investors with enough accurate information for their decision making on investment and monitoring the Company's performance
 - 3) Disclosure of information via the www.nawarat.co.th under "Investor Relations" in both Thai and English to facilitate investors and the interested public's consistent study of its information. The website has been regularly updated. Disclosed information include annual report, form 56-1, corporate governance policy, business code of conduct, anti-corruption policy, company's profile, nature of business, financial statements, shareholding structure, dividend payment policy, organizational structure, business structure, profile of directors, sub-committees and executives, investors' relations information, the Company's important documents, meeting notices, operation results and financial ratios.
 2. The company has set up the Investor Relation Section under the New Business and Strategic Planning Department to be specifically responsible for disclosure and communication of information, whether financial or non-financial, to shareholders, investors, and securities analysts, through various channels and media of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, including mass media, telephone, and the company's website www.nawarat.co.th, in both Thai and English version.
- The company hopes the Investor Relation Section will serve as the center for disseminating, handling enquiries and receiving and exchanging shareholders or investors' opinion.

Shareholders, investors, securities analysts and interested persons may contact the Company for additional information through:

Investor Relations Section

Mr. Praty Mankong

Nawarat Patanakarn Public Company Limited

18th — 19th Floor, Bangna Tower A, 2/3 Moo 14

Bangna — Trad Road, K.M. 6.5, Bangkaew, Bangplee, Samutprakarn 10540

Tel.: +66 (0) 2730 - 2178

Fax: +66 (0) 2751 - 9484

E-mail: ir@nawarat.co.th

- The company has joined the Stock Exchange of Thailand (SET) in organizing quarterly "Opportunity Day" activity so that the senior executives may present the Company's quarterly reports on performance results and explain business progress such as expansion projects, new projects, business trends and how to deal with positive and negative effects caused by internal and external factors. This is good opportunity for executives to meet and answer the questions from analysts, investors and shareholders in person. In addition, SET provides a live webcast via SET's website and sets up computer monitor in front of the Company's executive so that the viewers can post their questions and get real time responses from the executives during Q & A session.



4. The company discloses its financial information and report the responsibility of the Board toward the financial report together with the auditor's report, the explanation of financial status, the Management Discussion and Analysis (MD&A) and report on important information and major decisions to the Securities and Exchange Commission and the Stock Exchange of Thailand with accuracy, completeness, punctuality and in compliance with the requirements.
5. The Company's financial statements have been certified by the auditor and there were no any conditionally agreed transactions and no records of corrected financial statements governed by outside institutions.
6. The company discloses roles and responsibilities of the Board and the Sub-committees, number of meetings and number of attendance of each director in 2016.
7. The Company has stipulated measures and procedures for related transaction approval. Any director, executive or related person is able to conduct business with the Company or its subsidiaries only if such transaction is approved by the shareholders' meeting, except that such transactions are considered trade agreements without any influence, in which a reasonable man would properly make to a general contract partner, under the same circumstance, with the negotiating power void of the influence due to the status of being a director, an executive, or a person involved as the case may be.
8. The Company has established measures on the protection and the verification of use of internal information for personal benefits by requiring directors and top executives submit the list of their securities holding and report on every change of the list in compliance with requirements stipulated by the Securities and Exchange Commission, and a policy that directors and executives must report the sale/purchase of the Company's shares or securities holding to the meeting of the Board of Directors every time when there is change.
In addition, the company prohibits directors, executives and employees involved with any internal information from disclosing such information to the outside people or those who are not involved, and forbids directors, executives and employees involved with the preparation of the Company's financial statement or any other related information from buying and selling of the Company's securities prior to disclosure of financial statements to the public.
9. The company has established a policy on reporting of vested interest of directors and top executives and set requirements that the directors and executives report to the company on their own or their related persons' vested relating to the business management of the Company or its subsidiaries' business management pursuant to the requirements stipulated and announced by the Capital Market Commission. The Company discloses information about the directors and executives' vested interest in the annual report (Form 52-6) and the annual registration statement (Form 56-1).

Section 5 – Responsibilities of the Board

The Board of Directors realizes their responsibilities and roles in determining the direction of the Company's business operation pursuant with laws, objectives, the Articles of Association and resolutions of shareholders; establishing policies, vision, mission and strategic plans every five years and reviewing them annually to make them suitable for the changes in business environment; as well as monitoring the Management to efficiently and effectively conduct the business in accordance with the established policies under the good corporate governance principles for the utmost benefits of the Company, adding the economic value and the highest wealth to shareholders

The Board has performed its duties in accordance with the Stock Exchange of Thailand's best practices as follows:

Board Structure

The company's Board of Directors consists of qualified persons with knowledge, ability, skills and experiences useful to the Company. As at December 31, 2016, the existing Board of Directors of the Company consists of seven directors comprising: three executive directors, four independent directors or equivalent one-third of the Board of Directors. The Chairman of the Board is independent according to the definition of the Stock Exchange of Thailand, has no relationship with the executives, and is a different person from the CEO and President in order to have complete separation of responsibilities as well as a balance of power in operations.

Names and positions of the members of the Board of Directors are as follows:

Name	Position
1. Mr. Mana Karnasuta	Chairman
2. Mr. Prasertphand Pipatanakul	Chairman (Independent Director)
3. Mr. Niyom Niyamanusorn	Independent Director
4. Mr. Apichart Dharmasaroja	Independent Director
5. Mr. Nattaphorn Bhromsuthi	Independent Director
6. Mr. Polpat Karnasuta	Director
7. Mr. Sook Sueyanyongsiri	Director
8. Mrs. Wattana Samanawong	Director

Remark:

1. Mr. Mana Karnasuta resigned as Chairman and Director, due to his own business that cannot contribute his full time on working, on May 1, 2016
2. Mr. Prasertphand Pipatanakul has been appointed as Chairman by the resolution of the Board of Directors' Meeting No. 6/2016 on May 10, 2016.
3. Mr. Nattaphorn Bhromsuthi has been appointed as Independent Director by the resolution of the Board of Directors' Meeting No. 6/2016 on May 10, 2016 to replace Mr. Mana Karnasuta who resigned His office term remains the same as of Mr. Mana Karnasuta.

Furthermore, the Company has set a policy on the diversification of its Board's structure that the Board shall have a range of diversified structure, comprising gender, age, educational level, knowledge, professional skill, work experience and expertise. The Company believes that the diversification of the Board's structure is a crucial factor in creating a balance of ideas, work quality and efficient decisions of the Board which will be useful to the Company's business operation. This practice is also followed by the Company's subsidiaries and associated companies.

For utmost benefit of the Company to gain the effective dedication of the directors' time, the Board of Directors has established the policy on holding of position of director in other companies by the Company's director as follows:

1. Director can hold positions in Nawarat Patanakarn Public Company Limited and its subsidiaries and associated company.
2. To be a director in other companies, of which the business is similar to or competitive with the business of the Company, a request must be submitted for opinion of the Audit Committee prior to submission for approval by the Board of Directors and the shareholders respectively before being appointed to such position.

3. The holding of position of director in any organizations other than specified in Clause 1 which when combined must not be more than 5 places and must inform and be approved by the Board of Directors' meeting before being appointed to such position.

At present, each director of Nawarat Patanakarn Public Company Limited takes a directorship on the listed companies not exceeding five in total.

Independence of Director

The company's director has a duty to consider, provide opinions, make decisions, and cast a vote to protect the interests of shareholders. Hence, independence of director is definitely recognized. The Company allows the independent director to access financial and business information adequately to freely provide recommendations, and is required to maintain the interests of related persons, to attend the meeting regularly and to have a meeting among each other at least twice a year.

The Company has defined the qualifications of the independent director in accordance with the ones prescribed by the Capital Market Supervisory, the Securities and Exchange Commission and the Stock Exchange of Thailand, and other qualifications as defined by the Company so that the independent director can oversee the interests of all shareholders equally, prevent conflict of interest and freely express opinions in the meeting. Further information about names and details of the independent directors can be seen under the Board of Director's topic.

Roles, Duties and Responsibilities of Directors

The Board of Directors performs their duties with integrity, transparency, fairness and due care. The Board's duties and responsibilities are separated into two parts as follows:

- 1) Define directions, policies, and the business strategies
 - Control and supervise the business operation of the Company to strictly adhere to applicable laws, objectives, rules, articles of association and resolutions of the meeting of shareholders, maintain the interests of the Company and its shareholders according to the good corporate governance principles.
 - Define vision, mission, direction, and strategies of the Company; review such vision, mission regularly and grant approval at least every five years to ensure that vision, mission are in line with the Company's business plan.
 - Supervise the Company's business conduct in compliance with the rules and regulations of the related agencies; take responsibilities and maintain interests of the shareholders; disclose information adequately, correctly, completely, transparently and with standard to shareholders and all related parties.
 - Approve key strategies, policies, financial goals and business plan and monitor compliance with the defined work plans.
 - Consider and approve annual budgets for investment and operation as well as the utilization of the Company's resources.
 - Ensure that the Company has a suitable compensation system or mechanism for senior executives to induce short term and long term motivation.
 - Arrange for an annual ordinary meeting of shareholders within 4 (four) months from the last day of the fiscal year of the Company and if necessary, arrange an extraordinary meeting of shareholders.
 - Hold the Board of Directors' monthly meeting in which at least half of the directors must participate. The resolution of the meeting will take into account the majority of votes. If the number of votes is equal, the chairman will cast the decisive vote

- Provide consultation, discuss problems in a thorough and extensive manner and make a decision the matters according to the Meeting agenda discreetly.
 - Give authorization to Chief Executive Officer/President to operate the Company's business as well as to employees working in coherence with the business situation.
- 2) Monitor the operation of the management for checks and balances by the following ways:
- Disclosure of the Company's information
 - Set up efficient and effective accounting system, financial report, auditing, internal control and internal audit system.
 - Ensure that the Company puts in place proper systems to communicate with each group of shareholders and stakeholders
 - Ensure that information disclosure is correct, clear, transparent, reliable and in line with high standard.
 - Prepare a balance sheet, cash flow statement and profit and loss statement as the last day of fiscal year of the Company and propose same to the meeting of shareholders at the annual ordinary meeting for consideration and approval of the said balance sheet, cash flow statement and profit and loss statement. The Board of Directors shall arrange for the auditor to complete the auditing prior to propose same to the meeting of shareholders.
 - Arrange for a report on important financial and general information in a correct, complete and sufficient manner to shareholders and confirm the verification of information reported.
 - Monitor, supervise and solve problems arising from transactions which may lead to conflicts of interests and related transactions.
 - Internal Control and Risk Management
 - Establish proper risk management and ensure that the management has effective systems or procedures for risks management.
 - Ensure that the Company has proper internal control, internal audit, financial control system, operation, operating compliance, risk management and risk management control.

Nomination, Appointment, Dismissal and Retirement of Director

Nomination and appointment

The Nomination and Remuneration Committee shall propose the Board of Directors the nomination of director and the Board shall present it to the Shareholders' Meeting for appointment which shall be according to the criteria and methodology stipulated in the Articles of Association of the Company as detailed below:

1. Nomination of Independent Director

The Nomination and Remuneration Committee nominates directors who are qualified in terms of useful skills and experience for the Company and meet the qualifications of independent director according to the requirements stipulated by the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand, and other qualifications as stipulated by the company.

Qualifications of Independent Director as follows:

- Not holding more than 5% of the total outstanding voting shares of the Company, subsidiary or associated company including shares held by related persons under section 258 of the Securities and Exchange Act.

- Neither being nor having been an executive, employee, wage earners or advisors or who receive a salary, or personal consultant of person who gets authorization to manage the Company, its subsidiary or associated company, unless the foregoing status ended not less than three years prior to the date of appointment.
- Not having nor have had a business relationship, e.g. customers, business partners, creditor and debtor, as well as not having direct or indirect financial and managerial interests with the Company, subsidiary or associated company in a manner which may interfere with his or her independent judgment.
- Not being a close relative by blood or by legal registration as father, mother, spouse which may interfere with his or her independence with executives, major shareholders of the Company, subsidiary or associated company as well as not being appointed as representative of the Company's executives or major shareholders.
- Neither being nor having been an auditor of the Company, subsidiary, associated company, major shareholder, director, executive or partner of an audit firm which employs auditors of the Company, subsidiary, associated company, unless the foregoing relationship ended not less than three years from the date of appointment.

2. Nomination of Director

Criteria

The Nomination and Remuneration Committee has duty to nominate and select persons to be appointed as directors to replace those directors who vacate office, both resignation prior to the end of term and retirement by rotation by considering the proper proportion, number and composition of the Board. The Nomination and Remuneration has systematically determined the criteria of director's nomination as follows:

- Having qualifications in compliance with the Public Limited Companies Act, the Securities and Exchange Act, the Stock Exchange of Thailand and the Company's regulations.
- Having knowledge, ability and experience in a variety of fields. The Company has defined four necessary skills for director nomination as follows:
 1. Engineering skill
 2. Accounting, financial and banking
 3. Marketing strategy and competition skill
 4. Legal skill relating to business
- Having characteristics supporting and promoting the corporate governance to create value to the Company such as
 1. possession of leadership
 2. possession of broad vision
 3. possession of ethics and morality
 4. possession of transparent work experience without malfeasance
 5. must not possess any prohibited characteristics pursuant to the law
 6. possess the ability to express opinions independently

Procedures

The Board of Directors set out the procedures for nomination of directors. The Nomination and Remuneration Committee proceeds in accordance with the following procedures:

1. Nominate qualified candidates to fill the vacancy. The Nomination and Remuneration Committee may propose the Board to set up to set up specific committee comprising of the Board or third party to nominate person, or in some cases using director pool of Thai Institute of Directors (IOD) for consideration of the persons to be nominated.
2. Consider qualifications of candidates. The Company gives a chance to shareholders to nominate persons in advance to be elected as directors by the annual general meeting of the shareholders.
3. Propose the nominations to the Board for consideration and appointment (in case of interim vacancy).
4. Propose the nominations to the Board for consideration and approval for submission to the annual ordinary general meeting of shareholders for appointment

Pursuant to the Articles of Association, the criteria and procedures for appointment of Directors by shareholders are as follows:

1. Each shareholder shall have one vote for each share held.
2. Each shareholder shall exercise all of his/her voting rights that he/she has under clause (1) to elect one or several persons as director (s), but he/she may not allot his/her votes to any person in any number.
3. The persons receiving the highest votes shall be elected as directors in respective order of the votes for the number of directors of the Company, or for the number of directors which should be elected at such election. In case of tie votes causing the number of person elected to be in excess of the number to be elected at such meeting, the chairman shall have a casting vote.

Dismissal and Retirement of Director

Dismissal of Director

The meeting of shareholders may pass a resolution removing any director from office prior to the expiration of the director's term of the office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling at not less than a half of the number of shares held by shareholders attending the meeting and having the right to vote.

Retirement of Director

1 Term Expiry Date

Pursuant to the Articles of Association, at every annual general meeting of shareholders, at least one-third of the number of directors shall vacate their office. If the number of directors cannot be divided into a multiple of three, the number of directors nearest to one-third (1/3) shall retire. The directors to be retired from office in the first and second year following the registration of the Company shall be made by drawing lots. For subsequent years, the director who has held office longest shall retire.

2. Resignation

The Charter of the Board determines that a director who desires to resign from office shall submit a resignation letter to the Company at least 30 (thirty) days in advance. The resignation shall be effective on the date the Company receives the resignation letter.

Authorities of the Board of Director

The Board of Directors must perform duties in compliance with laws, objectives, the articles of association, the resolutions of shareholders' meeting, with integrity and prudence, in the best interests of shareholders in both short term and long term as well as shall adhere to the rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Commission, The authorities of the Board of Directors are as follows:

- The Board of Directors is empowered to appoint a director as the Chairman, and can also appoint Vice Chairman, as deemed appropriate.
- The Board of Directors is empowered to appoint a director as the Chief Executive Officer, and can also appoint any person to be the Company Secretary, as deemed appropriate.
- The Board of Directors has the right to attend trainings or to participate in activities in order to increase knowledge on concerning work by using the Company's resources.
- The Board has the authority to consider the endorsement of acquisition or distribution of assets except in case such transactions require a resolution at the Shareholders' Meeting. However, such endorsement would be according to the announcement, regulation, and/or requirement related to The Office of Securities and Exchange.
- The Board has the authority to consider endorsement of related transactions except in case such transactions require a resolution at the Shareholders' Meeting. However, such endorsement would be according to the announcement, regulation, and/or requirement related to The Office of Securities and Exchange.
- The Company's Board of Directors has the authority to consider the endorsement for loans or any loan applications from financial institutions or the setting up of the new revolving credit line (O/D) as well as spending money for investment, sale of land, within a budget of more than 200 million baht per transaction.

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Delegation of Authorities by the Board

Two directors with signatory power jointly affix their signatures for the Company to authorize other persons to perform the business on behalf of the Company within a certain period. In this regard, the delegation of authority and responsibility by the Board of Directors will not be the delegation or sub-delegation of authority in such a manner that enables the Board or its attorneys to approve any transactions for oneself or for any person with potential conflict (as defined in the Notification of SEC) for both the Company and subsidiaries.

Meeting of the Board of Director

The Company holds the Board of Directors' meeting once a month and may convene an extraordinary session if necessary. The Company requires the directors to attend the meeting every time except in case of necessity. The meeting will be pre — schedule with exact date, time and agenda details all year round. The meeting invitations specifying agenda details together with the supporting documents shall be sent to all directors at least seven days ahead of the meeting to allow them with enough time to study before the meeting, except in case of emergency to protect the company's interest. The Company prepares and completes the minute of the Board of Directors' meeting within 14 days from the meeting date and retains the minutes of the meeting certified by the Board of Directors in full along with other documents. All directors can check the minute of the meeting anytime by making request with the Company Secretary.

The Company defines criteria and quorum in the meeting of the Board of Directors as follows:

- To form a quorum in the meeting, at least half of the directors must be present. The Chairman of the Board shall be the chairman of the meeting. In case the Chairman is absent or cannot perform the duty, other members attending the meeting can select one member to be a substituted chairman of the meeting.
- The resolution of the meeting will take into account the majority of votes,
- One director has one vote, except director with vested interest in any agenda item must abstain from voting on that item. If the number of votes is equal, the chairman will cast the decisive vote.
- The chairman or the assigned person sends the meeting invitations specifying date, time, venue and agenda details to all directors at least seven days ahead of the meeting. Except for the urgent case to protect the company's interest, notification of the meeting can be given through other means and the meeting can be convened earlier.

In 2016, the Company held total 13 Board of Director's meetings and the summary of directors' attendance is as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Mana Karnasuta	6	1	16.66
2. Mr. Prasertphand Pipatanakul	13	13	100
3. Mr. Niyom Niyamanusorn	13	13	100
4. Mr. Apichart Dharmasaroja	13	13	100
5. Mr. Nattaphorn Bhromsuthi	7	7	100
6. Mr. Polpat Karnasuta	13	13	100
7. Mr. Sook Sueyanyongsiri	13	13	100
8. Mrs. Wattana Samanawong	13	13	100

Remark:

1. Mr. Mana Karnasuta resigned as Chairman and Director on May 1, 2016
2. The Board of Directors' Meeting No. 7/2016 on June 21, 2016 was the 1st time that Mr. Nattaphorn Bhromsuthi attended the meeting.

Sub - Committees

The company's Board of Directors realizes the importance of good corporate governance and resolved to establish the sub-committees to closely monitor and supervise the business operation. In 2006, the Board of Director has appointed the Audit Committee to oversee and implement the corporate governance and the internal audit.

Later in 2015, the Board's meeting no. 3/2015 dated 13 March 2015 resolved to approve the establishment of six sub-committees with the purpose to expand the governance of the organization to cover all dimensions and to be in compliance with Good Corporate Governance. The Sub-committees comprise namely:

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

The seven sub-committees have their roles and functions as follows:

1. The Audit Committee - AC

The Board of Directors has appointed the Audit Committee comprising directors who have qualifications required by the Securities and Exchange Law. The Audit Committee consists of three independent directors, namely:

Name	Position in the AC	Position in the Board
1. Mr. Niyom Niyamanusorn	Chairman of the Committee	Independent Director
2. Mr. Prasertphand Pipatanakul	Committee	Independent Director
3. Mr. Apichart Dharmasaroja	Committee	Independent Director

Remark:

1. In accordance with good corporate governance, Mr. Prasertphand Pipatanakul resigned as Chairman of the Audit Committee due to taking a position as Chairman of the Board, effective from June 22, 2016
2. Mr. Niyom Niyamanusorn has been appointed as Chairman of the Audit Committee by the resolution of the Board of Directors' Meeting No. 8/2016 on July 14, 2016. He replaces Mr. Prasertphand Pipatanakul who resigned
3. Mr. Apichart Dharmasaroja is the Audit Committee member who has enough knowledge and experience in review of reliability of the Company's financial statement.

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Duties and Responsibilities of the Audit Committee

- Ensure the accuracy, completeness, reliability and timely information disclosure of the financial statements report.
- Ensure that the Company has duly complied with the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and other regulations and laws related to the Company's businesses.
- Consider, select and nominate an independent person to be the Company's auditor and propose such person's remuneration as well as attend non-management meeting with an auditor at least once a year.
- Ensure that the Company has sufficient, appropriate and effective internal control and internal audit system, determine an internal audit unit's independence as well as approve the appointment, transfer or dismissal of the head of the internal audit office or related parties.
- Review the related transactions or the transactions that may lead to conflicts of interests to make sure that they are in compliance with the law and regulations stipulated by the Stock Exchange of Thailand and are reasonable and for the highest benefit of the Company.
- Ensure that the Company has sufficient, appropriate and effective risk management systems
- Review and approve internal audit plan and performance of the internal audit office
- Prepare the Audit Committee's annual performance report and disclose it in the Company's annual report. Such report must be signed by the Chairman of the Audit Committee and consists of at least the following information:
 - a) opinion on accuracy, completeness and credibility of the Company's financial report,
 - b) opinion on adequacy of the Company's internal control system,
 - c) opinion on compliance with by the Securities and Exchanges laws, the Stock of Thailand regulations or the laws relating to the Company's business,
 - d) opinion on suitability of an external auditor,
 - e) opinion on transactions which may lead to conflicts of interest,

- f) number of the Audit Committee's meeting and attendance at such meetings by each committee member,
- g) opinion or overview of comments received by the Audit Committee from its performance of duties in accordance with the charter,
- h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors
- Request or invite the Executive Committee members, executives or relevant parties to give statements or useful information, join meeting or deliver documents as deemed relevant and necessary
- Review the Audit Committee Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities and propose any required amendments if necessary.
- Oversee that there is an effective whistle blowing system in place, in the event that an employee or any stakeholder is suspicious of any possible wrongdoing, as well as non-compliance to any laws, regulations, business code of conduct or to any corporate governance policies so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrongdoings and non-compliance issues.
- Execute other duties as assigned by the Board of Directors.

The Audit Committee has an office term of 3 years. However, when the term is completed, the members may be re - appointed.

This is in accordance with the Charter for the Audit Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Audit Committee must hold meetings at least 4 times per year following the quarterly financial, together with the independent auditor, the internal auditor, the Management, and the executives responsible for accounting and finance to review the financial statements and report to the Board of Directors. In 2016, the Audit Committee convened a total of 12 meetings and had meetings with the external auditors in every quarter. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Prasertphand Pipatanakul	12	12	100
2. Mr. Niyom Niyamanusorn	12	12	100
3. Mr. Apichart Dharmasaroja	12	12	100

2. The Corporate Governance Committee - CGC

The Board of Directors' Meeting No. 3/2015 held on 13 March 2015 resolved to appoint the Corporate Governance Committee to monitor performance of directors and the management to ensure compliance with the good corporate governance principles. The Corporate Governance Committee consists of seven directors of the Board and at least half of the total numbers must be independent directors, namely:

Name	Position in the CGC	Position in the Board
1. Mr. Prasertphand Pipatanakul	Chairman of the Committee	Independent Director
2. Mr. Niyom Niyamanusorn	Committee	Independent Director
3. Mr. Apichart Dharmasaroja	Committee	Independent Director
4. Mr. Nattaphorn Bhromsuthi	Committee	Independent Director
5. Mr. Polpat Karnasuta	Committee	Director
6. Mr. Sook Sueyanyongsiri	Committee	Director
7. Mrs. Wattana Samanawong	Committee	Director

Remark: Mr. Nattaphorn Bhromsuthi has been appointed as Corporate Governance Committee by the resolution of the Board of Directors' Meeting No.10/2016 on September 1, 2016 And Mr. Visut Suwanwitwaj, Vice President of the New Business and Strategic Planning Department performs as Secretary to the Corporate Governance Committee.

Duties and responsibilities of the Corporate Governance Committee

- Establish the corporate governance policy under current legal framework, the cabinet's resolutions, principles, rules and regulations stipulated by organizations that oversee the corporate governance such as the Stock Exchange of Thailand, the Securities and Exchange Commission, other relevant agencies as well as international standards of corporate governance, propose the drafted policy to the Board of Directors for approval and proclaim the approved policy to be used as the best practice of the Directors, the Management and staff members at all levels.
- Oversee and give advice to the Directors, the Management and staff members of the Company on how to perform their duties and fulfill their responsibilities in accordance with frameworks and criteria of the Corporate Governance Policy.
- Set guidelines for reporting of the corporate governance compliance in the Company's annual report.
- Consider and approve the announcement of the Company's corporate governance issues to publics as well as amend circulation of corporate governance information on the Company's website.
- Consider, review and revise the corporate governance policy continually at least once a year to keep the Company's Corporate Governance Policy up-to-date and well adjusted to the international standards.
- Execute other duties as assigned by the Board

The Corporate Governance Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Corporate Governance Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Corporate Governance Committee must hold meetings at least twice a year. In 2016, the Corporate Governance Committee convened a total of two meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Prasertphand Pipatanakul	2	2	100
2. Mr. Niyom Niyamanusorn	2	2	100
3. Mr. Apichart Dharmasaroja	2	2	100
4. Mr. Nattaphorn Bhromsuthi	1	1	100
5. Mr. Polpat Karnasuta	2	2	100
6. Mr. Sook Sueyanyongsiri	2	2	100
7. Mrs. Wattana Samanawong	2	2	100

Remark: The CGC's Meeting No. 2/2016 on December 13, 2016 was the 1st time that Mr. Nattaphorn Bhromsuthi attended the meeting

3. The Business Code of the Conduct Committee - COC

The Board of Directors' Meeting No. 3/2015 held on 13 March 2015 resolved to appoint the Business Code of Conduct Committee. The Business Code of Conduct Committee consists of four directors of the Board and at least half of the total members must be independent directors, namely:

Name	Position in the COC	Position in the Board
1. Mr. Prasertphand Pipatanakul	Chairman of the Committee	Independent Director
2. Mr. Apichart Dharmasaroja	Committee	Independent Director
3. Mr. Sook Sueyanyongsiri	Committee	Director
4. Mrs. Wattana Samanawong	Committee	Director

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Duties and Responsibilities of the Business Code of Conduct Committee

- Consider, formulate and approve the Business Code of Conduct, the Anti - Corruption Policy and the Code of Ethics to be used as the practical guideline of the Directors, the management and staff members towards shareholders, community and society and propose to the Board of Directors for approval.
- Consider and review the Business Code of Conduct and the Anti — Corruption Policy to be efficient and appropriate to the situation.
- Oversee, supervise and monitor to ensure that compliance of the Business Code of Conduct, the Anti — Corruption Policy and the Code of Ethics have been strictly and continuously followed by all persons within the Company.
- Execute other duties as assigned by the Board of Director.

The Business Code of Conduct Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Business Code of Conduct Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Business Code of Conduct Committee must hold meetings at least twice a year. In 2016, the Business Code of Conduct Committee convened a total of two meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Prasertphand Pipatanakul	2	2	100
2. Mr. Apichart Dharmasaroja	2	2	100
3. Mr. Sook Sueyanyongsiri	2	2	100
4. Mrs. Wattana Samanawong	2	2	100

4. The Nomination and Remuneration Committee - NRC

The Board of Directors' Meeting No. 3/2015 held on 13 March 2015 resolved to appoint the Nomination and Remuneration Committee to nominate and consider remunerations for directors and the President to ensure transparency and fairness. The Nomination and Remuneration Committee consists of four directors and at least half of the total members must be independent directors, namely:

Name	Position in the NRC	Position in the Board
1. Mr. Niyom Niyamanusorn	Chairman of the Committee	Independent Director
2. Mr. Apichart Dharmasaroja	Committee	Independent Director
3. Mr. Polpat Karnasuta	Committee	Director
4. Mrs. Wattana Samanawong	Committee	Director

And Mr. Visut Suwanwitwaj, Vice President of New Business and Strategic Planning Department performs as Secretary to the Nomination and Remuneration Committee

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Duties and Responsibilities of the Nomination and Remuneration Committee

- Consider the appropriate structure, size and composition of the Board to suit the organization and changing situation.
- Ensure that the Board structure comprises ethical and honest experts who are knowledgeable, experienced and skillful in diverse fields relevant to the conduct of business. Furthermore, the members are selected with non — discrimination of gender, race, religion, age, professional skill, or other qualifications.
- Consider the criteria for selecting directors, as well as select and nominate qualified persons to be considered by the Board of Directors before further submission to the meeting of shareholders for appointment as directors.
- Consider qualifications of the independent directors to be in line with the criteria defined by the Securities and Exchange Commission (SEC) and by the Company.
- Allow minority shareholders the opportunity to propose qualified persons for selection as directors. This provides shareholders with enough time prior to the meeting of shareholders being held.
- Set the criteria for selecting CEO / President.
- Select and nominate qualified persons to be considered by the Board of Director for appointment as CEO/President.
- Formulate succession plans for Chairman of the Board, CEO/President and senior executive position and submit to the Board of Directors for consideration.
- Consider compensation method and standard for directors, members of the sub-committees (except the Nomination and Remuneration Committee itself) as well as for the CEO and President, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company, as well as will facilitate an effective discharge of their responsibilities. The proposed compensation plan should also be comparable to those of other companies within the same or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholders equity in the long term.

