



NAWARAT

ANNUAL REPORT

Nawarat Pattanakarn Public Company Limited





In remembrance of
Khun Mana Karnasuta
former executive consultant sbf founder
of Nawarat Patanakarn PCL.

VISION

“To be one of Thailand’s top ve 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 the quality of employees' life, encourage development of competency and cooperation among employees at all level by establishing of tangible motivation systems.
7. Have social and environmental responsibility on a continuous and consistent basis.

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Message from Chairman

The year 2017 saw Thailand's economic growth at a better rate than estimated, with the contribution of the recovery in exportation, the tourism, and the government sector's investments. Nevertheless, the Company still makes its progress to conduct business as seen from the joint executions in various types of construction projects awarded from both the private and government sectors. This is coupled with the support of our engineers team and employees who have plenty of knowledge, skills, expertise and a high potential to complete the complicated works; this results in an acceptance by project owners and the business allies from within and outside of the country as a leading construction company in Thailand.

Thailand's economy in 2017 has growth at the rate of 3.9 percent which is higher than last year which was only 3.2 percent. The growth rate was due to the impact of the increase in exportation, the tourism, as well as the investments from the government sector. For the construction industry, the growth rate decreased due to the less amount of work getting into the market. This results, in part, from the delay of the government's bidding for infrastructure projects and from the not-so-high degree of recovery from the private sector. However, the construction industry will continue to grow to support the rushing investment operations from the government as well as the return of the private sector to the industrial and real estate segments.

The Company still strives "to be one of Thailand's top five largest general construction contractors with international standard, stability and sustainability together with responsibility to society and the environment". Despite the struggle for turnover achievement, the Board of Directors is 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, and to build a positive impact on the overall economy of the country. The Board is also committed to conduct the business in accordance with the guidelines of sustainable development in terms of economy, society and environment under the good corporate governance principles. And this has earned the Company the upgrade to Corporate Governance Rating 4 Star in the previous year. The Board regularly oversees and monitors the Management to perform their duties with carefulness, prudence and responsibilities to all stakeholders as well as provides them from time to time with recommendation on management of surrounding factors which have challenged the business operation in order to minimize the risk to an acceptable level.

For the direction of the Company, the Company remains its operation in construction business, focusing on large-scale projects of the Government and private sectors which suit the Company's expertise. At the same time, the Company will continue to seek for works from the private sectors both in Thailand and in neighboring countries, namely Cambodia, Laos, Myanmar, and Vietnam (CLMV), which are enjoying their economic growth. Also, the Company has conducted the business of pre-cast concrete products manufactured with state-of-the-art technologies from Europe and is also expanding its manufacturing capacity to meet the increasing



market demand in the Eastern Economic Corridor which will be the hub for the country's economic growth. For the real estate business, the Company's strategy will focus on the demand in possible markets with a favorable growth rate. In 2018, the Company will make its paces in becoming an organization that has the potential at the international level to strengthen its foundation and prepare for the economic recovery and more intensive competition. In this, the Company shall improve its management in all aspects, by managing risks more efficiently and effectively, controlling construction and labor cost together with the quality of materials and equipment, enhancing the efficiency and effectiveness of work execution to acquire the quality and standard that meet the customers' highest satisfaction while the Company can optimize the return on profits. Moreover, the Company shall develop its personnel in both technical and management aspects 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 to receive such 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 sustainable development for the utmost benefits of all parties concerned and for becoming an organization with stable and sustainable growth in Thailand as defined in the Company's vision.



Mr. Prasertphand Pipatanakul
Chairman

Message from President and Chief Executive Officer

In the previous year, the overall construction industry has slowed down due to the delay of investment in infrastructures by the Government, the slow investment from the private sector despite its promising signs of recovery, and the competition on pricing among contractors which remains high. Nevertheless, the Company continues to grow its revenue from the previous year. In 2017, the total income of the Company was 9,345 Billion Baht which increased 12 percent compared to the year of 2016, and the company net loss was 202.8 million Baht.

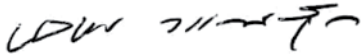
Notwithstanding, the Company earns a steady income from the existing construction projects. In addition, the construction materials and fuel price which remain quite unchanged, the lower level of labor cost, the decrease of financial cost which resulted from a lower interest rate as well as the debentures issuance have enabled the Company to balance its financial status and has enough liquidity for future operations and investments.

The Company foresees that the turnover will continue to grow in the year 2018 due to the drive of the Government sector for large-scale investment projects and the support of private sector which enhance the recovery in both accommodation and industrial segments. This would initiate a chance for the Company to be responsible for several projects in the near future. Furthermore, the Company has currently been handling the Backlog projects for about 9,942 Billion Baht which its revenue will be continuously recognized in the next two years. And there are also other projects approximately 30,669 Million Baht which are still waiting for the action results. We expected that there would be more construction opportunities in the following years. The current projects value responsible by the Company is approximately 5,402 Million Baht. In addition, the inauguration of the ASEAN Economic Community (AEC) at the end of the year 2016 provides an opportunity to expand the business to other countries in South East Asia. Moreover, The Economic Corridor Development Project in Thailand(ECC) would create the advantages for the country and the Company not only in the infrastructure segment but also in the industrial sphere, tourism, as well as the increase in the need for more accommodations.

The Company aims to enhance the organization for sustainable growth (as evidenced by being rated to Corporate Governance Rating 4 Star in the previous year) focusing on efficient management and operation in strict compliance with the best practice of good corporate governance and the supervision in accordance with the policy and to work hand in hand with the Board of Directors in terms of transparent and accountable operations, anti-fraud and corruption, while encouraging fair treatment, respect of human rights, environmental conservation and responsibility to all stakeholders, including taking part in the development of the community and society on a continuous basis. The Company has already declared its intention to fight against fraud and corruption in order to get into the process of accreditation.



On behalf of the Management of Nawarat Pattanakarn Public Company Limited, I would like to sincerely thank all concerned parties namely employees, shareholders, business partners, customers, government agencies, private partners, stakeholders and financial institutes for your kind helps and good supports for the Company's operations in various aspects for over 40 years. I ensure that the Company will professionally continue our business, adhere to the good corporate governance principles together with social responsibility and environmental protection, create Works that meet the customers' highest satisfaction, focus on the benefits of all the stakeholders and bring more value to all parties concerned in order to make the Company 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

Board of Directors



Board of Directors

1. 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: 83 years

Shareholding: None

Meeting Attendance:

- 12 of 12 Board of Directors' Meetings in 2017
- 12 of 12 Audit Committee Meetings in 2017

Education

- Master Degree of Business Administration, Sasin Graduate of Institute of Business Administration of Chulalongkorn University
- Bachelor Degree in Engineering, Chulalongkorn University
- DAP 55/2006
- Finance for Non-Finance
- DCP 2016
- BMD 5/2017

Experience Present

ปัจจุบัน : ประธานกรรมการ, กรรมการอิสระ และกรรมการตรวจสอบ บริษัท เนวรัตน์พัฒนาการ จำกัด (มหาชน)

2. 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: 86 years

Shareholding: None

Meeting Attendance:

- 8 of 12 Board of Directors' Meetings in 2017
- 8 of 12 Audit Committee Meetings in 2017

Education

- มหาวิทยาลัย, N.S.W. University at Australia
- วิศวกรรมศาสตรบัณฑิต, จุฬาลงกรณ์มหาวิทยาลัย
- DAP รุ่น 55/2006
- Finance for Non-Finance 2006
- DCP ปี 2016

Experience Present:

- Independent Director and Chairman of the Audit Committee of Nawarat Patanakarn Public Company Limited (นาง)

3. 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: 66 years

Shareholding: None

Meeting Attendance

- 12 of 12 Board of Directors' Meetings in 2017
- 12 of 12 Audit Committee Meetings in 2017

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

4. 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: 59 years

Shareholding: None

Meeting Attendance

- 1 of 12 Board of Directors' Meetings in 2017

Education

- 1 of 12 Board of Directors' Meetings in 2017

Education

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

Experience

- 2016 - Present : Independent Director of Nawarat Patanakarn Public Company Limited
- 2015 - Present : Director of Contain Architecture (Thailand) Company Limited
- 2014 - Present : Director of ACE Design and Construction Company Limited

5. 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: 58 years

Shareholding: 270,910,285 shares as of March 17, 2017

Meeting Attendance:

- 11 of 12 Board of Directors' Meetings in 2017

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 Tanina Company Limited
- Director of E.G.G. Enterprise Company Limited
- Director of Taste Maker Company Limited

6. Miss Pakatip Lophansri

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 Executive Committee and The Company's Secretary

Age: 62 years

Shareholding: 109,177 shares as of April 10, 2017

Meeting Attendance:

- 11 of 12 Board of Directors' Meetings in 2017

Education

- Master of Business Administration, Saint Louis University
- Bachelor Degree in Accounting, Faculty of Commerce & Accountancy, Chulalongkorn University
- DCP 238/2016
- Mini MBA/2555
- Fundamental Practice for Corporate Secretary (FPCS26)/2555
- Advance for Corporate Secretaries 1/2559
- Annual Accounting Training (12 hours per year) and Other Related Topics as a Book Keeper

Experience Present:

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

7. Mr. Sook Sueyanyongsiri

Director, Consultant to Chief Executive Officer and 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: 66 years

Shareholding: None

Meeting Attendance:

12 of 12 Board of Directors' Meetings in 2017

Education

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

Experience Present :

- Consultant to Chief Executive Officer and President
- Director of Advance Prefab Company Limited
- Director of Mana Pattanakarn Company Limited

General Information

Business Operation

Nawarat Pattanakarn 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 Pattanakarn 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 during the 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, 2017 the Company has its registered capital of Baht 2,585,481,515 and paid-up capital of Baht 2,585,481,515 which is counted as 2,585,481,515 common shares at the par value of Baht 1 per share.
- Nawarat Pattanakarn 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 was rated as "BBB-" and the rating outlook 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 No.	0107538000096 (previously no. Bor. Mor. Jor 532)
Website	www.nawarat.co.th
Telephone	(662) 730-2100
Fax	(662) 751-9484 แฟกซ์ 90
Company Secretary	Miss Pakatip Lophansri Tel. (662) 730-2197
Investor Relation Section	Mr. Wisut Suwanwitwet Tel. (662) 730-2187

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

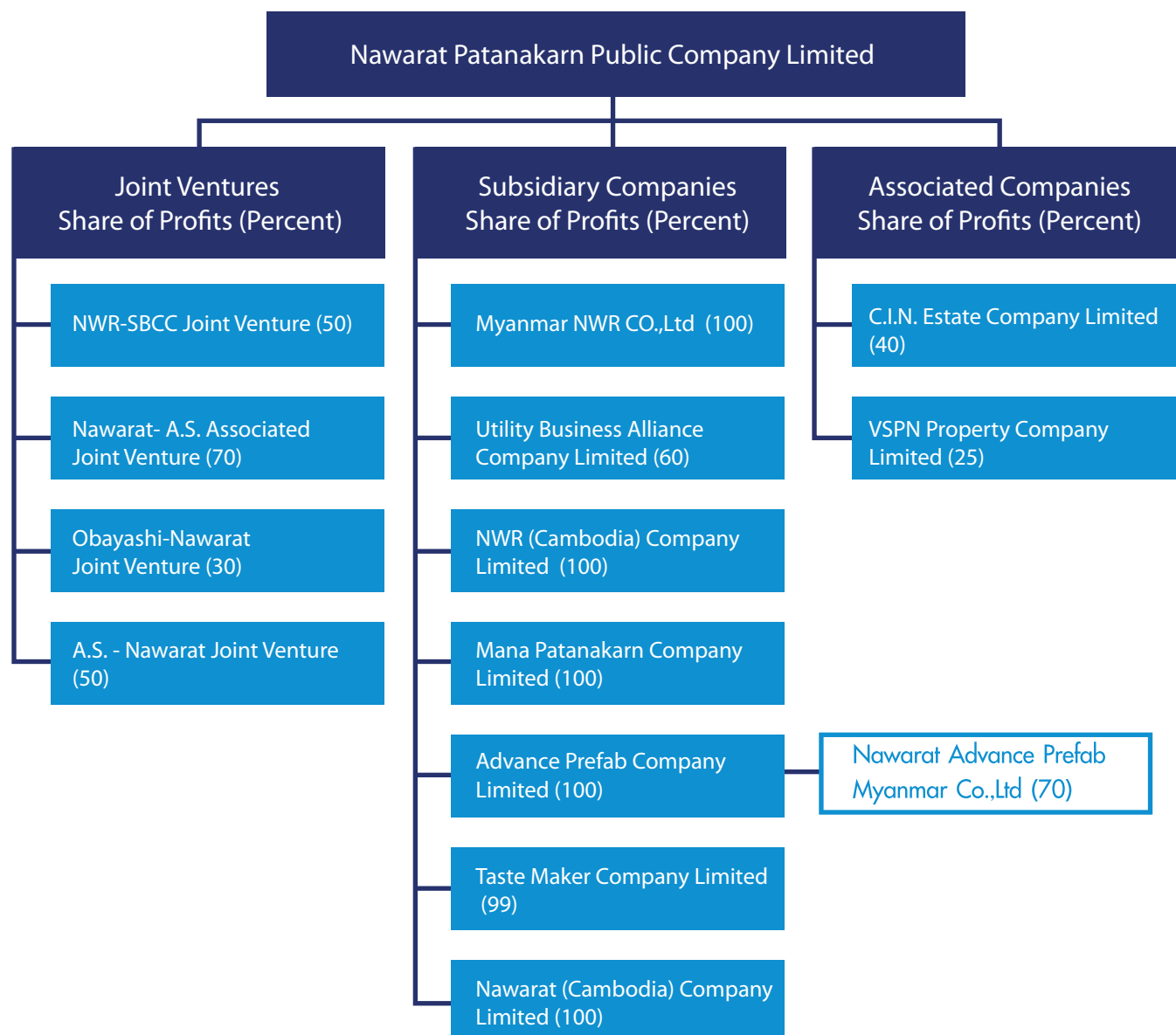
Pre-cast Concrete Jacking Pipes and Pre-cast Concrete Shaft Plant

Location 31/13 Rama II Road Km. 33.5, Bang Krachao, Muang District, Samutsakhon

Shell Petrol Station by Nawarat Patanakarn Public Company Limited

Location 329 Moo 5, Srisa Chorakhe Yhai, Bang Sao Thong, Samutprakarn

The Company's Shareholding Structure as of December 31, 2017



Joint Venture, Subsidiary Companies, Associated Companies and Related Parties(Still operating as of December 31, 2017)

Joint Ventures	Address	Nature of Business	Share of Prots (Percent)
NWR — SBBC 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 ซอยลาดพร้าว 8 8/24-25 Soi Ladprao 8, Ladprao Road, Chomphon, Chatuchak, Bangkok 10900	Construction	70
Obayashi — Nawarat Joint Venture	2/3 Moo14 Bangna Towers A 18th -19th Floors, Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee Samutprakarn 10540	Construction	30
A.S. — Nawarat Joint Venture	230 Soi Yasoob 1 Viphavadi-Rangsit Road. Chom Phon, Chatuchak Bangkok 10900	Construction	50

Subsidiary Company	Address	Nature of Business	Share of Prots (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	Wastwater Treatment	60
NWR (Cambodia) Company Limited	217, Group 1, Smach Meanchey Commune, Smach Meanchey District Kohkong Province, Cambodia	Manage and control construction projecct	100
Mana Patanakarn Company Limited	2/3 Moo14 Bangna Towers A 18th Floors Bangna-Trad Road Km. 6.5 Bangkaew, Bangplee Samutprakarn 10540	Real-estate Development resident houses	100
Advance Prefab Company Limited	2/3 Moo14 Bangna Towers A 18th Floors Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee Samutprakarn 10540	Produce and distribute pre-cast concrete products	100
Taste Maker Company Limited	2/3 Moo14 Bangna Towers A 18th Bangna-Trad Road Km. 6.5 Bangkaew , Bangplee Samutprakarn 10540	Food business: fresh food, dried food, instant food, canned food, seasoning, all types of beverages	99
Nawarat (Cambodia) Company Limited	Cham Yeam Village Bak Khlang Commune Mondol Seima District, Koh Kong Province Cambodia.	Construction (building)	100

Related Parties (Relationship)	Address	Nature of Business	Share of Prots (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, SuanLuang, 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, SuanLuang, 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, SuanLuang, 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 Co., Ltd. (with Mr. Apathorn Karnasuta and Mrs. Suthasanee Karnasuta, a brother and a younger sister of Mr. Polpat Karnasuta, President of the Company, 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, SuanLuang, 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 to reduce to 33.33 percent. However, in the third quarter of 2006, the Company repurchased the investment from the outsider resulting in the Company's current investment 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

Mana Patanakarn Company Limited was founded on April 5, 2013 with 200 Million Baht of registered capital (2,000,000 ordinary sharese at a par value of 100 Baht per share). The registered capital and paid-up capital is 1,100 Million Baht. The Company holds 100 percent shares in this subsidiary and completely paid the investment in ordinary shares.

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-story detached house on Romkloa Road named Baranee Park Romkloa Project. The project nature is to develop 2-story detached house of 86 units on a total area of 22-2-01 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 100 percent completion. The second project is for 140 units of 2-story detached house named Baranee Resident(formerly named Baranee Garden). The project is located at Rangsit Klong 3 on the total area of 34-1-34 rai with the value of 848 Million Baht. The construction is divided into 5 phases, 2 of them, totaling 65 units, are 100% complete, and the remaining 3 phases ,totaling 75 units, started in March 2017 are scheduled to complete in July 2019. The task is now 62% complete. The last project is 1,448-unit condominium named "Aspen Condo". The project is located in Soi Skhumvit 105 Road(Lasalle) on the total area of 15-1-40 rai with the value of 2,773 Million Baht. The construction is divided into 4 phases starting in February 2016 and is scheduled to complete in February 2020. Now, Phase 1 is 100% complete, totaling 425 units. The task of Phase 2, totaling 398 units, is in 34 % completion. And, for the overall project, the task of construction is at 37 % completion.

5. Advance Prefab Company Limited

Advance Prefab Company Limited was founded on December 12, 2013 with 1 Million Baht of registered capital (10,000 ordinary shares at a par value of 100 Baht per share). The registered capital is 400 Million Baht. The Company holds 100 percent shares in this subsidiary and paid the investment in ordinary shares in the amount of 380 Million Baht which its remain in behind in paid amount of 20 Million Baht.

At present, Advance Prefab Company Limited operates to manufacture and sell pre-cast concrete products such as concrete piles, concrete slabs, concrete fences and also to provide construction services, building and factory. At last year (2017) had income to sell pre-cast concrete amount of 102 Million Baht and construction income factory building amount of 90 Million Baht, total income in 2017 to amount of 192 Million Baht.