- Consider the compensation for directors and propose it to the Board of Directors for endorsement and, in turn, tabling it for the approval of the meeting of shareholders.
- Define goals and evaluate the performance of the President/CEO to determine reasonable compensation.
- Consider knowledge development plans and training programs for existing and newly appointed directors to be suitable and in line with roles and responsibilities of the existing Director's position and of the Board of Directors as well as development which is critical to the business operations of the Company.
- The Nomination and Remuneration Committee has rights to attend trainings or to participate in activities to enhance knowledge and expertise by using resource of the Company.
- Invite executives or any related persons to attend the meeting in order to provide relevant information.
- Execute other duties as assigned by the Board of Director.

The Nomination and Remuneration Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Nomination and Remuneration Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Nomination and Remuneration Committee must hold meetings at least twice a year. In 2016, the Nomination and Remuneration Committee convened a total of 5 meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Niyom Niyamanusorn	5	5	100
2. Mr. Apichart Dharmasaroja	5	5	100
3. Mr. Polpat Karnasuta	5	5	100
4. Mrs. Wattana Samanawong	5	5	100

5. The Executive Committee - EC

The Board of Directors' Meeting No. 3/2015 held on March 13, 2015 resolved to appoint the Executive Committee to help giving suggestions and advice to the Management and perform any other arrangements as assigned by the Board of Director. The Executive Committee consists of seven members who hold the position of Senior Vice President, namely:

Name	Position in the EC	Position in the Board
1. Mr. Polpat Karnasuta	Chairman of the Committee	Director
2. Mr. Sook Sueyanyongsiri	Committee	Director
3. Mrs. Wattana Samanawong	Committee	Director
4. Mr. Apathorn Karnasuta	Committee	-
5. Mr. Mongkol Peerasantikul	Committee	-
6. Mr. Pasan Swasdiburi	Committee	-
7. Mr. Nicolino Pasquini	Committee	-

And Ms. Patumtip Permsakmeesap, General Manager of Operation Department performs as Secretary to the Executive Committee.

Duties and Responsibilities of the Executive Committee

- Formulate the Company's business strategies and business operation plan; oversee and monitor the compliance of the corporate governance principles and the operating results of the Company to be the most effective and efficient.
- Review the Company's operational performance from time to time to find prompt solutions to achieve the planned business targets.
- Review and endorse annual budgets and large scale of investment projects of the Company before submitting to the Board of Director for approval.
- Set up organizational structure and carry out efficient management covering recruitment, trainings, employment, termination of employment and compensation of executives and staff members.
- Under power of attorney to act as a representative to exercise business transactions on behalf of the Company within the limits of authority defined in the Corporate Governance Policy and the Company's regulation
- Provide advice to the Board of Directors for making decisions on important issues
- Execute other duties as assigned by the Board of Directors

Duties and Responsibilities of the Chairman of the Executive Committee

- Manage and operate the Company's business in accordance with the policies and authorities defined by the Board of Directors.
- Set up business targets, either long or short term, on the annual business plan including expenses budgets and long-term strategic plan and submit to the Board for approval; has duty to report progress of the approved plan and budgets to the Board every 3 (three) months.
- Manage work operation through the hierarchy to achieve the objectives set on the Business plan by creating competitive competency and providing proper returns to shareholders.
- Allocate resources and recruit potential workforce and then use them for the utmost benefit.
- Assign, appoint, remove, transfer, change staff's position; reduce, cut salary or wages; conduct disciplinary punishment; and dismiss employees according to the regulations of the Company's Human Resources Management.
- Promote and build up strong corporate culture to support the vision and the business growth.
- Monitor closely the Company's business operation, evaluate operating results and report matter undertaken by the management to the Board of Director in timely manner.
- Consider and screen the Company's policies, business directions, undertaken matters that may affect the Company's business and matters relating to applicable laws and regulations of the Stock Exchange of Thailand; and present to the Board for approval.
- Prepare the documents detailing the operating authority for decentralization to employees to enable them to perform their duties efficiently and flexibly without losing control and submit to the Board for approval.
- Prepare report of financial status and financial statements and submit them to the Board for consideration and approval quarterly.
- Has the power to approve any purchase in the amount more than Baht 500,000 per transaction.

The Executive Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Executive Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Executive Committee must hold meetings on a monthly basis to consider matters as assigned by the Board of Directors and scrutinize the matters that will be proposed to the Board for consideration and approval. In 2016, the Executive Committee convened a total of 12 meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total attendance	Percentage
1. Mr. Polpat Karnasuta	12	6	50
2. Mr. Sook Sueyanyongsiri	12	12	100
3. Mrs. Wattana Samanawong	12	12	100
4. Mr. Apathorn Karnasuta	12	3	25
5. Mr. Mongkol Peerasantikul	12	10	83.33
6. Mr. Pasan Swasdiburi	12	3	25
7. Mr. Nicolino Pasquini	12	5	41.66

6. The Risk Management Committee - RMC

The Board of Directors' Meeting No. 3/2015 held on 13 March 2015 resolved to appoint the Risk Management Committee to oversee and support the Company's risk management to achieve success in the organizational level. The Risk Management Committee consists of seven members, namely:

Name	Position in the RMC	Position in the Board
1. Mr. Apichart Dharmasaroja	Chairman of the Committee	Independent Director
2. Mr. Nattaphorn Bhromsuthi	Committee	Independent Director
3. Mr. Sook Sueyanyongsiri	Committee	Director
4. Mr. Mongkol Peerasantikul	Committee	-
5. Mr. Visut Suwanwitwaj	Committee	-
6. Mr. Surin Kruevutthikul	Committee	-
7. Ms. Pakatip Lopandhsri	Committee	-
8. Mr. Warawut Nakpairat	Committee	-

Remark:

1. Mr. Nattaphorn Bhromsuthi has been appointed to be Risk Management Committee by the resolution of the Board of Directors' Meeting No. 10/2016 on September 1, 2016
2. Mr. Surin Kruevutthikul finished his office term as Risk Management Company since he had passed away on June 21, 2016
3. Mr. Warawut Nakpairat has been appointed to be Risk Management Committee by the resolution of the Board of Directors' meeting no. 8/2016 on July 14, 2016 to replace Mr. Surin Kruevutthikul who had passed away.

And Mr. Visut Suwanwitwaj, Vice President of New Business and Strategic Planning, Department performs as Secretary to the Risk Management Committee

Duties and Responsibilities of the Risk Management Committee

- Define, review and approve risk management policy and risk management master plan. Set and regulate the Company's risk management system as well as consider and review risk management plans to be efficient and appropriate for changing situation.
- Evaluate, monitor and oversee risks to ensure that they are at appropriate levels.
- Oversee, supervise and monitor to ensure that all departments within the Company continuously follow up risk management policies.
- Consider and approve budgets and expenses for operation about risk management and monitor sufficiency of resource to be used for risk management.
- Monitor risks status of the Company and report to the Board of Directors and the Audit Committee.
- Form the working team as deemed appropriate.
- Execute other duties as assigned by the Board of Directors.

The Risk Management Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Risk Management Committee approved by the Board of Directors' Meeting No. 9/2015 on 17 September 2015.

The Risk Management Committee must hold meetings at least twice a year. In 2016, the Risk Management Committee convened a total of 3 meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Apichart Dharmasaroja	3	3	100
2. Mr. Nattaphorn Bhromsuthi	1	1	100
3. Mr. Sook Sueyanyongsiri	3	3	100
4. Mr. Mongkol Peerasantikul	3	2	66.66
5. Mr. Visut Suwanwitwaj	3	3	100
6. Mr. Surin Kruevutthikul	2	-	0
7. Ms. Pakatip Lopandhsri	3	3	100
8. Mr. Warawut Nakpairat	1	1	100

Remark:

1. The RMC's Meeting No. 3/2016 on October 11, 2016 was the 1st time that Mr. Nattaphorn Bhromsuthi attended the meeting
2. Mr. Surin Kruevutthikul did not attend the meeting because he was sick and passed away on June 21, 2016
3. The RMC's Meeting No. 3/2016 on October 11, 2016 was the 1st time that Mr. Warawut Nakpairat attended the meeting

7. The Corporate Social and Environmental Responsibility Committee - CSRC

The Board of Directors' Meeting No. 3/2015 held on March 13, 2015 resolved to appoint the Corporate Social and Environmental Responsibility Committee to supervise the Company's operation in respect of the corporate social and environmental responsibility. The Corporate Social Responsibility Committee consists of five members, namely:-

Name	Position in the CSRC	Position in the Board
1. Mr. Apichart Dharmasaroja	Chairman of the Committee	Independent Director
2. Mr. Nattaphorn Bhromsuthi	Committee	Independent Director
3. Mr. Sook Sueyanyongsiri	Committee	Director
4. Mr. Somchai Woonprasert	Committee	-
5. Mr. Mitporn Tansrisook	Committee	-

Remark: Mr. Nattaphorn Bhromsuthi has been appointed as Corporate Social and Environmental Responsibility Committee by the resolution of the Board of Directors No. 10/2016 on September 1, 2016

And Ms. Patumtip Permsakmeesap, General Manager of Operation Department performs as Secretary to the Corporate Social and Environmental Responsibility Committee

Duties and Responsibilities of the Corporate Social and Environmental Responsibility Committee

- Set out the Company's corporate social responsibility (CSR) policy framework and activity plan and propose to the Board of Directors for approval. The Committee may invite the management, employees or concerned persons to give opinions, join meeting or submit relevant information.
- Appoint working team to perform corporate social responsibility (CSR) activities as deemed appropriate; monitor its performance by assigning to prepare performance report on CSR activities and present to the Corporate Social Responsibility Committee.
- Review performance outcome of CSR activities and report to the Board of Directors.
- Monitor and report the Board of Directors current and emerging sustainable development and CSR issues and trend.
- Review and approve disclosure of corporate social responsibility report in the Company's annual report.
- Consider and approve budget and expenses for exercising CSR
- Execute other duties as assigned by the Board of Directors.

The Corporate Social and Environmental Responsibility Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed.

This is in accordance with the Charter of the Corporate Social and Environmental Responsibility Committee approved by the Board of Directors' Meeting No. 9/2015 on September 17, 2015.

The Corporate Social and Environmental Responsibility Committee must hold meetings at least twice a year. In 2016, the Corporate Social and Environmental Responsibility Committee convened a total of two meetings and reported performance to the Board of Directors. The meeting attendance of each committee was as follows:

Name	Total Number of Meeting	Total Attendance	Percentage
1. Mr. Apichart Dharmasaroja	2	2	100
2. Mr. Nattaphorn Bhromsuthi	-	-	-
3. Mr. Sook Sueyanyongsiri	2	2	100
4. Mr. Somchai Woonprasert	2	2	100
5. Mr. Mitporn Tansrisook	2	2	100

Remark: Mr. Nattaphorn Bhromsuthi has been appointed as Corporate Social and Environmental Responsibility Committee on September 1, 2016 that the CSRC's meeting schedules in the year 2016 were completed.

Succession Plan

The Company's Board of Directors sets out the succession plan for the positions of Chairman of the Executive Committee and President by assigning the Nomination and Remuneration Committee to prepare the succession plan and propose to the Board of Directors for consideration.

For senior executives, the Human Resource Department shall prepare the succession plan and propose to the Executive Committee, with CEO as Chairman for consideration

Person who will be selected shall possess suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience, that well suit the Company's corporate culture.

Orientation for New Director

The Company recognizes the importance of duty performing of new directors and has therefore defined the practical guideline on preparation for duty performing of directors to enable new directors to know the Company's expectations of their roles, duties, responsibilities, the Company's policies, business and corporate governance practices. These include enabling them understand about the Company's business and operation, as well as to visit its business units for being prepared to perform the duty of director promptly as follows:

1. Coordinate in providing of the Company's data in legal area and others to the Board of Directors
2. Submit "Directors Guidebook" to new directors, the guidebook contains the Company's information and relevant crucial laws which will be useful for members of the Board of Directors. The Company Secretary is responsible for coordinating to deliver this guidebook to the Board of Directors. Contents of the guidebook consists of Articles of Association of the Company, objectives of the Company, affidavit of the Company, Public Company Limited Act, Securities and Exchange Act, guidebook for directors of listed company, charter of the Board of Directors and of the Sub — Committees, Business Code of Conduct of Directors and manual for Corporate Governance Policy and other policies of the Company
3. Arrange meetings with the Chairman, Board of Directors, sub-committees and executives to make them informed of the Company's business operation for using as their principles in performing duty. The presentation is made as a whole picture and in details under the topics namely, the Company's history, vision, mission, strategies, management structure, operating data and activities.

In 2016, the Company arranged the orientation for Mr. Nattaphorn Bhromsuthi, new Director of the Company

Self - Evaluation of the Board of Directors and Sub - Committees

The Company sets a policy to evaluate performance of the Board of Directors and the sub — committees at least once a year so as to use the evaluation results as a framework to verify the Board of Directors' performance in the past year whether it is complete and appropriate according to the scope of authorities and in accordance with the good corporate governance principle.

Performance Evaluation of the Board of Directors

Criteria

Evaluation of the Board of Director uses evaluation form which applies SET's evaluation approach to suit the characteristics and structure of the Board of Directors. The results are key factors for the enhancement of directors' performance and related duties. The evaluation form consists of

- 1) The Board of Directors' structure and qualifications
- 2) Role, duties and responsibilities of the Board of Directors
- 3) The Board of Directors' meetings
- 4) Directors' performance of duties
- 5) Relationship with the Management
- 6) Director's self — improvement and executive development

Rating assigns the method of identifying each director's opinion by ticking (/) in the score box, from 0 — 4 only 1 slot in the evaluation form with the following meanings:

- | | | |
|---|---|---|
| 0 | = | Absolutely disagree or no action taken on that matter |
| 1 | = | Disagree or few actions taken on that matter |
| 2 | = | Agree or fair action taken on that matter |
| 3 | = | Rather agree or adequate action on that matter |
| 4 | = | Absolutely agree or excellent action on that matter |

Then all the scores are evaluated by mean of calculation percentage of full score. The criteria of scores are as follows:

- | | |
|--------------------|--------------------------|
| Equivalent or over | 90% = Excellent |
| Equivalent or over | 80% = Very Good |
| Equivalent or over | 70% = Good |
| Equivalent or over | 60% = Average |
| Below | 60% = Improvement needed |

Procedures

The secretary to the Nomination and Remuneration Committee will deliver the evaluation form to each director at the end of each year. After each director completes the evaluation, he/she shall return the evaluation form to the secretary to the Nomination and Remuneration Committee to gather and report to the Board in the next meeting in order to set measures to further improve work efficiency of the Board

Performance Evaluation of the Sub - Committees

The sub — committees consist of 1) the Audit Committee; 2) the Corporate Governance Committee; 3) the Business Code of Conduct Committee; 4) the Nomination and Remuneration Committee; 5) the Executive Committee; 6) the Risk Management Committee and 7) the Corporate Social and Environmental Responsibility Committee. The sub-committees have a policy to evaluate their overall performance at least once a year so as to use evaluation results for improvement of the sub — committees' performance in support working of the Board of Directors and the operations of the Company's business.

Criteria

Evaluation of the sub - committees uses evaluation form which applies SET's evaluation approach to suit the characteristics and structure of the sub - committees. The results are key factors for the enhancement of sub - committees' performance and related duties. The evaluation form consists of

- 1) Structure and qualifications of the sub - committee
- 2) Roles, duties and responsibilities of the sub - committee
- 3) Meeting and performance of duties of the sub - committee

Rating assigns the method of identifying each committee's opinion by ticking (/) in the score box, from 0 — 4 only 1 slot in the evaluation form with the following meanings:-

- | | | |
|---|---|---|
| 0 | = | Absolutely disagree or no action taken on that matter |
| 1 | = | Disagree or few actions taken on that matter |
| 2 | = | Agree or fair action taken on that matter |
| 3 | = | Rather agree or adequate action on that matter |
| 4 | = | Absolutely agree or excellent action on that matter |

Then all the scores are evaluated by mean of calculation percentage of full score. The criteria of scores are as follows:

Equivalent or over	90% = Excellent
Equivalent or over	80% = Very Good
Equivalent or over	70% = Good
Equivalent or over	60% = Average
Below	60% = Improvement needed

Procedures

The Secretary to the Nomination and Remuneration Committee will deliver the performance evaluation form to each director at the end of the year. After each director completes the evaluation, he/she shall return the evaluation form to the secretary to the Nomination and Remuneration Committee to gather and report to the Board in the next meeting in order to set measures to further improve work efficiency of the Board. In 2016, the Board of Directors determined the self-evaluation of the Board of Directors and of the Audit Committee in a whole basis. The evaluation results are summarized as follows:-

1. Evaluation Result of the Board of Directors' Performance

A summary result of performance evaluation of the Board of Directors in 2016 is rated very good. The results of each evaluation subject are as follows:

Evaluation Subject	Result
1. The Board of Directors' structure and qualifications	Good
2. Roles, duties and responsibilities of the Board of Directors	Very Good
3. The Board of Directors' meeting	Very Good
4. Directors' performance of duties	Excellent
5. Relationship with the Management	Excellent
6. Director's self — improvement and executive development	Very Good

2. Evaluation Results of the Audit Committee's Performance

A summary result of performance evaluation of the Audit Committee in 2016 is rated as very good The results of each evaluation subject are as follows:

Evaluation Subject	Result
1. Structure and qualifications of the Audit Committee	Very Good
2. Meeting of the Audit Committee	Excellent
3. Roles, Duties and Responsibilities of the Audit Committee	Very Good

Evaluation of the CEO and President's Performance

For evaluation of the performance of the CEO and President who is the top executive of the Company, the Company has required other directors, except director who holds the positions as CEO and President, to conduct the evaluation and submit the results to the Nomination and Remuneration Committee to consider the remuneration as money and propose to the Board of Directors for approval. The performance assessment of the President must be held once a year using the assessment criteria and procedures as follows:

Criteria

The evaluation form of the CEO and President is separated to two key components based on SET's evaluation approach as follows:

Component 1 Evaluation of 10 following aspects of CEO and President's performance:

- 1) Leadership skills
- 2) Strategic identification skills
- 3) Adherence to strategic plan
- 4) Financial planning and outcome
- 5) Relationship with the Board of Directors
- 6) Relationship with external parties
- 7) Management and Relationship with employees
- 8) Succession Plan
- 9) Products and services knowledge
- 10) Personal qualifications

Component 2 CEO and President Performance: under this component, CEO and President's strengths are identified including other aspects that should be further developed, with additional opinions provided by the Board.

Rating assigns the method of identifying each director's opinion by ticking (/) in the score box, from 0 — 4 only 1 slot in the evaluation form with the following meanings:

0	=	Absolutely disagree or no action taken on that matter
1	=	Disagree or few actions taken on that matter
2	=	Agree or fair action taken on that matter
3	=	Rather agree or adequate action on that matter
4	=	Absolutely agree or excellent action on that matter

Then all the scores are evaluated by mean of calculation percentage of full score. The criteria of scores are as follows:

Equivalent or over 90%	=	Excellent
Equivalent or over 80%	=	Very Good
Equivalent or over 70%	=	Good
Equivalent or over 60%	=	Average
Below 60%	=	Improvement needed

Procedures

The CEO and President participates in the process of setting his own performance targets and acknowledges the targets approved for the year. At the end of each year, the Secretary to the Nomination and Remuneration Committee will distribute a CEO and President evaluation form to all directors for evaluation. Results acquired from the evaluation will be used for the CEO and President's further career development. The Secretary to the Nomination and Remuneration Committee will collect all information and prepare summary report which will be submitted to the Nomination and Remuneration Committee and the Board for consideration of the CEO and President's future compensation.

Remuneration of Director

The Company has established a clear and transparent policy on remuneration for directors. The Nomination and Remuneration Committee shall consider and scrutinize remuneration of the Board of Directors and the Sub — Committees with the recognition of fairness and appropriateness and within the same nature of business and present to the Board of Directors. The Board of Directors shall approve the remuneration of the sub-committees and the shareholders shall approve the remuneration of the Board.

In 2016, the Board of Directors considered and reviewed the remuneration for the directors and the sub-committees and presented to the annual ordinary general meeting of shareholders on April 28, 2016 for consideration and approval of the remunerations of directors and the sub-committees for the year 2016. The remuneration structure of directors and sub-committees for the year 2016 were as follows:

Position	Amount (Baht / Person / Year)
Chairman of the Board of Directors	575,411
Director	369,907
Chairman of the Audit Committee	287,705
Audit Committee	205,504

In 2016 the company paid remunerations to the directors and the sub-committees as follows:

Board of Directors				Audit Committee			
Name	Position	Monthly Remuneration (Baht)	Number of Months	Position	Monthly Remuneration (Baht)	Number of Months	Total Amount Paid in Year 2016
1. Mr. Mana Karnasuta	Chairman	47,951.00	4				191,804.00
2. Mr. Prasertphand Pipatanakul	Chairman	47,951.00	8	Chairman	23,975.00	6	527,458.00
	Director	30,826.00	4	Committee	17,125.00	6	226,054.00
3. Mr. Niyom Niyamanusorn	Director	30,826.00	12	Chairman	23,975.00	6	513,762.00
				Committee	17,125.00	6	102,750.00
4. Mr. Apichart Dharmasaroja	Director	30,826.00	12	Committee	17,125.00	12	575,412.00
5. Mr. Nattaphorn Bhromsuthi	Director	30,826.00	7				215,782.00
6. Mr. Polpat Karnasuta	Director	30,826.00	12				369,912.00
7. Mr. Sook Sueyanyongsiri	Director	30,826.00	12				369,912.00
8. Mrs. Wattana Samanawong	Director	30,826.00	12				369,912.00
TOTAL							3,462,758.00

Remark:

1. Mr. Prasertphand Pipatanakul has received remuneration as Chairman of the Board of Directors since May 31, 2016 and as Audit Committee since July 31, 2016
2. Mr. Niyom Niyamanusorn has received remuneration as Chairman of the Audit Committee since July 31, 2016
3. Mr. Nattaphorn Bhromsuthi has received remuneration as Director since June 30, 2016
4. Except for the monthly-paid remunerations, the company does not provide the directors with any other benefits.
5. In 2016 except the Audit Committee, no remuneration was paid to other sub-committees.

Development and Knowledge Accumulation of Directors and Executives

The Board of Directors supports and encourages the knowledge development of all directors and executives in a serious manner and has a policy on promoting all directors, executives, and the company secretary including all employees supporting works of the directors and the company secretary to attend seminars and training courses. In 2016, directors and executives attended the training courses and seminars as shown below:

Name of Director and Executive	Trainings - Seminars / Organized by
Mr. Prasertphand Pipatanakul	Director Certificate Program / Thai Institute of Directors Role of Chairman Program/ Thai Institute of Directors Risk Management Program for Corporate Leaders / Thai Institute of Directors
Mr. Niyom Niyamanusorn	Director Certificate Program / Thai Institute of Directors
Mr. Nattaphorn Bhromsuthi	Director Certificate Program / Thai Institute of Directors
Mr. Polpat Karnasuta	Director Certificate Program / Thai Institute of Directors
Mr. Sook Sueyanyongsiri	Director Certificate Program / Thai Institute of Directors
Mrs. Wattana Samanawong	Director Certificate Program / Thai Institute of Directors
Mr. Visut Suwanwitwaj	Successful Formulation & Execution of Strategy/ Thai Institute of Directors



Appointment of Company Secretary

The Company's Secretary has a key role in supporting and overseeing the Board's activities to be efficient, effective and in consonance with law, rules, regulations, and corporate governance principles. The Board of Directors shall appoint a qualified person to perform this position based on his/her knowledge, ability and suitability and has defined roles and responsibilities of the Company's Secretary as follows:

- Prepare and file documents concerning the list of directors, the Company's annual report, invitation letters for directors' meeting, minute of the Board of Directors' meeting, invitation letters for shareholders' meeting and minutes of shareholders' meeting.
- File report of vested interests of directors or executives.
- Send the copy of reports of vested interests of directors and executive or related person to the Chairman and the Chairman of the Audit Committee within 7 (seven) days after receiving of the report.
- Arrange the meeting of the Board and of the shareholders under related rules, regulations and law.
- Provide advice for the operation of the Company and of the Board under the Memorandum of Association, the Articles of Association, the Securities and Exchange Act, the Public Company Limited Act and other related laws.
- Act as a focal point for exchange of news and information among directors, executives and shareholders.
- Coordinate and follow up operation under the resolutions of directors and shareholders.
- Oversee disclosure of information and reports under relevant responsibilities to the monitoring agency as specified by the rules and regulations of the authority.
- Perform other duties as announced by the Capital Market Supervisory Board or as assigned by the Board.

Currently, the Company's Secretary is Mrs. Wattana Samanawong



Profile of Company Secretary

Mrs. Wattana Samanawong

Age: 64 Years

Date of Appointment: 15 July 2008

Shareholding in the Company: 1,694 Shares

Education:

- Master of Accounting, Thammasat University
- Diploma Certificate in Auditing, Chulalongkorn University
- Bachelor of Accounting, Kasetsart University

Experience:

- Present:

Senior Vice President, Accounting and Administration
Nawarat Patanakarn Public Company Limited

- Senior Vice President, Premier Group

- Accounting Manager, Osotsapa Company Limited

- Accounting Manager,

Premier International Company Limited

- Deputy Director, Administration, the Stock Exchange of Thailand

Internal Control

The Board of Directors gives the importance to the internal control of all work processes and determines it line with the international standard of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) which consists of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

The internal control operation arranges for segregation of departments and positions and decentralization by defining authorities of executives and staff clearly and suitably in order to counterbalance the protection of shareholders' capital and the Company's assets. The internal control system of the Company covers financial statement report, operation, property maintenance and any conduct in compliance with relevant laws, rules and regulations and is audited by the Internal Audit Department, which is independent unit.

In addition, the Company establishes practice handbook, regulations; defines duties and responsibilities clearly, as well as informs and communicates with the internal employees of the Company. The Company also stipulates policy and method for personnel management relating to the internal control; create control activities consisting of verification of financial and non — financial operation, protection of assets with high risk and control of information technology; and conduct assessment, both during operating process and each time, continuously and consistently.

The Board of Directors assigns the Audit Committee to examine outcome of the internal control assessment to ensure efficiency, effectiveness, sufficiency and suitability for business conduct of the internal control system as well as to maintain assets and efficient usage of resources in order to prevent damage or fraud.

Internal Audit

The Board of Directors has established the Internal Audit Department to monitor and ensure that all directors, executives and employees perform their duties in compliance with policies, standard, work procedures, regulations and applicable laws, as well as to assess adequacy and efficiency of the Company's internal control systems and risks. The Internal Audit Department performs duties independently and directly reports to the Audit Committee. The Audit Committee will appoint the Head of Internal Audit Department by selecting person who has suitable qualifications, can efficiently perform duties in evaluating the internal control system and work performance and providing recommendation for improvement.

Currently, Head of the Internal Audit Department of the Company is Mr. Warawut Nakpairat



Profile of the Internal Audit Department Head

Mr. Warawut Nakpairat

Age: 43 years

Shareholding in the Company: None

Education:

- Master of Business Administration (Accounting)
Thai Chamber of Commerce University
- Bachelor of Accounting
Thai Chamber of Commerce University

Experiences:

- 2015 — Present : General Manager, Internal Audit
Nawarat Patanakarn PCL.
- 2013 — 2015 : Senior Section Manager, Internal
Audit, Nawarat Patanakarn PCL.
- 2006 — 2013 : Section Manager Internal Audit
Nawarat Patanakarn PCL.
- 2004 — 2006 : Assistant Manager, Internal Audit
Nawarat Patanakarn PCL.
- 2002 — 2004 : Internal Audit Officer
Siam Pharmaceutical Co., Ltd.

Internal Audit Training:

- Internal Auditing Certificate Program (IACP)
Federal of Accounting Professions Under
H.M. The King Patronage
- ISO9001:2008 Series Auditor / Lead Auditor
BUREAU VERITAS Certification
- Advanced Risk Management
Federal of Accounting Professions Under
H.M. The King Patronage

Compliance

The Company recognizes the importance of compliance which is the key mechanism to improve correctness and prudence of every operational procedures and steps, enhance the Company to operates in accordance with strategic plan, and achieve the goals. The Board of Directors assigns the Internal Audit Department and the Quality System Department to supervise and monitor the implementation in compliance with the relevant laws and regulations under the supervision of the Company Secretary Office.

Risk Management

The company has realized the importance of risk management which is a crucial mechanism and management tool in making an organization achieve its goals and objectives, reduce loss, increase competitiveness, and is the key elements of the corporate governance. The Board of Directors, therefore, sets up the system of risk management and has continuously improved it. The risk management policy is clearly defined as detailed below:

1. Risk Management is part of organizational culture. Every employee is required to learn, try to understand, realize the importance and constantly perform it with effectiveness and efficiency.
2. Risk Management is the important operation of the Company. It must cover all aspects of mission and must be the same standard throughout the company.
3. Risks may affect the achievement of the company's objective must be managed in timely manner.

The company communicates the policy on risk management to all executives and employees via e-mail and the Company's website

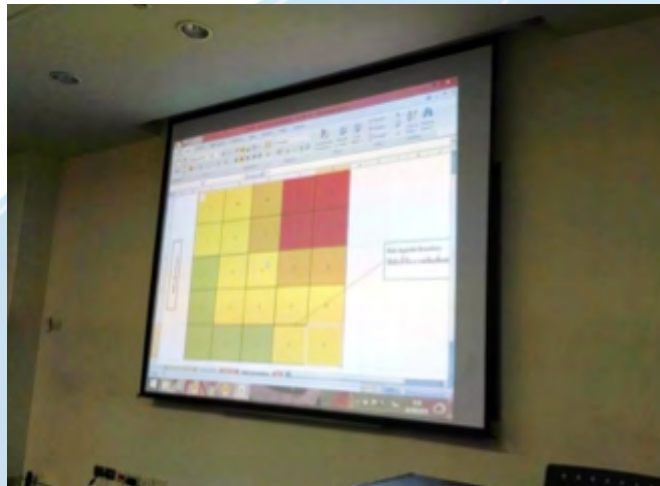
The Company establishes the manual for the risk management system for all work units to understand the principles and procedures and to use as a guideline for risk management by applying the international risk management standard of COSO Enterprise Risk Management covering the organization's risks: strategic risk, operation risk, financial risk and compliance risk. The Company also requires all work units to identify and assess risks associated with its operations, review and improve risk issues in case there are changes of situation or environment in order to evaluate opportunities and impacts on operations, prioritize risks and develop risk management plan under systematical controlling and monitoring, and report to the meeting of the Risk Management Committee. The Risk Management Committee consists of members who are appointed by the Board of Directors' meeting comprising independent directors, executive directors and the Management from the concerned departments. The Risk Management Committee has duties to oversee, monitor and promote the efficient implementation of the risk management policy, to periodically report performance to the Board of Directors as well as to review policy and system every year on regular to ensure that it is appropriate with the business environment of the Company

In 2016, the Company conducted the risk management as follows:

- Set up the corporate risk management plan
- Required each working units to assess and review its risk management plan

Establishment of the Corporate Risk Management Plan

In 2016, the Risk Management Committee appointed the adhoc team comprising the executives from the concerned departments, i.e. Operation, Finance, Marketing, Administration, New Business and Strategy Planning and Internal Audit to establish the corporate risk management plan.



Conflicts of Interest

The company has the policy to conduct the business with integrity, transparency, and fairness and determines that all directors, executives, and staff must not conduct or take part in any business which is in competition with the company's business, avoid making transactions relating to them or persons/juristic persons who may be in conflict with the company's interest and not seek benefits from the information or anything acquiring from their duties and responsibilities for personal interest or for competition with the business of the Company's business. The Board of Directors has duty to strictly oversee the compliance with the criteria, methods and the disclosure of related transactions according the requirements stipulated by law and the governing agencies.

In case it is necessary to make related transactions or ones involved with conflict of interest, such transactions must be under the conditions required by the Company and must be approved by the Board before taking the action. However, the interested parties must not take part in consideration of the transactions they get involved with. There must also be the Audit Committee members getting involve in the meeting to keep the related transactions equitable and reasonable with concerns about the company's utmost benefit. In addition, the details on transactions, transaction values, and reasons or necessity must be revealed in the 56 — 1 form and the annual report according to the requirement of the Stock Exchange of Thailand and of the Office of Securities and Exchange Commission.

Operation of the Corporate Environmental and Social Responsibility (CSR)

The construction business directly impacts the society and environment. The Company gives importance on the business operation that is socially and environmentally responsible in order to lead the Company to the true sustainability. The Company has established a policy on social and environmental responsibility with commitment to be equitably responsible for all stakeholders. The Company does not only focus on CSR in process, but also on CSR after process in form of various activities.

The Company's operation of the social and environmental responsibility is separated into two parts as follows:

1. CSR in Process

is the responsibility towards the impacts of all processes of the business operation of the Company on the stakeholders, society and environment.

2. CSR after Process

is the participation in and support for social and environmental activities that are not related to the operation of the Company

Operation of CSR in Process

The company is committed to operate the business with responsibility to society and environment focusing on equitable and fair treatment of all stakeholders namely, shareholders, employees, customers, business partners, creditors, business competitors, communities, society and environment; realizes and cautions the impacts that may arise to all stakeholders as above mentioned in all processes of the Company's operation covering economic, social and environmental dimensions.

1. Growth and Acquisition of Higher Work Proportion

Based on the Company's vision, mission, value and strategy to grow sustainably and steadily, the Company is committed to select the construction projects with good contribution to the society and the country's development and with fair business returns. In 2016, the company participated in the bidding for projects both of government agencies and private sectors and was successful in the bidding of the new projects with the amount of 9,258.63 million baht approximately.

Summary of new awarded projects in 2016

Project	Value (million Baht)
Power Plant, TPSC	587.00
Motorway, Department of Highways	785.00
Flood Protection System in Om Noi Community	280.00
Department of Public Works and Town & Country Planning	
Highway No. 7 — Laem Chabang Port Department of Rural Roads	298.70
Power Plant, EGAT	2,000.00
Runway, driveway, airfield and more, Betong Airport, Yala Province	1,313.00
Highway Bang Pa-in	883.84
Highway Bang Pa-in	831.30
Highway Bang Pa-in — Saraburi — Nakhon Ratchasima	871.79
Power Plant, TPSC	314.00
The production and supply of steel bridges State Railway of Thailand	633.00
Bridge in line Samutprakarn	461.00
Total	9,258.63

At the same time, the Company has studied several projects which are beneficial in neighboring countries so as to expand the business opportunities to generate good returns for the shareholders and employees as well as to strengthen the organization's security and overall economy of the country.

2. Financial Management and Financial Statement Preparation

In term of financial management for sustainability, the Company has conducted the management for financial sustainability in a serious manner, whether in aspects of transparency and verifiability. The financial statement must be accurate and reliable. The Company's financial management and the financial statement preparation are based on the elements of the Accountability Financial Statement as follows:

1. Transparency

The company has the policy on transparent financial management under the principle of Good Corporate Governance by setting up the appropriate and efficient internal control system. The Board of Directors has appointed the Audit Committee comprising three independent directors, one of whom is knowledgeable in finance and accounting, to review the accounting policy and audit the quality of the financial statement as well as the internal control system. The comments of the Audit Committee are in the Report of the Audit Committee included in the Form 56-1 and the Annual Report.

2. Auditability

The Audit Committee has duties to oversee and monitor the operation as well as review both the annual audit plan and the accuracy, sufficiency of information disclosure and reliability of the financial statement. The items in the financial statement shall be audited and the outcome of the revision will be considered on a quarterly basis. Any issues found will be addressed in a timely manner.

3. Disclosure

The Company discloses sufficiently significant information in the notes to financial statement along with the explanation and analysis to ensure the accuracy and completion of the financial information record for the utmost benefits of the shareholders and investors in using the financial statement.

4. Measurable

In order to ensure transparency of the audit standard which will entail the sustainability of the Company, the financial statement of the Company is prepared in accordance with the financial reporting standard as prescribed by the Accounting Profession Act B.E. 2547. The items in the financial statement are prepared in compliance with the notification of the Business Development Department, the Ministry of Commerce dated September 28, 2011 regarding the requirement for the brief items to be shown in 2011 financial statements, and in compliance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial statement under the Securities and Exchange Act B.E. 2535.

5. Discipline

The Company's financial management has been ensured with discipline and auditability all the time. The investment is controlled so that the capital of the Company is not invested in the business that is outside the area of expertise or in the activities that have conflicts of interest with the Company. It is also made sure that the Company's circulating capital is sustained to be sufficient for the payment of the remuneration for employees and all stakeholders.

3. Fair Treatment to Employees

The company gives the importance to fair treatment to all employees and realizes that they are the most valuable resources that will drive the organization towards sustainability. For treatment of employees, the Company applies the principles of equality without discrimination and adheres to ethics. The Company treats all employees in compliance with laws, respects their rights, duties and responsibilities has fair and equal employment, has no policy to employ child labor, promotes development of employees' capabilities and potential, provides good benefits and other privileges as well as creates good working environment so that the employees has better quality of life, trust and work with the Company for a long — term.

1. Fair and Equal Employment

The Company has recruitment and employment system at standards, provides opportunity to knowledgeable, competent, and experienced personnel to work with the Company to support the Company's growth, prevents discrimination by ensuring equal treatment as to gender, nationality, religion, complexion and educational institution, property and fairly pays compensation and wages according to responsibilities and capabilities so that the employees receive good remuneration and has better quality of life that is competitive in the labor market.

Employee Information in 2016

Categorized by Positions

Position	Number (persons)	
	Male	Female
Assistant Vice President and higher levels	31	8
Division / Section Manager	17	21
Operating Staff	2,403	952
Total	2,451	981

Categorized by types of hiring

Full — Time Employee

Contracted Employees

Gender	Monthly Paid		Daily Paid		Gender	Monthly Paid		Daily Paid	
	Number	%	Number	%		Number	%	Number	%
	(persons)		(persons)			(persons)		(persons)	
Male	661	66.63	877	72.96	Male	59	67.04	261	62.00
Female	331	33.37	325	27.04	Female	29	32.96	160	38.00

New Employees in 2016

Categorized by gender

Categorized by age

Gender	Monthly Paid		Daily Paid		Age	Monthly Paid		Daily Paid	
	Number	%	Number	%		Number	%	Number	%
	(persons)		(persons)			(persons)		(persons)	
Male	149	68.34	441	73.37	below 30 years	167	76.60	315	52.41
Female	69	31.66	160	26.63	30— 50 years	50	22.93	270	44.93
					Over 50 years	1	0.47	16	2.66

Terminated Employees in 2016

Categorized by gender

Gender	Monthly Paid		Daily Paid	
	Number(Persons)	%	Number(Persons)	%
Male	124	70.45	587	81.53
Female	52	29.55	133	18.47

2. Allocation and Management of Employees' Benefits

The Company are determined to create happiness in workplace by allocating good welfares beyond the standards required by law. The Company also promotes good environment and atmosphere to be suitable for work, provide facilities and improves surrounding for the safety of life, health and properties of staff.

The Company gives employees opportunities to define guideline on benefits contribution to meet the employees' requirement by appointing the Welfare Committee consisting of five employees who are elected as committee members and two appointed committee members. The Welfare Committee has authorities and duties as follows:

1. discuss with executives (the employer) on welfare contribution to the employees
2. give recommendations and provide opinion to executives (the employer) about welfare contribution to the employees;
3. monitor and control welfare contributed to the employees by the employer;
4. provide opinions and guidelines on benefits contribution to the Welfare Committee.

Benefits Allocated for Employee

Benefits	Full — Time Employee		Contracted Employee	
	Monthly Paid	Daily Paid	Monthly Paid	Daily Paid
1. Group Insurance				
- Life Insurance	*	*	*	*
- Accident Insurance	*	*	*	*
2. Medical Expenses				
- Annual Health Check up	*	*	*	*
- Dental Expenses	*	*	*	*
- Social Securities	*	*	*	*
- Compensation Fund	*	*	*	*

Benefits	Full — Time Employee		Contracted Employee	
	Monthly Paid	Daily Paid	Monthly Paid	Daily Paid
3. Others				
- Uniform for staff	*	*		
- Uniform for worker	*	*	*	*
- Career Training	*	*	*	*
- New Year Party	*	*	*	*
- Drinking Water	*	*	*	*
- Workers' Camp	*	*	*	*
- Transportation	*	*	*	*
- Travelling Allowance				
• Upcountry Allowance	*	*		
• Oversea Allowance	*	*	*	*
• Food Allowance	*	*		
- Savings Cooperative	*	*	*	*
- Loan				
• Residence	*	*		
• Consumption	*	*		
- Financial Aids				
• Medical visit(in case of operation only)	*			
• Marriage	*			
• Death of Staff's Parents	*			
• Death of Staff	*	*	*	*
- Provident Fund	*	*		
- Retirement Fund	*	*		



The year 2016 is the 40th anniversary of the establishment of Nawarat Patanakarn Public Company Limited. The Company celebrated and awarded to 405 employees whose service years exceed 20 years by presenting each of them golden necklace for moral support and to reward the staff who has worked with intent, dedicated themselves to create stability and success to the Company.



3. Employees Development

The company gives the importance to employees who are considered as the heart of the organization because the Company realizes that employees are valuable resources and key factor in driving the organization to be successful. The Company, therefore, determines the development of employees' competencies as one of the Company's missions focusing on the development of personnel to be efficient and suitable for positions and responsibilities in order to enable the employee to efficiently perform their duties and support the Company's growth that will bring the sustainability of the Company.

The Company organizes grand orientation to new staff to provide them knowledge and understanding about the organization and allocates budgets for staff development by setting up the training plan systematically, both basic training for working and on the job training

The development of employee's knowledge, capabilities and competency can be divided into three aspects as follows:

1. Core Competency

is basic knowledge and ability that the organization would like its employees to know; e.g. Quality Program, Working Safety Program

2. Function Competency

is necessary knowledge and ability needed for the position. Each job title has an expected level of competency. The Company will provide training to the employees, both in-house training) and external-house training). For employees who are beyond their capabilities, the Company will consider the promotion in order to give the employee opportunity to use their potential and to develop them for professional growth

3. Management Competency

is managerial knowledge and ability for the employees of management level

For the promotion of opportunity of career advancement, especially the managerial positions, the Company has a policy to consider the position promotion of internal persons first so that the employees have opportunity to use their knowledge and abilities to improve themselves to a higher position. In addition, the Company provides the opportunity to transfer to work across the line

In 2016, the training information of employees are displayed below:

Training Hours

Information of Staff' s Training	Year 2016
Average number of training hours (hour / person / year)	6.78 / person / year

Summary of Training Programs According to the Training Plan for the Year 2016

Details	Training Programs			
	Quality, Occupational Health and Safety	Governance and Business Ethics	Development of Professional Capability	Leadership and Management
Persons	80	-	17	41
Hours	520	-	510	256



4. Respect for Human Rights

The Company conducts the business by respecting the rights that all human beings deserve as a part of society. The Company respects equality under laws and regulations of the organization and in line with international human rights principles. The Company respects diversity of labors without discrimination, whether they are in gender, age, race, religion and educational background and offer opportunities equally

The Company conducts the construction business and always faces the problem of labor shortage. To deliver the construction work according to scheduled, it is necessary to employ foreign laborers to supplement the domestic ones

Table of Foreign Labors as of December, 31 2016

	Details	Number (persons)	Percentage
Nationality	Cambodian	409	56.96
	Burmese	309	43.04
	Total	718	100

The company hires foreign laborers by applying for work permits according to the law and the requirements of the Department of Labor, treats them with the human rights principles, and provides them fundamental welfares as required by the labor law including other benefits as the same as those provided to Thai labor. The welfares provided to alien employees are as follows:

- social securities (out of work injury / on-the-job injury)
- group accident insurance as provided to Thai labor
- complimentary accommodation as provided to Thai labor
- complimentary electricity and water supply not exceeding the amount limited by the Company, as provided to Thai labor
- minimum daily wages at Baht 300.- or more depending on work performance, as provided to Thai labor
- worker uniform
- occupational health system & safety such as protective equipment as provided to Thai labor
- training
- rights to give opinions and suggestions on work as provided to Thai labor
- advancement at work as same as Thai labor

For business partners namely vendors, contractors, sub-contractors, workers, the Company supports business partners that respect human rights and are socially responsible. The Company will select the business partners which engage in business in compliance with laws, rules and regulations of the government, comply with labor laws and safety laws, treat their employees based on ethics and with respect for human rights, and refrain from child labor. The Company treats all partners fairly and equally without discrimination of any kind, such as skin color, gender, nationality, political opinion or social background. The Company allows all business partners to submit price proposal on the same standards or conditions.

In 2016, there were no reports and complaints on violation of human rights

5. Occupational Health and Safety Management

The Company desires and is committed to ensure that the Company operates the construction work with safety and has work environment which will not create dangers to all parties involved with the construction processes executed by the Company. To reinforce confidence that the Company has safe work system, the Company has established the policy and practical guidelines on safety and occupational health management to direct its operation to safety and efficiency in every step and to reduce loss from accident that may incur by employees according to the Safety, Occupational Health and Working Environment Act.

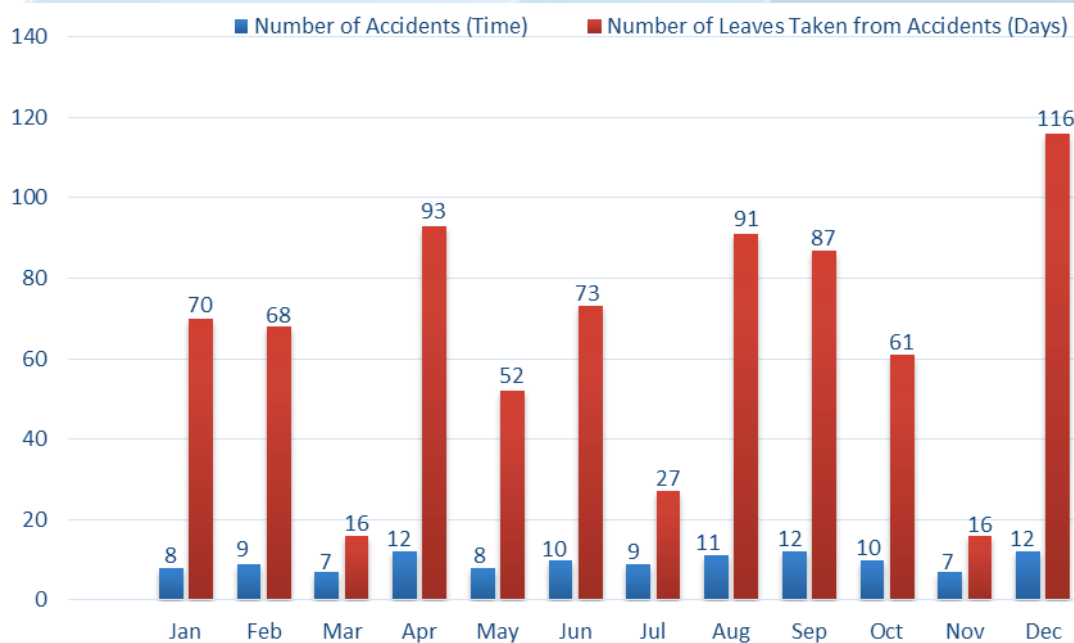
The Company has appointed the Safety, Occupational Health and Environment Committee to lay down standards and implement policies efficiently. The Safety, Occupational Health and Environment Committee consists of seven representatives from both side of employer and employee and have duties and responsibilities as follows:

- Consider policy and plan on safety for work and for outside of work in order to prevent and decrease accidents, injuries, illness, disturbances or unsafe conditions during the service of works and present to the employer
- Report and suggest the employer measures or guidelines to improve occupational safety standard to be in accordance with the related laws for the sake of the safety of employees, contractors, and third parties who come to work or use services in the Company.
- Promote and support activities relating to the working places' occupational safety.
- Consider regulations and handbook for the working places' occupational safety and occupational safety standard and present the employer.
- Review the operation of occupational safety and verify statistic of the occurrence of hazardous incidents in the working places at least once a month.
- Consider projects or training plans relating to occupational safety including ones relating to the roles and responsibilities for the safety of employees, division heads, executives, employer and personnel at all levels and report to the employer.
- Determine system for reporting of unsafe working conditions to be duties and responsibilities of all employees at all levels.
- Follow up the progress of all the matters submitted to the employer.
- Report the employer the Committee' s annual work performance indicating problems, difficulties and the comments on the fulfillment of duties when its one-year term completion.
- Evaluate the operation on occupational safety of the working places.
- Perform other works relating to occupational safety as assigned by the employer.

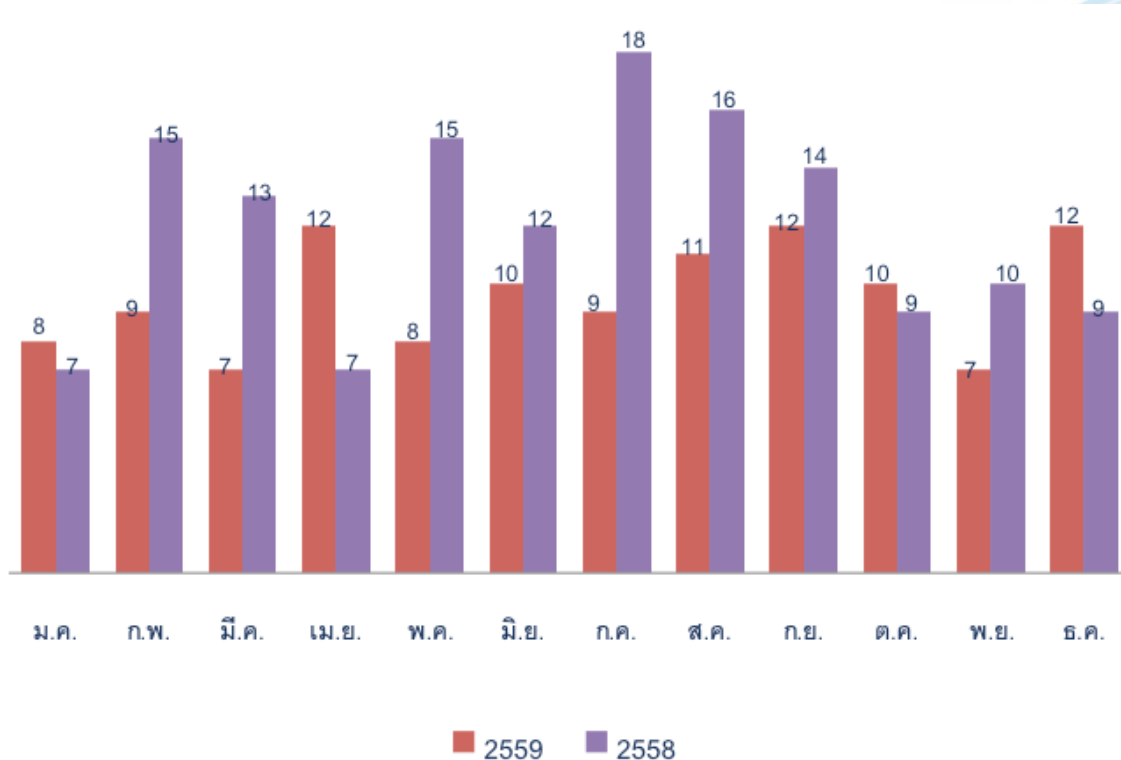
In addition, every construction projects will appoint work group consisting of safety officer at any levels namely, safety officer at supervisory level, safety officer at operation level and safety officer at professional level to oversee and monitor the operation according to the professional safety standard, the planning and the work conditions to be in compliance with the applicable laws, such as lines drawing, warning signs putting, equipment providing to prevent danger from work, and knowledge giving on safety to workers.



Statistics of Accidents and Employees' Work Leaves from Accidents in January — December 2016



Comparable Table of Accidents Occurring from Working during January — December 2016 and 2015



Statistics of Accidents Number and Causes of Accident in January - December 2016, Categorized by Hurt Organs

Hurt Organ	Number of Accidents	Cause of Accidents
Eye	10	Thrown off
Hand	5	Cut, Plumped, Hooked
Foot, Heel, Ankle	18	Hit, Pound, Dropped, Fallen
Finger	29	Pinched, Plumped
Leg, Shin, Calf, Knee	14	Poked, Pierced
Back, Waist	5	Carry heavy things, Drooped from high place, Vibrated
Head	8	Dropped, Poked
Arm, Elbow	6	Fallen, Carry heavy things, Poked, Heat
Eyebrow, face, chin, mouth, nose	6	Rebound, Snapped, Flipped, Dropped
Shoulder	2	Dropped from high place, Fallen
Breast, Bottom, Belly, Hip	2	Dropped from high place, Poked
Neck	1	Thrown off, Dropped
Body	3	Dropped from high place
Rib	3	Dropped from high place
Toe	1	Plumped
Ear	0	Noise
Damaged assets	0	Truck, Crane
Death	2	

To achieve the objectives of the Quality Management System ISO 9001/2015, the Company has set the goal for safety operation by lowering accident rates not to exceed 4 times per 100 persons per year.

Summary of Accidents According to the Company's Quality Objective Re: "Safety Operation by Lowering the Accident Rates Not to Exceed 4 times per 100 persons per year" in 2016

Month	Total				
	Total Employees (persons)	Accident (Time)	Average (Time) 100 persons / year	Accumulate Average 100 persons / year	Accumulated Not exceeding
January	3,542	8	0.23	0.23	0.33
February	3,514	9	0.26	0.49	0.67
March	3,466	7	0.20	0.69	1
April	3,477	12	0.35	1.04	1.33
May	3,414	8	0.23	1.27	1.67
June	3,511	10	0.28	1.55	2
July	3,474	9	0.26	1.81	2.33
August	3,477	11	0.32	2.13	2.67
September	3,456	12	0.35	2.48	3
October	3,443	10	0.29	2.77	3.33
November	3,370	7	0.21	2.98	3.67
December	3,391	12	0.35	3.33	4
Total		115	3.33		4

The Company has established the Occupational Health, Safety & Environmental Manual in accordance with the Occupational Health & Safety Assessment Series — OHSAS 18001 and Environmental Management System — ISO 14001: 2004 for all employees to understand principles and procedures, realize and implement in order to create good and efficient management system and be able to solve problems relating to occupational health and safety and has used it as a guideline to control safety, prevent accidents from operation, as well as has assigned the Safety, Occupational Health and Environment Department to be directly in charged.



The company arranges safety training for safety officers at all levels including members of the Safety, Occupational Health and Environment Committee as well as trains the following courses to staff at project sites: safety on works on wood, cement, steel, digging, welding, piling, scaffolding and crane.

In 2016, the Company organized the training programs for safety as follows:

Training Subjects	Number of Training	Trainer
Fire drill and evacuation	1	Professional Safety Officer of Head Office and Building
Working safety on electricity and first aid of victims from electricity	1	The Safety and Health at Work Promotion Association (Thailand)
Safety Committee	1	The Safety and Health at Work Promotion Association (Thailand)
TIS/OHSAS18001 System	2	The Safety and Health at Work Promotion Association (Thailand)
Mobile Crane	2	The Safety and Health at Work Promotion Association (Thailand)
Fixed Crane	1	The Safety and Health at Work Promotion Association (Thailand)
Controller and Rescuer of workers working in confined space	2	Occupational Health and Safety Section, Head Office
Scaffolding Installation and Inspection	-	Professional Safety Officer, Site Engineer





The Company organized Morning Talk, which is the activity organized every morning before working starting, to discuss various issues related to the operation and construction process in order to build understanding of workers and provide them with knowledge about safety at work.



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In addition, the Company has organized the activities to promote safety at work in order to campaign the reduction of accident rate. Any work unit that has 150,000 consecutive working hours and has zero accident rate will be rewarded with money in the amount of 100 bath multiplied by number of staff working in that work unit.



Sites rewarded in the Year 2016

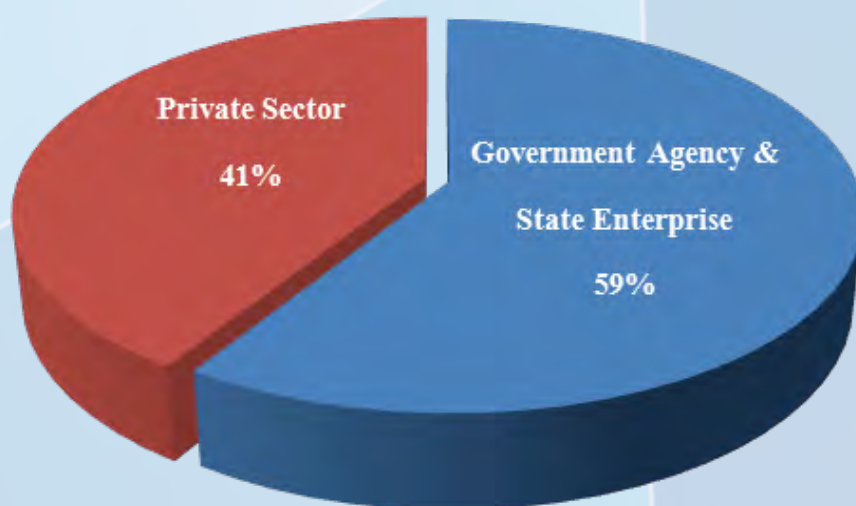
	Site	Amount (Baht)
N. 011	The Concrete Pipe Plant, Samutsakorn	5,100.00
N. 033	Equipment and Machinery Center	10,000.00
N. 417	Construction Site of Drainage Tunnel under Bangsue Canal from Ladprao Canal to Chao Phraya River	35,525.00
N.431	Construction Site of Wharf Unloading Liquefied Natural Gas, Extension Phrase 2	9,200.00
N. 434	Construction Site of Kantary Hotel, Nakhon Ratchasima	25,020.00
N. 438	Construction Site of Civil and Architectural Work for a 133 MW Combined Cycle Cogeneration Plant	18,600.00
N. 443	Construction Site of Baranee Villa 2	4,100.00
N. 445	Construction Site of Mae Moh Power Plant Units 4-7 Replacement Project	203,150.00
N. 460	Construction Site of Floods Protection System, Phong Pheng Community Area	20,280.00

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6. Customers Relations Management and Customer's Satisfaction Practical Guideline

The Company's customers in construction business can be divided into 2 groups, namely government agencies or state enterprises and private sector within the country.