6. Taste Maker Company Limited

On November 17, 2016, Taste Maker Company Limited was registered as a juristic person with the Ministry of Commerce by issuing of 50,000 ordinary shares at a par value of 100 Baht per share calculating to the amount of 5 Million Baht. The Company holds 99 percent shares in this subsidiary and completely paid the investment in ordinary shares in the amount of 4,495,000 Million Baht. On July 11, 2017, Taste Maker Company Limited registered its capital increase by issuing 150,000 ordinary shares at a par value of 100 Baht per share resulting in the increase of its registered capital to 20 Million Baht. The Company paid the investment in 2017 at 85 Baht per share making the amount of investment in Taste Maker Company Limited total 17,700,000 Baht. Taste Maker Company Limited operates the food business which consists of fresh food, dried food, instant food, canned food, seasoning, and all types of beverages.

7. Nawarat (Cambodia) Company Limited

In 2017, the Company established Nawarat (Cambodia) Company Limited in Cambodia to facilitate the construction projects there. The Company holds 100 percent shares calculating to a registered capital of 5,000 United States Dollars, equaling to 150,000 Baht. Currently, the capital has been fully paid, and it has already started with the construction of 150 MW Coal Power Plant at Stung Hav, Sihanoukville, Kingdom of Cambodia, awarded by a private company called Branch of TPSC (Thailand) Co., Ltd, with the construction value of USD 11 Million. For the time being, the construction is 30 % complete.

Indirect Subsidiary

In 2016, Advance Prefab Company Limited, the Company's subsidiary, set up Nawarat Advance Prefab Myanmar Co., Ltd. in Yangon, the Union of Myanmar, to manufacture and sell pre-cast concrete products such as concrete piles, concrete slabs, concrete fences and also to provide construction services. The initial registered capital was 500,000 USD or equal to 15,000,000 Baht. Advance Prefab Company Limited holds 70 % of the shares as of December 31, 2017. The task of factory construction and machinery installation has been completed, with a manufacturing capacity of 15,000 m³/yr. The Company foresees that Nawarat Advance Prefab Myanmar Co., Ltd will start to recognize its revenues from the year 2018 onward.

Associated Companies

1. C.I.N.Estate Company Limited

In September, 2006, the Company invested in C.I.N. 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. Now, the task of construction has been completed. 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. And another development project is called "Baan Issara Bangna", single detached house valued 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 amounts to 100 Million Baht.

The Company has obtained the dividends from C.I.N. Estate Company Limited and recorded the profit shares to increase in the "investment in associated company" amounting to 47.92 Million Baht (in 2015), 27.09 Million Baht (in 2016), and 2.61 Million Baht (in 2017).

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 significant 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 Pataya" 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, 41 units has been passed through the sales contract and already transferred; whereas 4 of the 45 units has not been sold.

The Company recorded the profit share (loss) from this company to the "investments in associated companies" amounting to 0.18 Million Baht (in 2015), -0.72 Million Baht (in 2016) and -3.00 Million Baht (in 2017).

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 requiring advanced 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, 2017, the Joint Ventures in which the Company has co-invested represent the co-investment rate of more than 30 percent. In preparing the Company's financial statements, the list of assets, liabilities, incomes, and expenses of the Joint Ventures shall be recognized according to the investment proportions in such Joint Ventures.

NWR – SBCC Joint Venture

In 2008, the Company in cooperation with Saraburi Coal Co., Ltd. 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 16,674.56 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, 2017, the joint venture had delivered work in the amount of 15,611.24 Million Baht, which is equivalent to 93.62 percent of total project value. The remaining project value is in the amount of 1,063.32 Million Baht, equivalent to 6.38 percent.

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 the 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
- A.S. - Nawarat Joint Venture	50

Reference

Positions	Name/Address
Share registrar	The Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Tel. 0-2009-9000
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
Legal Advisor	Weerawong, Chinnavat & Peangpanor Limited 22nd Floor, Mercury Tower, No. 540 Pleonchit Road, Lumpini, Pathumwan, Bangkok, 10330 Tel. 0-2264-8000 Enlighten Corporation Co.,Ltd. 36/65 RK Biz Center, Motorway Road, Klongsongtonnoon, Lad Krabang, Bangkok 10520 Tel. 0-2171-7617 Fax.0-21717615 Business law office Chingchai & Associate 2nd Floor, Room 19, Saladaeng Excutive Building, Saladaeng Road, Soi Yommarat , Silom, Bangrak, Bangkok 10500 Tel. 0-2637-5599, Fax. 0-2636-3862
Financial Institution in regular contact	Siam Commercial Bank Public Company Limited Head Office No. 9 Ratchadapisek Road Jatuchak, Bangkok 10900 Tel. 0-2777-7777 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

Group Companies

(Unit : Million Baht)

Consolidated Financial Statements	31 Dec 2017	31 Dec 2016	31 Dec 2015
Total assets	12,251.44	12,576.77	11,434.84
Total liabilities	8,720.34	8,831.12	7,752.11
Shareholders' equity	3,531.10	3,745.65	3,682.73
Fully paid common shares	2,585.48	2,585.48	2,585.48

(Unit : Million Baht)

Consolidated Financial Statements	31 Dec 2017	31 Dec 2016	31 Dec 2015
Total revenues	9,345.32	8,360.94	7,672.81
Net Profit (loss) Shareholders Equity	(202.81)	52.02	(173.84)

Financial Ratios	31 Dec 2017	31 Dec 2016	31 Dec 2015
Net profit (loss) margin (%)	(2.17)	0.62	(2.27)
Return on equity (%)	(5.65)	1.42	(4.65)
Return on assets (%)	(1.63)	0.43	(1.67)
Book value (Baht)	1.37	1.45	1.42
Net profit (loss) / share (Baht)	(0.0784)	0.0201	(0.0672)
Current ratio (Times)	(0.08)	0.13	(0.26)
Debt-equity ratio (Times)	2.47	2.36	2.10
Debt-equity ratio from the terms and conditions of the rights and duties of the debenture issuer and the debenture holders (Times)	2.30	2.18	1.93
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, 2017, 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 and 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 77:23 in 2015, 85:15 in 2016, and 65:35 in 2017.

- 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 72:28 in 2015, 89:11 in 2016, and 96:4 in 2017.

-Petrol Station

The Company established a Shell Petrol Station on an area of 4-0-1 rai starting its services on December 15, 2016. This is an oil retail business taking the form of manual retail supply agreement known as "Pump Dow" selling both fuel oil and lubricating oil products. The station registered the business at Samutprakarn Provincial Administration Organization on February 1, 2017 and registered with Department of Energy Business as a Petrol Service Station Type A in compliance with Section 17(3) of the Fuel Control ACT B.E. 2542 on November 8, 2016, applying for the permission for sales of oil under the Shell brand on behalf of Nawarat Patanakarn Public Company Limited.

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

Revenue Type	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction Business	8,356.43	89.41	7,919.19	94.72	7,202.19	93.87
Sale of real estate and services	573.75	6.14	113.15	1.35	238.77	3.11
Concrete Products Business	221.22	2.37	279.47	3.34	145.43	1.90
Petrol Station Business	124.10	1.33	-	-	-	-
Interest Income	11.72	0.13	10.23	0.12	14.06	0.18
Other Revenues	58.10	0.62	38.90	0.47	72.36	0.94
Total Revenues	9,345.32	100.00	8,360.94	100.00	7,672.81	100.00

Separation of income in 2017

1. Income from construction business in total amount of 8,356.43 Million Baht. This consists of the Company's own income in amount of 7,670.16 Million Baht, of Utility Business Alliance Company Limited in amount of 503.86 Million Baht, of Advance Prefab Company Limited in the amount of 51.31 Million Baht, and of Nawarat (Cambodia) Company Limited in the amount of 131.10 Million Baht.
2. Income from sale of real estate and services in total amount of 573.75 Million Baht consisting of the portion from sale of the Company's low-rise detached house in amount of 44.51 Million Baht, the portion of Mana Patanakarn Company Limited in the amount of 528.94 Million Baht, and of Taste Maker Company Limited in the amount of 0.30 Million Baht.
3. Income from concrete products manufacturing business which totals 221.22 Million Baht. The Company's own income is in amount of 199.87 Million Baht, and the rest portion of 21.35 Million Baht belongs to Advance Prefab Company Limited.
4. Income from the petrol station business which is the Company's own for the whole amount of 124.10 Million Baht.
5. Income from gained interests, such as the gained interest from financial institutions, joint ventures and other companies.
6. 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 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 being 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 bear 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, when awarded with large-scale utilities that domestic contractors 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: The customers of the Company are from the government and private sectors. The target groups of customer of the Company are those from the government sector including state enterprises both inside and outside of 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 systematic management, to prevent any negative 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:

In acquiring construction works, the Company will directly contact with the 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 would get a contact from an employer, a designer, or a 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 offer more services.

Distribution of concrete piles: the Company would directly contact the employer either through tendering or negotiation, the same way as acquiring 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 use in its own construction works, for example, the steel structure of beams for bridge or the structure work 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 85:15. However, in case there is sufficient capacity, the Company would manufacture the products as per the 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 is as described below:

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

Year 2017

Private Sectors	24	percent of total revenues
Government Sectors	76	percent of total revenues

The Company believes that the income from the government sectors will be increased since the Government is focusing on more 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, just as the construction services. For example, our main customer in the government sectors is 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: Like the construction services, the Company's customers for the sale of processed steel are both the private and the government sectors, 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 customer 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 receivable and the Company's related parties. However, due to the current economic circumstance, the Company conceded not to charge the interest from some accounts receivable with a trivial late payment, excluding those receivables 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, 2017 in the amount of 290.81 Million Baht, increased by 55.74 Million Baht from the amount as of December 31, 2016.

In 2017, 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 Unit: Million Baht

Transactions	Unit: Million Baht		
	Year 2015	Year 2016	Year 2017
Payment receipt from account receivables who were recorded for doubtful debts (reversed bad debts)	8.21	29.70	8.57
Additional record of periodic doubtful debts	218.43	14.56	0.71

The first three accounts receivable with the highest balances as of December 31, 2017 namely:

- 1) Star Sapphire Hotel Co., Ltd.: the construction of Dawei hotel, Myanmar. The balance amount as of December 31, 2017 was 296.26 Million Baht.
- 2) TPSC (Thailand) Co.,Ltd. The balance amount as of December 31, 2017 was 126.48 Million Baht which consists of:
 - 1.1. ABPR 3 Combined Cycle Cogeneration Plant Project
 - 1.2. Payment for the Civil works of gas -fired cogeneration power plant, consisting of two units, with each having a capacity of 110 MW.
 - 1.3. ABPR5 Combined Cycle Cogeneration Plant Project
- 3) Department of Drainage and Sewerage, The Bangkok Metropolitan Administration (BMA): payment for construction of the tunnel drainage under Klongbangsue from Klongladprao towards Chaopraya river, with the balance amount of 108.70 Million Baht as of December 31, 2017.

Duration of debt collection: for governmental sectors, payments will be made in accordance with the criteria stipulated by each government agency, 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 face the problem of financial liquidity and the prices of construction materials has a tendency to increase making construction cost rise.

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 advantages than any other companies. Since if the amount of construction work of any type is 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 the other one located on Rama 2 Road, Muang District, SamutSakorn for manufacturing 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 projects

Manufacture of pre-stressed concrete piles and concrete products:

	2017 cu.m/year	2016 cu.m/year	2015 cu.m/year
Productivity *			
-Bangna-Trad Plant, KM 4	30,000	30,000	30,000
-Bangnampruiw 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	9,010	13,947	17,893
-Bangnampruiw Plant, Chachouengsao	25,517	32,175	22,876
-The manufacturing Plant for concrete pipe and precast concrete products (Mahachai)	15,972	18,393	15,217
Total	50,499	64,515	55,986
Percent of productivity	51.53	65.83	57.13
Percent of increase(decrease) of production	(21.73)	15.23	(24.05)

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 decrease.

* 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.

	2017 (tons)	2016 (tons)	2015 (tons)
capacity	12,000	8,000	8,000
quantity	9,303	6,891	4,659
Percent of productivity	77.53	86.14	58.24
Percent of increase (decrease) of production	35.00	47.91	(33.94)

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. In 2017, the Company's processed steel factory expanded its capacity by establishing another manufacturing plant making the capacity increase from 8,000 to 12,000 tons per year.

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 are confident 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 are plenty and available according to specific material types 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 use 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 main construction materials such as cement, concrete, steel rods, stone, sand, are provided by domestic suppliers according to their material types. The purchase balance for each supplier is 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 is under construction or regularly watering the road under construction.
- 3.2 Using the qualified machine which would not create loud noise. In any cases in 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 have never had any issue regarding an environmental impact. Though, in order to minimize the uncertainty, the Company has managed its insurance in every construction project 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

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 increase 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 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 90 percent and another 10 percent goes to those from overseas which is now the construction of a thermal power plant awarded by Electrical Authority of Cambodia, the project named Civil Work of 150MW Coal Fired Power Plant at Stung Hav, Sihanoukville, Kingdom of Cambodia, with the project value of 27.08 Million USD (approximately 850 Million Baht), the Contract inaugurated in July 2017 and ended in July 2019.

2. 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 they will not bounce 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.;for example, some computer programs are used in effectively listing and recording inventories. This saves the Company's expenses for keeping too many stocks. Also, the auditing team works regularly at every project in every month.

In this connection, in terms of selecting works to serve the need of managing price adjustment risk, the Company divides the customers into:

1. Private sectors which comprise 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 contracts provide an adjustment of material prices. The proportion of income from the private and government sectors has been presented as follows:

Year 2015		
Private sectors	41	percent of total revenue
Government sectors	9	percent of total revenue
Year 2016		
Private sectors	2	percent of total revenue
Government sectors	98	percent of total revenue
Year 2017		
Private sectors	24	percent of total revenue
Government sectors	76	percent of total revenue

3. 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 overtime 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 700 foreign labors with the rate of 1: 2 in proportion to the Thai labors (There are around 1,345 Thai labors).

4. Unpredictable Difficulty

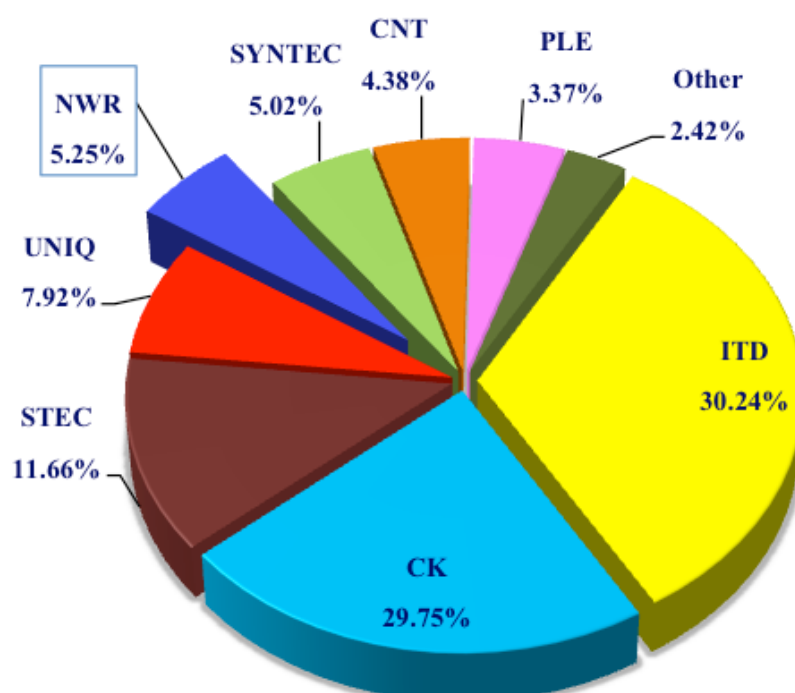
Although contingency costs are explicitly part of the total cost estimate, limitations in terms of time or unpredictable problems such as floods or other natural catastrophes still adversely affect projects and no compensation can be sought from customers. This can cause the delay in construction and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

5. Free Trade in Service Sector

The policy of opening up a Free-Trade Zone in the service sector that covers works of construction leads to the increase in the number of foreign competitors. 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 5.60 percent market share.

**Market Share of Construction Company Listed
on the Stock Exchange of Thailand in 2017**



6. 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 sufficiently support each of the projects and to reserve for the expansion of the Company's work. Also, to acquire more liquidity, the Company has issued the three-year debentures for using in investments and as its working capital. The issuance of debentures and offering them for sale with a fixed interest rate enables the Company to explicitly realize its financial cost. However, the risk from other types of loan interest rates with potential fluctuations 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 36 and 48 months, with the flat interest rate of approximately 1.98 - 2.30 per year. As of December 31, 2017, the Company's total debt was equal to 292 Million Baht and the total debt of the Company's group was equal to 296 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 currently equal to 6.025 percent per year and MOR is 6.87per year. As of December 31, 2017, the loan amount of the Company itself was equal to 307 Million Baht and the total loan amount of the Company's group was equal to 1,313 Million Baht.

As of December 31, 2017, the Company's debt balance for debentures and bank drafts as follows:

Debenture : The Company has the debenture debt balance in the amount of 3,220.10 Million Baht.

Bank draft : The Company does not have any bank draft debt balance.

7. 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 is, 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 2017	Year 2016	Year 2015
Revenue from construction	8,356.43	7,919.19	7,202.19
Revenue from real estate development	573.45	113.15	238.77
Revenue in proportion to construction (%)	6.86%	1.43%	3.31 %

8. 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, whether working in such form will become successful or not depends 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 finance) 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 practice 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. Complying with terms and conditions for the Company's debentures

Throughout the term of such debentures the issuer is required to maintain "Net Debt to Equity Ratio" as of the Company's end of accounting quarter fiscal year as declared in the debenture issuer's consolidated financial statement examined and checked by the auditor at a maximum ratio of 2.5 : 1 (two point five per one). As of December 31, 2017, the Company recorded the ratio of 2.30:1.

The Company has recorded the ratio under the criteria since the year 2013. The issuance of debentures is to make the repayment for the previous overdue debentures to generate the working capital and invest in new projects to make profits for the Company. Therefore, the Company foresees that some expenses will be reduced and there will be more profits from the investment expansion. Even if the increase in the number of debentures results in more total debt, the Company will gain back yields by investing the money received from the debentures, and this will also result in an increase in the equity rate.

10. The Ability to repay interests and obligations

Since the Company has recorded the transaction which indicates that the cash from the operation activities in 2015 was not sufficient for repayments of interests and obligations which may further affect the ability to repay interests and obligations (the interest coverage ratio is 3.44 and the obligation coverage ratio is 0.95). However, in 2016, the Company's interest coverage ratio was 3.91 and the obligation coverage ratio was 0.50. This enabled the Company to have more cash from the operations to sufficiently repay the interests and other obligations. This was due to payments from the account receivables and the retention money from new construction projects including the tax refund from the Revenue Department.