Customer Proportion in 2016



The company gives top priority to the satisfaction of customers or project in terms of quality and punctuality. For 40 years of experience in the construction business, the company has never had any problems of works abandoning. The company has been able to execute works and deliver them within schedule, with quality and standard that meets requirement of customers.

The company determines that every construction site and plant survey customers' satisfaction at least twice a year, at 6-month intervals. In doing so, questionnaires are used and the assessment method used will be both in qualitative and quantitative approaches with four aspects, namely quality, time, safety, and coordination. To be in consistent with the Quality Management System, ISO 9001/2015, the Company determines that the survey result of customers' satisfaction must not be less than 87%.

Survey Result of Customers' Satisfaction in Year 2016

No.	Construction Site	Plant	Average
1	92.53 %	92.50 %	92.52%
2	92.80%	93.36%	93.08%
Total			92.80%

The survey results of project owners/customers are compiled and presented to the Company's Management and used as part of our operational database for the next operation. However, if there are any suggestions or recommendations, the Company will take them to consider and analysis for improvement of our work processes to satisfy customer's requirements.

In 2016, the company did not receive any complaints from clients, whether from the construction sites and factories.

7. Efficient Project Management

Project Management is the heart of construction business. The successful operation requires good framework setting. The Company managed its construction projects under the principles of effective costs management, both direct and indirect costs such as materials cost, labors cost, construction and operation expenses without reduction of the materials quality and construction work to maintain quality and standard, and control speed of construction work and work procedures under the operation plan. This enables the Company not to only reduce the construction cost but also to deliver work in timely manner.

8. Protection and Reduction of Negative Impacts on Community Caused by the Operation of the Company's Construction

The company is committed to taking responsibilities to the people and remains to nurture good relations between the Company and people living around construction areas by way of conducting community relations activity for the purpose of listening to opinion and suggestions of people living around the construction sites in attempting to find ways to reduce impact that may arise; whereas residents are enabled to live their normal lives.

Each of the Company's construction projects will impose measures and execute the reduction of significant negative impacts to community by sending personnel to conducting community relations activities as well as putting up the public relation signs in front of the construction sites to provide people details of construction projects, such as construction schedule, contractor information, number of workers and other information about construction plan, including telephone number which will be used as a communication channel for opinions, suggestion, complaints and grievance in case of suffering arising out of the construction operation, especially when complaint/grievance is lodged, the problem must be resolved without delay; and installing temporary solid fences around the construction area to prevent construction materials from falling onto nearby communities and conceal the unpleasant scenery during construction.



The Company conducts the construction business, so transportation of equipment and machines to the construction sites is unavoidable. The company takes the environment and the communities into accounts, especially the safety of people using vehicles and roads. Transportation of construction materials of the Company was done within the time limit prescribed by law that is commencing after 11.00 pm and stopping before 05.00 am, in order to avoid traffic jam during rush hours. Route used are far away from structures and communities. Speed is limited within the one prescribed by law. A leasing vehicle is employed in the case of transportation of large equipment to the construction sites and has the equipment or construction materials covered in order to avoid accidents and particles.

In the year 2016, the company conducted community relations activities and helped in reduction of the negative impacts to community arisen from the Company's construction operation as follows:

- The Construction Site of Crossing Bridge of Don Sinon — Ban Pho Railway (N. 470) organized “Dust Free Road” activity to help clean up debris, dust and mud on the road to reduce diffusion of dust due to construction work that may affect health of people travelling on the street and living nearby.



9. Environmental Operation

The Company recognizes the importance of its business operation by taking into account the environmental responsibility and has its commitment to strictly comply with applicable laws, regulations, standards, requirement and related policies of the government on environment together with its readiness to seriously carry out the development of the environmental management within the organization to ensure the cost — efficient resources utilization and minimize waste raised from the Company’s activities; continuously develop and improve the environmental management system in all activities of the Company to reduce pollution and impact on the environment, including providing knowledge and training regarding environment to staff, raising staff’s awareness and responsibility in relation to environment under the environmental management system as well as campaigning the environment preservation and the efficient utilization of energy and resources.

In 2016, the Company took actions on the environmental operation as follows:

1. Procurement

For the procurement of key materials utilized for construction such as steel, cement, concrete, the Company has tried to select key materials with minimum impacts on the environment while maintaining its highest construction standard and quality. To be in consistence with the environmental friendly construction operation, the company has set up the purchase procedure with manufacturers/suppliers that have standardized production process which is environmental friendly in order to encourage them to pay attention to products that reduce impacts on the environment.

2. Energy Management

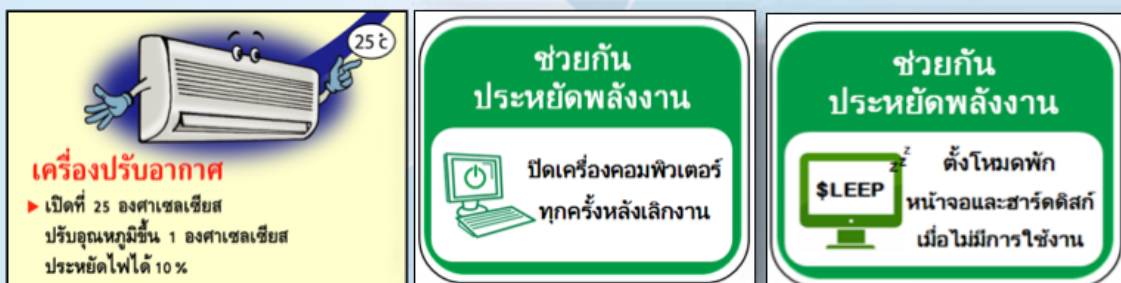
At present, energy is necessary for living. People's lifestyle nowadays requires more energy consumption. Hence, cooperation from all of us is essential to efficiently manage the utilization of energy. In 2015, the Company carried out the operation of energy management as follows:

Electricity

The Company realizes the importance of the efficient utilization and the saving of electricity and has determined the guidelines for electricity utilization as follows:

- Switch off electronic appliances such as air-conditioner, computer screen, exhaust fan, light bulbs, etc. during lunch break or at any time when there is no work operation in the area.
- Maintain the temperature of air-conditioner at 25 degrees Celsius.
- Clean lighting device, bulbs installed in offices and factories at least one time a year
- Turn off all electricity devices every time when there is no production, except for devices requiring electricity at all times.
- Utilization of electricity in the construction area must comply with rules and regulations of the Metropolitan Electricity Authority / the Provincial Electricity Authority
- The installation of electrical equipment within the construction site must meet the standard
- Switch off air-conditioner 15-20 minutes before leaving the office.
- In case of power outage during working hours, turn off all electrical switches.
- Cultivate staff's awareness in electricity saving by using various methods such as public relations stickers, exhibition board or training.

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Tap water

The company gives importance to efficient utilization of tap water and has campaigned the saving of tap water according to the energy conservation policy as follows:

- Provide adequate water supply by applying for permission to install temporary water meter from the Metropolitan Waterworks Authority / Provincial Waterworks Authority to avoid using water from neighboring communities.
- Completely turn off the taps and utilize water sparingly.
- Monitor water pipe or other equipment. If leaks found, inform the maintenance section to repair it.
- Install proper some water-supply equipment such as float toilet.

Fuel

- Arrange the same destination for goods delivery
- Stop the engine when parking vehicles to reduce air pollution and save the petrol
- Check the engine to be in good condition as required by law.
- Do not overload the goods because it needs more engine power and thus consume more fuel.
- Check for the condition of oil tanks to be in good condition

Paper

- Before printing out the documents, check accuracy, page set-up, number of pages, printing status and paper input to prevent from waste of paper and cartridge.
- Print both sides of paper to make full use of it.
- Use recycled paper when printing general documents used within the office to reduce usage of new paper.
- When photocopying, check the placement of the original, paper setting and number of copies to avoid wasting paper.
- Photocopy the documents when necessity
- Keep one-sided used paper for reuse of another side. When both sides are completely used, compile it at the place provided so that it can be taken to eliminate according to the procedure of waste management.



General Materials

- Use materials efficiently and suitably with works.
- Eliminate all material scraps according to the procedure of waste management.

Production Materials

- Make an appropriate calculation of material for production, i.e. cutting, lathing, steel welding
- Sort out the material residues for reuse.
- Improve management of material store such as stone, cement, steel rods, chemicals to minimize waste of material.

3. Environmental Management

The company gives importance to the environmental management of all operation processes and strictly adheres to the applicable laws to control and mitigate the environmental impact caused by the operation. The Company applied the modernized technology and technique of high standard and complies with the quality management standard according to the international standard-ized system which will create satisfaction of customers on the organization's products and services, or ISO 9001/2015, and other related requirement and standardized international practices. The Company requires the management and project managers of every project to prepare a manage-ment system and work plan with regard to safety and occupational health in workplace as well as monitoring plan in order to mitigate the impact to community and environment. The Company also requires its employees at all levels to have passed training process and regularly has quality audit system continuously and seriously in order to create safety and ensure employees, people and nearby community that there will be least impact because of efficient measures and management plan.

In all work areas, whether in offices, construction sites, factories, storage spaces, workers' camp and surrounding areas is strictly applied the environmental management.

Construction site / Factory	Workers Camp	Surrounding Areas
Focus on keeping the area of construction and factory clean and free of dust, noises, vibra-tion, waste water, bad vision and other impacts.	Care for the environment and sanitation of worker camps; plan the layout for tidiness according to occupational health princi-ples to ensure quality of life of workers.	Regularly inspect environmental condition around the construc-tion site. If find any environmental problems, difficulties may affect the neighboring area or commu-nities, solve them without delay.



Mosquito spray in the area of workers' camp

The company has determined measures for the environmental management as follows:

Dust

- Arrange for effective support for materials which may fall from overhead construction activities in order to prevent such materials from spreading.
- Wash truck wheels every time before leaving from the construction site to prevent soil from falling and becoming dust particles to diffuse
- Make sure the truck is covered by canvas before leaving the construction site to prevent construction materials from falling onto the streets for the safety of the road users.
- Construction activities such as open-cut excavation, building demolition, stockpiling, drilling and concrete mixing must be carried out within a close area with fences of at least two meter height.
- Regularly clean up soil and sand outside the fences.
- For construction site with open-cut excavation, regularly damp down surface with water to prevent dust from spreading.



Noise

There are two types of noise pollution from construction: noise from construction vehicles and noise from the construction machines. The operations to reduce the impact from noises are as follows:

- Carry out noise generating construction activities during 06.00 — 22.00 hrs. and if continue after 22.00 hrs. give advance notice to nearby communities
- Impose measures to prevent noise impact, such as install temporary sound-proof wall around construction area.
- Regularly monitor and test noise quality to mitigate or control noise pollution caused by the machines, the production process or the construction.
- Maintain the engine conditions to ensure the complete combustion and stop the engine when parking the vehicles.
- Provide workers working in noise-generating area noise protection.

Waste Water

- Install waste water treatment tanks. Sources of waste water can be categorized as follows:
 - Waste water from toilets, kitchens, containers washing passing treatment with microorganism in the finished water treatment tank before releasing into the company's drainage system.
 - Waste water contaminated with oil, trash, or other chemical residues from washing of hands, feet, or road surface by tap water or rain water and/or from car washing of workers.
 - Other waste water within the office's area.
- Install sludge scraper or sedimentation filters to hold sludge from the treated water before water is being released into public drainage. Water that can be released into the public drainage must have quality according to the criteria stipulated by the law. The environmental officer or the authorized person contacts the officer and takes sample of the Company's released water to test and analyze quality. Quality of the released water must be tested at least twice a year.





- Fix the equipment in the wastewater treatment system and the drainage trough such as drainage pipes, grease traps, sewage treatment tanks, aerator pump.
- Clean the drainage pipe, the grease trap, and the sewer on the regular basis according to the cleaning plan as follows:

No.	Activity	Frequency
1	Dip grease from the grease trap	Once a week
2	Clean the grease trap	Once a year
3	Pump the water from sumps	At 3 — month interval
4	Clean the sumps	Once a year
5	Clean the drainage pipe	At 3 — month interval
6	Suck the garbage	At 6 — month interval



Air

- Monitor and measure air quality on a regular basis in order to reduce or control air pollution caused by machines, the production process or the construction.
- Control pollution caused by vehicles in the area, for example check the engine conditions for complete combustion. Stop the engine every time when parking.
- Provide workers working in air pollution generating areas personal protection device.

Vibration

The vibration from the construction site may affect the stability if nearby structures, the company has managed the vibration according to the Notification of the National Environment Board No. 37 B.E. 2553 Re. Prescription of Standard of Vibration for Avoidance of Impact on Buildings

Waste Management (Garbage)

The company stresses the significance of efficient waste management in order to promote great environment and minimize environmental impacts. The Company has determined the measures for waste / garbage management as follows:

- Implement 3R approach within the Company, namely:
 - Reduce: reduce utilization of materials and products to reduce the amount of waste
 - Reuse: re-use materials/products that are still usable
 - Recycle: bring back and process materials/products already used to make them useable again including right method of trash disposal.
- Campaign waste segregation:-
 - General waste means the leftovers or unwanted stuff arising from general activities of the Company, which are possible for landfill without any damage to the environment, such as paper scraps, cloth residues, food, product, plastic bags, food packages, and foam boxes.
 - Recycled waste means the waste that is still usable, such as paper, paper boxes, cans, glass residues, metal residues.
 - Dangerous waste means poisonous garbage or chemical containers such as light bulbs, batteries, oil-stained clothes, used oil tanks, paint cans, plastic chemical cans
 - Hard- degradable waste means unwanted garbage left from the company's production process such as cement residues, concrete waste, steel scraps, for example.

The company provides waste containers for different types of waste within the offices, factories, and construction sites as follows:

Color	Category	Type of Waste
Green	General Waste	paper scraps, the residues of cloth, food, product, plastic, including food packages, form boxes
Yellow	Recycle Waste	paper, paper boxes, soda cans, glass residues, metal residues
Red	Hazardous Waste	light bulbs, batteries, oil-stained cloth, used oil tanks, paint cans, plastic chemical cans
Blue	Hard-degradable waste or unwanted garbage from production	cement residues, concrete waste, steel scraps



- Remove dump from construction activities / garbage from the construction area once a week.
In case that the removal of the dump from construction activities is not ready, it must be securely covered.
- The leftover materials shall be sold to the buyers.

At present, the Company is certified by the environmental management system for standardization (ISO 14001: 2004) for the Head Office and is in the process of application of certification for factory. ISO 14001:2004 is an environmental management system developed in September 1996 to enable an organization to implement a system for maintaining, controlling, and improving quality environment, as well as protecting hygiene of human beings by planning and setting the guideline with objective in order to protect and reduce pollution from its origin emphasizing impacts or possible impacts on the environment originated from the organization's activities, production process, and services starting from materials acquisition, design, research and development, delivery, application according to its purpose, reuse, efficient resources utilization, avoidance of dangerous chemicals which is considered a good and effective environmental management system.

In addition, the Company has established the Environment Department which has duties to supervise and manage this matter exclusively, to promote and publicize to all employees to understand, realize, and participate in the environmental management as follows:

- issue internal journal called "Green Way" on monthly basis to communicate environmental information and disseminate it via email to all employees
- issue "the Environmental Operation Manual"
- issue pamphlets entitled "The Environmental Management System ISO 14001: 2004;

- provide training programs regarding:-
 - interpretation of ISO 14001: 2004
 - assessment of environmental problems and related applicable laws
 - internal audit for the environmental management system
 - environmental awareness



In 2016, the company did not receive any complaints with regard to the environmental problems from both inside and outside stakeholders

Operation of CSR after Process

Strong communities and society is the essential support of the Company's operation to be steady and sustainable. The Company, therefore, gives the importance to the activities promoting strength of communities and society. In the year 2016, the Company conducted various CSR after process activities to repay the society and environment as follows:

1. Activities to Develop and Build Good Relationship with Communities

The Company regularly conducts activities with the neighboring communities to build good relationship and to help developing communities for good quality of life and mutual happiness. In 2016, the company conducts community relations activities as follows:

- The Precast and Pre-stressed Concrete Plant (N. 009), the Materials and Leftover Equipment Center (N. 081), the Steel Processing Plant (N. 090) and the Tunnel and Underground Pipe Work (N. 091) constructed the road for a distance of 1.3 k.m. for the community in the area of Ban Kwan Sub-district Administrative Organization in Chachoengsao Province



- In July 2016, the Precast and Pre-stressed Concrete Plant (N. 009) and the Steel Processing Plant (N. 090) in cooperation with the Department of Highways dredged floodway along the side walk for the community in the area of Ban Kwan Sub-District Administrative Organization, Chachoengsao Province



- The Construction Site of Kantary Hotel, Nakhon Ratchasima (N. 434) conducted activities to build good relationship with the neighboring communities as follows:-
 - took part in activities on the New Year with Ampawan Patana Community, Nakhon Ratchasima
 - joined the National Children's Day activities held by Nakhon Ratchasima Municipality.
 - sponsored soil to the Ampawan Community to build the stage for public events



- The Construction Site of Mae Moh Power Plant Units 4 — 7 Replacement Project (N. 445) promoted and took part in activities to build good relationship with the neighboring communities as follows:-
 - supported budget for the Youth Sport Competition 2016 of Nasak Sub-District in the amount of 3,000 Baht
 - support budget for the provision of sports equipment for the Ban Sob Moh's Youth Sport Competition in the amount of 3,790 Baht
 - supported budget for the Annual Sports Competition of Sob Pad Sub — District in the amount of 3,000 Baht
 - supported budget for the Forest Fire and Smoke Prevention Campaign in the amount of 1,500 Baht
 - support budget for the Volunteers' Competency Development Project of Baan Sob Moh in the amount of 3,000 Baht
- The Construction Site of the Underground Reservoir and Conduits, Jointly Metropolitan Electricity — Mass Rapid Transit Authority of Thailand, the MRT Green Line, Bearing — Samut Prakarn Section (N. 449) helped mowing that obstructed the ditch of the neighboring community behind the site



- The Construction Site of Embankment Dam in Pasak River Phase 1 (Part 2) (N. 455) promoted and took part in activities to build good relationship with the neighboring communities as follows:-
 - constructed the road in front of the site for people to travel



- joined activities on the Father Day held by Pho En Sub-District Administrative Organization
 - joined activities on the Police Day held by Pak Tha Police Station
- The Construction Site of Coastal Harbor (Pier A) Laem Chabang (N.466) participated in the Annual Football League of Sriracha Municipality and donated money to support Sriracha Municipality Football Club in the amount of 33,000 Baht

2. Activities to promote religion, tradition and culture

The Company recognizes the important of preservation of Buddhism and inheritance of tradition and culture by continuously promoting the activities related to religions, tradition, and culture. In 2016, the company held the activities to promote religion, tradition and culture as follows:

- The Company held the Water Pouring Ceremony (Rod Nam Dam Hua) for the Board of Directors and the senior executives on the occasion of Thai New Year or the Songkran Festival on April 11, 2016



- The Company presided over the annual occasion of the Kathin Ceremony at Khao Yai Thiang Nua, Si Kiew District, Nakhon Ratchasima on November 12, 2016. In this ceremony, the company's staff and its business partners jointly donated money to support the construction of the sermon hall in the amount of 676,660 Baht



- The Construction Site of Kantary Hotel, Nakhon Ratchasima (N. 434) organized activities to promote religion, tradition and culture as follows:-
 - took part in merit making activities on Makha Bucha Day held by the neighboring community
 - took part in merit making activities on Visakha Bucha Day held by the neighboring community
 - supported Bha Pa Merit Making (offering of robes to monks) to New Amphawan Temple, Nakhon Ratchasima in the amount of 2,000 Baht



- The Construction Site of Mae Moh Power Plant Units 4 — 7 Replacement Project (N. 445) organized activities to promote religion, tradition and culture as follows:
 - supported activities on the Songkran Festival to the neighboring community in the amount of 3,000 Baht
 - supported activities on the Songkran Festival to the neighboring community in the amount of 3,000 Baht
- The Construction Site of Embankment Dam in Pasak River Phase 1 (Part 2) (N. 455) took part in merit making activities on the Buddhism Lent Day with the villagers of Pho En Sub-District and donated money for Kathin Ceremony to many temples, e.g., Daeng Temple, Khae Temple, Thepkantharam Temple.



- The Construction Site of Crossing Bridge of Don Sinon — Ban Pho Railway (N. 470) sponsored soil for to Don Sinon Temple and Intharam Temple, Ban Pho District, Chachoengsao Province



3. Activities to enhance education

The Company recognizes the importance of education and is committed to enhancing the educational development in order to make Thailand become a learning society that will lead to the sustainable country development. In 2016, the company conducted the activities to promote the education as follows:

- The Classrooms Against Earthquakes Project

Ban Pa Kor Dam Community School, Mae Lao District, Chiang Rai

The 6.3 magnitude earthquake in Chiang Rai Province on May 5, 2014 widely affected and caused damage to buildings and structure, i.e. houses, government buildings, temples, roads and school buildings, especially those in the three districts: Amphur Phan, Amphur Mae Lao and Amphur Mae Suay which are close to the epicenter. The catastrophe made many people living in such areas suffer a lot. The company realized the suffering of the people, especially the students who were directly affected from the disaster and had to use sheds as their temporary classrooms. Therefore, the company decided to take action to help people and students in Chiang Rai by coordinating with the Association of Siamese Architects, the Engineering Institute of Thailand and the collaboration network from various professions to restore the buildings heavily damaged by the earthquake. For the school buildings, the construction was under the concept of "Pordee Pordee" (good enough) which is economical, easy to build, timely and earthquake resistant. A team of engineers was sent to survey the project area and to proceed with the construction of new school building to replace the Ban Pa Kor Dam Community School in Mae Lao, Chiang Rai.

The construction of Ban Pa Kor Dam Community School began in March 2015 and was completed in February 2016, which was approximately 11 months, with a total budget of 4,389,202 baht. The school building was delivered on February 26, 2016.

In addition, the Company's staff jointly donated money totaling 33,798 baht to support the educational cost of the school



- The Company donated money to support the construction of students' shelters of Beaumont Patana School, Bumnetnarong District, Chaiyaphum Province to the Beaumont Partnership Foundation in the amount of 300,000 Baht



- The Concrete Pipe Plant, Samutsakorn (N. 011) sponsored cement pipes to support the Sufficiency Economy Project — "Catfishes Feeding for Lunch to Wat Charoen Sukharam School, Samutsakorn



- The Construction Site of Kantary Hotel, Nakhon Ratchasima (N. 434) organized activities to enhance education as follows:
 - built temporary fence to replace the one damaged by the storm for the school located nearby the construction site
 - repaired roof and ceiling and damaged by the storm for Mary Technology School
 - helped cleaning Mary Technology School that effected from raining
 - sponsored soil to Dao Rueng Kindergarten School to repair road affected from raining



- The Construction Site of Embankment Dam in Pasak River Phase 1 (Part 2) (N. 455) sponsored 40Q-soil to for planting to Wat Thepkantharam School



4. Donation of Money and Stuff for Charities

The Company has constantly supported activities of foundations and charitable organizations to help people who are socially disadvantaged for their better lives. The Company has also render assistance to people affected by natural disasters focusing on relief of their suffering. In 2016, the company donated money and stuff for public charities as summarized below.

- The Company joined the Associate Judges of Central Labor Court, Samutprakarn to host lunch and donate necessities to 490 disabilities at Baan Phrapradaeng, Samutprakarn on Saturday 20th August 2016



- The Company supported the Wingspan's Family Rally No. 2 in the amount of 10,000 Baht Money received will be used for setting up of the Employees' Welfare Fund of Wingspan Services Co., Ltd
- The employees based at the Head Office donated money to helps the victims of the floods in the southern provinces to the Friend in Need of "PA" Volunteers Foundation Thai Red Cross in the amount of 10,900 Baht
- The Construction Site of Mae Moh Power Plant Units 4 — 7 Replacement Project (N. 445) donated money to charities as follows:
 - supported tickets for the charity talk show "Happy Family Far Away from Drugs" in the amount of 3,000 Baht
 - supported "PSU Open" charity golf to the Prince of Songkla University in the amount of 25,000 Baht
 - supported "Mae Chang Open" charity bowling in the amount of 5,000 Baht
 - supported charity golf to the CMU Engineering Alumni Association in the amount of 25,000 Baht
 - supported charity golf to KKU Engineering Alumni Association in the amount of 25,000 Baht
 - supported charity golf to the EGAT Golf Club in the amount of 40,000 Baht
 - supported charity golf to the EGAT Golf Club in the amount of 25,000 Baht

- The Construction Site of Coastal Harbor (Pier A) Laem Chabang (N. 466) donated money for charity as follows:
 - supported 50 Thai Red Cross lotteries with the Police Housewife Association in the amount of 5,000 Baht
 - supported golf charity to PSU Engineering Alumni Association in the amount of 30,000 Baht
 - supported "PAT OPEN 2559" golf charity to Port Authority of Thailand in the amount of 40,000 Baht
 - supported golf charity to Thai Industrial Estate Foundation in the amount of 50,000 Baht
 - supported charity golf to the Labor Union of Port Authority of Thailand in the amount of 30,000 Baht
 - supported charity concert tickets of the Audit and Management Monitoring Committee, Sriracha Police Station in the amount of 20,000 Baht
- The Construction Site of Crossing Bridge of Railway Don Sinon — Ban Pho (N. 470) supported the arrangement of public events to Khao Hin Son Police Station in the amount of 2,000 Baht



- The Construction Site of ABPR 3 Combined Cycle Cogeneration Plant (N. 471) supported charity golf to Khon Kean University Alumni Association in the amount of 25,000 Baht

***The Board of Directors' Report
to the Financial Statement***

The Board of Directors' Report to the Financial Statement

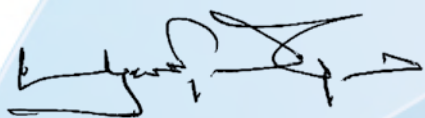
The Board of Directors is accountable for the Company's Financial Statements and all the details of financial information declared in the Annual Report. Such Financial Statements have been made according to the Accounting Standards commonly certified in Thailand. The Company uses the appropriate accounting policy and constantly abides by it and also carefully exercises its discretion and makes the best estimation while making the reports. This includes the sufficient disclosure of information in the notes to Financial Statements. In addition, the Board has arranged for:

- The internal control system which responsible by the Internal Audit Division to report directly to the Audit Committee in order to be free from the Management's domination
- The guidelines for Good Corporate Governance to have all directors, executives and the employees abide by
- The Risk Management System established to eliminate the causes of each potential damages to the Company

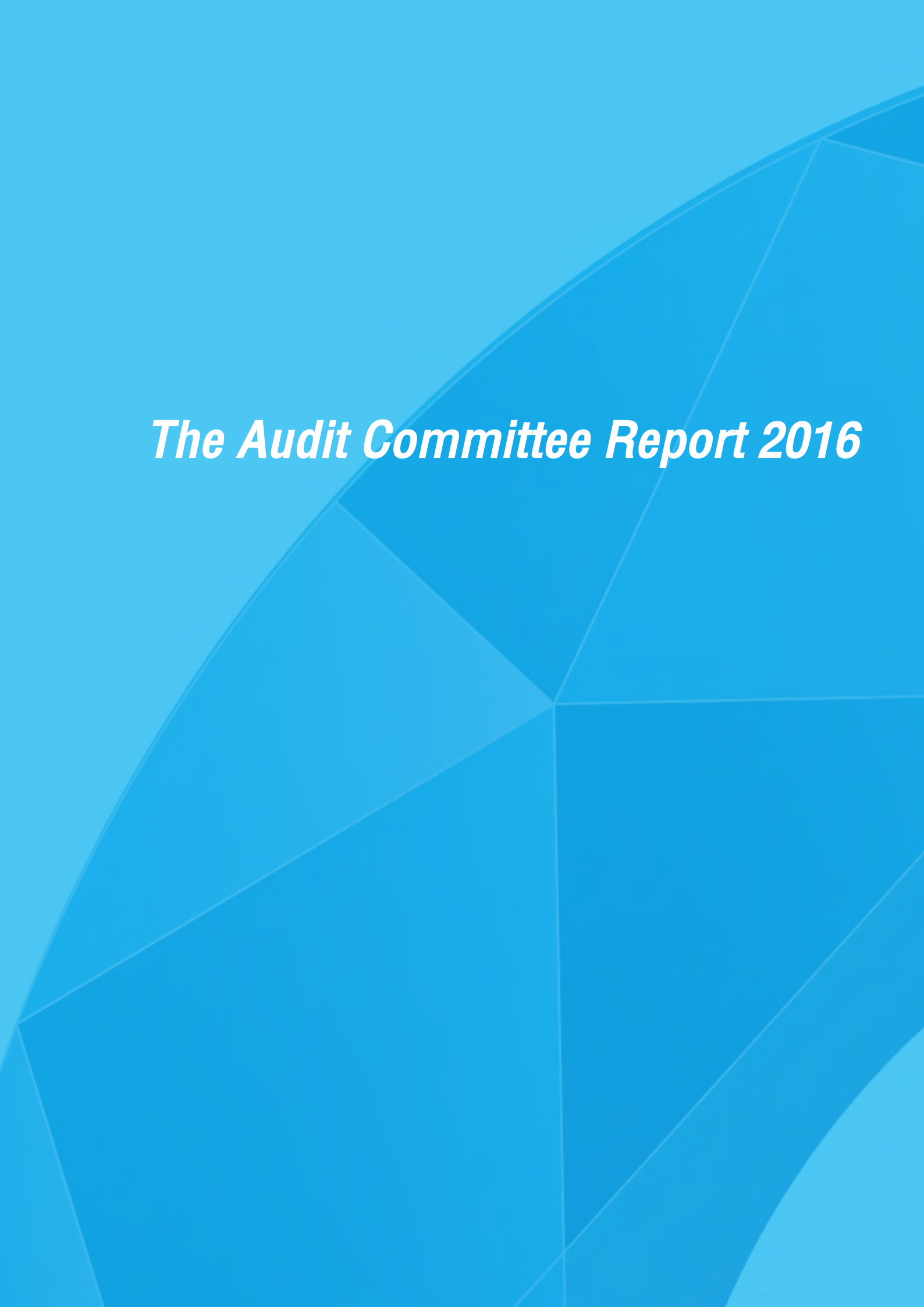
All have been performed in appropriate and effective manner to ensure that the making of the Company's accounts is accurate, complete, and sufficient for maintaining its assets and protecting any frauds.