However, in 2017, the Company's interest coverage ratio was 0.24 and the obligation coverage ratio was 5.80 which may affect the ability to repay interests and obligations. But since in some construction projects there are terms and conditions requiring some proportions and types of works in each delivery, the Company was unable to make the delivery in every month and had to wait until the completion of works as stipulated in the Contract. Works that have been completed and awaiting deliveries will be recorded as "unpaid revenues". In case, for construction projects awarded by the government sector, there are any corrections of construction designs or amendments for some parts of work which affect the Contract, the amendment usually takes plenty of time since there also need to be the amendment for the terms and conditions in such a Contract. In this, the payment claim for construction shall also be made upon completion of the amendment of Contract. And the Works awaiting for claims of payment are also recorded as "Unpaid Revenues". That is why the Company has not faced the problem on the repayment of interests and other obligations.

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, 2017, 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 29, 2017 are as follows:

Rank	List of shareholders	Nationality	As of December 29, 2017	
			Number of Shares	%
1.	The Karnasuta (See Note)	Thai	294,148,754	11.377
2.	Thai NVDR Company Limited	Thai	121,817,718	4.712
3.	Mr. Chairat Kovitchindachai	Thai	78,502,000	3.036
4.	Mr. Santi Kovitchindachai	Thai	77,932,000	3.014
5.	Mr. Pravit Poonphetkul	Thai	76,362,500	2.954
6.	Ratchaphon Napanopparatkaew	Thai	20,197,735	0.781
7.	Mr. Natthaphat Rangson	Thai	20,000,000	0.774
8.	Mr. Suwat Lertpanyarot	Thai	19,463,782	0.753
9.	Mr. Jittiporn Chantarot	Thai	18,080,000	0.699
10.	Mrs. Wantana Ninwatchararung	Thai	17,691,700	0.684
11.	Other Shareholders		1,841,285,326	71.216
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	270,910,285 shares
4. Mrs. Sutasanee Karnasuta	amount	6,580 shares
5. Mr. Wasin Phuttharee	amount	510,900 shares
6. Mrs. Sutheera Phuttharee	amount	9,650,000 shares
7. Mr. Apathorn Karnasuta	amount	7,453,573 shares
8. Mrs. Anatchanit Karnasuta	amount	18,278 shares
Total	amount	<u>294,148,754</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, 2017	The Company's total outstanding debts of Debentures were 3,220.10 Million Baht.
As of December 31, 2017	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 2017 held on April 27, 2017 resolved to approve the composition of the Board of Directors consisting of 7 directors as follows:

1. Mr. Prasertphand Pipatanakul	Chairman, Independent Director, and Member of the Audit Committee
2. Mr. Niyom Niyamanusorn	Independent Director and Chairman of the Audit Committee
3. Mr. Apichart Dharmasaroja	Independent Director and Member of the Audit Committee
4. Mr. Nattaphorn Bhromsuthi	Independent Director
5. Mr. Polpat Karnasuta	Chairman of the Executive Committee and President
6. Mr. Sook Sueyanyongsiri	Director
7. Ms. Pakatip Lopandhri	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. 12/2016 on November 14, 2016, resolved to appoint the Executive Committee consisting of:

1. Mr. Polpat Karnasuta	Chairman of the Executive Committee
2. Mr. Mongkol Peerasantikul	Vice Chairman of the Executive Committee
3. Mr. Sook Sueyanyongsiri	Member of the Executive Committee
4. Ms. Pakatip Lopandhsri	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
8. Mr. Somchai Woonprasert	Member of the Executive Committee
9. Mr. Nivate Ienghong	Member of the Executive Committee
10. Mr. Somchai Chaithaniyachart	Member of the Executive Committee

Note:

Mr. Mongkol Peerasantikul was appointed Vice Chairman of the Executive Committee according to the decision of the meeting of the Board of Directors No. 12/2017 effective on December 19, 2017.

Mr. Sook Sueyanyongsiri was appointed the Consultant to the Chief Executive Officer and President according to the order No. NWR. 004/2007 effective on May 2, 2017.

Mr. Somchai Woonprasert was appointed Member of the Executive Committee according to the order No. NWR. 005/2007 effective on May 2, 2017.

Mr. Nivate Ienghong was appointed Member of the Executive Committee according to the order No. NWR. 011/2007 effective on August 15, 2017.

Mr. Somchai Chaithaniyachart was appointed Member of the Executive Committee according to the order No. NWR. 011/2007 effective on August 15, 2017.

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 2019 |

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.
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 items.

Scope of duties of Chairman of the Executive Committee

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:

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.

The Company's executives as of December 31, 2017 are as follows:

Name	Position
1. Mr. Polpat Karnasuta	President and Chief Executive Officer
2. Mr. Apathorn Karnasuta	Senior Vice President of Procurement & Transportation Department
3. Mr. Pasan Swasdiburi	Senior Vice President of New Business & Strategic Planning Department
4. Mr. Mongkol Peerasantikul	Senior Vice President of Marketing Department
5. Mr. Nicolino Pasquini	Senior Vice President of Corporate Integral Management Department
6. Mr. Nivate Ienghong	Vice President of Factory Department
7. Mr. Somchai Woonprasert	Vice President of Project Management 3 Department
8. Mr. Somchai Chaithaniyachart	Vice President of Estimate Department
9. Ms. Pakatip Lopandhsri	Vice President of Finance & Accounting Department
10. Mr. Mitporn Tansrisuk	Vice President of Administration Department
11. Mr. Visut Suwanwitwaj	Vice President of New Business & Strategic Planning Department
12. Mr. Anupab Boonkum	Vice President of Integral Operation Management Department
13. Mr. Nirun Pokkabut	Vice President of Project Management Department 1
14. Mr. Kumpanart Maneechot	Vice President of Project Management Department 2
15. Mr. Thanarat Parasak	Vice President of Project Management Department 3
16. Mr. Pinyo Ruenrom	Vice President of Project Management Department 3
17. Mr. Nirun Wongsirirungsri	Vice President of Design and Engineering Department
18. Mr. Prasert Poonsri	Vice President of Estimate Department

The first eight names and are executives according to the definition of the Securities and Exchange Commission.

The Nomination and Remuneration Committee

The meeting of the Board of Directors No.3/2015 on March 13, 2015 resolved to appoint the Nomination and Remuneration Committee which consists of:

1. Mr. Niyom Niyamanusorn	Chairman of the Nomination and Remuneration Committee
2. Mr. Apichart Dharmasaroja	Member of the Nomination and Remuneration Committee
3. Mr. Polpat Karnasuta	Member of the Nomination and Remuneration Committee
4. Mrs. Wattana Samanawong	Member of the Nomination and Remuneration Committee

Employees

As at December 31, 2017 / 2016 / 2015 /, the Company had employees of 2,292 / 3,391 / 3,563 respectively, divided into full time engineers 360 / 371 / 350, other monthly employees 587 / 671 / 676 and daily wages workers 1,345 / 2,349 / 2,537. Total Employees' compensation including salaries, wages, overtimes, allowances and bonuses in 2017, 2016 and 2015 were Baht 857,165,876.73 / 872,649,919.43 / 870,933,115.44 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 2017 / 2016 / 2015 were Baht 8,360,936,851 / 8,128,844,422 / 7,696,599,022 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 Pattanakarn Public Company Limited has significant business transactions between its subsidiary companies, associated companies, joint ventures, related party and executives as follows:

Unit: Million Baht

Person / Juristic Person	Type of transaction in the prot & loss statement	Amount in 2017	Amount in 2016	Balance as of Dec 31, 2017		Remark
				Transaction in	Amount	
				the balance sheet		
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.
				<u>Less</u> Allowance on doubtful accounts	(8)	
					0	
2. Obayashi - Nawarat Joint Venture				Joint-venture Investment	0	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. After the construction warranty period has ended, the Joint Venture will liquidate the account and cease its business operation within 2018.
				<u>Less</u> Impairment	(9)	
					0	
3. A.S. - Nawarat Joint Venture				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	
				<u>Less</u> Impairment	(5)	
					0	

Unit: Million Baht

Person / Juristic Person	Type of transaction in the prot & loss statement	Balance as of Dec 31, 2017			Remark
		Amount in 2017	Amount in 2016	Transaction in the balance sheet	
4. Myanmar NWR Company Limited	Interest Income	3	3	Short-term loans	1.The Company invested in Myanmar NWR Company Limited by holding 100% of the shares.
				Accrued Interest Income	2.The loan interest rate at 5.0% per year.
				<u>Less</u> Allowance on doubtful accounts	
				Investment in subsidiary companies	
				<u>Less</u> Impairment	
5. Utility Business Alliance Co., Ltd	Service Revenue	-	<0.5	Short-term loans	1. The Company invested in Utility Business Alliance Co., Ltd. by holding 60% shares.
	Construction Cost	-	4	Investment in subsidiary companies	2. The loan interest rate at 6.5 percent per year.
	Interest Income	3			
6. C.I.N. Estate Co., Ltd.	Service Revenue	-	15	Short-term loans	1. It is the former joint investment between Nawarat Pattanakarn Public Co., Ltd. and Cham 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 Pattanakarn Company Limited, the Company's subsidiary company which conducts the real estate business.
	Interest Income	1	1		2. The loan interest rate is according to MLR of Krungthai Bank PCL
	Sale/rental/service revenue	-	<0.5		
	Construction revenue	1	-		
7. VSPN Property Co., Ltd.	Sale/rental/service Revenue	-	<0.5	investment in associated companies	1. This associated company is 25% owned by the Company to develop the residential housing units in Banglamung District, Chonburi province.
	Interest Income	1	1	<u>Less</u> Impairment	2. This company is in between its liquidation to cease operation.

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Amount in 2017	Amount in 2016	Balance as of Dec 31, 2017		Remark
				Transaction in the balance sheet	Amount	
8. K Alliance Co., Ltd	Sale/rental/service Revenue	1	<0.5	Accounts Receivable	1	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phutharee, 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.
	Interest Income	-	6			
9. E.G.G. Enterprise Co., Ltd	Sale/rental/service Revenue	1	<0.5	Accounts Receivable	<0.5	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.
	Other revenues	<0.5	<0.5	Accounts Payable	1	
	Cost of sale and service	1	-			

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of Dec 31, 2017		Remark
		Amount in 2017	Amount in 2016	
10. Ruen Rapee Co., Ltd.	Accounts Receivable	41		1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuththaree, 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, 2017, the shareholders of Ruen Rapee Co., Ltd. consisted of: Mrs. Sutasanee Karnasuta 590,998 shares, Mrs. Sutheera Phuththaree 1 share, Miss Benja Yiemphu 1 share (Please see Additional Notes at end of the table)
	<u>Less Allowance on doubtful</u>	<u>(41)</u>		
	accounts	0		

Unit: Million Baht

Person / Juristic Person	Type of transaction in the profit & loss statement	Balance as of Dec 31, 2017		Remark
		Amount in 2016	Amount in the balance sheet	
10. Ruen Rapee Co., Ltd.			Accounts Receivable	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuththaree, 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 "Bam Baranee" Project located at Klong 3, Rangsit.
			Less Allowance on doubtful accounts	
			41 (41)	3. By the third quarter of 2008, Ruen Rapee Co., Ltd. transferred part of the houses and land in "Bam 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.
			0	4. As of December 31, 2017, the shareholders of Ruen Rapee Co., Ltd. consisted of: Mrs. Sutasanee Karnasuta 590,998 shares, Mrs. Sutheera Phuththaree 1 share, Miss Benja Yiemphu 1 share (Please see Additional Notes at end of the table)

หน่วย: ล้านบาท

Person / Juristic Person	Type of transaction in the prot & loss statement	Amount in 2017	Amount in 2016	Balance as of Dec 31, 2017	
				Transaction in the balance sheet	Amount Remark
11. East Bangkok Assets Co., Ltd.	Bad Debt Recoveries	<0.5	<0.5	Accounts Receivable	26
				<u>Less Allowance on doubtful accounts</u>	<u>(26)</u>
					0
				Accounts Payable	<0.5
<p>1. Mrs. Sutasanee Kamasuta and Mrs. Sutheera Phutharee, the younger sisters of Mr. Polpat Kamasuta, are the authorized directors and the shareholders of East Bangkok Assets Co., Ltd., with Mr. Polpat Kamasuta taking the position of Chief Executive Officer and the company's President.</p> <p>2. The main business of East Bangkok Assets Co., Ltd. is real estate development business. There are two projects handled and constructed by the company. The first one is "De Ville" project located at Soi Pattana Chumchon, Sri Nakharin Road and the other is called "De Siam" project located at Soi Chaloemphrakiat Ror 9, No. 38.</p> <p>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.</p> <p>4. As of December 31, 2017, shareholders of East Bangkok Assets Co., Ltd. consisted of: Mrs. Sutasanee Kamasuta 399,998 shares, Mrs. Sutheera Phutharee 1 share, Mrs. Benja Yiemphu 1 share (Please see Additional Notes at end of the table)</p>					

หน่วย: ล้านบาท

Person / Juristic Person	Type of transaction in the prot & loss statement	Balance as of Dec 31, 2017		Amount in 2016	Amount in 2017	Transaction in the balance sheet	Amount (90)	Remark
		Amount in 2017	Amount in 2016					
12. New Decade Co., Ltd	Sale/rental/service Revenue	2	3			Accounts Receivable	95	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 Phutharee, 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 Yot and construction of road, Chonburi- Pattaya Route, Section 3. Since some construction materials for executing those projects could not be purchased under good conditions and at reasonable prices, they were purchased from the Company instead. 4. As of December 31, 2017, shareholders of New Decade Co., Ltd. comprised: Mrs. Sutheera Phutharee 220,000 shares, Mr. Wasin Phutharee 10,000 shares, Mr. Satta Chavarit 10,000 shares, Mr. Kantarit Tamnruksat 20,000 shares, Mr. Rangsan Boontam 10,000 shares, Mr. Kasemsuk Paisansrisin 20,000 shares, Ms. Aurathip Muangchareon 10,000 shares (Please see Additional Notes at end of the table)
	Cost of construction and service	5	6			Less Allowance on doubtful accounts	(90)	
	Other revenues	<0.5	<0.5			Accounts Payable	5	
	Bad Debt Recoveries	8	-				4	

หน่วย: ล้านบาท

Person / Juristic Person	Type of transaction in the prot & loss statement	Balance as of Dec 31, 2017			Remark
		Amount in 2017	Amount in 2016	Transaction in the balance sheet	
13. Mana Patanakarn Co.,Ltd	Construction Revenue	14	165	Accounts receivable	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, 2017, the paid-up capital was equal to 1,100 Million Baht. The Company made 100% investment in this company.
	Interest Income	3	1	Investment in Subsidiary companies	2.The main businesses of Mana Patanakarn Co., Ltd. are real estate business and construction of condominiums. The projects handled are: A. "Baranee Park Romklao" on Romklao Road, Bangkok, B. "Baranee Residence" on Rangsit Klong 3 Road, Pratumnihani, C. "ASPEN CONDO" Condominium in Soi Lasalle, Sukhumvit Road (Soi 105)
	Management Expenses	2	5	Other creditors	3.The loan interest rate is according to MLR of Slam Commercial Bank PLC.
	Profit from sale of assets	-	<0.5	Loans	
	Sale/rental/service Revenue	1	<0.5	Accrued Interest Income	
	Other revenues	<0.5	<0.5		
	Cost of sale and service	<0.	-		
14. Advance Prefab Co., Ltd.	Interest Income	16	17	Accounts Receivable	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, 2017, the paid-up capital was equal to 380 Million Baht. The Company made 100% investment in this company.
	Construction Revenue	6	34	Accrued Incomes Investment in subsidiaries	2. The main business of Advance Prefab Co., Ltd. is the manufacture of concrete products.
	Sale/rental/service Revenue	54	36	Accrued Interest Income	3. The loan interest rate is according to MLR of Slam Commercial Bank PLC
	Profit from sale of assets	-	<0.5	Accounts payables and other creditors	
	Other revenues	1	1	Short-term loans	
	Construction cost	62	1	Advance Receivable	
			2	Insurance expenses	
15. Bua Co., Ltd.	Cost of sale and service	2		Other creditors	1. Mr. Polpat Kamasuta who holds the position of Chief Executive Officer and the Company's President, is the authorized director and the shareholder of Bua Co., Ltd.
	Other revenues	<0.5	<0.5	Accounts Receivable	2. The main business of Bua Co., Ltd. is restaurant business. 3. This Transaction initiates from the employment in aboard.

หน่วย: ล้านบาท

Person / Juristic Person	Type of transaction in the prot & loss statement	Balance as of Dec 31, 2017			Remark
		Amount in 2017	Amount in 2016	Transaction in the balance sheet	
16. Taste Maker Co., Ltd.	Cost of sale and service	<0.5	-	Accounts Receivable Investment in subsidiaries	1. Taste Maker Co., Ltd. was set up as a registered company on November 17, 2016, with the registered capital of 5 Million Baht. On December 31, 2017, the paid-up capital was equal to 17.75 Million Baht. The Company made 99% investment in this company. 2. The main businesses of Taste Maker Co., Ltd. are the restaurant business and processed food.
17. NWR Myanmar Hospitality Management Company Limited	Sale/rental/service Revenue	1	-	Accounts Receivable	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 this company. 2. This company conducts the business of hotel and residential building management service in the Union of Myanmar.

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 Dec 31, 2017		As of Dec 31, 2016		As of Dec 31, 2015	
	Loan Principal	Accrued Interest Income	Accrued Loan Principal	Accrued Interest Income	Loan Principal	Accrued Interest Income
1. Myanmar NWR Company Limited	60	15	58	14	52	11
2. C.I.N. Estate Co., Ltd.	12	-	12	-	12	-
3. VSPN Property Co., Ltd.	-	-	-	9	-	7
4. Advance Prefab Co., Ltd.	-	258	16	270	3	190
5. Utility Business Alliance Co., Ltd.	44	-	-	-	34	-
6. .Mana Patanakarn Co., Ltd.	28	1	75	2	-	-

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

Person / Juristic Person (Debtor)	Balance as of Dec 31, 2015	Increased amount during 2016	Decreased amount during 2016	Balance as of Dec 31, 2016	Increased amount during 2017	Decreased amount during 2017	Balance as of Dec 31, 2017
1. Myanmar NWR Company Limited	52	6	-	58	2	-	60
2. C.I.N. Estate Co., Ltd.	12	-	-	12	-	-	12
3. VSPN Property Co., Ltd.	7	6	(4)	9	1	(10)	-
4. Advance Prefab Co., Ltd.	190	150	(70)	270	8	(20)	258
5. Utility Business Alliance Co., Ltd.	34	-	(34)	-	44	-	44
6. Mana Patanakarn Co., Ltd.	-	75	-	75	28	(75)	28

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 Dec 31, 2017		As of Dec 31, 2016		As of Dec 31, 2015	
	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses
A.S. — NWR Joint Venture	-	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. Sutasee Karnasuta and Mrs. Sutheera Phuttharee are directors and shareholders. Mrs. Sutasee Karnasuta and Mrs. Sutheera Phuttharee are the younger sisters of Mr. Polpat Karnasuta, the President and Chief Executive Officer of Nawarat Pattanakarn 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.

สรุปรายการระหว่างบริษัท แนวรัตนพัฒนาการ จำกัด (มหาชน) และบริษัท เรือนรพี จำกัด (หน่วย:ล้านบาท)

Transactions	as of 31-12-60	as of 31-12-59	as of 31-12-58	as of 31-12-57	as of 31-12-56	as of 31-12-55	as of 31-12-54	as of 31-12-53	as of 31-12-52	as of 31-12-51
Receivable	41	41	41	45	67	77	78	86	82	126
Less Loan loss reserves	(41)	(41)	(41)	(45)	(67)	(77)	(76)	(83)	(87)	(105)
Revenue not yet billed	-	-	-	-	-	-	-	-	-	2
Retention Receivables	-	-	-	-	-	-	-	-	5	5
Accounts payable	-	-	-	-	-	<0.5	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 totals 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 42,912 Million Baht for the second quarter of 2009.

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 Phutharee are directors and shareholders. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phutharee are the younger sisters of Mr. Polpat Karnasuta, the Chief Executive Officer and the President of Nawarat Pattanakarn 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 Chalemprakiet Ror Kao, Soi 38, the construction project for 80 townhomes for which the Company is constructing the buildings and the utility system works.

สรุปรายการระหว่างบริษัท เนาวรัตน์พัฒนาการ จำกัด (มหาชน) และบริษัท อีสท์ แบงค็อก แอสเซ็ทส์ จำกัด (หน่วย:ล้านบาท)

Transactions	as of 31-12-60	as of 31-12-59	as of 31-12-58	as of 31-12-57	as of 31-12-56	as of 31-12-55	as of 31-12-54	as of 31-12-53	as of 31-12-52	as of 31-12-51
Accounts Receivable	26	26	26	26	25	24	25	25	27	56
Less Allowance on doubtful accounts	(26)	(26)	(26)	(26)	(25)	(24)	(23)	(25)	(27)	(55)
Revenue not yet billed	-	-	-	-	-	-	1	2	-	-
Less Allowance on doubtful accounts	-	-	-	-	-	-	-	(2)	-	-
Retentions Receivable	-	-	-	-	-	-	-	-	1	1
Less Allowance on doubtful accounts	-	-	-	-	-	-	-	-	-	-
Accounts payable	<0.5	-	-	-	-	-	1	-	-	-

Guidelines for Tackling Unpaid Debts

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.

3. New Decade Co., Ltd. (“New Decade”)

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

In 2003, New Decade undertook the construction of the bridge at Koh Yoh 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 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)

[illegible]

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 Pattanakarn 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 shown 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 Pattanakarn Public Company Limited co-invests at the rate of less than 90%.
2. The group of co-invested companies in which Nawarat Pattanakarn 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 at an appropriate 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

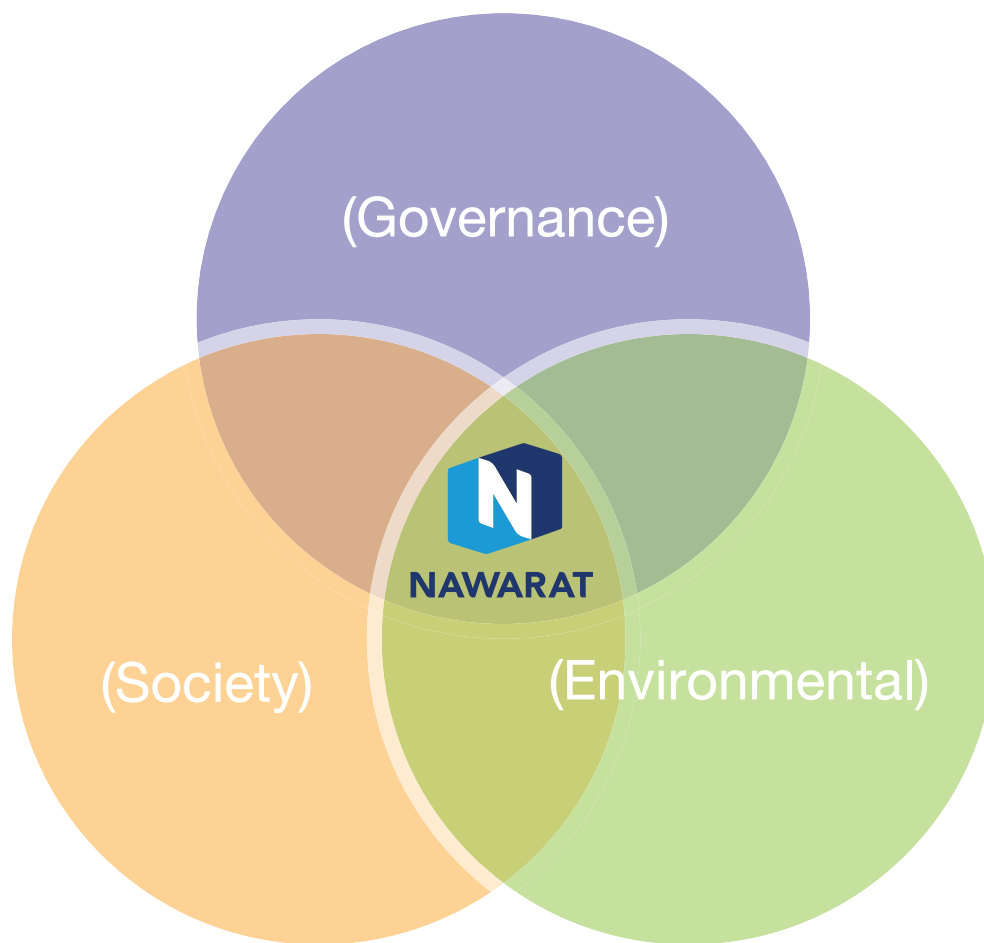
1. In case of trading transactions, the price of employment would be that of the market price equaling to the one offered to the outside people as a general trading business practice or as the sale of product at the same price as one offered to the outside customers. As for the Related Party Transactions, there would be contracts with all details similar to those entered 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.

Sustainability Development

Sustainability Development

To ensure that all aspects of the organization have direction toward sustainable development, the Company set its vision as a guideline for conducting business and established the business plan or short term goal in each year, both in term of value and economy, in order to be in line with the mission 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 qualified products and services in a timely manner, the Company also emphasizes on operating an environmentally and friendly business which responsible towards society and all stakeholders with a fair and equitable treatment. Including transparently, verifiably and ethically management in compliance with the principles of good corporate governance (Environmental, Social and Governance: ESG).

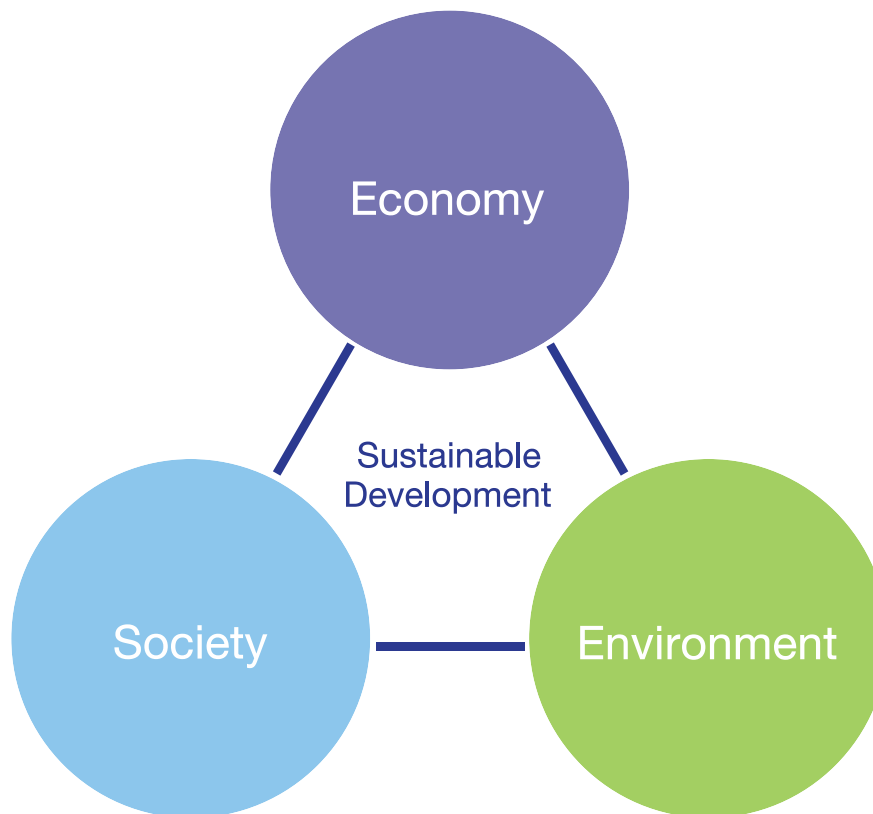


Sustainability Development Framework

NawaratPatanakarn Public Company Limited aims to sustainably conducting the business by balancing the economy, society and environment. The Company has applied the framework 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 organizationas follows:

Economy

The Company has set objectives to develop the organization for constant growth and long-term security. The Company operates its business with transparency, having a risk management at appropriate level in order to generate satisfactory returns to shareholders, executives and employees, as well as makinga 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 wouldbased on a good society. Therefore, the Company's social responsibility focus on a 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

As a construction company which having an impact on society and environment in various aspects, the Company, therefore, conduct its business with environmental responsibility. The Company has a policy and work processes to operate its business with awareness of environment, enhancing efficiency of resources utilization and cultivating good consciousness of environmental conservation in working place, community and society.

Sustainability Development (G4-28, G4-30, G4-33)

The Company recognized and emphasized its goal to operate sustainable business through sustainable practice and simultaneously develop the business in relation to economic, environment, society, by complying with the good corporate governance principle. The Company aims to communicate towards internal and external stakeholders, for instance, employees, shareholders, investors, customers and subcontractors, in order to constantly deliver sustainability management framework and to achieve the objective of information disclosure in accordance with accuracy, transparency, and meet the stakeholders' expectation.

Reporting Guidelines (G4-15 G4-32)

ในรายงานฉบับนี้ ในส่วนการพัฒนาอย่างยั่งยืนจะเปิดเผยข้อมูลการดำเนินงานอย่างยั่งยืน โดยแสดงเนื้อหาครอบคลุมประเด็นที่เป็นสาระสำคัญ (Material) ทั้งด้านเศรษฐกิจ สิ่งแวดล้อมและสังคมโดยอ้างอิงแนวทางตามกรอบการรายงานของ Global Reporting Initiatives Guideline Version 4.0 (GRI G4) ในกลุ่มธุรกิจจอสั่งหาริมทรัพย์และก่อสร้าง โดยการเปิดเผยเป็นไปตามหลักเกณฑ์ ('In accordance' Criteria) ในแบบหลัก (Core Option) ซึ่งเป็นที่ยอมรับโดยสากลว่าสามารถให้ทุกองค์ประกอบของความยั่งยืนที่ครบถ้วน

Reporting Scope (G4-17, G4-20, G4-23)

The Company organizes the sustainability report by defining content and scoping the report related to economic, social and environmental performance during 1st January 2017 to 31st December 2017. The content consists of material issues which impact on sustainability performance and covers the core business operation in Thailand.

Apart from the information disclosed in this report, the stakeholders could follow the business performance via www.nawarat.co.th which available in both Thai and English version. The GRI indicator also been attached at the end of this report for your convenience.

Information Enquiry (G4-31)

For any enquiries or further information, please contact New Business & Strategic Planning Department, Nawarat Pattanakarn Public Company Limited via email: nawarat-pattanakarn@nawarat.co.th, Tel. 02-7302100 ext. 2196 or 2187.

Stakeholders engagement (G4-24, G4-25, G4-26)

The Company defines stakeholders into 7 groups as follows; 1)shareholders 2)customers 3)business partners/contractors 4)creditors 5)employees 6)government agencies 7)communities, society and environment.The Company analyzes and assesses all groups of stakeholders in order to recognize their expectation and initiate the operation framework for each group of stakeholder. For further stakeholders' engagement, the Company determined their needs details as below:

Stakeholders (G4-24)	Performance Framework (G4-26, G4-27)	Expectation (G4-27)	Response (G4-26)	Outcome
Employees	1. Organizing discussion session with CEO and executives 2. Providing coaching session/ seminar 3. Constantly communicating through internal channel 4. Accepting suggestion/criticism 5. Creating a safe working environment 6. Focusing on development of living skills to enhance living quality	1. Reasonable remuneration and welfare 2. Safety working environment 3. Appropriate welfare and pleasant workplace atmosphere 4. Employees' knowledge and competency development and enhancement 5. Equitable and fair treatment 6. Freedom of expression and suggestion 7. Confidential channel for petition	1. Reasonably managing remuneration and welfare 2. Initiating effective Human Resource management system 3. Promote and enhance employee's competency 4. Continuously improve coaching skills and competency program for each position 5. Provide and training employees in relation to safety working environment 6. Create organizational chart in order to clarify position hierarchy and to enhance promoting opportunities	1. Pleasant workplace 2. Employees bound with the organization 3. Positive environment in workplace

Stakeholders (G4-24)	Performance Framework (G4-26, G4-27)	Expectation (G4-27)	Response (G4-26)	Outcome
Shareholders/ Investors	1. Annual General Meeting of Shareholders 2. Annual report 3. Opportunities Day with SET in each quarter 4. Meeting with shareholders, investors, and analyst. 5. Having communication channel such as, website, e-mail, telephone, mail, etc. 6. Information disclosure via company's website in investor relations section 7. Receiving suggestion and criticism through company's petition system	1. High operational performance and significant return which generate dividends. 2. Executives' vision 3. Equitable treatment with shareholders 4. Management in compliance with the principles of good corporate governance and verifiable 5. Sustainable business growth 6. Accurately disclosure information in a timely manner 7. Approachable and convenience communication channel	1. Operating business in compliance with the principles of good corporate governance, and verifiable 2. High operational performance and significant return on investment 3. Ensure the accurately, completely, transparency and timely information disclosure 4. Generating trustworthiness towards shareholders and investors 5. Equitable treatment of all shareholders, including minority shareholders 6. Apply good corporate governance and risk management	1. Shareholders secured with their investment 2. Gain
Customers	1. Visiting customers constantly 2. Identify and standardize working procedure 3. Communication through various channels 4. Annually make customer satisfaction surveys 5. Company's petition system for customer's feedback	1. Delivering projects which meet standard and regulations 2. Delivering projects in a timely manner 3. Providing quality assurance and customer service 4. Safe construction site 5. Environmental impact assessment in compliance with environmental law 6. Collaborate with customers' representative 7. Corporate governance	1. Delivering projects which meet standard and in a timely manner 2. Treating customer policy 3. Developing product and service	1. Customers satisfy with Company's service 2. Sustainable operating results 3. Obtain customers' trustworthy and reliability regards to Company's products and services

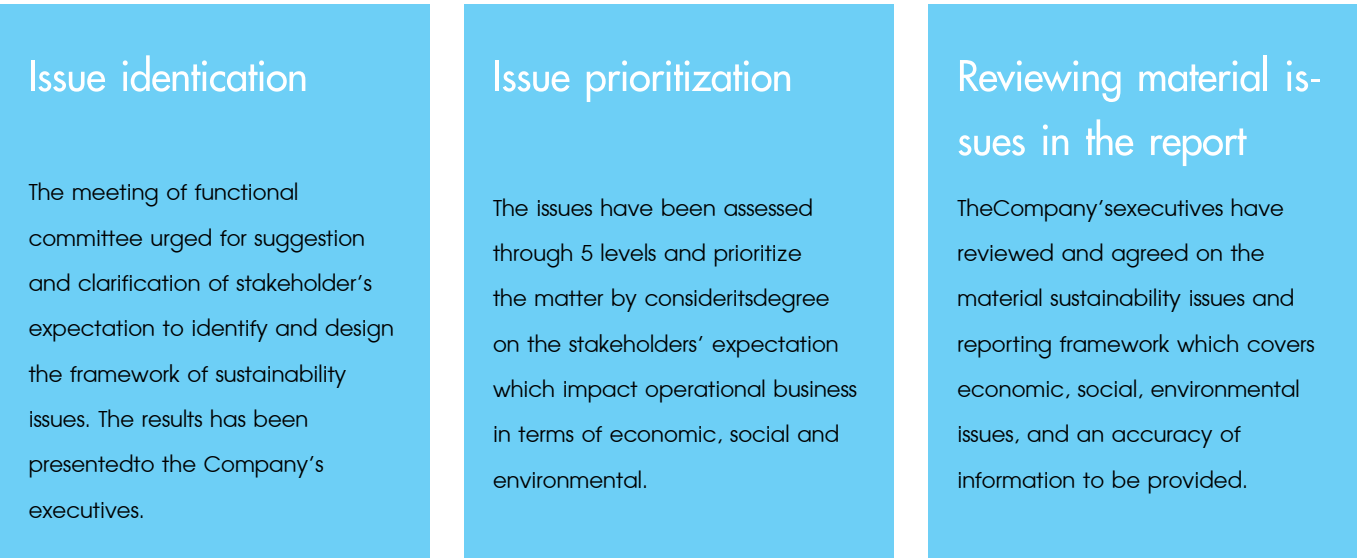
Stakeholders (G4-24)	Performance Framework (G4-26, G4-27)	Expectation (G4-27)	Response (G4-26)	Outcome
Business partners/ Contractors/ Vendors	1. Equitable treatment of all business partners/ contractors/vendors 2. Standardize transparent and auditable procurement including assessment procedure 3. Constant meeting/ discussion/ conversation 4. Host and participating in various activities 5. Communication through various channels 6. Receiving suggestion and criticism	1. Equitable treatment of all business partners/ contractors/ vendors 2. Compliance with trade terms 3. Financial stability and business growth 4. Solving problem mutually 5. Corporate governance	1. Strictly compliance with contract conditions 2. Business partner assessment regards to effectiveness 3. Reasonable returns and punctual payment 4. Code of conduct for business partners/ contractors/ vendors 5. Constant and equitable operational collaboration	1. Specialize and qualified contractors 2. Special bond with business partners 3. Constant operational collaboration 4. Mutual business growth
Creditors	1. Annual report 2. Annual meeting 3. Receiving suggestion and criticism	1. Punctual Payment 2. Compliance with terms and conditions 3. Steadiness of revenue and source of fund 4. Management in compliance with the principles of good corporate governance 5. Customer base	1. Compliance with loan covenants and conditions 2. Strictly compliance with financial institution terms 3. Punctual Payment	1. Generating confident regarding Company's operating results and strengthen relationship with financial institutions 2. Providing constant financial support to the Company