The Board has also appointed the Audit Committee to perform the duty of reviewing the accounting policy and the accuracy of the financial reports, including the review of the internal control system and the internal audit as per the details given on the Audit Committee's report to the Annual Report. In addition, the Company's Financial Statements were reviewed by the certified auditor from EY Office Limited as commented in the Annual Report.

The Board considered that the Company's overall internal control system is at a satisfying level and has a confidence that the Financial Statements of Nawarat Patanakarn Public Company Limited, the Subsidiary Companies and Joint Ventures as of December 31, 2016 are reliable and compatible with laws and related regulations.



Mr. Prasertphand Pipatanakul
Chairman



The Audit Committee Report 2016

The Audit Committee Report 2016

The Audit Committee of Nawarat Patanakarn Public Company Limited consists of 3 Independent Director who are not the company's executives, staff or consultants, namely:

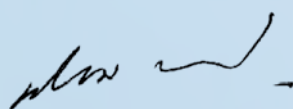
- | | |
|---------------------------------|---------------------------------|
| 1. Mr. Niyom Niyamanusorn | Chairman of the Audit committee |
| 2. Mr. Prasertphand Pipatanakul | Member of the Audit Committee |
| 3. Mr. Apichart Dharmasaroja | Member of the Audit committee |

The Audit Committee has performed their duties and responsibilities as assigned by the Board of Directors which are in consistence with the guidelines for Good Corporate Governance of the SET's Audit Committee.

In 2016, the Audit Committee held 12 meetings to make considerations for matters. The top management, the General Manager for the Internal Audit Department, and the auditor attended on the agenda relating to the quarterly review of financial statements. In the meeting for reviewing of the annual Financial Statements, there are none of the Company's executives participating. The results of the Audit Committee can be summarized as followed:

1. Reviewing the quarterly Financial Statements and the Financial Statements for Year 2016 to see whether they contain accurate reports and sufficient disclosure of information or not, including their reliability and compatibility with the commonly certified Accounting Standards. The review includes the disclosure of related transactions between the Company and its subsidiaries to ensure that the Company has made the operations according to the normal business conditions and fully compliance, in accurate and complete manner, with the Stock Exchange of Thailand's requirements before submitting them to the Board of Directors.
2. Supervising work of internal audit in which the Audit Committee, together with the General Manager for Internal Audit Division, have jointly considered and adjusted the auditing plan to be in consistent with changes to create a perfect internal control system suitable to the completely significant work procedure. After reviewing the auditing results, monitoring the compliance with the plans to reduce the potential risks, and considering the work performance of the General Manager for the Internal Audit Division, the Audit Committee considered that the Company's auditing operation has proceeded with effectiveness and appropriation.
3. Reviewing the compliance of the Securities and Exchange Act and other laws relevant to the Company's business. After discussing at the meeting with the Company's Secretary who is directing and monitoring the compliance with laws, regulations and requirements of the Office of Securities and Exchange Commission, the Audit Committee considered that the company has accurately complied with all requirements without any significant flaws.
4. Appointing a set of accounting auditors by submitting the nominated auditors to the Shareholders' Meeting for Year 2017 through the Board of Directors as following:

- | | |
|----------------------------|--------------------------------|
| 1. Ms. Thippawan Nananuwat | C.P.A. License No. 3459 and/or |
| 2. Ms. Manee Rattanabankit | C.P.A. License No. 5313 and/or |
| 3. Mr. Termphong Opanaphan | C.P.A. License No. 4501 |
- Of EY Office Limited, appointed as the Company's auditors for the year 2017.



Mr. Niyom Niyamanusorn
Chairman of the Audit Committee

***Explanation and Analysis
of Financial Status
and Operating Results***

Explanation and Analysis of Financial status and Operating Results

In 2015, the world's economic situation was still problematic and broadly expanded to various countries. Some country was still facing political problems. The economic and political problems were severely effecting across the world. However, for Thailand, many development projects were gradually announced but yet slower than the Government had planned. As for the laboring problem, numerous of foreign labors were constantly brought in due to the laboring shortage.

In 2016, the economic and political problems of many countries were still unsolvable. Notwithstanding, the announced economic and political policies by the new President of the United States of America caused an unpredictable direction for the global economy. Moreover, the United Kingdom's prospective withdrawal from the European Union following its referendum risks causing severe global economic effect. For Thailand, development projects have been on the bidding process in accordance with the Government's plan which shows a good start to encourage the growth of domestic economy to achieve the Government's target.

Explanation on Financial Status and Operating Performance

Summary of the Company's Financial Status based on Financial Statements as of December 31, 2016

As at December 31, 2016, the total assets of the Group were equal to 12,576.77 Million Baht increasing from December 31, 2015 by 1,141.93 Million Baht.

Major changes in Assets included

1. Temporary Investment as at December 31, 2016 equal to 455.02 Million Baht decreasing from December 31, 2015 by 157.04 Million Baht, as the Company had sold an investment in fund in order to make a payment for an investment in its subsidiaries and to use as a working capital for its own construction projects.
2. Accounts Receivable and other receivables as at December 31, 2016 before deducting the allowance for doubtful accounts equal to 2,612.07 Million Baht, decreasing from the amount as at December 31, 2015 by 204.71 Million Baht. In case payments are not made by the clients as it is specifically due, interest charges will be applied to those late payments. Interest charges will be conditionally calculated based on the due date and this standard will be practically applied to all receivables, including related companies' receivables. However, due to the current economic circumstances, the Company has conceded the interest charges to those receivables with trivial late payment, except those receivables which have been under litigation process for debt repayment.

The Company recorded an allowance for doubtful accounts for all those receivables with over-12-month overdue payment according to the Company's rules and policies.

Accounts receivable as compared between those as at December 31, 2015 and December 31, 2016 are as follows:

Description	Doubtful Debt	Total debt	Within due	Unit : Million Baht	
				Within-12-month past due	Over-12-month past due
Accounts receivable As at December 31, 2015	1,264.01	2,794.93	853.03	662.06	1,279.84
Accounts receivable As at December 31, 2016	1,257.68	2,586.21	535.99	711.35	1,338.87
Increased (Decreased)	(6.33)	(208.72)	(317.04)	49.29	59.03

3. The Earned Revenues not yet billed as at December 31, 2016 equal to 2,309.07 Million Baht increasing from December 31, 2015 by 434.77 Million Baht. Since the Company had entered into construction agreements for many project, therefore, number of works were awaiting for handover. Moreover, some of the projects specified a condition that the whole project needed to be complete before the contractor could handover the work to the employer.
4. Cost of real estate development project as at December 31, 2016 equal to 1,736.38 Million Baht, increasing from the amount as at December 31, 2015 by 326.06 Million Baht. This increase resulted from real estate development projects of Mana Patanakarn Co., Ltd., which is the Company's subsidiary, with the shareholding proportion of 100 percent.
5. Land, Buildings and Equipment as at December 31, 2016 before accumulated depreciation and allowance for devaluation equal to 5,912.99 Million Baht, increasing from as at December 31, 2015 by 816.20 Million Baht. The Company has acquired considerable machinery as a replacement for the old and depreciable ones, and has also acquired new machinery with new technology to order to increase the efficiency of work. However, the Company has also disposed old machineries in order to mitigate maintenance costs and storage costs for those deteriorated machineries.

Major Changes in Liabilities included

1. Bank overdrafts and short-term loans from financial institutions as at December 31, 2016 was equal to 138.25 Million Baht, decreasing from as at December 31, 2015 by 247.19 Million Baht, since the Company has substantially repaid the short-term loans.
2. Accounts payable and other creditors as at December 31, 2016 was equal to 1,700.43 Million Baht, increasing from as at December 31, 2015 by 297.09 Million Baht, due to the second half of year 2016; the Company has entered into construction agreements for many projects thus number of purchase orders and hiring of subcontractors were also increased. The terms and conditions of the payment were depended on what has been agreed by each supplier.

Normally, suppliers offer a payment term of 30-60 days but some of them, such as steel supplier, offered a special discount for any payment made in cash. In case the Company has adequately cash in hands, it seems to be more advantages to the Company to pay in cash at the same time reducing the construction costs, thus the Company will agree to make a payment in cash. This complies with the policy that some key materials should be adequately purchased for the whole project in order to mitigate the price risk. Which special discount will be offered by suppliers in case of a payment made in cash.

Detailed accounts payable and other creditors are as follows

	(Unit: Million Baht)		
	As at 31 Dec'16	As at 31 Dec'15 (new adjustment)	Increase (Decrease)
Accounts payable — related and unrelated parties	1507.22	1,213.50	293.72
Advance from related and unrelated parties	34.50	33.09	1.41
Other creditors — related and unrelated parties	58.83	61.05	(2.22)
Accrued expenses — related and unrelated parties	99.88	95.70	4.18
Total account payables and other creditors	1,700.43	1,403.34	297.09

3. Construction revenues receiving in advance as at December 31, 2016 equal to 1,898.82 Million Baht, increasing from as at December 31, 2015 by 491.04 Million Baht. This is an advance received from employers for construction in the second half of year 2016, which will be periodically deducted from periodic deliverables. The conditions applied as stated in each construction contract.

1. Operating performance as comparison analysis between those in the year 2016 and 2015 in consolidated financial statement

Description	2016	2015	Increase (Decrease)	
			Amount	Percentage
1.1 Revenues from construction services	7,919.19 Million Baht	7,202.19 Million Baht	717.00 Million Baht	9.96
1.2 Cost of construction services compared with revenues from construction services	92.07%	94.44%	-	(2.51)
1.3 Revenues from sales and services	392.62 Million Baht	384.20 Million Baht	8.42 Million Baht	2.19
1.4 Cost of sales and services compared with revenues from sales and services	93.26%	95.11%	-	(1.95)
1.5 Administrative expenses	462.89 Million Baht	377.72 Million Baht	85.17 Million Baht	22.55
1.6 Financial expenses	196.43 Million Baht	164.79 Million Baht	31.64 Million Baht	19.20

2. Operating Performance for the year ended December 31

Description	2016	2015
Profit (Loss) for the year attributable to shareholders of the Company in the consolidated financial statement	52.02 Million Baht	(173.84) Million Baht
Profit (Loss) for the year in the separate financial statement	118.00 Million Baht	(119.66) Million Baht

3. Analysis and Explanation of Management

For the operating results for the year 2016 ended 31 December 2016, the Company and its subsidiaries gained the total revenues of 8,360.94 Million Baht, divided into revenues from construction services in the amount of 7,919.19 Million Baht, revenues from sales and services in the amount of 392.62 Million Baht and other revenues 49.13 Million Baht. Compared to the year 2015, the Company and its subsidiaries incurred the increase revenue in the total of 8.97%, resulting from the construction services in the amount of 717.00 Million Baht representing 9.96% and from the sales and services in the amount of 8.42 Million Baht or 2.19%. For the year 2016, the Company earned the net profit of 52.02 Million Baht attributable to shareholders of the Company. Meanwhile, in the year 2015, the Company incurred the net loss of 173.84 Million Baht attributable to shareholders of the Company.

The Company recognized the profit sharing from investments in associated companies and joint ventures in 2016 in the amount of 23.34 Million Baht, decreasing from the year 2015 equal to 61.62 Million Baht which the Company recognized the profit sharing in the amount of 84.96 Million Baht. Details are as follows:

	Year 2016	Year 2015
VSPN Property Company Limited	Recognized loss 0.72 Million Baht	Recognized profit 0.18 Million Baht
C.I.N. Estate Company Limited	Recognized profit 27.09 Million Baht	Recognized profit 47.92 Million Baht
NWR —SBCC Joint venture	Recognized loss 3.03 Million Baht	Recognized profit 36.86 Million Baht

The Company, its executives, and its employees are strives to run its business to achieve its vision, i.e. “To be one of Thailand’s top five largest general construction contractors with international standard, stability, sustainability together with responsibility to society and environment”. However, there are still barriers in business operation, such as internal and global economic situations, internal political issues which have been gradually improving now. The bidding sessions have been arranged for the Government sector’s construction for country development based on Thailand’s Government budgets. Although there are competitions among construction contracting companies, the Company’s executives and employees still persist to perform their duties at full capacity and at their best in order to achieve the Company’s aforementioned vision.

3.1 Operating Performance for the year 2016

Construction business

- 3.1.1 Revenues from construction services increased in 2016 compared to 2015 equal to 717.00 Million Baht or 9.96%, resulting from the increasing construction works. The top 3 projects contributing to the Company’s increasing revenues for the year 2016 included
 - a. The Project of Mae Moh Power Plant Units 4-7 Replacement Project of the Electricity Generating Authority of Thailand, of which the Company was the subcontractor of Marubeni Corporation, revenues in 2016 amounting to 1,567.58 Million Baht.
 - b. The Civil Works Project for the 2 Units of 110 MW Gas-fired Cogeneration Power Plant of the Ban-pong Utilities Company Limited, of which the Company was the subcontractor of Mitsubishi Corporation, revenues in 2016 amounting to 855.84 Million Baht.
 - c. The Construction Project of Drainage Tunnel under Bangsue Canal, from Ladprao Canal to the Chao Phraya River, owned by BMA, revenues in 2016 amounting to 784.68 Million Baht
- 3.1.2 Construction costs — The Company had cost of construction services compared with revenues from construction services between 2016 and 2015, the Company thrived to maintain a close ratio of construction cost and the revenues of the construction services of year 2016 equal to 92.07% while in the year 2015 was 94.44%.
- 3.1.3 Due to the shortage of Thai labors, the Company was required to hire foreign workers of which the costs are higher than Thai workers. However, the Company was required to do so in order to have a sufficient workforce to support current operation in terms of timely delivery and reducing risk of incurring liquidate damages for late delivery. Moreover, the Company prepared the workforce for the upcoming projects to be announced for bidding in accordance with the Government’s development plan.
- 3.1.4 In order to control cost of construction within the budget, the Company bought in some main material supply in advance with the quantity that will be sufficient for using in the whole projects so as to reduce risk of uprising price. This policy will efficiently mitigate the impact of material price upon the cost of construction.

3.1.5 Administrative expenses for the year 2016 increased when comparing to 2015 equal to 85.17 Million Baht or 22.55%, resulting from 2 main reasons as follows:

- a. The new subsidiary companies, i.e. Mana Patanakarn Company Limited and Advance Prefab Company Limited, have started their operation. The combined administrative expenses of these two companies in 2016 were equal to 116.65 Million Baht, whilst 56.48 Million Baht in 2015.

(Unit: Million Baht)		
Administrative Expenses	Year 2016	Year 2015
Mana Patanakarn Company Limited	85.48	44.04
Advance Prefab Company Limited	31.17	12.44

- b. In 2016, the Company incurred a legal advisory cost and other advisory services which higher than in year 2015 in the amount of 27.22 Million Baht.

3.1.6 The Company recorded allowance recovered bad debt in 2016 of 15.14 Million Baht and recorded doubtful account in the amount of 210.22 Million Baht in 2015.

Concrete business

Revenues from sales and services in 2016 increased from 2015 by 8.42 Million Baht or 2.19%; i.e. from 384.20 Million Baht in 2015 to 392.62 Million Baht in 2016. This resulted from the fact that the Company has manufactured more concrete for selling to external customers. However, when comparing 2016 to 2015, the cost of sales and services decreased as opposed to the revenues from sales and services; i.e. decreasing from 95.11% in 2015 to 93.26% in 2016 in spite of the Company improvement of cost control, price of the certain supply material were decreased, but due to an increase in overall wages including extra payment for hiring of foreign workers of which the average costs are higher than Thai workers to accelerate the construction work, this resulted in a slightly increasing in gross profits from sales and services from year 2016 equal to 26.45 Million Baht or 6.74% of revenues from sales and services while in year 2015 equal to 18.77 Million Baht or only 4.89%.

3.2 The issuance and offering of 3,000 Million Baht Debenture

On 28 August 2014, the Company issued and offered 1,500,000 units of 3 years debenture No.1/2014, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The maturity date of full redemption is 28 August 2017. The debenture bears interest at the rate of 5.50 percent per annum. The purposes of this debenture issuance are for investments, debt repayment, and working-capital increase. The debenture's interest payable in 2016 was equal to 82.73 Million Baht.

On 21 August 2015, the Company issued and offered 1,500,000 units of 3 years debenture No.1/2015, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The maturity date of full redemption is 21 August 2018. The debenture bears interest at a rate of 4.50 percent per annum. The purposes of this debenture issuance are for investments, debt repayment, and working-capital increase. The debenture's interest payable in 2016 was equal to 67.68 Million Baht.

The Company neither issued nor offered any debenture during 2016.

Summary of Financial Status of The Company according to the Consolidated Financial Statement as at 31 December 2015

As at December 31, 2015, the total assets of the Group were equal to 11,434.84 Million Baht, increasing from as at December 31, 2014 (newly adjusted) by 1,990.01 Million Baht.

Major Changes in Assets included

1. Temporary investments as at December 31, 2015 was equal to 612.06 Million Baht decreasing from the balance as at December 31, 2014 (newly adjusted) by 101.38 Million Baht. The decreasing was due to the selling of the Company's temporary investment which was the investment in the Siam Commercial Bank open-end fund, for an investment payment in the Company's subsidiaries and for working-capital in construction projects. However, in August 2015, the Company received the payment from the offered debenture no. 1/2015 in the amount of 1,500 Million Baht. The received amount has not been use for the purposes as been offering for but the Company used the amount to investment in a temporary investment in order to invest in real estate and for manufacturing more concrete for sale.
2. Accounts receivable and other receivables as at December 31, 2015 before deducting allowance for doubtful debt was equal to 2,816.78 Million Baht, increasing from as at December 31, 2014 (newly adjusted) by 582.27 Million Baht. The account receivables were increased due to more construction projects and the more delivered works.

If consider the account receivables of the unrelated parties, the Company had receivable overdue before deducting allowance for doubtful accounts as at December 31, 2015 equal to 235.07 Million Baht which increased from December 31, 2014 (newly adjusted) which equal to 50.11 Million Baht.

Accounts receivable as compared between those as at December 31, 2014 (newly adjusted) and December 31, 2015 are as follows:

Description	Doubtful Debt	Total debt	Unit : Million Baht		
			Within due	Within-12-month past due	Over-12-month past due
Accounts receivable	1,158.51	2,198.43	462.13	510.62	1,225.68
As at December 31, 2014 (Newly Adjusted)					
Accounts receivable	1,264.01	2,794.93	853.03	662.06	1,279.84
As of December 31, 2015					
Increased (Decreased)	105.50	596.50	390.90	151.44	54.16

3. Cost of real estate development projects as at December 31, 2015 equal to 1,410.33 Million Baht, increasing from as at December 31, 2014 (Newly adjusted) by 241.84 Million Baht. Real estate development projects by Mana Patanakarn Co., Ltd., which is the Company's subsidiary, with the shareholding proportion of 100 percent.

4. Land, buildings and equipment as at December 31, 2015 before accumulated depreciation and allowance for devaluation was equal to 5,096.79 Million Baht increasing from as at December 31, 2014 (newly adjusted) by 724.62 Million Baht. The Company has acquired considerable machinery and vehicles as a replacement for the old and depreciable ones, and has also acquired new machinery in order to be sufficiently available for use. However, the Company has also disposed old machinery and vehicles in order to mitigate maintenance costs and storage costs for those deteriorated machinery and vehicles.

Major changes in liabilities included

1. Bank overdrafts and short-term loans from financial institutions as of December 31, 2015 was equal to 385.44 Million Baht, decreasing from as of December 31, 2014 (newly adjusted) by 127.68 Million Baht.

The balance as of December 31, 2015 included:

- 1) Trust receipt 5.76 Million Baht from purchasing goods or machinery from overseas
- 2) Short-term loans from financial institutions 379.68 Million Baht

2. Accounts payable and other creditors as of December 31, 2015 was equal to 1,403.34 Million Baht, decreasing from as of December 31, 2014 (newly adjusted) by 188.85 Million Baht. Details of the accounts payable and other creditors are as follows;

	(Unit: Million Baht)		
	As of 31 Dec'15	As of 31 Dec'14 (newly adjusted)	Increase (Decrease)
Accounts payable — related and unrelated parties	1,213.50	1,305.77	(92.27)
Advance from related and unrelated parties	33.09	31.57	1.52
Other creditors — related and unrelated parties	61.05	151.02	(89.97)
Accrued expenses — related and unrelated parties	<u>95.70</u>	<u>103.83</u>	<u>(8.13)</u>
Total account payables and other creditors	<u>1,403.34</u>	<u>1,592.19</u>	<u>188.85</u>

3. Hire purchase and financial lease creditors The Company and its subsidiaries have signed a hire purchase and financial lease contract with leasing companies, aiming at acquiring equipment and vehicles for operation purposes, with monthly payment for rental fee. Contracts are of 3-5 years on average, with actual interest rate at around 2.68% up to 8.15% per annum.

Description	Year 2015 (Million Baht)	Year 2014 (Million Baht)
Liabilities under hire purchase and financial contracts	450.71	350.52
Less deferred interest payable	<u>(32.27)</u>	<u>(29.13)</u>
Total	418.44	321.39
Less amounts due within one year	<u>(167.73)</u>	<u>(116.92)</u>
Liabilities under hire purchase and financial contracts	<u>250.71</u>	<u>204.47</u>
— Net from amounts due within one year		

4. Construction revenues receiving in advance as at December 31, 2015 equal to 1,407.78 Million Baht, increasing from as at December 31, 2014 by 578.12 Million Baht (newly adjusted). This is an advance received from employers for construction, which will be periodically deducted from periodic deliverables. The conditions applied as stated in each construction contract.

5. Long-term loans from banks as of December 31, 2015 was equal to 520.32 Million Baht, increasing from as of December 31, 2014 by 223.06 Million Baht. The liability balance of 520.32 Million Baht is divided into long-term loans which is due within a year equal to 17.59 Million Baht and certain parts which is over 1 year due equal to 502.73 Million Baht. These are the loans to the both companies as follows;

1. Utility Business Alliance Co., Ltd. (associated company), the balance as of December 31, 2015 was equal to 48.34 Million Baht.
2. Mana Patanakarn Co., Ltd. (subsidiary company), the balance as of December 31, 2015 was equal to 471.98 Million Baht.

6. Debenture stock which the Company issued and offered for two times, details as follows;

1. On 28 August 2014, the Company issued and offered 1,500,000 units of debenture stock No. 1/2014, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The debentures are unsubordinated and unsecured debentures with a debenture holders' representative and are in the name-registered certificate, bearing interest at a rate of 5.50 percent per annum, with a term of 3 years. The maturity date is 28 August 2017. The interest is payable every 3 months throughout the life of the debentures.
2. On 21 August 2015, issued and offered 1,500,000 units of debenture stock No. 1/2015, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The debentures are unsubordinated and unsecured debentures with a debenture holders' representative and are in the name-registered certificate, bearing interest at a rate of 4.50 percent per annum, with a term of 3 years. The maturity date is 21 August 2018. The interest is payable every 3 months throughout the life of the debentures.

1. Analysis for operating performance of the year 2015 and 2014 in consolidated financial statement

Description	2015	2014 (newly adjusted)	Increase (Decrease)	
			Amount	Percent
1.1 Revenues from construction services	7,440.96 Million Baht	6,602.62 Million Baht	838.34 Million Baht	12.70
1.2 Cost of construction services compared with revenues from construction services	94.47%	95.56%	-	(1.14)
1.3 Revenues from sales and services	145.43 Million Baht	223.35 Million Baht	(77.92) Million Baht	(34.89)
1.4 Cost of sales and services compared with revenues from sales and services	94.71%	88.99%	-	6.43
1.5 Administrative expenses	377.72 Million Baht	315.78 Million Baht	61.94 Million Baht	19.61
1.6 Financial expenses	164.79 Million Baht	90.33 Million Baht	74.46 Million Baht	82.43

Note: The analysis was made by based on the income statement of year 2015 which have not been adjusted in order to accurately compare with the amount in year 2014 (newly adjusted).

2. Operating performance for the year ended 31 December

Description	2015	2014 (newly adjusted) (ปรับปรุงใหม่)
Profit (Loss) for the year attributable to shareholders of the Company in the consolidated financial statement	(173.84) Million Baht	8.29 Million Baht
Profit (Loss) for the year in the separate financial statement	(119.66) Million Baht	21.42 Million Baht

3. Analysis and explanation of Management

The operation result of year 2015 as at December 31, 2015, the Company and its subsidiaries gained the total revenues of 7,672.81 Million Baht, divided into revenues from constructions of 7,440.96 Million Baht, revenues from sales and services of 145.43 Million Baht and other revenues 86.42 Million Baht. Compared with year 2014 (newly adjusted), the total revenues of the Company increased by 11.30% which is the increased revenues from constructions of 838.34 Million Baht or 12.70%. However, in year 2015, the Company incurred the net loss of 173.84 Million Baht attributable to shareholders of the Company. Meanwhile, in year 2014, the Company incurred the net profit of 8.29 Million Baht attributable to shareholders of the Company. The Company recognized the profit sharing from investments in associated companies and joint venture in year 2015 in the amount of 84.96 Million Baht, whilst in year 2014 the Company recognized the loss from the aforementioned investments in the amount of 4.17 Million Baht. Details as follows:

	Year 2015	Year 2014 (newly adjusted)
VSPN Property Company Limited	Recognized profit 0.18 Million Baht	Recognized loss 0.32 Million Baht
C.I.N. Estate Company Limited	Recognized profit 47.92 Million Baht	Recognized profit 15.02 Million Baht
NWR— SBCC Joint Venture	Recognized profit 36.86 Million Baht	Recognized loss 18.87 Million Baht

The Company strives to run its business to achieve its vision, i.e. "To be one of Thailand's top five largest general construction contractors with international standard, stability, sustainability together with responsibility to society and environment". However, there are still barriers in business operation, such as internal and global economic situations, internal political issues which have been gradually improving now, problems from the Government sector's construction for country development relating to the requirement for the consideration for bidding session arrangement based on Thailand's Government budgets, and competitions among construction companies. The Company's executives and employees still persist to perform their duties at full capacity and at their best in order to achieve the Company's aforementioned vision.