Stakeholders (G4-24)	Performance Framework (G4-26, G4-27)	Expectation (G4-27)	Response (G4-26)	Outcome
Government Agencies	1. General meeting and discussion 2. Organizing coordination meeting 3. Constant participation in government activities and projects 4. Reporting operational performance to related government agencies	1. Compliance with regulations and laws 2. Collaboration with government agencies 3. Preventing corruption 4. Political neutrality	1. Compliance with regulations 2. Participating and supporting government activities 3. Business operation without corruption	1. Gain trustworthiness among government agencies 2. Being a trustworthy entrepreneur
Communities, Society, and Environment	1. Host activities for communities and society 2. Regular meeting with local communities in person, including indirect stakeholders 3. Providing communication channel for petition	1. Construction safety 2. Managing Impacts on Community and environment 3. Regulatory compliance 4. Supporting and improving communities	1. Business operation in compliance with standard and safety regulations 2. Constantly monitoring and managing environmental quality 3. Managing and curing towards stakeholders who affected from operational construction 4. Environmental Policy 5. Code of conduct for communities and society 6. Promoting and supporting community activities in terms of education, religion and charity	1. Gain acceptance among communities and society 2. Positive record regarding employees' health and safety 3. Effective business

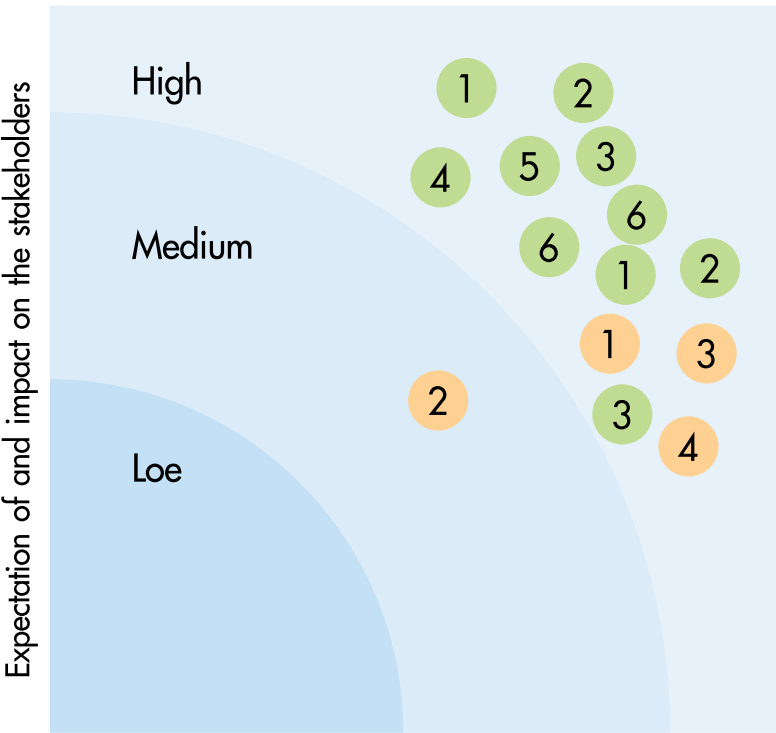
Materiality Assessment (G4-18, G4-19)

Materiality assessment process

The Company organized the meeting of functional committee to identify and prioritize the sustainability issues. The outcome has been analyzed and assessed with consideration of the impact on the company sustainable development and the expectation level of stakeholders. The overall assessment was developed based on the procedure of Global Reporting Initiatives Guideline Version 4.0 (GRI G4) as follows;



Materiality Matrix (G4-18, G4-19)



Reporting framework

High level: At least, the content shall cover operational framework and operating results.

Medium level: At least, the content shall cover operational framework.

Low Level: The content shall not be presented.

Economic

1. Returns and positive operating results

2. Quality and safety of works

3. Business operating in compliance with the principles of good corporate governance

4. Compliance with the laws

5. Transparency and auditability

6. Anti-corruption

7. Code of conduct for fairness treatment among business partners and contractors

8. Customer satisfaction

Society

1. Capacity enhancement/ coaching session for employees (LA9 LA10 LA11)

2. Community development and engagement

3. Employment (LA1 LA2 LA3)

4. Concerning the impacts on communities and society

Environment

1. Environmental management

2. Occupational environment, health and safety

3. Resourcesconsumption

Material Sustainability Issues

Sustainability Issues in accordance with GRI Aspect (G4-19)	Reporting framework		Aspect GRI G4
	Internal (G4-20)	External (G4-21)	
<u>Economic</u> 1. Positive returns and operating results 2. Quality and safety of works 3. Business operating in compliance with the principles of good corporate governance 4. Compliance with the laws 5. Transparency and auditability 6. Anti-corruption 7. Code of conduct for fairness among business partners and contractors 8. Customer satisfaction	- Employees	- Shareholders - Investors - Creditors - Business partners/ contractors - Customers - Government agencies	- Good corporate governance - Corporate governance policy - Respecting others' properties, intellectual properties and copyrights - Information disclosure and transparency - Anti-corruption - Customers' relationship management and performance contribute to customer satisfaction
<u>Society</u> 1. Capacity enhancement/ coaching session for employees (LA9 LA10 LA11) 2. Community development and engagement 3. Employment (LA1 LA2 LA3) 4. Concerning the impacts on communities and society	- Employees	- Communities	- Enhancing employees' competency - Internal process regarding to conducting business with social and environmental responsibility - External process for conducting business with social and environmental responsibility - Equitable treatment towards employees - Preventing and mitigating negative impact on society which result from the construction process
<u>Environment</u> 1. Environmental management 2. Occupational environment, health and safety 3. Resource consumption	- Employees	- Communities	- Occupational health and safety management - Environmental management - Monitoring occupational health and safety - Environmental operation

Good Corporate Governance

The Company strives to manage and operate its business in compliance with the relevant principles of good corporate governance, laws, regulations, and related rules. Moreover, the Company, as shareholders' representative, is well aware of its responsibility to strengthen confidence among investors, stakeholders as well as all parties concerned, which will bring about growth in term of sustainability and quality.

The Company has established the Good Corporate Governance Policy Handbook in writing to ensure that the business operations of the Company are efficient, transparent and auditable which will bring about business growth and sustainability. Furthermore, the Corporate Governance Policy would reinforce the confidence across all parties concerned. The Company has also set out the Business Code of Conduct as a practical guideline for all directors, executives and employees.

The Business Code of Conduct and the Corporate Governance Policy of the Company have been reviewed and updated on a regular basis in order to be up to date, appropriate for current circumstance and the change of environment. Thus, the code and policy will be in compliance with the national and international best practical guideline, such as the requirement of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), Thai Institute of Directors (IOD), and the corporate governance policy of the Organization for Economic Co-operation and Development (OECD) which consists of 5 sections as follows:

1. Rights of shareholders
2. Equitable treatment to shareholders
3. Roles of stakeholders
4. Information disclosure and transparency
5. Responsibilities of the Board

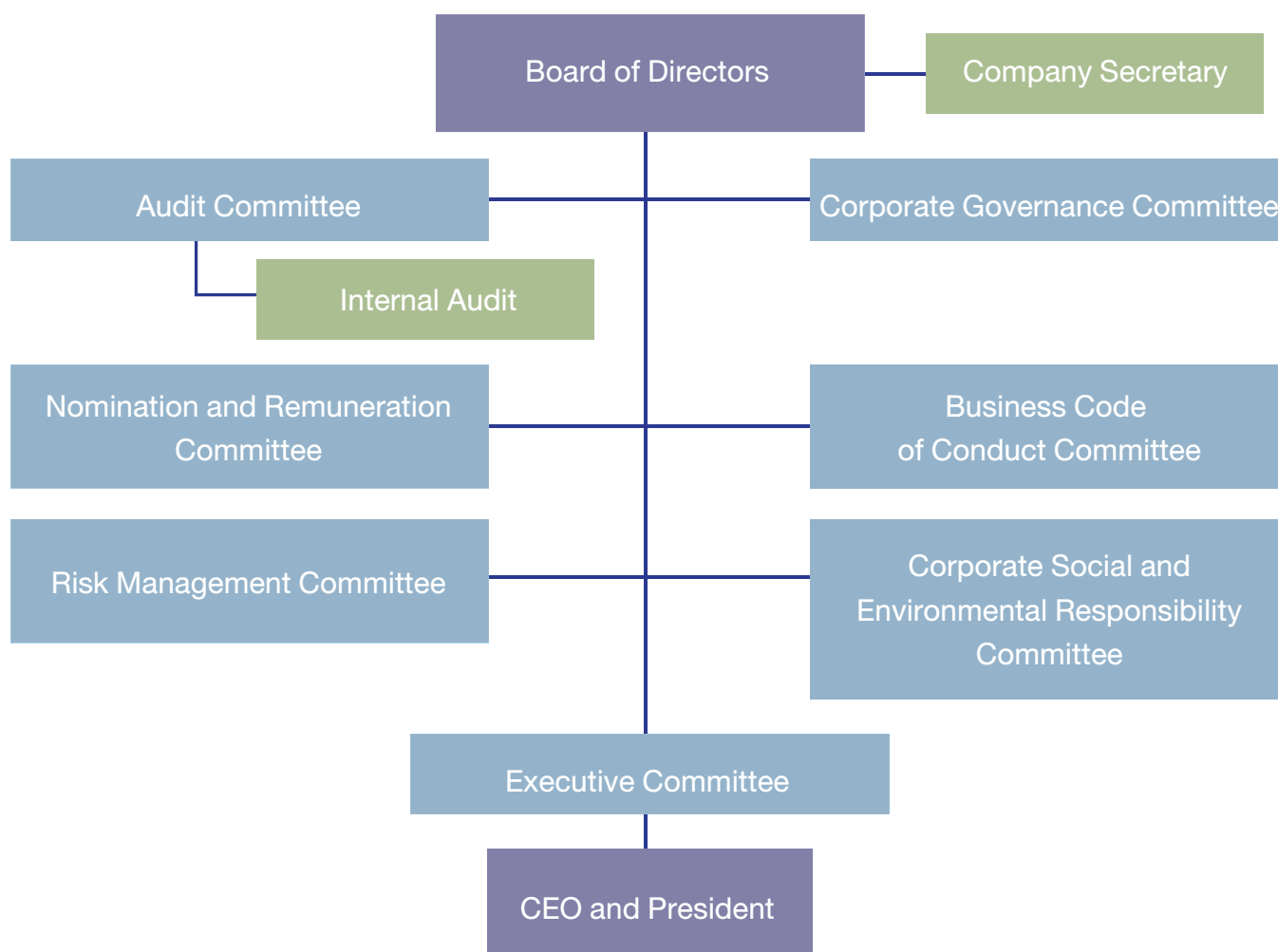
All directors, executives and employees of the Company have been informed the Corporate Governance Policy and the Business Code of Conduct and are required to make efforts to study, understand and take it as part of discipline to correctly and strictly adhere to. In this regard, the Company has disseminated and communicated the Corporate Governance Policy Handbook and the Business Code of Conduct to every person 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 an internal monthly journal communicates 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 outsider.

Corporate Governance Structure (G4-34, G4-56)



Structure of Corporate Governance Board



Corporate Governance Policy (G4-14, G4-26)

The Board of Directors understands its duties, roles and responsibilities towards 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) consists five sections as follows:

1. Rights of shareholders
2. Equitable treatment to shareholders
3. Roles of stakeholders
4. Information disclosure and transparency
5. Responsibilities of the Board

The details are as follows:

Section 1 – Rights of Shareholders

The Company recognizes and emphasizes the rights of shareholders by implementing the related principles and not performing any actions which may violate or diminish their rights. The Company equally provides basic rights to individual shareholders. In 2017, the Company executed the actions as follows:

- The Annual General Meeting of Shareholders has been noticed to all shareholders fourteen days in advance in order to provide the shareholder time to prepare their schedule for the meeting attendance.
- The Company delivered the invitation letter of the Annual General Meeting of Shareholders to all shareholders fifteen days in advance and enclosed all related documents such as a copy of the minute of the Annual General Meetings of Shareholders of the year 2016, annual report of the year 2016, profiles of proposed directors who will be elected in replacement of those retired by rotation, profiles of independent directors who were assigned to be proxy of shareholders who are unable to attend the meeting, proxy form A-C, the Company's regulations concerning the shareholders' meeting, guidelines for registration, and a map of the meeting venue. The Company also posted the abovementioned documents on the Company's website to facilitate shareholders who may receive the documents by delayed mail.
- The Company organized the Annual General Meeting of Shareholders for the year 2017 on Thursday 27th April 2017 at 10.00 hrs. at Ratchapruk 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 headquarter and convenient for shareholders to come. To facilitate the shareholders, the Company provided minibuses service from and to On-nut BTS station. The shareholders personally attended or were represented by their proxies are 49 persons who represent 366,147,947 shares, out of the total paid-up 2,585,481,515 shares, which are equal to 14.16 percent of all paid-up shares forming a quorum under the clause no. 33 of the Articles of Association. The clause specified that this Annual General Meeting is re-arranged meetings since the AGM on 10th April 2017 could not be proceed because the shareholders attended the meeting did not constitute 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, 7 directors out of 7 directors of the Company attended the meeting (equal to 100 percent) namely as follows:

รายนาม	ตำแหน่ง
1. Mr. Prasertphand Pipatanakul	Chairman / Audit Committee / Chairman of Corporate Governance Committee / Chairman of the Business Code of Conduct
2. Mr. Niyom Niyamanusorn	Independent Director / Chairman of 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
4. Mr. Nattaphorn Bhromsuthi	Committee / Nomination and Remuneration Committee Independent Director / Risk Management Committee / Corporate Social
5. Mr. Polpat Karnasuta	Responsibility Committee / Corporate Governance Committee Director / Corporate Governance Committee / Nomination and Remuneration
6. Mr. Sook Sueyanyongsiri	Committee / Chairman of Executive Committee / CEO and President Director / Corporate Governance Committee / Business Code of Conduct Committee / Risk Management Committee / Corporate Social and Environmental
7. Miss Pakatip Lopandhsri	Responsibility Committee / Executive Committee / Senior Vice President Director / Corporate Governance Committee / Business Code of Conduct Committee / Risk Management Committee / Executive Committee / Senior Vice President / Company Secretary

Moreover, senior vice presidents and vice presidents in amount of 5 persons participated in the meeting to report the operating results of the Company to shareholders as well as to answer inquiries and receive suggestions/comments in various subjects raised by the shareholders. The Company requested independent legal advisors from Weerawong, Chinnavat and Peangpanor Company Limited together with 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 an external auditor from EY Company Limited to attend the meeting since the beginning of the meeting to listen to the opinions and answer questions raised by shareholders.

Section 2 – Equitable Treatment to Shareholders

The Company adheres to the principle of equitable treatment to all shareholders without discrimination, whether major or minor ones, institutional or foreign investors. The Company treats all shareholders equally, emphasizes the protection of their basic rights, and encourages them to exercise their rights as defined by law. Shareholders shall equally obtain the completed information. Any shareholder who is unable to attend the meeting in person because of any inconvenient 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:

- The Company facilitates foreign shareholders by preparing documents, such as meeting invitation letter, proxy forms, minute of the shareholders' meeting and the Company's annual report in both Thai and English language. The Company website (www.nawarat.co.th) is also available in bilingual as well in order to serve all shareholders and any interested person.
- The Company propose the guideline and criteria for proposing the agenda items, directors nomination, and submitting question ahead of the AGM in order to enable minor shareholders to be part of company governance and be able to select a qualified director who will effectively perform their obligations. The Company announced a clear guideline and steps through the Company's website (www.nawarat.co.th). However, for the AGM 2017, none shareholder had proposed any agenda or nominated any person for consideration of directors nomination.
- The Company facilitated those shareholders who are unable to participate in the meeting by allowing them to give a proxy to their representatives or the independent directors. The Company sends out proxy forms and guideline for proxy appointment together with the meeting invitation letter to the shareholders at least seven days prior to the meeting and disseminates proxy form both in Thai and English languages with details and procedures through the Company's website (www.nawarat.co.th) more than fourteen days ahead of the meeting date.

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

1. Directors, executives and employees must not use an internal information of the Company or of business partners, obtained due to their duties, to buy/sell or offer to buy/sell or persuade others to buy/sell or offer to buy/sell the securities of the Company or of the business partners either for personal or others' benefits and must strictly comply with the relevant laws.
2. Directors, executives, and employees must keep confidentiality 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 misuse of internal information by restricted an access of undisclosed information, allowing only the involved persons to access and provide only necessary information, and provided a security system for internal information which the owner of information must instruct the involved personnel to strictly comply with the confidential obligation thereof.
4. Disclosure of information shall be made by the Company's authorized person only. Personnel having no duty to disclose information when being asked to disclose the information which they has no authority to disclose, shall suggest the inquired person to contact the authorized person in order to get correct information.
5. Apart from information disclosed to the public, the Company considers that remaining information considered as confidential information for internal used only. Directors, executives and employees must use the information under the framework of assigned duties and responsibilities.
6. Directors, executives, and employees having duty to protect information and shall not seek benefit from internal information, even though the status as employees has been 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 disclosed information without permission, incurred damages to the Company, customers, and stakeholders, shall be legally liable for such damages.

In 2017, the Company did not receive any complaints on the abuse of the Company's internal information by the directors or executives.

Section 3 – Roles of Stakeholders

The Company recognizes the importance of being responsible to all stakeholders. All groups of stakeholders are important to the Company's constant business operation and play important role in promoting the Company's business growth and sustainability. The Company commits to do its business in compliance with the "Corporate Governance Policy" and the "Business Code of Conduct Manual" as detailed below;

Stakeholders	Principle	Guidelines
Shareholders	The Company encourages shareholders to exercise their basic rights and is committed to create sustainable growth, adds value and continuously provide appropriate returns to shareholders, respect shareholders' rights to equally receive necessary information and to be disclose with an accurate information, including conduct its business with honesty, transparency and in compliance with the relevant rules, regulations and laws.	<ol style="list-style-type: none"> 1. Perform its 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 provide appropriate returns to shareholders. 2. Perform its duties to the maximum potential and capabilities for the benefits of the Company and the shareholders. 3. Respect the rights of shareholders; to disclose and report operating results, financial position and supportive information of the Company accurately and completely. 4. Equitably and equally treat every shareholder.