3.1 Operating performance for the year 2015

Construction business

- 3.1.1 Revenues from construction services increased in 2015 compared to 2014 equal to 838.34 Million Baht or 12.70%, resulting from increasing construction works. Top 3 projects contributing to the Company's increasing revenues for the year 2015 included
- The Project of Mae Moh Power Plant Units 4-7 Replacement Project of the Electricity Generating Authority of Thailand, of which the Company was the subcontractor of Marubeni Corporation, revenues in 2015 amounting to 1,108 Million Baht
 - The Construction Project of Drainage Tunnel under Bangsue Canal, from Ladprao Canal to the Chao Phraya River, owned by BMA, revenues in 2015 amounting to 687 Million Baht
 - The Turnkey Project and Utility (Phase 2) Asia Industrial Estate (Suvarnabhumi) owned by Asia Industrial Estate Company Limited with revenues in 2015 amounting to 508 Million Baht
- 3.1.2 Construction cost — The Company had cost of construction services compared with revenues from construction services. Comparing between 2015 and 2014 (newly adjusted), the Company thrived to maintain a close ratio of construction cost of 94.5-95.6%, reporting construction cost for 2015 equal 7,029.11 Million Baht, while the cost was 6,309.42 Million Baht in 2014 (newly adjusted).

- 3.1.3 Due to the shortage of Thai labors, the Company was required to hire foreign workers of which the costs are higher than Thai workers. However, in order to make provision against construction work of the government sector which has a tendency to rise considerably, and to support current operation in terms of timely delivery and reducing risk of penalty from late delivery, the Company was therefore required to hire foreign workers in compensation for Thai workers.
- 3.1.4 In order to control cost of construction within the budget, the Company bought in some main material supply in advance with the quantity that will be sufficient for use for the whole projects so as to reduce risk of uprising price. This policy will assist in efficiently mitigate the impact of material price upon cost of construction.
- 3.1.5 Administrative expenses for the year 2015 increased when comparing to 2014 equal to 61.94 Million Baht or 19.61%, resulting from 2 main reasons:
- The new subsidiary companies, i.e. Mana Patanakarn Company Limited and Advance Prefab Company Limited, have started their operation. The combined administrative expenses of these two companies in 2015 were equal to 56.48 Million Baht, whilst 7.81 Million Baht in 2014

(Unit: Million Baht)

Administrative Expenses	Year 2015	Year 2014
Mana Patanakarn Company Limited	44.04	5.81
Advance Prefab Company Limited	12.44	2.00

- In 2015, the Company incurred an increase of bidding costs in 2015 higher than in 2014 due to numerous bidding transactions in 2015.
- 3.1.6 The Company recorded allowance for doubtful account in 2015 in the amount of 218.43 Million Baht and recorded recovered bad debt of 8.21 Million Baht. Meanwhile, in 2014, the Company recorded allowance for doubtful account totaling 3.73 Million Baht and recorded recovered bad debt of 27.93 Million Baht.

Concrete Business

Revenues from sales and services in 2015 decreased from 2014 (newly adjusted) by 77.92 Million Baht or 34.89 %; i.e. from 223.35 Million Baht in 2014 (newly adjusted) to 145.43 Million Baht in 2015. This resulted from the fact that the Company has manufactured more concrete for the use of the Company's construction projects and for the sales to subsidiary companies, while selling less to external customers. However, when comparing 2015 to 2014 (newly adjusted), the cost of sales and services rose as opposed to revenues from sales and services; i.e. rising from 88.99% in 2014 (newly adjusted) to 94.71% in 2015. Due to the price rise of certain main material supply, in spite of its somewhat decrease in some period, and also due to an increase in overall wages including extra payment to accelerate the termination of construction work, and the hiring of foreign workers of which the average costs are higher than Thai workers, this resulted in a decrease in gross profits from sales and services from 11.01% of revenues from sales and services or 24.58 Million Baht in 2014 (newly adjusted) to only 5.29% or 7.70 Million Baht in 2015.

3.2 Issuance and offer of debenture of 3,000 Million Baht

On 28 August 2014, the Company issued and offered 1,500,000 units of 3 years debenture No.1/2014, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The maturity date of full redemption is 28 August 2017. The debenture bears interest at a rate of 5.50 percent per annum. The purposes of this debenture issuance are for investments, debt repayment and working-capital increase. The debenture's interest payable in 2015 was equal to 82.50 Million Baht.

On 21 August 2015, the Company issued and offered 1,500,000 units of 3 years debenture No.1/2015, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The maturity date of full redemption is 21 August 2018. The debenture bears interest at a rate of 4.50 percent per annum. The purposes of this debenture issuance are for investments, debt repayment and working-capital increase. The debenture's interest payable in 2015 was equal to 24.60 Million Baht.

3. Analysis for cash flow statement

Summary of cash flow statement (according to consolidated financial statement)

Description	Unit: Million Baht	
	Year 2016	Year 2015
Cash flows from operating activities	631.95	-896.87
Cash flows from investing activities	-633.86	-570.87
Cash flows from financing activities	17.22	1,453.08
Translation differences	-0.09	-0.54
Cash and cash equivalents at beginning of period	641.32	656.52
Cash and cash equivalents at end of period	656.54	641.32

Cash flows from operating activities in 2016 indicated that the Company had net cash flows used in operating activities equal to 631.95 Million Baht. Comparing to the net cash flows of 896.87 Million Baht used in operating activities in 2015. Major items affecting the net cash flows used in operating activities are as follows:

1. Decrease in accounts receivable and other receivables with the amount of 185.95 Million Baht, resulting from the fact that the Company had delivered more construction works.
2. Increase in cost of real estate development projects with the amount of 317.52 Million Baht from the initiative investments in developing new projects of Mana Patanakarn Co., Ltd. (subsidiary company).
3. Increase in accounts payable and other creditors with the amount of 283.82 Million Baht, the increasing was due to the second half of year 2016; the Company has entered into construction agreements for many projects thus number of purchase orders and hiring of subcontractors were also increased. The terms and conditions of the payment were depended on what has been agreed by each supplier.
4. Increase of the advance received from employers for construction in the amount of 491.04 Million Baht, which will be periodically deducted from periodic deliverables. The conditions applied as stated in each construction contract.
5. During the year 2016, the Company received the return of the withholding tax in the amount of 248.07 Million Baht which has been withheld exceeding the payable amount of the corporate income tax.

In regard to cash flows from investing activities in 2016, the Company had net cash flows used in investing activities equal to 633.86 Million Baht. Comparing to the net cash flows of 570.87 Million Baht used in investing activities in 2015. This resulted from the fact that the Company had reduced temporary investment in the category of investments in open-fund with the amount of 162.15 Million Baht, in order to use in business operation of the Company, to maintain the liquidity of the Company, and to invest more in the category of equipment with the amount equal to 704.09 Million Baht.

In regard to cash flows from financing activities in 2016, the Company had net cash flows used in financing activities equal to 17.22 Million Baht. Comparing to the net cash flows of 1,453.08 Million Baht used in financing activities in 2015, the Company received cash from issuance of debentures no.1/2015 equal to 1,488.94 Million Baht. While in 2016, the Company neither issued nor offered any debentures.

Summary of significant events during 2014-2016 that affected cash flow statement

1. On 28 August 2014, the Company issued and offered 1,500,000 units of debenture stock No.1/2014, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The debentures are unsubordinated and unsecured debentures with a debenture holders' representative and are in the name-registered certificate, bearing interest at a rate of 5.50 percent per annum, with a term of 3 years. The maturity date is 28 August 2017. The interest is payable every 3 months throughout the life of the debentures. The purposes of this debenture are for debt repayment, working capital and investments in new project aiming at making profits for the Company.
2. On 21 August 2015, the Company issued and offered 1,500,000 units of debenture stock No.1/2015, with a par value of 1,000 Baht each, totaling 1,500 Million Baht. The debentures are unsubordinated and unsecured debentures with a debenture holders' representative and are in the name-registered certificate, bearing interest at a rate of 4.50 percent per annum, with a term of 3 years. The maturity date is 21 August 2018. The interest is payable every 3 months throughout the life of the debentures. The purposes of this debenture are for debt repayment, working capital and investments in new project aiming at making profits for the Company.
3. In 2016, the Company has acquired land, building, equipment, furniture, vehicles and assets during construction at cost equal to 870.82 Million Baht. While in 2014, the Company has acquired land, building, equipment, furniture, vehicles and assets during construction at cost equal to 896.28 Million Baht. NWR—SBCC Joint Venture which is responsible for the excavation and removal of earth and coal project at Mae Moh mine, Mae Moh District, Lampang Province, of the Electricity Generating Authority of Thailand Contract No.6, has begun investing in acquiring machinery to be used in the projects since 2009 with long-term loans from bank, totaling 5 loan agreements. The loan repayment was of monthly term. The outstanding balance as of 31 December 2016, with 1 remaining not-yet-due contracts, was equal to 425.12 Million Baht. (amount shown in proportion to investment of 50 percent which was equal to 212.56 Million Baht) as follows:

Contract No.1 dated 28 April 2009, the outstanding balance as of December 31, 2016 was equal to 425.12 Million Baht. Full repayment of loans is due within December 2017

As for the Company, it acquired merely additional machinery and equipment as deemed necessary for the use in construction projects and for replacement of the deteriorated machinery. Meanwhile, the Company disposed old and obsolete machinery in order to save storage space and maintenance cost.

4. Analysis for financial ratio (according to consolidated financial statement)

1. Liquidity ratios

The term of debt repayment allowed for accounts receivable is divided into Government sector with a term of 45-60 days; private sectors with a term of 30 days. But the Company's average period of debt collection was at 118 days in 2016, 120 days in 2015 and 131 days in 2014 respectively.

In reverse, the average period of selling goods became higher in number amounting to 108 days in 2016, while it was merely 96 days in 2015 and 84 days in 2014 comparatively. This resulted from the fact that the Company accelerated the production of finished goods so as to finish the delivery within the scheduled date and for the use in other construction projects. Including adequately purchased the key materials in advance for the whole project in order to mitigate the price risk.

The Company continued to be careful and strict with the debt collection. This was because overall economic situations have not yet recovered, causing problems in business operation of considerable accounts receivable. This also resulted in the Company's liquidity in business operation. Nonetheless, according to the improving economic and political situations, it is anticipated that the liquidity of our country will improving accordingly.

Ratio according to consolidated financial statement	Year 2016	Year 2015	Year 2014
Liquidity ratio of cash flow	0.13 x	-0.26 x	-0.22 x

In 2015 and 2014, the Company still somewhat had problem with the liquidity ratio of cash flow. Partly, this was because the debtors failed to make a repayment for debt within due date as agreed in the contracts. Nonetheless, the Company endeavored to push for the debt repayment from the debtors to be made sooner. For instance, the Company would continually follow up with the debt collection. In case the debtors are encountering the problem of liquidity, the Company offered an opportunity for them to negotiate with the Company and cooperatively resolved the problems. Eventually, the Company may bring the case to the court in order to claim for the debt repayment. Additionally, the fact that the Company bought in some main material supply in advance with the quantity that will be sufficient for use for the whole projects so as to reduce risk of uprising price has resulted in a decrease in the Company's liquidity of cash flow. However, the liquidity ratio of cash flow in 2016 equal to 0.13x which means the liquidity ratio of cash flow was improved, but still need to be improve further.

2. Profitability ratios

According to the ratio of gross profit margin and gross profit from the operation in 2014, the Company encountered the problems with two construction projects, i.e. the Construction Project of Nam Sana Dam and Hydraulic Power Plant, in Laos PDR, owned by Electricite du Laos and the Construction Project of Education and Environmental Preservation Center, Bangsue, Bangkok, owned by BMA. However, in 2015, the Company continued to have problem with the costs of labor due to the dependence on foreign workers, of which the average cost per se was higher than Thai workers, the Company remained strict and control more of this expense. For 2016, the profitability ratios were improved in every aspect.

Ratio according to consolidated financial statement	Year 2016	Year 2015	Year 2014
Ratio of cash to Company's profitability	3.29x	-21.44x	-378.07x

This ratio, in comparison with each year, appeared to be variable. For the year 2016 and 2015, the Company's ratio of cash to Company's profitability became better than that of 2014. This was because in 2014 the Company encountered the construction problems in the Construction Project of Nam Sana Dam and Hydraulic Power Plant, in Laos PDR, owned by Electricity du Laos and Construction Project of Education and Environmental Preservation Center, Bangsue, Bangkok, owned by BMA.

In addition, in some years, the Company had encountered the problem of late repayment from the debtors due to economic situations or their own companies' liquidity. Meanwhile, in some years, the Company received the repayment from accounts receivable which had been recognized as allowance for doubtful debts. For instance, in 2016 and 2014 respectively, the Company recorded reverse items of allowance for doubtful debts, due to the debt repayment from the debtors of which their debt had been recognized as allowance for doubtful debts, equivalent to 15.14 Million Baht and 24.20 Million Baht net respectively.

3. Ratio of Operating Efficiency

Between 2014 and 2016, the Company purchased many items of machineries; for the use in construction projects and for replacement of the old machineries. The total value of new machineries and equipment purchased in 2014, 2015 and 2016 were equivalent to 325.68 Million Baht, 253.72 Million Baht and 281.25 Million Baht respectively. In this regard, the Company was ensured that the return on total assets and the return on fixed assets would continue to rising up in the following years.

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Ratio according to consolidated financial statement	31 Dec 2016 For year ended	31 Dec 2015 For year ended	31 Dec 2014 For year ended
Return on total assets	0.43%	-1.67%	0.10%
Return on fixed assets	15.02%	5.30%	17.17%

In addition, the Company's increase the paid-up share capital resulted in the decrease in the return on equity (ROE) at the earlier stage. However, it was anticipated that funds received from the increase of capital would assist the Company in more business expansion, more capability in competition due to sufficient funds and reduction of financial expenses.

Description	As at 31 Dec '16	As at 31 Dec '15	As at 31 Dec '14
Paid share Capital	2,585.48 Million Baht	2,585.48 Million Baht	2,585.48 Million Baht
Plus shareholders' equity (according to consolidated financial statement)	3,745.65 Million Baht	3,682.73 Million Baht	3,873.67 Million Baht
Ratio according to consolidated financial statement	For year ended 31 Dec '16	For year ended 31 Dec '15	For year ended 31 Dec '14
Return on shareholders' equity	1.42%	-4.65%	0.24%

4. Leverage ratio

The ratio of debt to equity increased in 2014 and 2016 because the Company issued and offered debenture stock twice, both on 2014 and 2015, with the amount of 1,500 Million Baht each year, totaling 3,000 Million Baht. The purposes of this debenture are for debt repayment, working capital and investment in new projects in order to make profits for the Company. Hence, despite the issuances of debenture stock resulting in the balance of debts, the Company allocated certain amounts of funds received from those issuances of debenture to pay for debts. In addition, since the Company incurred loss from business operation in 2015, equivalent to 171.97 Million Baht (loss in shareholders' equity equivalent to 173.84 Million Baht), this caused a decrease in shareholders' equity in 2015. Although, in 2016 the Company incurred profit from its operation but it was not sufficient to redeem the loss incurred in 2015.

Ratio according to consolidated financial statement	31 Dec 2016 For year ended	31 Dec 2015 For year ended	31 Dec 2014 For year ended
Debt to equity ratio	2.36x	2.10x	1.44x

5. The Company and Real Estate Development Business

The Company wanted to expand its business related to construction services which was profitable. Additionally, in 2008 and 2009, the Company's debts was repaid with property and plant based on the reassessment of the asset value from Ruen Rapee Co., Ltd. and East Bangkok Assets Company Limited, which both are related parties. This generated the Company's interest in expanding its business in real estate development and started its housing projected called "Villa Baranee" located in Rangsit Klong 3 Road, Pathumthani Province. Later on, the Company restructured the Group in order to enhance the flexibility in its operation in real estate development business. In 2013 the Company established Mana Patanakarn Co., Ltd., in which its investment portion was 99.97 percent. Projects in progress that are operated on behalf of Mana Patanakarn Co., Ltd. are as follows:

1. The Project of Housing Estate under the name "Baranee Park Romklao" located on Romklao Road, Bangkok.
2. The Project of Housing Estate under the name "Baranee Residence" located on Rangsit Klong 3 Road, Pathumthani Province.
3. The Project of Condominium under the name of "ASPEN" located at Soi Lasalle, Srinakarin Road, Bangkok.

6. Summary of the Company's Policy on Handling Some Items Affecting its Operating Performance consisting of

1. Handling with related accounts receivable

Although the Company has recorded a bad debt reserve appropriately based on the debt's age as analyzed by the Company, it actively endeavored to collect the debts. In case that the debtors, such as Ruen Rapee Co., Ltd. and East Bangkok Assets Company Limited owned any asset that could be appraised and brought to repay for debts, independent asset values assess or would be assigned to do the asset appraisal prior to the reassessment of the asset value for debt repayment. If there is any construction work that the debtor was capable of joining in, such debtor as New Decade Company Limited would be considered for subcontracting in order that its outstanding debts be repaid to the Company. Or in some cases, the Company continued to work for related accounts receivable since the debtor gradually repay the debt. Completion of work would assist the debtor in terms of sales and debt repayment to the Company, such as Ruen Rapee Co., Ltd. and East Bangkok Assets Company Limited.

2. Cost of construction projects

Previously, the price of fuel oil and key material supply like steel has sharply declined. However, in present the fuel oil price has a tendency to rise again. As a result of the price fluctuation, it is difficult to estimate the cost of construction in the future, which affects the submission of proposal to employers. Although Government projects are partially compensated by the adjustment of construction services price, that does not cover all types of material supply. Therefore, the Company is required to burden some parts of it. However, projects of the Government sector are much better than those of the private sectors, of which there is no compensation for contractors and the contractors need to find their own ways to prevent such risk. In this regard, the Company needs to prevent the price risk in a short term; i.e. agreement on the price of supply materials in advance, advance payment for the supply materials, or purchase the supply materials for the whole project in advance.

7. Summary of major conditions related to the maintenance of ratios specified in the long-term loans limit contract with financial institutions as at December 31, 2016

At present, the Company is subject to maintaining financial ratios in compliance with conditions in the long-term loans contract between NWR-SBCC Joint Venture and Siam Commercial Bank PCL., with the outstanding balance of debts as at December 31, 2016 amounting to 425.12 Million Baht (The Company's portion equal to 50 percent in proportion to its venture capital which amounting to 212.56 Million Baht). The fully-paid term of debt payment is in December 2017. The conditions of financial ratios are as follows:

A. The Joint Venture should maintain a ratio of Debt to EBITDA as follows

Starting January 1, 2013 Until December 31, 2013 to be not more than 3.3 : 1

Starting January 1, 2014 Until December 31, 2014 to be not more than 1.85 : 1

Starting January 1, 2015 Until the due date to be not more than 1.5 : 1

B. The Joint Venture should maintain a ratio of Debt Service Coverage Ratio — DSCR to be at least 1.2 : 1

The Joint Venture should maintain the financial ratios as specified in the long-term loans contracts. Otherwise, it will fail to comply with the loan contracts. The Joint Venture should calculate out the financial ratios in order to compare and maintain its level as determined by the bank. In this regard, the Joint Venture is subjected to risk of failure to comply with the conditions of contract, due to some reasons, such as economic problem, political problem, broken key-machinery, worker shortage, etc. In case that any aforesaid problem occurs, it should be reported to the bank, together with it suggested resolutions, action plan, there after the bank may consider to adjust the conditions of contract to be suitable and applicable with the actual situation.

In addition to the maintenance of financial ratios in compliance with the conditions specified in the contract, there are other conditions needed to be compliance such as:

1. The Company shall not reduce the registered capitals unless receiving a prior written consent from the bank.
2. The Joint Venture shall not distribute the dividend unless the banks agree that the course of such action will not affect the Joint Venture's solvency.

However, in order to reduce the registered capitals or distribute its dividend, the Joint Venture required to give a written notice to the bank and needed to get a written approval from the bank first.

8. The ability in maintaining Net Debt to Equity ratio under the terms and conditions of the rights and duties of the debenture issuer and the debenture holders of “unsecured debentures of Nawarat Patanakarn Public Company Limited No.1/2014 with the maturity date in 2017” and “unsecured debentures of Nawarat Patanakarn Public Company Limited No.1/2015 with the maturity date in 2018”

The Net Debt to Equity ratio (Net D/E ratio) under the terms and conditions of the rights and duties of the debenture issuer and the debenture holders according to the consolidated financial statement are as follows:

Ratio according to consolidated financial statement	as at 31 Dec 2016	as at 31 Dec 2015	as at 31 Dec 2014
Net debt to equity	2.18	1.93	1.27

The definitions of the net debt to equity specified in the terms and conditions of the rights and duties of the debenture issuer and the debenture holders are as follows:

“Net debt” refers to the total amount of debts shown in the consolidated financial statement of the debenture issuer, deducted by cash and cash equivalents.

“Equity” refers to the share equity of the debenture issuer as shown in the consolidated financial statement.

“Cash and cash equivalents” refers to the total amount of cash and cash equivalents as shown in the consolidated financial statement of the debenture issuers.

According to the terms of the Company’s debenture, it is stipulated that the Company shall maintain the net debt to equity, calculated as defined in the regulations at the rate of 2.5:1 for the whole period of the debenture life. As at the quarterly period and at the end of accounting year, the Company’s ratio continued to stay below the requisite level since 2014. The purposes of these debentures are for debt repayment, working capital, and business investment. Hence, the Company was ensured that it would have the capacity to reduce certain expenses while making profits from an investment expansion in return to its business. The increase of debts was the issued debentures which resulting in an increasing of the total debts, in the meantime the Company would gain some returns from allocation of funds received from debenture issuance into investment, then shareholders’ equity would increase.

The Company has forecasted for the whole 3-year term of debenture that the net debt to equity ratio would not be higher than 2.5:1. However, if during this 3-year term of the debenture, there appeared to be a tendency that this net D/E ratio would go beyond 2.5:1, the Company prepared the solution to deduct the debts in other parts and/or increase in shareholders’ equity up to be sufficient to comply with the required net D/E ratio.

Factors that may affect the Company’s financial position or business operation in the future

According to current business operation of the Company, it focuses on keeping control of the Company’s cost to be lower than the estimation. However, there are chances that the Company may undergo the upward adjustment of material price and minimum wage rate, which will affect the wages system of the Company. In addition, the shortage of workers resulted in an increase of hiring foreign workers, of which average cost of hiring is higher than Thai workers. Regarding the Company’s incomes, it possesses clients from both governmental and private sectors. The stability of our country’s economy, political issues, and government’s policies, all above do effect the business operation of the Company. However, the Company will operate its business to achieve the goal at its full capacity, while rapidly analyzing problems-effects and appropriately adjust its business strategy in order to resolve those problems and prevent unsatisfactory effects.

Auditor for Financial Statement of Nawarat Patanakarn Public Company Limited

EY Office Limited is the Company's auditor. The certified public accountants are as follows:

In Year 2016	Mr. Termphong Opanaphan C.P.A.	License No. 4501
In Year 2013-2015	Mr. Khitsada Lerdwana C.P.A.	License No. 4958

Audit fee

In Year 2013	Company's audit fee totaling 2.00 Million Baht per year
In Year 2014	Company's audit fee totaling 2.02 Million Baht per year
In Year 2015	Company's audit fee totaling 2.10 Million Baht per year
In Year 2016	Company's audit fee totaling 2.10 Million Baht per year

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



DEVELOPING THE FUTURE

***Nawarat Patanakarn Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2016***

Independent Auditor's Report

To the Shareholders of Nawarat Patanakarn Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Nawarat Patanakarn Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Nawarat Patanakarn Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nawarat Patanakarn Public Company Limited and its subsidiaries and of Nawarat Patanakarn Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are these matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter are described below.

Recognition of revenue from construction

The Company has disclosed its policies on recognition of revenue from construction and estimates of construction costs in Note 4 and Note 5 to the financial statements. I identified revenue recognition to be an area of significant risk in the audit. This is because the amount of revenue that the Company recognises in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement and the determination of the appropriate timing of recognition are areas requiring management to exercise significant judgement to assess the percentage of completion. There are therefore risks with respect to the amount and timing of the recognition of revenue from construction.

I assessed and tested the effectiveness of internal controls put in place by the Company over the process of entering into construction contracts, making estimates of project costs and revisions thereto, the recognition of revenue and the estimation of percentage of completion by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

I also selected construction contracts made with major customers and randomly selected additional samples to

- Circularise requests for confirmation regarding the terms of the contracts and make enquiries as to whether any side contracts were made directly with clients.
- Read the contracts to consider the conditions relating to recognition of revenue from construction.
- Inquire with the management about the terms of and risks associated with these contracts relevant to recognition of revenue from construction.
- Made enquiries of responsible executives, gained an understanding of the Company's procedures for assessing the percentage of completion and estimating costs of projects, examined estimates of project costs to the project budgets approved by the authorised person, and on a sampling basis, examined relevant documents and considered the rationale for budget revisions. I checked actual costs to supporting documents and tested the calculation of the percentage of completion based on actual costs incurred.

In addition, I reviewed the rationale for the conclusion reached by the management as a result of comparison of the percentage of completion evaluated by the project management to the actual costs incurred, and obtained a letter of representation from the project management.

- Evaluated possible losses on projects assessed by the management through an analysis of the ratio of actual costs incurred to the estimated costs of projects, for each significant cost component.
- Examined accounting transactions related to recognition of revenue from construction that were recorded through journal vouchers, in order to detect possible irregularities.
- Reviewed the disclosures made in the notes to the financial statements with respect to the basis of recognition of revenue from construction.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is
Mr.Termphong Opanaphan



Termphong Opanaphan
Certified Public Accountant (Thailand) No. 4501

EY Office Limited
Bangkok: 28 February 2017

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	656,538,235	641,322,181	595,175,032	585,835,207
Current investment	8	455,021,714	612,056,908	455,021,714	612,056,908
Trade and other receivables	9	1,354,385,100	1,552,769,279	1,683,334,852	1,648,458,940
Unbilled receivables	10	2,309,074,670	1,874,309,107	2,282,522,771	1,921,763,314
Retention receivables		727,328,886	740,171,566	696,967,748	704,599,349
Short-term loans and advances	11	36,920,591	33,576,057	386,278,708	261,328,817
Inventories	12	754,584,954	701,027,004	719,153,534	698,128,883
Project development cost	13	1,736,381,400	1,410,325,169	92,134,366	118,105,189
Other current assets	14	613,961,559	725,683,776	474,213,381	624,867,768
Total current assets		8,644,197,109	8,291,241,047	7,384,802,106	7,175,144,375
Non-current assets					
Restricted bank deposits	15	359,065,956	247,290,376	324,082,461	231,094,912
Long-term loans to related party	6	-	-	61,316,984	24,000,000
Investments in subsidiaries	16	-	-	1,183,173,230	1,031,236,263
Investments in associates	17	251,089,068	224,720,028	24,999,896	24,999,896
Other long-term investments	18	10,173,708	10,173,708	10,173,708	10,173,708
Investment properties	19	181,160,829	189,346,117	181,160,829	189,346,117
Property, plant and equipment	20	2,729,577,729	2,146,666,841	1,923,041,108	1,615,019,625
Leasehold right for land	21	9,916,978	12,503,974	9,916,978	12,503,974
Deferred tax assets	31	48,614,990	44,083,647	45,232,367	40,858,950
Other non-current assets		342,974,696	268,812,760	30,532,744	109,217,892
Total non-current assets		3,932,573,954	3,143,597,451	3,793,630,305	3,288,451,337
Total assets		12,576,771,063	11,434,838,498	11,178,432,411	10,463,595,712

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	22	138,249,436	385,443,966	18,989,006	249,763,966
Trade and other payables	23	1,700,433,381	1,403,344,958	1,511,962,338	1,227,942,568
Short-term loans and interest payable to related parties	6	2,690,033	25,090,033	2,690,033	2,690,033
Current portion of hire purchase creditors					
and finance lease payable	24	174,032,360	167,728,426	170,335,445	163,830,929
Current portion of long-term loans from					
related parties	6	11,604,605	3,122,011	-	-
Current portion of long-term loans from banks	25	225,115,272	17,592,000	-	-
Current portion of debentures	26	1,500,000,000	-	1,500,000,000	-
Advance received from construction		1,898,817,802	1,407,776,667	1,865,700,695	1,399,074,033
Other current liabilities		233,720,039	194,311,759	215,070,288	179,087,839
Total current liabilities		5,884,662,928	3,604,409,820	5,284,747,805	3,222,389,368
Non-current liabilities					
Hire purchase creditors and finance lease					
payable, net of current portion	24	223,848,288	250,713,663	220,156,258	245,623,784
Long-term loans from related parties,					
net of current portion	6	29,273,384	12,877,989	-	-
Long-term loans from banks,					
net of current portion	25	754,539,655	502,731,415	-	-
Debentures, net of current portion	26	1,490,989,089	2,983,371,501	1,490,989,089	2,983,371,501
Retention payables		186,251,356	148,948,639	182,223,232	145,731,564
Provision for long-term employee benefits	27	161,565,790	151,602,803	150,053,345	140,879,988
Provision for loss on investment in joint venture	28	97,007,778	93,975,119	97,007,778	93,975,119
Other non-current liabilities		2,984,940	3,479,400	2,984,940	3,444,400
Total non-current liabilities		2,946,460,280	4,147,700,529	2,143,414,642	3,613,026,356
Total liabilities		8,831,123,208	7,752,110,349	7,428,162,447	6,835,415,724