Stakeholders	Principle	Guidelines
Customers	The Company is committed to ensure the satisfaction and confidence of customers and public with qualified products and services under safety to their health, life, and properties with appropriate and fair price, continuously develop and upgrade standard of its product and services, treat all customers with fairness, provide a complete and accurate information about services in and make a customers' satisfaction survey which reflect an actual satisfaction level in order to constantly improve the services and maintain and continue its good relationship with customers.	<ol style="list-style-type: none"> 1. Treat all customers politely. 2. Strictly keep customer's information confidential 3. Be trustworthy to customers. 4. Refrain from acceptance of assets or other benefits which having an excessive value from customers. If directors, executives or employees receive such assets or benefits and later known that such assets having an excessive value, then the directors, executives or employees must report to its supervisor without delay in order to proceed as appropriate on a case by case basis. 5. Avoid situation that may lead to conflict of interests with customers.
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.	<ol style="list-style-type: none"> 1. Maintain mutual benefits with business partners by strict adhere to the laws, agreements and conditions based on a mutual and fair return. 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 confidential information about its competitors' trade secrets through dishonest and improper means and does not violate any intellectual properties of the business competitors or others.	<ol style="list-style-type: none"> 1. Compete under a fair competition framework. 2. Do not seek business competitors' secrets through dishonest or illegal means. 3. Do not discredit competitors by way of defamation or other improper and unfair manner.
Creditors	Strictly honors all contractual conditions and obligations with the creditors, uses loan according to its objective, do not use loan in the way that will create damages to the Company and completely comply with conditions as mutually agreed. Including operate its business with fairness in order to create creditor's confidence and maintain repayment capability.	<ol style="list-style-type: none"> 1. Repay the loan and its interest on time. 2. Promptly negotiate with the creditors in advance, if any term and condition or agreement made with creditors could not be fulfilled, in order to mutually solve the problem.

Stakeholders	Principle	Guidelines
Auditors	The Company recognizes the importance of an independent auditor, who is considered by shareholders as an important mechanism for auditing the executives' performance and ensuring that the financial report is accurate and adequate, by giving full cooperation 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 realizes that employees are valuable assets, having good, capable, diligent and honest employees will efficient the Company's operation, contribute success, and sustainable growth to the Company	<ol style="list-style-type: none"> 1. Develop organization into a learning organization. Foster working culture and ambience, and enhance teamwork. 2. Pay proper remunerations which reflect knowledge, ability, responsibility and performance of the employees. 3. Monitor working environment to be safe for health, life and properties 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. 6. Ensure that the provision of rewarding and punishment is determined on righteousness and fairness basis. 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 all employees base on the basic of human dignity, respect the human rights, fair treatment and do not discriminate. 10. Provide the employees an opportunity to define guideline of welfare management to meet the employees' requirement, provide appropriate welfare, hygienic working area, working conditions, and well-being of the employees.

Stakeholders	Principle	Guidelines
Government Sector	Set a practical guideline for dealing with the government in order to comply with laws and regulations	<ol style="list-style-type: none"> 1. Comply with rules and regulations relevant to the operation, and comply with the practical guideline for dealing with the government in order to comply with laws and regulations. 2. Provide cooperation and support to the government policies for the benefits of the country under relevant laws and regulations. 3. Intent to pursue projects for public beneficial. 4. Co-operate with government agencies with transparency, honesty, fairly hospitality, and refrain from bribery the government agencies to facilities the business operation.
Communities, Society, and Environment	The Company aims to conduct its 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 communities and society quality of life, and the surrounding area of construction sites and plants	<ol style="list-style-type: none"> 1. Provide support to communities and social in any beneficial aspects. 2. Allocate a proportion of profits to contribute for communities and society development. 3. Take into account on environmental impacts from the beginning stage of project construction, selection of technology, including production procedures, waste elimination procedures as well as innovative research and development for efficient usage of energy. 4. Support any activities that are beneficial to communities and society as a whole. 5. Respond rapidly and efficiently to any incidents that may cause harms to community, society and environment resulted from the Company's business operation and provide good cooperation to officers and related government authorities. 6. Do 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. 7. Do not do anything that may destroy the reputation of the country. 8. Continuously cultivate employees a sense of responsibility towards communities and social.

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

The Company conducts its business and encourages its employees to perform their duties in compliance with the laws and regulations in relation to intellectual property rights, whether in trademark, patent, copyright, classified commercial information, and other stipulated categories of intellectual property rights such as usage 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 intentionally commit a criminal offence 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 currently in use in the office.

Policy and Practical Guidelines against Fraud and Corruption

The Company advocates and encourages its directors, executives and employees at all levels to recognize and having awareness of resistance from all types of fraud and corruption, whether internal or external the Company. Since fraud and corruption could damage not only business but also society and the country, the Company adheres to performing business with transparency and auditability processes. Moreover, the Company 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 a policy and practical guideline for anti-corruption which cover duties and responsibilities of directors, executives and employees called the "Business Code of Conduct Manual" and the committee defined disciplinary punishment measures in accordance with the Company's rules and regulations for corruption or violation of rules and regulations by employees. The policy and practical guideline have been approved by the Board of Directors' Meeting and was communicated to every person in the Company to acknowledge, study and understand.

The Meeting of the Board of Directors No. 3/2015 on 13th March 2015, resolved the resolution to attend as a part of the Thailand Private Sector Collective Action Coalition Against Corruption (CAC) of Thailand Institute of Directors (IOD) for anti-corruption. At the present, the Company already joined the declaration of intent on 24th March 2017.

Practical guideline for Anti-Corruption

1. Nawarat Pattanakarn Public Company Limited supports and encourages employees at all levels to become aware of anti-fraud and anti-corruption and puts in place the internal control to prevent the Company from fraud and corruption, offering and acceptance of bribe in all forms, in all regions and all countries where the Company invested or performed its works.
2. Directors, executives and employees at all levels must comply with the guideline as per the below detailed:
 - Offering and Acceptance of Bribe
Offering and acceptance of all forms of bribe in exchange of business benefits 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 of the "Offering and Acceptance of Gifts, Assets or Other Benefits" prescribed in the "Business Code of Conduct Handbook"
 - Political Contributions

1.1. The Company has a policy to remain neutral with respect to political, whereas the Company shall not directly

or indirectly contribute and engage in any actions affiliated with political parties or groups.

1.2. Directors, executives and employees have rights and freedom under the constitution to exercise their political activities, but must not claim the status of being a director, an executive and an employee or must not utilize the Company's assets in supporting 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.

- Charity Donation, Public Benefit Contribution and Sponsorship

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

1.1. Charity donation, public benefit contribution or sponsorship must be transparent, lawful, and ethical; does not expect any business benefit returns and does not cause any damage to the public.

1.2. Charity donation, public benefit contribution or sponsorship shall not be used as an excuse for bribery.

1.3. Use of the Company's money or assets for charity donation, public benefit contribution or sponsor must be done under the name of the Company and having a purpose to projecting a positive corporate image and reputation to the Company

1.4. Any actions taken must be in compliance with procedures of reviewing and approving charity donation, public benefit contribution or sponsorship as stipulated in 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 sectors.
4. Directors, executives, and employees at all levels must not be ignore or 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 an 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 regulations.
5. The Company must be fair and protect any employees who refuse to associate with or provide information about corruption. 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 fraud and corruption as specified in the Whistle Blowing Policy.
6. Directors and executives at all levels must demonstrate integrity and must be a role model in following of the anti-corruption policy. The Human Resources department was assigned to educate, promote understanding, and encourage employees at all levels to strictly and continuously adhere to the anti-corruption policy.
7. The anti-corruption policy includes human resources management procedures from recruitment, selection, promotion, training and performance appraisal. Supervisors at all levels are responsible for communicating to their teams and 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 shall be considered disciplinary violation of personnel management's rules and regulations for employees and shall subjected to disciplinary punishment as defined by the Company as well as liable for their actions under the relevant law if such action considered as an illegal actions.
9. Any action taken under the anti-corruption policy shall be in accordance with guidelines prescribed in the "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 guideline and operating measures to be up to date and in compliance with the change of laws and business operation conditions.
11. The Company stipulates that communication and public relation activities of anti-corruption policy will be 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 guideline for systematic, transparent and accountable of grievance and complaints.

The Company established a department to acknowledge incident, grievance or suggestion from stakeholders resulting from the Company's operation on a 24 — hour basis. Which 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.

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 by employees

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 provided in each workplace.

2. For external grievance, suggestions and complaints from external or outsider

Contact: Mr. Pasan Swasdi Buri

Secretary to the Board of Directors Office

Nawarat Pattanakarn 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 to prevent the informants from encountering any impact. For employees, customers or persons, who work for the Company, who reports clue or complaints, will be protected under relevant law. Details are as defined in the Company's Business Code of Conduct and the Corporate Governance Policy.

In 2017, the Company did not have any significant disputes with its stakeholders.

Policy and Practical Guideline for Occupational Health and Safety Management

Since the construction business is considered having high risks, the Company realizes the importance of occupational health and safety. Thus, the Company defined the policy and practical guideline for occupational health and safety management as follows:

1. Continuously operate and develop a occupational health and safety management system in accordance with TIS 18001 & OHSAS 18001 standards and compliance with other legal requirements and other standard specifications.
2. Control and improve working sites and prevent employees and related parties from health hazard associated with fire, chemicals, electrical, machinery, emergency incidents, occupational diseases and other dangers within acceptable risk level.
3. Provide sufficient resources such as personnel, operation time, budget and suitably and adequately training.
4. Encourage all employees to join activities and express their opinions on occupational health and safety.
5. Review the effectiveness of occupational health and safety management standard procedure at least once a year.
6. Risk factors for any occupational diseases must be zero.

Policy and Practical Guideline for Environmental Management

Since the construction business highly affects the environment, the Company recognizes the importance of the environmental responsibilities in conducting the business and defined the environmental policy which covers three principles as follows:

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

In 2017, the Company reviewed and improved the environmental policy to be in line with the Environmental Management System ISO 14001:2015. In order to cover the social and environmental responsibility issues, the Company developed an environmental management system to minimize the impact on the environment to be within an acceptable level as details below:

1. Promote and comply with the related laws in relation to the environment and strictly follow the regulations on the environmental management system ISO 14001.
2. Commit to promote energy preservation and efficiently use of resources.
3. Prevent and control the disposal of trash, wasted water and air pollution caused by the Company's business activities.
4. Ensure that the preventive and controlling measures are continuously be implemented and reviewed.
5. Educate and cultivate social and environmental awareness to the employees, contractors and persons involved in order to create mutual agreement to develop and responsible for society and environment.
6. Constantly support activities to fulfill the environmental policy framework and communicate with employees and relevant persons as well as disseminate to the public.

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

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 a policy to equitably, completely, adequately, reliably, timely and transparently disclose the Company's important financial and non-financial information, in both Thai and English, to all related parties and in compliance with the requirements regulated 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 2017, the Company carried out the below practices:

1. The Company's Board of Directors established the policy that the Company shall disclose both financial and non-financial information such as 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 quarterly and annually Management Discussion and Analysis (MD&A), which provides detailed regarding operation and financial, 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 languages in order to facilitate investors and the interested person to study the information. The website has been regularly updated. Disclosed information includes annual report, annual registration statement (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 invitation, operation results and financial ratios, etc.

The Company set up an Investor Relation Section under the New Business and Strategic Planning Department to serve as a center for disclosing and communication the 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 versions. For additional information, please contact through:

Mr. Visut Suwanwitwaj

Investor Relations Section

Nawarat Pattanakarn 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 - 2187

Fax: +66 (0) 2751 - 9484

E-mail: ir@nawarat.co.th

3. 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 impacts caused by internal and external factors. Which is a good opportunity for executives to meet and answer the questions enquired by analysts, investors, shareholders and mass media in person. In addition, SET provides a live broadcast via SET's website and set 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 the Q&A session.



4. The Company discloses its financial information and report the responsibility of the Board towards 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 without the qualified opinion and without any amendment which complied with an external governing requirements.
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 2017.
7. The Company has stipulated measures and procedures for related transaction approval. Any director, executive

or related person will be able to conduct business with the Company or its subsidiaries after such transaction has been approved by the shareholders' meeting. Unless such transaction is considered as a trade agreement without any influence, in which a reasonable person would properly make with a general business partner under the same circumstance, while the negotiation is absent of any influence due to their status of being a director, an executive or related person, as the case may be. And such transaction must be approved by the Board of Directors or is in compliance with the guideline approved by the Board.

8. The Company has established measures on the protection and the verification of the use of internal information for personal benefits, by requiring directors and top executives to submit the list of their holding securities and report on every change of the list in compliance with requirements stipulated by the Securities and Exchange Commission. Including, issuance a policy that directors and executives must report the sale/purchase of the Company's shares or securities to the meeting of the Board of Directors every time when there is any change. In addition, the Company prohibits directors, executives and employees involved with any internal information from disclosing such information to the outsider 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 established a policy on reporting interests of directors and top executives and set requirements that the directors and executives have to report the Company on their own or their related persons which related to the business management of the Company or its subsidiaries, pursuant to the requirements stipulated and announced by the Capital Market Commission. The Company discloses information about the directors and executives' interests 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 to be in accordance with laws, objectives, the Articles of Association and shareholders' resolutions. Including, regulating the 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

โครงสร้างคณะกรรมการของบริษัทประกอบด้วยบุคคลผู้ทรงคุณวุฒิ มีคุณสมบัติ ทักษะ ความรู้ และมีประสบการณ์ที่เป็นประโยชน์กับบริษัท สามารถปฏิบัติหน้าที่ได้อย่างมีประสิทธิภาพ ณ วันที่ 31 ธันวาคม 2560 คณะกรรมการบริษัทประกอบด้วยกรรมการจำนวน 7 คน แบ่งเป็นกรรมการที่เป็นผู้บริหาร 3 คน กรรมการอิสระ 4 คน หรือคิดเป็นสัดส่วนกรรมการอิสระมากกว่า 1 ใน 3 ของจำนวนคณะกรรมการทั้งหมด โดยประธานกรรมการเป็นกรรมการอิสระ ตามความหมายของตลาดหลักทรัพย์แห่งประเทศไทย และไม่มีความสัมพันธ์ใดๆ กับฝ่ายบริหารและไม่เป็นบุคคลเดียวกันกับกรรมการผู้จัดการ เพื่อเป็นการแบ่งแยกหน้าที่ในการกำหนดนโยบายกำกับดูแลและการบริหารงานประจำ

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

Name	Position
1. Mr. Prasertphand Pipatanakul	Chairman(Independent Director)
2. Mr. Niyom Niyamanusorn	Independent Director
3. Mr. Apichart Dharmasaroja	Independent Director
4. Mr. Nattaphorn Bhromsuthi	Independent Director
5. Mr. Polpat Karnasuta	Director
6. Mr. Sook Sueyanyongsiri	Director
7. Miss Pakatip Lopandhsri	Director

Remark :

The Board of Director's Meeting No. 12/2016 held on 14th November 2016 resolved the appointment of Ms. Pakatip Lopandhsri to take a position of the Company's Director instead of Mrs. Wattana Samanawong who previously resigned.

Furthermore, the Company set a policy on the diversification of the Board's structure whereasthe Board shall have a range of diversified structure which comprise of 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 decision making by the Board, which will be useful to the Company's business operation. This practice is also adopted and applied 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 established the policy to take a position of director in other companies as follows:

1. Director can take a position in NawaratPatanakarn Public Company Limited and its subsidiaries and associated companies.
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 obtaining an opinion from the Audit Committee prior to proposal 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 exceed 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 NawaratPatanakarn Public Company Limited takes a directorship on the listed companies not exceeding five places in total.

Independence of Director

The Company's directors have 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 in order 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 defined the qualifications of the independent directors in accordance with the requirements prescribed by the Capital Market Supervisory, the Securities and Exchange Commission and the Stock Exchange of Thailand. Including the additional qualifications as defined by the Company, so that the independent directors could protect the interests of all shareholders equally, prevent conflict of interest and freely express their opinions in the meeting.

Roles, Duties and Responsibilities of Chairman

1. Call for the meeting of Board of Directors, being a chairman of the meeting and schedule the meeting agenda with the President.
2. Control the meeting to be effective, in compliance with the Articles of Associations, and support the directors to independently express their opinion.
3. Be a chairman in the shareholders' meeting.
4. Support and encourage the directors to perform their duties in a full capacity under the scope, responsibility, and the Corporate Governance Policy
5. Supervise the management of the Board of Directors, the Management Committee, and sub-committee to achieve the objectives
6. Have a casting vote in case the meeting of the Board of Director encounter the equal vote in both sides.

Roles, Duties and Responsibilities of Directors

The Board of Directors shall perform 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 in accordance with the good corporate governance principles.
 - Define vision, mission, direction, and strategies for the Company; review such vision, mission regularly at least every five years to ensure that vision, mission are in line with the change of business.
 - Supervise the Company's business conduct in compliance with the rules and regulation so there related agencies; disclose information adequately, correctly, completely, transparently and with proper 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 general meeting of shareholders within 4 (four) months from the last day of the fiscal year of the Company and arrange an extraordinary meeting of shareholders, if necessary.
- Hold the Board of Directors' monthly meeting.
- Provide consultation, discuss problems in a thorough and extensive manner and discreetly make a decision to the matters according to the meeting agenda.
- Authorize the CEO to operate the Company's business as well as employees in order to coherence with the business situation.

2) Monitor the operation of the management for balancing 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 disclosed is correct, clear, transparent, reliable and in line with the high standard.
 - Prepare a balance sheet, cashflow statement and profit and loss statement at the last day off is calyear of the Company and propose to the meeting of shareholders at the Annual General 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 to the meeting of shareholders.
 - Arrange for a portion of 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 conflict 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 risk 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 Directors

Nomination and appointment

The Nomination and Remuneration Committee shall propose to the Board of Directors the nomination of director and the Board shall present it to the Shareholders' Meeting for appointment as per 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 skills and experiences which are useful 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 percent of the total paid-up 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, advisors who regularly 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. being customers, business partners, credit or/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 a 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
 2. Accounting, financial and banking
 3. Marketing strategy and competition
 4. Legal skill relating to business
- Having characteristics supporting and promoting the corporate governance to create value to the Company such as
 1. having a leadership competency
 2. having a broad vision
 3. having ethics and morality
 4. having transparent work experience without malfeasance
 5. must not possess any prohibited characteristics pursuant to the law
 6. having an ability to express opinions independently

Procedures

The Board of Directors set out the procedures for directors' nomination. 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 ad hoc committee comprise of the Board or third party to nominate person, or in some cases using director pool of Thai Institute of Directors (IOD) as a tool to seek for candidates to be nominated.
2. Consider qualifications of the candidates. The Company allows shareholders to nominate candidates in advance for electing as directors by the Annual General Meeting of the shareholders.
3. Propose the nomination to the Board for consideration and appointment (in case of interim vacancy).
4. Propose the nomination to the Board for consideration and approval for submission to the Annual General Meeting of shareholders for an appointment.

Pursuant to the Articles of Association, the criteria and procedure 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.

Dismissal and Retirement of Director

Dismissal of Director

The meeting of shareholders may pass a resolution to dismiss any director from his/her position prior to the expiration of the director's term, by voting. The number of votes shall not be less than three out of four, considered from the number of shareholders who attended the meeting and having a voting right. In addition, the number of shares counted from the votes shall not be less than a half of the shares held by the attended shareholders who have the right to vote.

Retirement of Director

1. Term Expired

Pursuant to the Articles of Association, in every Annual General Meeting of shareholders, at least one-third of the directors shall be vacated. 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 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 be retired.

2. Resignation

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

Authorities of the Board of Directors

The Board of Directors must perform its duties in compliance with laws, objectives, the Articles of Association and the resolutions of shareholders' meeting, with integrity, prudence, and in the best interests of shareholders in both short term and long term. As well as, adhering 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 a Chairman, and could appoint a Vice Chairman, as it deemed appropriate.
- The Board of Directors is empowered to appoint a director as a Chief Executive Officer, and could appoint any person to be a Company Secretary, as it deemed appropriate.
- The Board of Directors has a right to attend trainings or to participate in activities in order to increase their knowledge on concerning work by using the Company's resources.
- The Board of Directors has an authority to consider the endorsement of acquisition or distribution of assets except such transactions required a resolution from the shareholders' meeting. However, such endorsement would be comply with the announcements, regulations, and/or requirements related to the Office of Securities and Exchange Commission.
- The Board has an authority to consider endorsement of related transactions except such transactions required a resolution from the shareholders' meeting. However, such endorsement would be comply with the announcements, regulations, and/or requirements related to the Office of Securities and Exchange Commission.
- The Board of Directors has an authority to consider the endorsement for loans or any credit applications from financial institutions or the setting up of the new revolving credit line (O/D) as well as any investment or land procurement, within a budget of more than 200 Million Baht per transaction.

Delegation of Authorities by the Board

The Company defines that the two authorized directors, by their joint signatories, may authorize other persons to perform the business on behalf of the Company within a certain period. However, the delegation of authority and responsibility of the Board of Directors will not considered as delegation or sub-delegation which in any manner enables the Board or its attorneys to be able to approve any transactions for themselves or for any potential person having a conflict of interest against the Company and its 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 meeting will be prescheduled with an 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 prepare before the meeting, except in an urgent case 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. All directors can check the minute of the meeting anytime by making request with the Company Secretary. The Company retains the minutes which certified by the Board of Directors along with relevant documents.

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

- To form a quorum in the meeting, at least a 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 substitute chairman of the meeting.
- The resolution of the meeting will take into account the majority of votes, each director has one vote, except director with vested interest in any agenda must abstain from voting on that item. If the number of votes is equal, the chairman will cast the decisive vote.
- To call for the meeting, the chairman or the assigned persons shall send the meeting invitations 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 by other means and the meeting can be convened earlier.

In 2017, the Company held a total of 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. Prasertphand Pipatanakul	12	12	100
2. Mr. Niyom Niyamanusorn	12	8	66.67
3. Mr. Apichart Dharmasaroja	12	12	100
4. Mr. Nattaphorn Bhromsuthi	12	12	100
5. Mr. Polpat Karnasuta	12	11	91.67
6. Mr. Sook Sueyanyongsiri	12	12	100
7. Miss Pakatip Lopandhsri	12	11	91.67

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 conduct an internal audit.

Later in 2015, the Board's meeting no. 3/2015 dated 13th March 2015 resolved the resolution 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 are:

- 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

The Board of Directors has appointed the Audit Committee which comprises of directors who have the qualifications as required by the Securities and Exchange Law. The Audit Committee consists of 3 independent directors, namely:

Name	Position in the Audit Committee	Position in the Board
1. นายนิยม นิยมานุสร	ประธานกรรมการ	กรรมการอิสระ
2. นายประเสริฐพันธุ์ พิพัฒน์กุล	กรรมการ	กรรมการอิสระ
3. นายอภิชาติ ธรรมสโรช	กรรมการ	กรรมการอิสระ

Duties and Responsibilities of the Audit Committee

- Ensure the accuracy and sufficient of information disclosure, including a reliability of the financial statements report in accordance with general accounting standard.
- 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 an internal control and internal audit system which are sufficient, appropriate and effective. Including, determine an independency of the internal audit unit 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 any transactions that may lead to conflicts of interests, in order to make sure that they are in compliance with the laws 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 system.
- Review and give comment on an internal audit plan and performance of the internal audit office.
- Prepare the Audit Committee's annual performance report, which has to be signed by the Chairman of the Audit Committee and consists of at least the following information:
 - a) opinion on an accuracy, completeness and credibility of the Company's financial report,
 - b) opinion on an adequacy of the Company's internal control system,
 - c) opinion on a compliance with the Securities and Exchanges laws, the Stock of Thailand regulations or the laws relating to the Company's business,
 - d) opinion on a suitability of the external auditor,
 - e) opinion on transactions which may lead to conflicts of interest,
 - f) number of the Audit Committee's meeting and attendance of each committee member in such meetings,
 - g) opinion or overview of comments received by the Audit Committee from its performance due to the duties in accordance with the charter,
 - h) other transactions which, according to the Audit Committee's opinion, should be known by the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors

- Request or invite the Management, 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 whistleblowing system in place, in the event that an employee or any stakeholder is suspicious of any possible wrongdoing, as well as a non-compliance to any laws, regulations, business code of conduct or to any corporate governance policies so that the whistleblower has a confidence that the Company has an 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. However, the re-appointment shall be in accordance with the Charter for the Audit Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

The Audit Committee must hold meetings at least 4 times per year, together with the independent auditor, the internal auditor, the Executives, and the executives who responsible for accounting and finance in order to review the financial statements and report to the Board of Directors. In 2017, 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's member is as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Prasertphand Pipatanakul	12	12	100
2. Mr. Niyom Niyamanusorn	12	8	66.67
3. Mr. Apichart Dharmasaroja	12	12	100

2. The Corporate Governance Committee

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 7 directors of the Board and at least half of the total numbers must be independent directors, namely:

Name	Position in the Corporate Governance Committee	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. Miss Pakatip Lopandhsri	Committee	Director

Remark: Ms. Pakatip Lopandhsri has been appointed as a Corporate Governance Committee on 1st January 2017.

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 the governing organizations such as the Stock Exchange of Thailand, the Securities and Exchange Commission and relevant agencies as well as international standards of corporate governance. Propose the drafted policy to the Board of Directors for approval and announce the approved policy to be used as the best practice of the Directors, the Executives and employees at all levels.
- Oversee and give an advice to the Directors, the Executives and employees 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 a guideline for reporting the corporate governance compliance in the Company's annual report.
- Consider and approve the announcement of the Company's corporate governance issues to public as well as amend a 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.
- Review the Corporate Governance Charter to be up-to-date and well-adjusted to the international standards.
- Execute other duties as assigned by the Board of Directors.

The Corporate Governance Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed. However, the re-appointment shall be in compliance with the Charter of the Corporate Governance Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

The Corporate Governance Committee must hold meetings at least twice a year. In 2017, the Corporate Governance Committee convened a total of 2 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's member is as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Prasertphand Pipatanakul	2	2	100
2. Mr. Niyom Niyamanusorn	2	1	50
3. Mr. Apichart Dharmasaroja	2	2	100
4. Mr. Nattaphorn Bhromsuthi	2	2	100
5. Mr. Polpat Karnasuta	2	2	100
6. Mr. Sook Sueyanyongsiri	2	2	100
7. Miss Pakatip Lopandhsri	2	2	100

3. The Business Code of Conduct Committee

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 4 directors of the Board and at least half of the total members must be independent directors, namely

Name	Position in the Business Code of Conduct Committee	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. Miss Pakatip Lopandhsri	Committee	Director

Remark: Ms. Pakatip Lopandhsri has been appointed as a member of Business code of Conduct Committee on 1st January 2017.

Duties and Responsibilities of the Business Code of Conduct Committee

- Consider, define and approve the Business Code of Conduct, the anti-corruption policy and the code of ethics to be used as the practical guideline for the Directors, the Executives and employees towards shareholders, communities 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 for the situation.
- Oversee, supervise and monitor to ensure a compliance of the Business Code of Conduct, the anti—corruption policy and the code of ethics have been strictly and continuously followed by all units in 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. The re-appointment shall be in compliance with the Charter of the Business Code of Conduct Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

The Business Code of Conduct Committee must hold meetings at least twice a year. In 2017, the Business Code of Conduct Committee convened a total of 2 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's members 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. Miss Pakatip Lopandhsri	2	2	100

4. The Nomination and Remuneration Committee

The Board of Directors' Meeting No. 3/2015 held on 13th March 2015 resolved a resolution to appoint the Nomination and Remuneration Committee for nomination and consideration of remunerations for directors and the President, to ensure transparency and fairness. The Nomination and Remuneration Committee consists of 4 directors and at least a half of the total members must be independent directors, namely:

Name	Position in the Nomination and Remuneration Committee	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

Remark: On 19th December 2017, Ms. Pakatip Lopandhsri to take a position of the Company's Director instead of Mrs. Wattana Samanawong who previously resigned.

Duties and Responsibilities of the Nomination and Remuneration Committee

- Consider the appropriate structure, size and composition of the Board of Directors to suit the organization and the change of situation.
- Ensure that the structure of Board of Directors comprises of ethical and honest experts who are knowledgeable, experienced and skillful in diverse fields relevant to the business. Furthermore, a selection of directors shall be done without 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 and by the Company.
- Allow minority shareholders, with an appropriate time prior to the meeting of shareholders, the opportunity to propose qualified persons for directors' selection.
- 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 positions and submit to the Board of Directors for consideration.
- Consider compensation method and standard for directors, members of the sub-committees (except for 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, responsibilities, achievement of their performance in terms of the Company's profits, and current business environment. 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 take into account the increase of value to the shareholders equity in the long term.
- Consider the compensation for directors and sub-committees in order to propose it to the Board of Directors for endorsement and further propose for the approval of the meeting of shareholders.
- Define goals and evaluate the performance of the CEO/President 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 their position and their role as the Board of Directors as well as other development which is critical to the business operations of the Company.
- The Nomination and Remuneration Committee has a right 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. The re-appointment shall be in compliance with the Charter of the Nomination and Remuneration Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September, 2015.

In 2017, the Nomination and Remuneration Committee convened a total of 2 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's member was as follows:

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

Remark: On 19th December 2017, Ms. Pakatip Lopandhsri to take a position of the Company's Director instead of Mrs. Wattana Samanawong who previously resigned.

5. The Executive Committee

The Board of Directors' Meeting No. 3/2015 held on 13th March 2015 resolved a resolution to appoint the Executive Committee to help giving suggestions and advices to the Executives and perform any other arrangements as assigned by the Board of Directors. The Executive Committee consists of 7 members who hold, at least, the position of Senior Vice President, namely:

Name	Position in the Executive Committee	Position in the Board
1. Mr. Polpat Karnasuta	Chairman of the Committee	Director
2. Mr. Mongkol Peerasantikul	Vice Chairman of the Committee	-
3. Mr. Sook Sueyanyongsiri	Committee	Director
4. Miss Pakatip Lopandhsri	Committee	Director
5. Mr. Apathorn Karnasuta	Committee	-
6. Mr. Pasan Swasdiburi	Committee	-

Remark: Mr. Mongkol Peerasantikul has been appointed as Vice Chairman of the Committee on 1st January 2018.

Duties and Responsibilities of the Executive Committee

- Formulate the Company's business strategies, business operation plan 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 Directors for approval.
- Set up organizational structure and carry out efficient management covering recruitment, trainings, employment, termination of employment and compensation of executives and employees.
- Provide advice to the Board of Directors for making decisions on important issues and execute other duties as assigned by the Board of Directors.
- Act as a Company's representative and execute other duties on behalf of the Company with outsider.
- The Executive Committee has the authority to consider the expenditures on investments within the amount of 200 Million Baht per transaction.

Duties and Responsibilities 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 of Directors for approval; also report progress of the approved plan and budgets to the Board every 3 months.
- Manage work operation through the chain of command to achieve the objectives set on the Business plan by creating competitive competency and providing proper returns to shareholders.
- Allocate resources and recruit potential work force and then use them for the utmost benefit.
- Assign, appoint, remove, transfer, change the staff or employees' position; reduce or cuts salary or wages; conduct disciplinary punishment; and dismiss employees according to the Human Resources Management regulations.
- Promote and build up strong corporate culture to support the vision and the business growth.
- Closely monitor the Company's business operation, evaluate operating results and report matter under taken by the management to the Board of Directors in a timely manner.
- Consider and screen the Company's policies, business directions, and 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 of Directors for approval.
- Prepare the documents detailing the operating authority for decentralization to employees in order to enable them to perform their duties efficiently and flexibly without losing control and submit to the Board of Directors for approval.
- Prepare report of financial status and financial statements and submit them to the Board of Directors for consideration and approval quarterly.
- Has an authority to approve any procurement in an amount which exceeding 500,000 Baht per transaction.

The Executive Committee has an office term of 3 years. However, when the term is completed, the members may be re-appointed. The re-appointment shall be in compliance with the Charter of the Executive Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

The Executive Committee holds a monthly meeting to consider matters as assigned by the Board of Directors and scrutinize the matters that will be proposed to the Board of Directors for consideration and approval. In 2017, the Executive Committee convened a total of 12 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's members as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Polpat Karnasuta	12	10	83.33
2. Mr. Sook Sueyanyongsiri	12	12	100
3. Miss Pakatip Lopandhsri	12	11	91.67
4. Mr. Apathorn Karnasuta	12	5	33.33
5. Mr. Mongkol Peerasantikul	12	10	83.33
6. Mr. Pasan Swasdiburi	12	5	33.33
7. Mr. Nicolino Pasquini	12	9	75
8. Mr. Somchai Woonpresert	7	7	100
9. Mr. Nivate Lenghong	5	4	80
10. Mr. Somchai Chaithaniyachat	5	5	100

Remark:

1. Mr. Sook Sueyanyongsiri has been appointed as an advisor to the CEO and President in accordance with NWR 004/2560 on 2nd May 2017.
2. Mr. Somchai Woonpresert has been appointed as a member of Executive Committee in accordance with NWR 005/2560 on 2nd May 2017.
3. Mr. Nivate Lenghong has been appointed as a member of Executive Committee in accordance with the appointment No. 011/2560 on 15th August 2017.
4. Mr. Somchai Chaithaniyachat has been appointed as a member of Executive Committee in accordance with the appointment No. 011/2560 on 15th August 2017.

6. The Risk Management Committee

The Board of Directors' Meeting No. 3/2015 held on 13th March 2015 resolved a resolution to appoint the Risk Management Committee to oversee and support the Company's risk management to achieve successful in the organizational level. The Risk Management Committee consists of 7 members, namely:

Name	Position in the Risk Management Committee	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. Miss Pakatip Lopandhsri	Committee	-
7. Mr. Warawut Nakpairat	Committee	-

Duties and Responsibilities of the Risk Management Committee

- Define, review and approve risk management policy and risk management masterplan. Set and regulate the Company's risk management system as well as consider and review risk management plans to be efficient and appropriate for each 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 comply with the risk management policy.
- 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. The re-appointment shall be in compliance with the Charter of the Risk Management Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

In 2017, the Risk Management Committee convened a total of 2 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's members as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Apichart Dharmasaroja	2	10	83.33
2. Mr. Nattaphorn Bhromsuthi	2	2	100
3. Mr. Sook Sueyanyongsiri	2	2	100
4. Mr. Mongkol Peerasantikul	2	-	-
5. Mr. Visut Suwanwitwaj	2	2	100
6. Miss Pakatip Lopandhri	2	2	100
7. Mr. Warawut Nakpairat	2	2	100

7. The Corporate Social and Environmental Responsibility Committee

The Board of Directors' Meeting No. 3/2015 held on 13th March 2015 resolved a resolution 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 and Environmental Responsibility Committee consists of 5 members, namely:

Name	Position in the Corporate Social and Environmental Responsibility Committee	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 Woonpresert	Committee	-
5. Mr. Mitporn Tansrisuk	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 executives, 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 and Environmental 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 activities.
- 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. The re-appointment shall be in compliance with the Charter of the Corporate Social and Environmental Responsibility Committee approved by the Board of Directors' Meeting No. 9/2015 on 17th September 2015.

In 2017, the Corporate Social and Environmental Responsibility Committee convened a total of 3 meetings and reported performance to the Board of Directors. The meeting attendance of each committee's member is as follows:

Name	Total Number of Meetings	Total Attendance	Percentage
1. Mr. Apichart Dharmasaroja	2	2	100
2. Mr. Nattaphorn Bhromsuthi	2	2	100
3. Mr. Sook Sueyanyongsiri	2	2	100
4. Mr. Somchai Woonpresert	2	2	100
5. Mr. Mitporn Tansrisuk	2	2	100

Succession Plan

The 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.

The designated person in the succession plan shall possess suitable qualifications as prescribed by the Company, as well as other qualities such as having business vision, knowledge, proficiency, and experience, that well suit the Company's corporate culture.

Orientation for New Director

The Company recognizes the importance of the duty of directors and has therefore defined a practical guideline on preparation for directors' performance. In order to enable new directors to perceive the Company's expectations of their roles, duties and responsibilities, including the Company's policies, business and corporate governance practices. The guideline will enable them to understand about the Company's business and operation, as well as to visit the business units in order to be prepared to perform their duty promptly, the guideline has details as follows:

1. Coordinate in providing the Company's details to new directors.
2. Provide "Directors Guidebook" to new directors, the guidebook contains the Company's information and relevant crucial laws. 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 a listed company, Charter of the Board of Directors and the sub—committees, Business Code of Conduct, Good Corporate Governance Policy Handbook and the 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. The presentation should present a whole picture and in details under the topics namely, the Company's history, vision, mission, strategies, management structure, operating data and business activities.

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

In 2017, the Company organized an evaluation of the Board of Directors' and the sub-committees' performance ,collectively at least once a year,in order to use the evaluation results as a framework to verify the Board of Directors' performance during the year.To consider whether it is complete and appropriate according to the scope of authorities and in accordance with the good corporate governance principle.

Evaluation of the Board of Directors'Performance Criteria

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The evaluation of the Board of Directors was developed based on the SET's approach, by adapting the 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 divided into 6 items which consists of

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

Rating shall be identified by each director's opinion, by ticking (/) in the score box, from 0 — 4 only in 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 percentage calculation from the 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 completed 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 of Directors in the next meeting in order to set a measure to further improve the efficiency of the Board of Directors' performance.