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Shareholders' equity					
Share capital					
Registered					
	2,585,481,515 ordinary shares of Baht 1 each	2,585,481,515	2,585,481,515	2,585,481,515	2,585,481,515
Issued and fully paid					
	2,585,481,515 ordinary shares of Baht 1 each	2,585,481,515	2,585,481,515	2,585,481,515	2,585,481,515
	Premium on ordinary shares	968,944,135	968,944,135	968,944,135	968,944,135
Retained earnings					
	Appropriated - statutory reserve	29 31,234,848	31,234,848	27,234,848	27,234,848
	Unappropriated	108,940,428	56,921,478	160,872,055	42,874,376
	Other components of shareholders' equity	5,488,021	1,490,746	7,737,411	3,645,114
	Equity attributable to owners of the Company	3,700,088,947	3,644,072,722	3,750,269,964	3,628,179,988
	Non-controlling interests of the subsidiary	45,558,908	38,655,427	-	-
	Total shareholders' equity	3,745,647,855	3,682,728,149	3,750,269,964	3,628,179,988
	Total liabilities and shareholders' equity	12,576,771,063	11,434,838,498	11,178,432,411	10,463,595,712

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

Nawarat Patanakarn Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Revenue from construction		7,919,193,588	7,202,189,903	7,749,094,964	7,139,748,373
Sales and service income		392,615,402	384,196,745	316,982,283	410,809,553
Other income					
Interest income		10,227,980	14,055,124	35,352,191	25,379,881
Gain on disposal of investment in the associate		-	-	-	60,471,248
Others		38,899,881	72,364,947	27,414,984	60,189,967
Total revenues		8,360,936,851	7,672,806,719	8,128,844,422	7,696,599,022
Expenses					
Cost of construction		7,290,839,788	6,801,408,843	7,187,904,411	6,783,379,420
Cost of sales and service		366,170,242	365,425,894	302,553,324	393,584,939
Administrative expenses		462,889,539	377,719,203	322,757,087	291,799,908
Loss on investment in joint venture (reversal)	28	-	-	3,032,659	(36,854,504)
Doubtful debts (reversal)		(15,136,106)	210,222,576	(6,240,679)	225,327,368
Total expenses		8,104,763,463	7,754,776,516	7,810,006,802	7,657,237,131
Profit (loss) before share of profit from investments in associates and joint venture, finance cost and income tax expenses		256,173,388	(81,969,797)	318,837,620	39,361,891
Share of profit from investments in associates and joint venture		23,336,381	84,956,859	-	-
Profit before finance cost and income tax expenses		279,509,769	2,987,062	318,837,620	39,361,891
Finance cost		(196,425,167)	(164,792,606)	(180,224,022)	(147,556,127)
Profit (loss) before income tax expenses		83,084,602	(161,805,544)	138,613,598	(108,194,236)
Income tax expenses	31	(24,162,171)	(10,166,083)	(20,615,919)	(11,468,300)
Profit (loss) for the year		58,922,431	(171,971,627)	117,997,679	(119,662,536)

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency					
		(95,022)	(539,070)	-	-
Gain on change in value of available-for-sale investments					
		5,115,371	1,117,174	5,115,371	1,117,174
Less: Income tax effect	31	(1,023,074)	(223,435)	(1,023,074)	(223,435)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		3,997,275	354,669	4,092,297	893,739
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss					
	27	-	(24,153,449)	-	(18,752,779)
Less: Income tax effect	31	-	4,830,690	-	3,750,556
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(19,322,759)	-	(15,002,223)
Other comprehensive income for the year		3,997,275	(18,968,090)	4,092,297	(14,108,484)
Total comprehensive income for the year		62,919,706	(190,939,717)	122,089,976	(133,771,020)
Profit (loss) attributable to:					
Equity holders of the Company		52,018,950	(173,837,919)	117,997,679	(119,662,536)
Non-controlling interests of the subsidiary		6,903,481	1,866,292		
		58,922,431	(171,971,627)		
Total comprehensive income attributable to:					
Equity holders of the Company		56,016,225	(192,806,009)	122,089,976	(133,771,020)
Non-controlling interests of the subsidiary		6,903,481	1,866,292		
		62,919,706	(190,939,717)		
Basic earnings per share	32				
Profit (loss) attributable to equity holders of the Company		0.0201	(0.0672)	0.0456	(0.0463)
Weighted average number of ordinary shares (shares)		2,585,481,515	2,585,481,515	2,585,481,515	2,585,481,515

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
Other components of shareholders' equity										
Other comprehensive income										
Exchange										
differences										
on translation of										
in value of										
Total other										
components of										
Total equity										
attributable to										
owners of										
the Company										
Equity attributable										
to non-controlling										
interest of the										
subsidiary										
Total										
shareholders' equity										
Issued and fully	Premium on	Retained earnings		financial statements	available-for-sale	Total other	the Company	interest of the	Total	
paid share capital	ordinary shares	Appropriated	Unappropriated	in foreign currency	investments	shareholders' equity		subsidiary	shareholders' equity	
Balance as at 1 January 2015	2,585,481,515	968,944,135	31,234,848	250,082,156	(1,615,298)	2,751,375	1,136,077	3,836,878,731	36,789,135	3,873,667,866
Profit (loss) for the year	-	-	-	(173,837,919)	-	-	-	(173,837,919)	1,866,292	(171,971,627)
Other comprehensive income for the year	-	-	-	(19,322,759)	(539,070)	893,739	354,669	(18,968,090)	-	(18,968,090)
Total comprehensive income for the year	-	-	-	(193,160,678)	(539,070)	893,739	354,669	(192,806,009)	1,866,292	(190,939,717)
Balance as at 31 December 2015	2,585,481,515	968,944,135	31,234,848	56,921,478	(2,154,368)	3,645,114	1,490,746	3,644,072,722	38,655,427	3,682,728,149
Balance as at 1 January 2016	2,585,481,515	968,944,135	31,234,848	56,921,478	(2,154,368)	3,645,114	1,490,746	3,644,072,722	38,655,427	3,682,728,149
Profit for the year	-	-	-	52,018,950	-	-	-	52,018,950	6,903,481	58,922,431
Other comprehensive income for the year	-	-	-	-	(95,022)	4,092,297	3,997,275	3,997,275	-	3,997,275
Total comprehensive income for the year	-	-	-	52,018,950	(95,022)	4,092,297	3,997,275	56,016,225	6,903,481	62,919,706
Balance as at 31 December 2016	2,585,481,515	968,944,135	31,234,848	108,940,428	(2,249,390)	7,737,411	5,488,021	3,700,088,947	45,558,908	3,745,647,855

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements						
					Other components of shareholders' equity	
					Other comprehensive income	
					Surplus on changes in value of available-for-sale investments	Total shareholders' equity
	Issued and fully paid share capital	Premium on ordinary shares	Retained earnings			
			Appropriated	Unappropriated		
Balance as at 1 January 2015	2,585,481,515	968,944,135	27,234,848	177,539,135	2,751,375	3,761,951,008
Loss for the year	-	-	-	(119,662,536)	-	(119,662,536)
Other comprehensive income for the year	-	-	-	(15,002,223)	893,739	(14,108,484)
Total comprehensive income for the year	-	-	-	(134,664,759)	893,739	(133,771,020)
Balance as at 31 December 2015	2,585,481,515	968,944,135	27,234,848	42,874,376	3,645,114	3,628,179,988
Balance as at 1 January 2016	2,585,481,515	968,944,135	27,234,848	42,874,376	3,645,114	3,628,179,988
Profit for the year	-	-	-	117,997,679	-	117,997,679
Other comprehensive income for the year	-	-	-	-	4,092,297	4,092,297
Total comprehensive income for the year	-	-	-	117,997,679	4,092,297	122,089,976
Balance as at 31 December 2016	2,585,481,515	968,944,135	27,234,848	160,872,055	7,737,411	3,750,269,964

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before tax	83,084,602	(161,805,544)	138,613,598	(108,194,236)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	314,074,547	271,937,361	299,742,211	266,369,550
Amortisation of leasehold right for land	2,586,996	2,586,996	2,586,996	2,586,996
Doubtful debts (reversal)	(15,136,106)	210,222,576	(6,240,679)	225,327,368
Reduction of inventory to net realisable value (reversal)	729,311	(2,862,070)	729,311	(2,862,070)
Reduction of project development cost to net realisable value (reversal)	7,556,445	(1,234,828)	7,556,445	(1,234,828)
Loss of diminution in value of investment	-	23,329	3,013,033	23,329
Share of profit from investments in associates and joint venture	(23,336,381)	(84,956,859)	-	-
Loss on investment in joint venture (reversal)	-	-	3,032,659	(36,854,504)
Gain on disposal of investment in the associate	-	-	-	(60,471,248)
Loss on impairment of assets (reversal)	(401,800)	10,807,109	(401,800)	10,807,109
Loss (gain) on disposal and write-off equipment	1,286,993	(4,799,421)	1,230,735	(5,021,535)
Unrealised gain on exchange	(691,055)	(8,582,450)	(691,055)	(8,582,450)
Provision for long-term employee benefits	17,385,689	13,114,740	15,674,759	11,908,325
Reversal of provision for construction project loss	(525,530)	(1,220,649)	(525,530)	(1,220,649)
Provision for contingent liabilities from litigation	-	278,000	-	278,000
Amortisation of deferred debenture issuing cost	7,617,588	5,072,323	7,617,588	5,072,323
Interest income	(10,227,980)	(14,055,124)	(35,352,191)	(25,379,881)
Interest expenses	196,425,167	164,792,606	180,224,022	147,556,127
Profit from operating activities before changes in operating assets and liabilities	580,428,486	399,318,095	616,810,102	420,107,726

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

Nawarat Patanakarn Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Operating assets decrease (increase)				
Trade and other receivables	185,950,495	(584,214,389)	(32,151,380)	(790,481,587)
Unbilled receivables	(419,640,563)	(245,500,857)	(345,634,457)	(413,936,969)
Retention receivables	12,842,680	(201,886,560)	7,631,601	(182,821,809)
Inventories	(54,287,261)	(137,956,512)	(21,753,962)	(137,803,668)
Project development cost	(317,517,703)	(219,988,015)	18,414,378	173,719,088
Other current assets	9,654,938	32,257,879	43,758,502	21,112,683
Other non-current assets	(74,161,936)	(63,522,254)	78,685,148	(29,591,751)
Operating liabilities increase (decrease)				
Trade and other payables	283,820,991	(224,619,161)	254,793,725	(121,965,897)
Advances received from construction	491,041,135	578,117,298	466,626,662	573,637,818
Other current liabilities	39,933,810	38,022,844	36,507,979	34,287,428
Retention payables	37,302,717	65,052,885	36,491,668	61,584,705
Other non-current liabilities	(7,917,162)	(1,724,171)	(6,960,862)	(1,663,170)
Cash from (used in) operating activities	767,450,627	(566,642,918)	1,153,219,104	(393,815,403)
Cash paid for interest expenses	(220,074,389)	(159,647,859)	(156,367,302)	(116,726,127)
Cash paid for income tax expenses	(163,495,532)	(170,579,511)	(155,707,282)	(164,131,312)
Income tax refund	248,072,443	-	248,072,443	-
Net cash from (used in) operating activities	631,953,149	(896,870,288)	1,089,216,963	(674,672,842)
Cash flows from investing activities				
Decrease in current investments	162,150,565	102,499,485	162,150,565	102,499,484
Increase in restricted bank deposits	(111,775,580)	(38,947,811)	(92,987,549)	(67,602,917)
Cash paid for investment in subsidiaries	-	-	(154,950,000)	(277,999,900)
Cash received from disposal of investment in the associate	-	-	-	160,470,948
Decrease (increase) in short-term loans and advances	(2,789,360)	365,970	(129,602,472)	(185,184,429)
Increase in long-term loans to subsidiary	-	-	(37,316,984)	(24,000,000)
Proceeds from disposal of equipment	10,982,538	23,718,929	10,982,538	23,718,929
Acquisition of investment property	(11,050,000)	-	-11,050,000	-
Acquisition of equipment	(704,094,605)	(671,047,990)	(432,959,746)	(314,745,754)
Interest income	22,711,074	12,540,520	29,733,931	17,057,350
Net cash used in investing activities	(633,865,368)	(570,870,897)	(655,999,717)	(565,786,289)

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

Nawarat Patanakarn Public Company Limited and its subsidiaries
Cash flow statement (continued)
For the year ended 31 December 2016

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from financing activities				
Decrease in bank overdrafts and				
short-term loans from financial institutions, net	(247,194,530)	(127,675,788)	(230,774,960)	(117,609,747)
Decrease in short-term loans from related party, net	(22,400,000)	(11,600,000)	-	-
Repayment liabilities under hire purchase				
and finance lease agreements	(197,391,676)	(135,650,249)	(193,102,461)	(132,522,452)
Cash receipt from long-term loans from related party	28,000,000	16,000,000	-	-
Repayment long-term loans from related party	(3,122,011)	-	-	-
Cash receipt from long-term loans from banks	528,265,975	237,723,415	-	-
Repayment long-term loans from banks	(68,934,463)	(14,660,000)	-	-
Net cash receipt from debentures issuing	-	1,488,941,263	-	1,488,941,263
Net cash from (used in) financing activities	17,223,295	1,453,078,641	(423,877,421)	1,238,809,064
Decrease in translation adjustment	(95,022)	(539,070)	-	-
Net increase (decrease) in cash and cash equivalents	15,216,054	(15,201,614)	9,339,825	(1,650,067)
Cash and cash equivalents at beginning of year	641,322,181	656,523,795	585,835,207	587,485,274
Cash and cash equivalents at end of year	656,538,235	641,322,181	595,175,032	585,835,207

Supplemental cash flows information
Non-cash transactions

Acquisition of assets under hire purchase and				
finance lease agreements during the year	167,025,460	225,229,302	164,430,133	215,452,302
Transfer from investment property and project development				
cost to property, plant and equipment	38,039,481	-	22,187,088	-
Acquisition of investment properties for which				
no cash has been paid	2,950,000	-	2,950,000	-

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

Nawarat Patanakarn Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2016
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, 18th-19th 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 the following subsidiary companies (“the subsidiaries”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
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
Tastemaker Company Limited	Restaurant and processed food	Thailand	99	-

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) 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 present investments in subsidiaries and associates presented under the cost method.

2.4 The Company has joint arrangements which assessed as joint operations between the Company and other joint operators. The Company recognises its shares of assets, liabilities, revenue and expenses of the joint operations, in proportion to its interest, to the separate financial statements, the details as follows:

Name of entity	Nature of business	Country of incorporation	Interest in joint operations	
			2016	2015
			Percent	Percent
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
ITD - Nawarat (L.L.C.)	Construction	United Arab Emirates	-	40
Nawarat - New Decade Joint Venture	Construction	Thailand	51	-

During the current year, the Company entered into a joint venture agreement with New Decade Company Limited whereby it has a 51 percent in Nawarat - New Decade Joint Venture, which is submit bids for construction and joint to construction work.

On 19 October 2016, ITD-Nawarat (L.L.C) announced the cessation of its business, since its construction project was completed.

Financial information of the joint operations, in proportion to the Company's interest, are presented include in the separate financial statement as below.

Summarised information about financial position as at 31 December 2016 and 2015.

	Nawarat - A.S. Associated Joint Venture		Obayashi - Nawarat Joint Venture		A.S. - Nawarat Joint Venture		ITD - Nawarat (L.L.C.)	
	2016	2015	2016	2015	2016	2015	2016	2015
Total assets	2	2	11	12	49	49	-	-
Total liabilities	6	6	1	-	43	41	-	-
Unappropriated retained earnings (losses)	(4)	(4)	(6)	(4)	1	3	-	24

Summarised information about comprehensive income for the year ended 31 December 2016 and 2015.

	Nawarat - A.S. Associated Joint Venture		Obayashi - Nawarat Joint Venture		A.S. - Nawarat Joint Venture		ITD - Nawarat (L.L.C.)	
	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	-	-	-	-	1	1	-	193
Profit (loss)	-	-	(2)	-	(1)	(2)	-	190
Total comprehensive income	-	-	(2)	-	(1)	(2)	-	190

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, a standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenues and expenses recognition

a) Revenues

Revenue from construction

Revenue 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 revenue 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 available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) 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).
- c) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries, joint venture and associates are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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 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, 10, 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 individuals or enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

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

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries 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.

4.16 Provisions

Provisions are recognised when the Company and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

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

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

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

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

5. 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 and its subsidiaries 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 and its subsidiaries 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.

Leases

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

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Joint arrangements

In determining the type of joint arrangement in which the Company is involved, the management applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture by considering rights and obligations of the Company arising from the arrangement. The management assesses the rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Impairment of investments

The Company treats investments in subsidiaries, associates, joint venture 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.

Provision for losses on construction projects

The management applied judgement in estimating the loss they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

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 a provision as recorded at the financial statements date is adequate.

6. Related party transactions

During the years, the Company and its subsidiaries 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.

Business transactions

Revenues from construction, sales and service
Cost of construction, sales and service
Disposal of equipment
Disposal of investment
Interest income

Interest expenses

Management fee income

Pricing and lending policy

Mutually agreed price with comparison to market price
Mutually agreed price with comparison to market price
Mutually agreed price
Mutually agreed price
Interest rates at 5.00 - 19.00 percent and MLR per annum
(2015: 5.00 - 19.00 percent and MLR per annum)
Interest rates at 6.50 - 8.00 percent per annum
(2015: 2.00 - 8.00 percent per annum)
Contract price

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015

Transactions with subsidiaries

(eliminated from the consolidated financial statements)

Revenues from construction, sales and service	-	-	236	364
Cost of construction, sales and service	-	-	1	1
Gain on disposal of investment in the associate	-	-	-	60
Interest income	-	-	23	10
Management fee income	-	-	5	5

Transactions with related parties

Revenues from construction, sales and service	18	19	18	19
Cost of construction, sales and service	6	9	6	9
Interest income	2	1	2	1
Interest expense	2	-	-	-
Management fee income	-	7	-	7

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables - related parties</u>				
Subsidiaries	-	-	465,187	316,597
Associated companies	2,160	1,077	1,389	706
Related companies (related by common shareholders)	174,091	187,666	174,091	187,666
Related companies (related by common directors)	101	648	101	648
Total	176,352	189,391	640,768	505,617
Less: Allowance for doubtful accounts	(162,361)	(166,589)	(162,361)	(166,589)
Total trade and other receivables - related parties, net	13,991	22,802	478,407	339,028

Unbilled receivables - related parties

Subsidiaries	-	-	35,040	101,624
Associated company	2,556	-	2,556	-
Joint arrangements	2,481	2,481	2,481	2,481
Total unbilled receivables - related parties	5,037	2,481	40,077	104,105

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Short-term loans and advances to related parties</u>				
Subsidiaries	-	-	421,107	290,607
Associated companies	21,350	18,750	21,350	18,750
Total	21,350	18,750	442,457	309,357
Less: Allowance for doubtful accounts	-	-	(71,749)	(62,854)
Total short-term loans and advances to related parties, net	21,350	18,750	370,708	246,503
<u>Long-term loans to related party</u>				
Subsidiary	-	-	61,317	24,000
Total long-term loans to related party	-	-	61,317	24,000
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	2,411	3,000
Related companies (related by common shareholders)	8,049	2,358	8,049	2,358
Related companies (related by common directors)	179	500	179	500
Total trade and other payables - related parties	8,228	2,858	10,639	5,858
<u>Short-term loans and interest payable to related parties</u>				
Joint arrangements	2,690	2,690	2,690	2,690
Related company (minority shareholders of subsidiary and common directors)	-	4,000	-	-
Shareholder and director of the subsidiary	-	18,400	-	-
Total short-term loans and interest payable to related parties	2,690	25,090	2,690	2,690
<u>Advance payment from related parties</u>				
Related companies (related by common shareholders)	89	89	89	89
Related companies (related by common directors)	20	135	20	135
Total advance payment from related parties	109	224	109	224
<u>Long-term loans from related parties</u>				
Related company (minority shareholders of subsidiary and common directors)	28,000	-	-	-
Shareholder and director of the subsidiary	12,878	16,000	-	-
Total long-term loans from related parties	40,878	16,000	-	-

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

As at 31 December 2016 and 2015, 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 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
C.I.N. Estate Company Limited	Associated company	12,000	-	-	12,000
VSPN Property Company Limited	Associated company	6,750	6,100	(3,500)	9,350
Total		18,750	6,100	(3,500)	21,350

(Unit: Thousand Baht)

Separate financial statements

Short-term loans and advances	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Utility Business Alliance Company Limited	Subsidiary company	33,600	-	(33,600)	-
Myanmar NWR Company Limited	Subsidiary company	62,854	8,895	-	71,749
Advance Prefab Company Limited	Subsidiary company	194,153	166,712	(88,033)	272,832
Mana Patanakarn Company Limited	Subsidiary company	-	76,526	-	76,526
C.I.N. Estate Company Limited	Associated company	12,000	-	-	12,000
VSPN Property Company Limited	Associated company	6,750	6,100	(3,500)	9,350
		309,357	258,233	(125,133)	442,457
Less: Allowance for doubtful accounts		(62,854)	(8,895)	-	(71,749)
Total		246,503	249,338	(125,133)	370,708

Long-term loans to related party

As at 31 December 2016 and 2015, the balance of loans between the Company and that related company and the movement are as follows:

(Unit: Thousand Baht)

Separate financial statements

Long-term loans	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Utility Business Alliance Company Limited	Subsidiary company	24,000	42,000	(4,683)	61,317
Total		24,000	42,000	(4,683)	61,317

The subsidiary entered into two loan agreements with the Company. The loans carry interest at the rate of 6.5 percent per annum and loan principal and interest is repayable on a monthly basis in 36 installments, with the first installment under the first loan agreement due in July 2016 and payment under the second loan agreement to begin in January 2017.

Short-term loans and interest payable to related parties

As at 31 December 2016 and 2015, the balance of short-term loans and interest payable to related parties and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans and interest payable	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
A.S. - Nawarat Joint Venture	Joint arrangements	2,690	-	-	2,690
PPM Engineering Company Limited	Related company (minority shareholders of subsidiary and common directors)	4,000	-	(4,000)	-
Related person	Shareholder and director of the subsidiary	18,400	-	(18,400)	-
Total		25,090	-	(22,400)	2,690

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans and interest payable	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
A.S. - Nawarat Joint Venture	Joint arrangements	2,690	-	-	2,690
Total		2,690	-	-	2,690

Short-term loans from related parties carried interest at the rate of 7.75 percent per annum. The loans are unsecured and due at call.

Long-term loans from related parties

As at 31 December 2016 and 2015, the balance of long-term loans from related parties and the movement are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements			
Long-term loans	Related by	Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
PPM Engineering Company Limited	Related company (minority shareholders of subsidiary and common directors)	-	28,000	-	28,000
Related person	Shareholder and director of the subsidiary	16,000	-	(3,122)	12,878
Total		16,000	28,000	(3,122)	40,878
Less: Current portion		(3,122)			(11,605)
Net		12,878			29,273

The long-term loan from related company is to be paid in 43 monthly installments with the first installment is due in January 2017. The loan carried interest at the rate of 6.5 percent per annum.

The long-term loan from related person is to be paid in 36 monthly installments with the first installment is due in July 2016. The loan carried interest at the rate of 6.5 - 8.0 per annum.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

		(Unit: Million Baht)			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Short-term employee benefits		38	44	31	36
Post-employment benefits		1	1	1	1
Total		39	45	32	37

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.3 a) and b) to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	175,101	28,780	161,502	25,536
Bank deposits	481,437	612,542	433,673	560,299
Total	656,538	641,322	595,175	585,835

As at 31 December 2016, bank deposits in saving accounts and fixed deposits, which carried interests between 0.125 - 1.80 percent per annum (2015: between 0.125 - 1.90 percent per annum).

8. Current investment

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Investments in available-for-sale securities		
Unit trust in open-end mutual funds - cost	445,351	607,501
Add: Unrealised gain on changes in value of investments	9,671	4,556
Investments in available-for-sale securities - fair value	455,022	612,057

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	535,504	851,544	495,479	740,638
Past due				
Up to 3 months	315,733	486,569	236,308	378,492
3 - 6 months	190,371	36,639	176,442	35,141
6 - 12 months	199,914	117,793	199,914	117,793
Over 12 months	290,811	235,066	290,811	235,066
Total	1,532,333	1,727,611	1,398,954	1,507,130
Less: Allowance for doubtful accounts	(217,024)	(219,125)	(217,024)	(219,125)
Net	1,315,309	1,508,486	1,181,930	1,288,005

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<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	1,315,309	1,508,486	1,181,930	1,288,005
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	492	1,482	144,764	65,038
Past due				
Up to 3 months	1,874	4,255	74,606	141,128
3 - 6 months	781	5,710	12,842	89,944
6 - 12 months	2,676	11,097	87,449	40,920
Over 12 months	169,758	166,477	321,107	168,587
Total	175,581	189,021	640,768	505,617
Less: Allowance for doubtful accounts	(162,361)	(166,589)	(162,361)	(166,589)
Total trade accounts receivable - related parties, net	13,220	22,432	478,407	339,028
<u>Other receivables</u>				
Accrued income - unrelated parties	21,768	20,285	21,768	20,285
Accrued income - related parties	771	370	-	-
Others	3,317	1,196	1,230	1,141
Total other receivables	25,856	21,851	22,998	21,426
Total trade and other receivables, net	1,354,385	1,552,769	1,683,335	1,648,459

10. Unbilled receivables

The outstanding balances of unbilled receivables are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Project value as per contract	30,714,284	28,129,791	28,213,587	26,271,911
Accumulated amount recognised as revenue				
on percentage of completion basis	19,524,214	17,851,143	18,724,590	16,762,981
Less: Value of total billed	(17,116,422)	(15,862,992)	(16,343,350)	(14,727,376)
Total	2,407,792	1,988,151	2,381,240	2,035,605
Less: Allowance for doubtful accounts	(98,717)	(113,842)	(98,717)	(113,842)
Unbilled receivables - net	2,309,075	1,874,309	2,282,523	1,921,763

11. Short-term loans and advances

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term loans and advances to related parties (Note 6)	21,350	18,750	370,708	246,503
Short-term loan to other joint operator	15,571	14,826	15,571	14,826
Total	36,921	33,576	386,279	261,329

Loans to other joint operator carried interest at the rate of MOR per annum which was repayable on demand.

12. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	124,508	145,152	(11,003)	(11,402)	113,505	133,750
Works in process	50,558	76,563	-	-	50,558	76,563
Raw materials and supplies	603,352	503,874	(12,830)	(13,160)	590,522	490,714
Total	778,418	725,589	(23,833)	(24,562)	754,585	701,027

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	123,874	145,152	(11,003)	(11,402)	112,871	133,750
Works in process	46,121	76,563	-	-	46,121	76,563
Raw materials and supplies	572,991	500,976	(12,830)	(13,160)	560,161	487,816
Total	742,986	722,691	(23,833)	(24,562)	719,153	698,129

During the current year, the Company reduced cost of inventories by Baht 1 million (2015: Baht 2 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 2 million (2015: Baht 5 million) and reduced the amount of inventories recognised as expenses during the year.

13. Project development cost

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Land and construction under development	1,644,247	1,340,457	-	48,237
Developed land and construction	100,095	70,273	100,095	70,273
Total	1,744,342	1,410,730	100,095	118,510
Less: Allowance for loss on diminution in value of project	(7,961)	(405)	(7,961)	(405)
Total project development cost - net	1,736,381	1,410,325	92,134	118,105

As at 31 December 2016, the subsidiary had an outstanding balance of project development cost amounting to Baht 593 million (2015: Baht 472 million) which has been financed with loans from financial institutions. During 2016, the subsidiary capitalised interest of approximately Baht 32 million (2015: Baht 21 million), as part of project development cost. The capitalisation rate on project development cost is approximately 5.03 - 6.53 percent per annum (2015: 5.28 - 6.75 percent per annum).

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

14. Other current assets

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Withholding income tax	301,788	416,081	281,945	400,323
Advance payment	24,373	42,564	23,937	28,556
Advance payment for goods	42,605	72,729	42,605	72,729
Prepaid expenses	79,418	77,452	39,907	44,756
Value added tax refundable	55,786	29,450	5,981	5,913
Others	109,992	87,408	79,838	72,591
Total other current assets	613,962	725,684	474,213	624,868

15. Restricted bank deposits

The outstanding balances represent saving and fixed deposits accounts of the Company and its subsidiaries 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

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net		Dividend received during the year	
	2016	2015	2016 (%)	2015 (%)	2016	2015	2016	2015	2016	2015	2016	2015
Myanmar NWR Company Limited	Kyats 0.5 million	Kyats 0.5 million	100	100	3,013	3,013	(3,013)	-	-	3,013	-	-
Utility Business Alliance Company Limited	Baht 40 million	Baht 40 million	60	60	28,266	28,266	-	-	28,266	28,266	-	-
NWR (Cambodia) Company Limited	USD 505	USD 505	100	100	17	17	-	-	17	17	-	-
Mana Patanakarn Company Limited	Baht 800 million	Baht 800 million	100	100	799,940	799,940	-	-	799,940	799,940	-	-
Advance Prefab Company Limited	Baht 350 million	Baht 200 million	100	100	350,000	200,000	-	-	350,000	200,000	-	-
Tastemaker Company Limited	Baht 5 million	-	99	-	4,950	-	-	-	4,950	-	-	-
Total					1,186,186	1,031,236	(3,013)	-	1,183,173	1,031,236	-	-

Investment in Advance Prefab Company Limited

On 27 June 2016, an Extraordinary General Meeting of the shareholders of Advance Prefab 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 400 million (4,000,000 ordinary shares of Baht 100 each) through the issuance of 2,000,000 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 150 million of additional share capital, or representing 75 percent of the called capital. The increase in share capital was registered with the Ministry of Commerce on 11 July 2016.

Investment in Tastemaker Company Limited

During the current year, the Company invested in Tastemaker Company Limited, a newly established company. This company has registered share capital of Baht 5 million. The Company's shareholding in such company is 99 percent of its registered share capital. This company registered its incorporation with the Ministry of Commerce on 17 November 2016.

16.2 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have non-controlling.

Summarised information about financial position as at 31 December 2016 and 2015.

	(Unit: Million Baht)	
	<u>Utility Business Alliance Company Limited</u>	
	<u>2016</u>	<u>2015</u>
Current assets	306	374
Non-current assets	277	112
Current liabilities	285	319
Non-current liabilities	187	73

Summarised information about comprehensive income for the year ended 31 December 2016 and 2015.

	(Unit: Million Baht)	
	<u>Utility Business Alliance Company Limited</u>	
	<u>2016</u>	<u>2015</u>
Total revenues	406	408
Profit	17	5
Total comprehensive income	17	5

17. Investments in associated companies

17.1 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 based on equity method		Share of profit (loss) from investments during the year		Carrying amounts based on cost method		Dividend received during the year	
			2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)								
C.I.N. Estate Company Limited	Property development	Thailand	40	40	234,319	207,227	27,092	47,922	-	-	-	-
VSPN Property Company Limited	Property development	Thailand	25	25	16,770	17,493	(723)	180	25,000	25,000	-	-
Total					251,089	224,720	26,369	48,102	25,000	25,000	-	-

In 2015, the Company sold all of its investment in C.I.N. Estate Company Limited, an associate, to Mana Patanakarn Company Limited, a subsidiary. The Company retains significant influence over this associate, with the same proportionate interest in its equity as before, and the investment therefore continues to be presented as an investment in an associate in the consolidated financial statements.

17.2 Summarised financial information about associates

Summarised information about financial position as at 31 December 2016 and 2015.

	(Unit: Million Baht)			
	C.I.N. Estate Company Limited		VSPN Property Company Limited	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	42	72	1	3
Other current assets	4	18	1	2
Project development cost	888	1,163	110	111
Investment properties	40	40	-	-
Other non-current assets	14	12	1	1
Other current liabilities	(116)	(204)	(38)	(22)
Long-term loans	(286)	(568)	-	-
Other non-current liabilities	(2)	(3)	-	(14)
Net assets	584	530	75	81
Shareholding percentage	40%	40%	25%	25%
Share of net assets	234	212	19	20
Elimination entries	-	(5)	(2)	(3)
Carrying amounts of associates based on equity method	234	207	17	17

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Summarised information about comprehensive income for the year ended 31 December 2016 and 2015.

	(Unit: Million Baht)			
	C.I.N. Estate Company Limited		VSPN Property Company Limited	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total revenues	621	786	14	37
Profit (loss)	68	120	(3)	1
Total comprehensive income	68	120	(3)	1

18. Other long-term investments

(Unit: Thousand Baht)

Consolidated/Separate financial statements							
	Percentage of shareholding	Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	(%)	2016	2015	2016	2015	2016	2015
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
Oriental Residence Bangkok Co., Ltd.	2.00	10,000	10,000	(10,000)	(10,000)	-	-
Others		690	3,053	(516)	(2,879)	174	174
Total		56,452	58,815	(46,278)	(48,641)	10,174	10,174

19. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

Consolidated/Separate financial statements			
	Land awaiting sale	Land awaiting development	Total
<u>Cost:</u>			
As at 1 January 2015	169,171	22,187	191,358
As at 31 December 2015	169,171	22,187	191,358
Transfer to property, plant and equipment	-	(22,187)	(22,187)
Additions	14,000	-	14,000
As at 31 December 2016	183,171	-	183,171
<u>Allowance for impairment loss:</u>			
As at 1 January 2015	2,012	-	2,012
As at 31 December 2015	2,012	-	2,012
Reversal of allowance for impairment loss	(2)	-	(2)
As at 31 December 2016	2,010	-	2,010
<u>Net book value:</u>			
As at 31 December 2015	167,159	22,187	189,346
As at 31 December 2016	181,161	-	181,161

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Land awaiting development	-	43,600
Land awaiting sale	330,960	331,130
Total investment properties	<u>330,960</u>	<u>374,730</u>

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 2016 totaling Baht 3 million (2015: Baht 3 million), with a financial institution as collateral for the Company's credit facilities obtained from the financial institution.

20. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

Cost:

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
As at 1 January 2015	167,928	41,362	113,112	2,994,204	185,776	726,725	143,067	4,372,174
Adjustments	-	-	(8,737)	-	-	-	8,737	-
Additions	-	28,107	2,500	253,717	37,985	126,477	447,491	896,277
Disposals/write-offs	-	-	-	(91,649)	(11,793)	(68,215)	-	(171,657)
Transferred in (out)	-	-	13,034	105,149	-	7,830	(126,013)	-
As at 31 December 2015	167,928	69,469	119,909	3,261,421	211,968	792,817	473,282	5,096,794
Transfer from investment properties and project development cost	22,187	-	15,852	-	-	-	-	38,039
Additions	-	-	7,476	281,253	24,381	132,168	425,538	870,816
Disposals/write-offs	-	-	-	(58,702)	(8,467)	(25,489)	-	(92,658)
Transferred in (out)	-	-	439,963	299,460	-	9,259	(748,682)	-
As at 31 December 2016	190,115	69,469	583,200	3,783,432	227,882	908,755	150,138	5,912,991

Accumulated depreciation:

As at 1 January 2015	-	27,394	59,897	2,068,367	135,712	495,347	-	2,786,717
Depreciation for the year	-	1,469	7,561	190,265	18,655	53,987	-	271,937
Depreciation on disposals/write-offs	-	-	-	(78,873)	(10,578)	(63,286)	-	(152,737)
As at 31 December 2015	-	28,863	67,458	2,179,759	143,789	486,048	-	2,905,917
Depreciation for the year	-	1,385	12,440	217,202	22,905	60,143	-	314,075
Depreciation on disposals/write-offs	-	-	-	(49,877)	(7,204)	(23,307)	-	(80,388)
As at 31 December 2016	-	30,248	79,898	2,347,084	159,490	522,884	-	3,139,604

(Unit: Thousand Baht)

Consolidated financial statements

Allowance for impairment loss:

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
As at 1 January 2015	-	-	-	33,403	-	-	-	33,403
Increase during the year	1,564	-	-	9,243	-	-	-	10,807
As at 31 December 2015	1,564	-	-	42,646	-	-	-	44,210
Decrease during the year	(400)	-	-	-	-	-	-	(400)
As at 31 December 2016	1,164	-	-	42,646	-	-	-	43,810

Net book value:

As at 31 December 2015	166,364	40,606	52,451	1,039,016	68,179	306,769	473,282	2,146,667
As at 31 December 2016	188,951	39,221	503,302	1,393,702	68,392	385,871	150,138	2,729,577

Depreciation for the year:

2015 (Baht 260 million included in cost, and the balance in administrative expenses)	271,937
2016 (Baht 298 million included in cost, and the balance in administrative expenses)	314,075

(Unit: Thousand Baht)

Separate financial statements

Cost:

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
As at 1 January 2015	141,927	33,470	104,375	3,048,793	172,651	720,695	22,661	4,244,572
Additions	-	-	-	246,576	32,385	118,474	132,763	530,198
Disposals/write-offs	-	-	-	(91,649)	(8,901)	(68,215)	-	(168,765)
Transferred in (out)	-	-	13,034	105,149	-	7,830	(126,013)	-
As at 31 December 2015	141,927	33,470	117,409	3,308,869	196,135	778,784	29,411	4,606,005
Transfer from investment properties	22,187	-	-	-	-	-	-	22,187
Additions	-	-	-	285,710	14,273	126,976	170,430	597,389
Disposals/write-offs	-	-	-	(58,681)	(8,177)	(25,475)	-	(92,333)
Transferred in (out)	-	-	76,926	77,005	-	9,257	(163,188)	-
As at 31 December 2016	164,114	33,470	194,335	3,612,903	202,231	889,542	36,653	5,133,248

Accumulated depreciation:

As at 1 January 2015	-	27,393	59,897	2,125,800	126,079	491,304	-	2,830,473
Depreciation for the year	-	1,469	7,561	188,735	15,958	52,647	-	266,370
Depreciation on disposals/write-offs	-	-	-	(78,873)	(7,908)	(63,287)	-	(150,068)
As at 31 December 2015	-	28,862	67,458	2,235,662	134,129	480,664	-	2,946,775
Depreciation for the year	-	1,388	9,730	210,665	19,504	58,455	-	299,742
Depreciation on disposals/write-offs	-	-	-	(49,862)	(6,962)	(23,296)	-	(80,120)
As at 31 December 2016	-	30,250	77,188	2,396,465	146,671	515,823	-	3,166,397

(Unit: Thousand Baht)

Separate financial statements

Allowance for impairment loss:

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
As at 1 January 2015	-	-	-	33,403	-	-	-	33,403
Increase during the year	1,564	-	-	9,243	-	-	-	10,807
As at 31 December 2015	1,564	-	-	42,646	-	-	-	44,210
Decrease during the year	(400)	-	-	-	-	-	-	(400)
As at 31 December 2016	1,164	-	-	42,646	-	-	-	43,810

Net book value:

As at 31 December 2015	140,363	4,608	49,951	1,030,561	62,006	298,120	29,411	1,615,020
As at 31 December 2016	162,950	3,220	117,147	1,173,792	55,560	373,719	36,653	1,923,041

Depreciation for the year:

2015 (Baht 258 million included in cost, and the balance in administrative expenses)	266,370
2016 (Baht 290 million included in cost, and the balance in administrative expenses)	299,742

As at 31 December 2016, the Company and its subsidiaries had machinery, vehicles and equipment with net book value of Baht 703 million (2015: Baht 602 million) which were acquired under hire purchase and finance lease agreements (Separate financial statements: Baht 700 million, 2015: Baht 597 million).

As at 31 December 2016, 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 2,122 million (2015: Baht 2,214 million) (Separate financial statements: Baht 2,110 million, 2015: Baht 2,203 million).

The Company and its subsidiary have mortgaged the part of land and buildings thereon, machinery and ships, with the net book value as at 31 December 2016 totaling Baht 904 million (2015: Baht 472 million) (Separate financial statements: Baht 141 million, 2015: Baht 140 million) with a financial institution as collateral for the Company and its subsidiary's credit facilities and letter of guarantee facilities obtained from the financial institution.

21. Leasehold right for land

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2016	2015
Leasehold right for land	69,418	69,418
Less: Accumulated amortisation	(59,501)	(56,914)
Leasehold right - net	9,917	12,504
Amortisation for the year	2,587	2,587

22. Bank overdrafts and short-term loans from financial institutions

	Interest rate (% p.a.)	(Unit: Thousand Baht)	
		Consolidated financial statements	
		2016	2015
Bank overdrafts	MOR	4,460	-
Trust receipt payable	6.525%	-	5,764
Short-term loans from financial institutions	3%, 4.1%, MOR, MLR, MLR-0.25%	133,789	379,680
Total		138,249	385,444

(Unit: Thousand Baht)	
Separate financial statements	
2016	2015
-	-
-	5,764
18,989	244,000
18,989	249,764

The bank overdrafts and short-term loan facilities of the Company and its subsidiary 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 the Company and are guaranteed by the Company and the directors of the Company and its subsidiaries.

23. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties	6,497	2,084	8,416	2,716
Trade payables - unrelated parties	1,500,720	1,211,419	1,368,089	1,083,884
Advance received from related parties	109	224	109	224
Advance received from unrelated party	34,392	32,869	34,392	32,869
Other payables - related parties	1,731	774	2,223	3,142
Other payables - unrelated parties	57,099	60,272	43,726	47,384
Accrued expenses - unrelated parties	99,885	95,703	55,007	57,724
Total trade and other payables	1,700,433	1,403,345	1,511,962	1,227,943

24. Hire purchase creditors and finance lease payable

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liabilities under hire purchase and finance lease agreements	422,951	450,711	414,868	440,918
Less: Deferred interest expenses	(25,071)	(32,269)	(24,377)	(31,463)
Total	397,880	418,442	390,491	409,455
Less: Portion due within one year	(174,032)	(167,728)	(170,335)	(163,831)
Liabilities under hire purchase and finance lease agreements, net of current portion	223,848	250,714	220,156	245,624

The Company and its subsidiaries 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 2.68 and 8.15 percent per annum (2015: between 2.68 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 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	189	234	423
Deferred interest expenses	(15)	(10)	(25)
Present value of future minimum lease payments	174	224	398

	(Unit: Million Baht)		
	Consolidated financial statements		
	as at 31 December 2015		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	186	264	450
Deferred interest expenses	(19)	(13)	(32)
Present value of future minimum lease payments	167	251	418

	(Unit: Million Baht)		
	Separate financial statements		
	as at 31 December 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	185	230	415
Deferred interest expenses	(15)	(10)	(25)
Present value of future minimum lease payments	170	220	390

	(Unit: Million Baht)		
	Separate financial statements		
	as at 31 December 2015		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	182	259	441
Deferred interest expenses	(18)	(13)	(31)
Present value of future minimum lease payments	164	246	410

25. Long-term loans from banks

			(Unit: Thousand Baht)	
			Consolidated financial statements	
Loan	Interest rate (%)	Repayment schedule	2016	2015
1	MLR	Paid all amount within 40 months since sign contract	181,051	197,332
2	MLR	Paid all amount within 55 months since sign contract	117,233	108,651
3	MLR	Monthly installments from March 2015 to September 2018	30,764	48,340
4	MLR-1.25	Paid all amount within 60 months since sign contract	294,287	166,000
5	MLR	Monthly installments from December 2016 to June 2021	68,720	-
6	MLR	Monthly installments from January 2017 to June 2021	50,000	-
7	MLR-0.5	Monthly installments from February 2018 to January 2024	237,600	-
Total			979,655	520,323
Less: Current portion			(225,115)	(17,592)
Long-term loans, net of current portion			754,540	502,731

The loan agreements contain covenants as stipulated in the agreement and restrictions imposed by the lender, relating to such matters as maintenance of a shareholding percentage in the subsidiaries by the Company. The loans are secured by the transfer of rights of claim over collections for work done under construction agreements of its subsidiary, the mortgage of land with structures thereon of the Company and project development cost and future structures of the development project of the subsidiary, and guaranteed by the Company and the directors of the Company and its subsidiaries.

As at 31 December 2016, the subsidiary has an undrawn amount of loan under the above agreements amounting to Baht 1,259 million (2015: Baht 1,802 million).

Movements in the long-term loans account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2015	520,323
Add: Increase during the year	528,266
Less: Payment during the year	(68,934)
Balance as at 31 December 2016	979,655

26. Debentures

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statement	
	2016	2015
Debentures 1/2557	1,500,000	1,500,000
Debentures 1/2558	1,500,000	1,500,000
Total	3,000,000	3,000,000
Less: Deferred debenture issuing costs	(9,011)	(16,628)
	2,990,989	2,983,372
Less: Current portion of debentures	(1,500,000)	-
Debentures, net of current portion	1,490,989	2,983,372

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 (the effective interest rate of 5.79 percent per annum), with interest payable every 3 months throughout the life of the debentures.

On 21 August 2015, the Company issued and offered 1,500,000 units of debentures No. 1/2558 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 21 August 2018. The coupon rate is 4.50 percent per annum (the effective interest rate of 4.76 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.

27. Provision for long-term employee benefits

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Defined benefit obligation at beginning of year	151,603	115,975	140,880	111,763
Included in profit or loss:				
Current service cost	13,497	8,730	12,153	7,774
Interest cost	3,889	4,385	3,522	4,134
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	-	468	-	(3,157)
Financial assumptions changes	-	16,446	-	15,711
Experience adjustments	-	7,239	-	6,199
Benefits paid during the year	(7,423)	(1,640)	(6,502)	(1,544)
Provisions for long-term employee benefits at end of year	161,566	151,603	150,053	140,880

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Cost of construction	10,869	7,929	9,919	7,928
Cost of sales and services	228	965	-	-
Administrative expenses	6,289	4,221	5,756	3,980
Total expenses recognised in profit or loss	17,386	13,115	15,675	11,908

The Company and its subsidiaries expect to pay Baht 8 million of long-term employee benefits during the next year (2015: Baht 14 million) (Separate financial statements: Baht 8 million, 2015: Baht 14 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2015: 10 years) (Separate financial statements: 10 years, 2015: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum) Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	2.5 - 3.3	2.5 - 4.3	2.5	2.5
Future salary increase rate	4.0 - 5.5	4.0 - 6.0	4.0 and 4.5	4.0 and 4.5
Turnover rate	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: Million Baht)					
	As at 31 December 2016					
	Discount rate		Salary increase rate		Turnover rate	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Consolidated financial statements	(6)	7	7	(6)	(3)	4
Separate financial statements	(6)	6	6	(6)	(3)	3

	(Unit: Million Baht)					
	As at 31 December 2015					
	Discount rate		Salary increase rate		Turnover rate	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Consolidated financial statements	(6)	7	7	(6)	(4)	5
Separate financial statements	(6)	6	6	(6)	(3)	3

28. Joint venture/Provision for loss on investment in joint venture

28.1 Detail of investment in joint venture

The Company has a joint arrangement which assessed as a joint venture between the Company and other joint venturer. Details of the investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements				Separate financial statements			
					Carrying amounts		Share of profit (loss)		Carrying amounts		Profit (loss) from	
					based on equity method		from investment		based on cost method		investment in joint venture	
					(Provision for loss on investment)		during the year		(Provision for loss on investment)		during the year	
					2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)								
NWR - SBCC Joint Venture	Soil and coal extraction and transportation	Thailand	50	50	(97,008)	(93,975)	(3,033)	36,855	(97,008)	(93,975)	(3,033)	36,855

The Company recognised share of losses from investment in joint venture as a liability since the Company has obligations, whether legal or constructive, to make any payments on behalf of such joint venture.

28.2 Summarised financial information about joint venture

Summarised information about financial position as at 31 December 2016 and 2015.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	14	37
Trade and other receivables	338	342
Other current assets	224	155
Plant and equipment	2,010	2,328
Other non-current assets	5	6
Bank overdrafts and short-term loans	(199)	(117)
Trade and other payables	(2,124)	(1,664)
Current portion of hire purchase creditors	(18)	(16)
Current portion of long-term loans	(425)	(918)
Other current liabilities	(14)	(22)
Hire purchase creditors, net of current portion	-	(13)
Long-term loans, net of current portion	-	(302)
Other non-current liabilities	(5)	(4)
Net assets	(194)	(188)
Shareholding percentage	50%	50%
Share of net assets	(97)	(94)
Carrying amounts of joint venture based on equity method	(97)	(94)

Summarised information about comprehensive income for the years ended 31 December 2016 and 2015.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	<u>2016</u>	<u>2015</u>
Total revenues	2,043	2,140
Depreciation and amortisation	(730)	(646)
Interest expenses	(55)	(107)
Profit (loss)	(6)	74
Total comprehensive income	(6)	74

29. 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.

30. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Raw materials and consumables used	3,105,668	2,953,741	2,979,880	2,851,580
Salaries, wages and other employee benefits	986,061	958,353	884,855	873,849
Subcontractor costs	2,213,587	2,028,186	2,203,878	2,028,186
Fuel charges	262,848	394,077	143,397	256,890
Depreciation and amortisation	316,662	274,524	302,328	268,957
Repair and maintenance	135,675	141,205	134,706	140,304
Loss on investments in joint venture (reversal)	-	-	3,033	(36,855)
Doubtful debts (reversal)	(15,136)	210,223	(6,241)	225,327
Other expenses	1,146,047	784,258	1,215,891	1,038,790
Changes in inventories of finished goods and work in process	(46,649)	10,209	(51,720)	10,209

31. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	29,716	11,892	26,012	11,892
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,554)	(1,726)	(5,396)	(424)
Income tax expense reported in the statement of comprehensive income	24,162	10,166	20,616	11,468

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to accumulate actuarial losses	-	(4,831)	-	(3,751)
Deferred tax on gain from the change in value of available-for-sale investments	1,023	223	1,023	223
	<u>1,023</u>	<u>(4,608)</u>	<u>1,023</u>	<u>(3,528)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit (loss) before tax	83,085	(161,806)	138,613	(108,194)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	16,617	(32,361)	27,723	(21,639)
Utilisation of previously recognised tax losses	(1,142)	(3,083)	-	(1,823)
Tax losses for the year that have not been recognised as deferred tax assets	18,699	9,510	645	380
Effects of preparing the consolidated financial statements	-	12,094	-	-
Effects of:				
Non-deductible expenses	11,051	52,598	10,672	45,960
Additional expense deductions allowed	(12,495)	(10,709)	(12,283)	(10,560)
Exemption of income	(5,777)	(1,058)	(5,777)	(1,058)
Share of profit from investments in associates and joint venture	(4,667)	(16,991)	-	-
Others	1,876	166	(364)	208
Total	<u>(10,012)</u>	<u>24,006</u>	<u>(7,752)</u>	<u>34,550</u>
Income tax expenses reported in the statement of comprehensive income	<u>24,162</u>	<u>10,166</u>	<u>20,616</u>	<u>11,468</u>

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Allowance for diminution in value of inventories	4,767	4,912	4,767	4,912
Allowance for diminution in value of project development cost	1,592	81	1,592	81
Allowance for asset impairment	8,903	8,983	8,903	8,983
Accumulated depreciation - Plant and equipment	3,249	2,181	3,249	2,181
Provision for long-term employee benefits	33,393	31,450	30,010	28,225
Provisions	286	391	286	391
Others	161	323	161	323
Deferred tax liabilities				
Amortisation of deferred debenture issuing costs	(1,802)	(3,326)	(1,802)	(3,326)
Unrealised gain on changes in value of investments	(1,934)	(911)	(1,934)	(911)
Total Deferred tax assets - net	48,615	44,084	45,232	40,859

As at 31 December 2016, the Company and its subsidiaries had unused tax losses totaling Baht 155 million (2015: Baht 74 million) (Separate financial statements: Baht 11 million, 2015: Baht 11 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire within 2021.

32. Basic 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.

33. 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) Real estate development business
- (3) Manufacture of concrete product business is a segment that involves manufacture of pre-stressed concrete piles and precast concrete products for third-party distribution.

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 total assets 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 years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

The consolidated financial statements for the year ended 31 December 2016					
	Construction contracting business	Real estate development business	Manufacture of concrete products business	Eliminations	Consolidated
Revenue from external customers	7,919	113	280	-	8,312
Inter-segment revenue	-	-	497	(497)	-
Segment operating profit (loss)	187	6	(1)		192
Unallocated income (expenses):					
Interest income					10
Interest expenses					(196)
Other income and expenses					54
Share of profit from investments in associates and joint venture					23
Profit before income tax expenses					83
Income tax expense					(24)
Profit for the year					59
Profit attributable to non-controlling interests of the subsidiary					(7)
Profit for the year - attributable to equity holders of the Company					52

(Unit: Million Baht)

The consolidated financial statements
for the year ended 31 December 2015

	Construction contracting business	Real estate development business	Manufacture of concrete products business	Eliminations	Consolidated
Revenue from external customers	7,202	239	145	-	7,586
Inter-segment revenue	-	-	277	(277)	-
Segment operating profit (loss)	43	(1)	1		43
Unallocated income (expenses):					
Interest income					14
Interest expenses					(165)
Other income and expenses					(139)
Share of profit from investments in associates and joint venture					85
Loss before income tax expenses					(162)
Income tax expense					(10)
Loss for the year					(172)
Profit attributable to non-controlling interests of the subsidiary					(2)
Loss for the year - attributable to equity holders of the Company					(174)

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:

(Unit: Million Baht)

	<u>2016</u>	<u>2015</u>
Revenue from external customers		
Thailand	7,920	7,310
Others	392	276
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,921	2,348
Others	-	1

Major customers

For the year 2016, the Group has revenue arising from construction contracting business derived from one major customer in amount of Baht 1,559 million (2015: one major customer in amount of Baht 1,108 million).

34. Provident fund

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiary contribute to the fund monthly at the rate of 5-7 percent of basic salary (Separate financial statements: 5 percent of basic salary). The fund, which is managed by Krungsri Asset Management Company Limited, will be paid to their employees upon termination in accordance with the rules of the provident fund of the Company and its subsidiaries. During the year 2016, the Company and its subsidiaries contributed Baht 20 million to the fund (2015: Baht 17 million) (Separate financial statements: Baht 17 million, 2015: Baht 15 million).

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2016, the Company and its subsidiary had the following capital commitments:

- The Company had an outstanding commitment of approximately USD 4,495 and Baht 50 million of the uncalled portion of investment in two subsidiaries (2015: USD 4,495 of the uncalled portion of investments in a subsidiary).
- The Company and its subsidiary had outstanding commitments of approximately Baht 13 million relating to construction of factory buildings and tools, machineries and equipment (2015: Baht 3 million).

35.2 Operating lease commitments

The Company and its subsidiaries 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 financial statements as at 31 December		(Unit: Million Baht) Separate financial statements as at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
In up to 1 year	18	18	18	18
In over 1 and up to 5 years	19	23	11	22
In over 5 years	242	248	-	-

35.3 Guarantees

- a) As at 31 December 2016, the Company has commitments in respect of its guarantees of bank credit facilities of two subsidiary companies amounting to Baht 2,336 million (2015: Baht 2,336 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) As at 31 December 2016, the Company has commitments in respect of its guarantees of bank credit facilities of one joint venture by joining with another one joint venturer amounting to Baht 4,419 million (2015: Baht 4,419 million). Generally, the guarantees are effective so long as underlying obligation has not been discharged by its joint venture. No fee is charged for the provision of such guarantees.
- c) The outstanding bank guarantees issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business were summarised in foreign currencies as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Baht	5,497	4,388	5,348	4,230
Yen	1	271	1	271
USD	1	14	1	14

36. 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 and the insurance company lodged an appeal with the Court of Appeals and the court affirmed the judgement of the Court of First Instance. On 24 December 2014, the Company and the insurance company filed a petition objecting to the judgment of the Court of Appeal. Currently, the insurer of the project and litigant have negotiated a settlement, whereby the insurer of the project has agreed to pay full compensation for the damages. On 13 July 2016, all litigants entered into the compromise agreement and filed the petition with court to sentence this agreement. At present, the lawsuit is being filed with the court. Therefore no provision for this contingent liability was recorded into the accounts.

As at 31 December 2016, the Company has set up provision of approximately of Baht 1.4 million (2015: Baht 1.4 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.

37. Fair value hierarchy

As at 31 December 2016 and 2015, the Company had certain assets and liabilities that were measured or disclosed at fair value using different level inputs as follows:

(Unit: Million Baht)				
Consolidated/Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment (Note 8)	455	-	-	455
Assets for which fair value are disclosed				
Investment property (Note 19)	-	-	331	331
Liabilities for which fair value are disclosed				
Debentures (Note 26)	-	3,028	-	3,028

(Unit: Million Baht)				
Consolidated/Separate financial statements				
As at 31 December 2015				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment (Note 8)	612	-	-	612
Assets for which fair value are disclosed				
Investment property (Note 19)	-	-	375	375
Liabilities for which fair value are disclosed				
Debentures (Note 26)	-	3,039	-	3,039

38. Financial instruments

38.1 Financial risk management

The Group's (the Company and its subsidiaries) 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, short-term loans, long-term loans, investments, trade and other payables, bank overdrafts, short-term borrowings, long-term borrowings 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, long-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 24, 25 and 26 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 balances of financial assets denominated in foreign currency are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	<u>2016</u> (Million)	<u>2015</u> (Million)	<u>2016</u> (Baht per 1 foreign currency unit)	<u>2015</u>
USD	4	2	35.7843	36.0417

As at 31 December 2016 and 2015, no outstanding sell and buy foreign exchange contracts.

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.

38.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest rates close to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

39. 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 2016, the Group's debt-to-equity ratio was 2.36:1 (2015: 2.11:1) and the Company's was 1.98:1 (2015: 1.88:1).

40. Event after the reporting period

On 28 February 2017, the Board of Directors' Meeting pass the resolution to approve the issuance and offering up to Baht 1,000 million of debentures for sale.

41. Reclassification

Certain amounts in the comprehensive income for the year then ended 31 December 2015 have been reclassified to conform to the current year's classification.

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	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As brought forward
Comprehensive income				
Revenue from construction	7,202,190	7,440,958	7,139,748	7,378,516
Sales and service income	384,197	145,429	410,810	172,042
Cost of construction	6,801,408	7,029,105	6,783,379	7,011,076
Cost of sales and service	365,426	137,729	393,585	165,888

The reclassifications had no effect to previously reported profit or shareholders' equity.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.