Evaluation of the Sub-Committees' Performance

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 in order to use the evaluation results for improvement of the sub-committees' performance, which will support the performance of the Board of Directors and the operations of the Company's business.

Criteria

The evaluation of the sub-committees was developed based on the SET's approach, by adapting the 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 divided into 3 items which consists of

- 1) Structure and qualifications of the sub-committees
- 2) Roles, duties and responsibilities of the sub-committees
- 3) The sub-committees' meeting and its performance

Rating shall be identified by each committee's opinion, by ticking (/) in the score box, from 0— 4 only in 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 percentage calculation from the 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 sub-committee at the end of the year. After each sub-committee completed the evaluation, the sub-committee shall return the evaluation form to the secretary to the Nomination and Remuneration Committee to gather and report to the Board of Directors in the next meeting in order to set a measure to further improve the efficiency of each sub-committee.

In 2017, the Board of Directors determined to make the self-evaluation of the Board of Directors and one of the sub-committees, which is an Audit Committee. The summarized of evaluation results are as follows:

1. Evaluation Result of the Board of Directors' Performance

A summary result of evaluation of the Board of Directors' performance in 2017 is ranked in a very good rating. The results of each evaluation are as follows:

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

2. Evaluation Result of the Audit Committee's Performance

A summary result of performance evaluation of the Audit Committee in 2017 is ranked in a very good rating. The results of each evaluation subject are as follows:

Evaluation Subject	Result
1. Structure and qualifications of the Audit Committee	Very Good
2. The Audit Committee's meeting	Very Good
3. Roles, duties and responsibilities of the Audit Committee	Very Good

Evaluation of the CEO and President's Performance

For evaluation of the CEO and President's performance, who are top executives, the Company has required other directors excluding the directors who hold the positions of CEO and President, to conduct the evaluation and submit the results to the Nomination and Remuneration Committee to consider the remuneration in terms of money and propose to the Board of Directors for approval. The performance assessment of the CEO and President must be held once a year by using the assessment criteria and procedures as follows:

Criteria

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

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

- 1) Leadership skill
- 2) Strategic planning skill
- 3) Adherence to the strategic plan
- 4) Financial planning and financial 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 Development should consist of development on the strengths including other aspects that should be further developed, the Board of Directors shall provide additional opinions in relation to the aspects.

Rating shall be identified by 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 percentage calculation from 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 shall involved in determining the targets for their own performance, and acknowledging the approved target in each year. Afterwards, at the end of each year, the Secretary to the Nomination and Remuneration Committee will distribute a CEO and President's evaluation form to all directors for evaluation. The 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, prepare summary report and submit to the Nomination and Remuneration Committee and the Board of Directors for consideration of the CEO and President's compensation respectively.

Remuneration of Directors

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 by taking into account a fairness and appropriateness, including consideration of the same nature of business before presenting 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 of Directors.

In 2017, the Board of Directors considered and reviewed the remuneration for the directors and the sub-committees and presented to the Annual General Meeting of shareholders on 27th April 2017 for consideration and approval of the remunerations of directors and the sub-committees for the year 2017. The remuneration structure of directors and sub-committees for the year 2017 is as follows:

Position	Amount Paid (Baht/person/year)
Chairman of the Board	575,411
Directors	369,907
Chairman of Audit Committee	287,705
Audit Committee Members	205,504

In 2017, the Company paid remunerations to the directors and the sub-committees as follows:

Name of Director	The Board of Directors			The Audit Committee			Amount paid in Year 2016 (baht)
	Position	Remuneration per month (baht)	Number of months	Position	Remuneration per month (baht)	Number of months	
1. Mr. Prasertphand Pipatanakul	Chairman	49,000.00	12	Member	18,000.00	12	804,000.00
2. Mr. Niyom Niyamanusorn	Director	32,000.00	12	Chairman	25,000.00	12	684,000.00
3. Mr. Apichart Dharmasaroja	Director	32,000.00	12	Member	18,000.00	12	600,000.00
4. Mr. Nattaphorn Bhromsuthi	Director	32,000.00	12			12	384,000.00
5. Mr. Polpat Karnasuta	Director	32,000.00	12			12	384,000.00
6. Mr. Sook Sueyanyongsiri	Director	32,000.00	12			12	384,000.00
7. Miss Pakatip Lopandhsri	Director	32,000.00	12			12	384,000.00
Total							3,624,000.00

Remark: Apart from the monthly remunerations, the Company does not provide the directors with any other benefits.

Development and Knowledge Accumulation for Directors and Executives

The Board of Directors seriously supports and encourages the knowledge development of all directors and executives and has a policy on promoting all directors, executives, and the company secretary including all employees who support the works of the directors and the company secretary to attend seminars and training courses.

In 2017, directors and executives attended the training courses and seminars as shown below:

Name of Director and Executive	Trainings - Seminars / Organized by
1. Mr. Prasertphand Pipatanakul	Boards that Make a Difference / Thai Institute of Directors
2. Miss Pakatip Lopandhsri	Director Certificate Program / Thai Institute of Directors
3. Mr. Mongkol Peerasantikul	Director Certificate Program / Thai Institute of Directors
4. Mr. Nicolino Pasquini	Director Certificate Program / 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 compliance with laws, 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 defined the 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 a report of vested interests of the directors or executives.
- Send the copy of report of vested interests of the directors and executives or related person to the Chairman of the Audit Committee within 7 days after receiving of the report.
- Arrange the meeting of the Board of Directors and of the shareholders under related rules, regulations and laws.
- 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 exchanging of news and information among directors, executives and shareholders.
- Coordinate and follow up operation under the resolutions of directors and shareholders.
- Oversee the disclosure of information and reports under relevant responsibilities to the monitoring agency as specified by the rules and regulations of the government agency.
- Perform other duties as announced by the Capital Market Supervisory Board or as assigned by the Board of Directors.

Currently, the Company's Secretary is Miss PakatipLopandhsri.



Profile of Company Secretary

Miss PakatipLopandhsri.

Age: 62 Years

Date of Appointment: 1st January 2017

Percentage of shareholding: 109,177 shares

Education

- Master of Business Administration from Saint Louis University, U.S.A
- Bachelor of Accounting, Faculty of Commerce and Accountancy Chulalongkorn University
- DCP Program 2016
- Mini MBA/2555
- Fundamental Practice for Corporate Secretary (FPCS26)/2555
- Advance for Corporate

Experience

- Director, Vice President of Accounting and Finance Department

Internal Control

The Board of Directors recognizes the importance to an internal control of all work processes and determines the internal control to be in line with the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which consists of the following 5 components: internal control, risk assessment, operational control, information and communication system, and monitoring system.

The operation of an internal control divided duties of each department and each position, decentralization by clearly and suitably defined authorities of executives and employees in order to counterbalance the protection of shareholders' capitals and the Company's assets. The internal control system of the Company covers report of financial statement, operation, property maintenance and any conduct in compliance with relevant laws, rules and regulations. The Company has an Internal Audit Department, which is an independent unit, who is responsible for due diligence of the internal control system. In addition, the Company established practice handbook, regulations; clearly defined duties and responsibilities, as well as informed and communicated internally with the employees of the Company. The Company also stipulated a policy and method for personnel management relating to the internal control; create control activities which consist of verification of financial and non-financial operation, protection of assets with high risks and control of information technology; and continuously and consistently conduct an assessment during an operating process and evaluation.

The Board of Directors assigned the Audit Committee to examine outcome of the internal control assessment to ensure efficiency, effectiveness, sufficiency, suitability, and applicability for business. Including maintain assets and efficient usage of resources in order to prevent damage or fraud which may occur.

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 performstheire duties independently and directly reports to the Audit Committee.

The Audit Committee will appoint the Head of Internal Audit Department by selecting qualified person, who are able to efficiently evaluate the internal control system and work performance and providing recommendation for improvement.

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



Profile of the Head of Internal Audit Department

Mr. Warawut Nakpairat

Age: 44 years

Number of shares held: 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 at Nawarat Patanakarn PCL.
- 2013—2015: Senior Section Manager, Internal Audit at Nawarat Patanakarn PCL.
- 2006—2013: Section Manager, Internal Audit at Nawarat Patanakarn PCL.
- 2004 — 2006: Assistant Manager, Internal Audit at Nawarat Patanakarn PCL.
- 2002 — 2004: Internal Audit Officer at Siam Pharmaceutical Co., Ltd.
- 1998 — 2002: Head of Performance Monitoring at Government Permanent Employee Registered Provident Fund.
- 1995 — 1998: Assistance to the Head of Internal Audit at Siam Cement Public Company Limited

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 a 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, therefore, assigns the Internal Audit Department and the Quality System Department to supervise and monitor the compliance with the relevant laws and regulations.

Risk Management

The Company recognized the importance of risk management which is a key mechanism and management tool in making an organization achieve its goals and objectives, reduce loss, increase competitiveness, and it is the key element of the corporate governance. The Board of Directors, therefore, sets up the system of risk management policy, details as defined below:

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

The Company communicated the risk management policy to all executives and employees via e-mail and the Company's website.

The Company established the manual for the risk management system for all work units to understand the principles and procedures and to use it as a guideline for risk management by applying the international risk management standard of COSO Enterprise Risk Management, which covers the organization's risks namely strategic risk, operation risk, financial risk and compliance risk. The Company also required all work units to identify and assess risks associated with their operations, including required them to review and improve risk issues when 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 comprises of independent directors, executive directors and the executives from the concerned departments. The Risk Management Committee oversees, monitors and promotes the efficient implementation of the risk management policy, and periodically reports performance to the Board of Directors as well as reviews policy and system in every year on a regular basis to ensure that it is appropriate with the business environment of the Company.

In 2017, 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 2017, the Risk Management Committee appointed an ad hoc team comprising of the executives from the concerned departments, i.e. Operation, Finance, Marketing, Administration, New Business and Strategy Planning and Internal Audit in order to establish the corporate risk management plan.

Conflict of Interest

The Company has a policy to conduct its business with integrity, transparency, and fairness. Thus, the Company defined that all directors, executives, and employees shall not conduct or involve in any business which is competitive to the Company's business, and has to avoid making any transactions with persons/juristic persons who may have a conflict of interest with the Company. And shall not seek benefits from the information or anything acquired from their duties and responsibilities for personal interest or compete with the Company's business. The Board of Directors has to strictly oversee the compliance with the criteria, methods and the disclosure of related transactions according to the requirements stipulated by laws and the governing agency.

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 of Directors before taking the action. However, the interested parties must not involve in consideration of the transactions they have a conflict of interest. The Audit Committee members must involve in the meeting to keep the related transactions equitable and reasonable by concerning 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)(EN-27, DMA)

The construction business has direct impacts the society and environment. The Company recognizes 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 focus on CSR after process in form of various activities. The Company's operation of the social and environmental responsibility is separated into 2 parts as follows:

1. CSR in Process

is the responsibility towards the impacts and creation of value from the Company's operation towards 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 its business with responsibility towards society and environment, by focusing on equitable and fair treatment to all stakeholders namely, shareholders, employees, customers, business partners, creditors, business competitors, communities, society and environment. Including realizes and cautions on the impacts that may arise to all stakeholders in all processes of the Company's operation in various aspects such as economic, social and environmental.

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 2017, the Company participated in the projects bidding for government agencies and private sectors, and was successful in the bidding of the new projects with the amount of approximately 5,402 Million Baht.

Summary of newly awarded projects in 2017

(Million Baht)	
Project	Project Price
Construction for Workshop and Warehouse Building, ABPR3 and ABPR5 CCCP	72.00
LAKSANEE SARASAS RESIDENCE	51.00
Flood Prevention in Om Yaicommunity, Phase 1, Sam Phran District, Nakhon Pathom Province	326.00
150MW Coal Fired Power Plant Project in Stung Hav, Sihanoukville, Cambodia	1,310.00
Draining System for Soi Sukhumvit 31 and Soi Sawasdee (Bangkok)	162.00
Wang Noi Compressor Station (WCS) Building Work	88.00
Tunnel Link, connecting tunnel between Sam Yarn Mitrtown and MRT Sam Yarn Station	219.00
South Bangkok Power Plant (Additional)	655.00
Manholes and Electrical Conduits (MRT Pink Line, Khae Rai-Min Buri)	1,308.00
Manholes and Electrical Conduits (MRT Yellow Line, Lat Phrao-Samrong)	308.00
MRT Orange Line, Thailand Cultural Centre-Lamsali-Min Buri	633.00
Seminar Building and Resident Building for the Office of Chaipattana Foundation	54.00
Flood Protection for Phong Pheng community, Phase 2, Pa Mok District, Ang Thong Province	186.00
Total	5,402.00

At the same time, the Company has studied several projects which are beneficial in the neighboring countries in order 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 terms of financial management for sustainability, the Company has seriously conducted the management for financial sustainability, in aspects of transparency and verifiability. The financial statement must be accurate and reliable. The Company's financial management and the financial statement preparation were based on the Accountability Financial Statement principal as follows:

1. Transparency

The Company has a policy to provide a 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 comprises of 3 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 appeared 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 whose 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. And the items in the financial statement were prepared in compliance with the announcement of the Department of Business Development, the Ministry of Commerce dated 28th September 2011 regarding the requirement for the brief items to be shown in the financial statements year 2011, 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 of the area of expertise or in the activities that have conflict of interest with the Company. The Company's circulating capital is also sustained to be sufficient for the payment of the remuneration for employees and all stakeholders.

3. Equitable Treatment to Employees

The Company recognizes the equitable 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, having a fair and equal employment. The Company has no policy to employ child labors, promotes development of employees' capabilities and potentials, provides good benefits and other privileges as well as creates good working environment in order to provide them with better quality of life, trust and continue to work with the Company in a long-term basis.

1. Fair and Equal Employment

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

Employees Information in 2017 (G4-10, LA-12)

Categorized by positions

Positions	Number (Persons)	
	Male	Female
Assistant Vice President and higher levels (G4-EC6)	23	5
Division/Section Manager	17	17
Operating Staff	1,518	712
Total	1,558	734

Categorized by types of employment

Full-time employee					Contracted employee				
Sex	Monthly Paid		Daily Paid		Sex	Monthly Paid		Daily Paid	
	Number (persons)	%	Number (persons)	%		Number (persons)	%	จำนวน (persons)	%
Male	601	67.23	774	71.53	Male	32	60.38	151	57.41
Female	293	32.77	308	28.47	Female	21	39.62	112	42.59

New Employees

Categorized by gender					Categorized by age				
Sex	Monthly Paid		Daily Paid		Age	Monthly Paid		Daily Paid	
	Number (persons)	%	Number (persons)	%		Number (persons)	%	จำนวน (persons)	%
Male	126	68.85	343	75.88	Under 30	145	72.86	190	43.58
Female	57	31.15	109	24.12	Between 30 — 50	45	22.61	229	52.52
					Above 50	9	4.52	17	3.90

Table of employees termination in 2017

Terminated/Retired employees categorized by gender

Sex	Monthly Paid		Daily Paid	
	Number (persons)	%	Number (persons)	%
Male	137	69.90	523	73.25
Female	59	30.10	191	26.75

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 laws. 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 employees.

The Company gives employees opportunities to define guideline on benefits contribution to meet the employees' requirement by appointing the Welfare Committee consists of 5 employees who are elected as committee members and 2 appointed directors. 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 opinions 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.

Welfare allocated for employees (G4-LA2)

Welfare	Full-time Employees		Contracted Employee	
	Monthly Paid	Daily Paid	Monthly Paid	Daily Paid
1. Insurance				
• Group Insurance				
- Life Insurance	*	*	*	*
- Accident Insurance	*	*	*	*
2. Healthcare				
• Medical Care Compensation	*	*		
• Annual Medical Check-up	*	*	*	*
• Dental Care Compensation	*	*		
• Social Securities	*	*	*	*
• Compensation Fund	*	*	*	*
3. Others				
• Uniform for Office Staff	*	*		
• Uniform for Workers	*	*	*	*
• Professional Skill Training	*	*	*	*
• New Year Party	*	*	*	*
• Drinking Water	*	*	*	*
• Workers Camps	*	*	*	*
• Transportation	*	*	*	*
• Allowances				
- Upcountry Allowance	*	*		
- Oversea Allowance	*	*	*	*
- Food Allowance	*	*		
• Savings Cooperative	*	*	*	*
• Loans				
- Residential	*	*	*	*
- Consumption	*	*		
• Financial Aids				
- Sickness				
(only for operation case)	*			
- Marriage	*			
- Death of staff's parents	*			
- Death of staff	*	*	*	*
• Provident Fund	*	*		
• Retirement Fund	*	*		

The Company organized an event to celebrate the 40th anniversary of Nawarat Patanakarn Public Company Limited and awarded employees whose service years exceed 20 years. In addition, the Company also organized a thank you party for customers and business partners.



3. Employees Development (G4-LA9, G4-LA10)

The Company considered its employees 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 by focusing on the development of personnel to be efficient and suitable for their positions and responsibilities in order to enable the employees to efficiently perform their duties and support the Company's growth that will bring the sustainability to the Company.

The Company organizes a grand orientation to new employees in order to provide them knowledge and understanding about the organization and allocated budgets for employees' development by setting up the training plan systematically, both basic training necessary for working and on the job training.

The development of employee's knowledge, capabilities and competencies can be divided into 3 aspects as follows:

1. Core Competency is a basic knowledge and ability that the organization would like its employees to have; e.g. Quality, Occupational Health and Safety
2. Function Competency is a necessary knowledge and ability needed for the each 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 promoting them in order to give the employee opportunity to use their potential and develop themselves for professional growth.
3. Management Competency is a managerial knowledge and ability for employees of management level.

Moreover, the Company enhances its employees to share their knowledges and experiences among others in order to increase efficiency, receive equitable remuneration, gain competitive advantages and obtain further job promotion.

For the career opportunity, especially the managerial positions, the Company has a policy to consider promoting internal employee 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 cross functions.

In 2017, the training information of employees are displayed below:

Training Hours

Information of Staff' s Training	Year 2017
Average number of training hours (hour / person / year)	7.07 / person /year

Summary of Training Programs According to the Training Plan for the Year 2017

Detail	Training Courses			
	Quality, Occupational Health and Safety	Governance and Business Ethics	Development of Professional Capability	Leadership and Management
Persons	235	29	16	59
Hours	1,410	174	480	354



4. Respect for Human Rights

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

The Company conducts the construction business and always facing the problem of labor shortage. In order to deliver the construction work according to scheduled, it is necessary to employ foreign labors to supplement the domestic ones.

Table of Foreign Labors as of 31st December 2017

	Details	No. of Person	%
Nationality	Cambodian	262	46.21
	Burmese	305	53.79
	Total	567	100

The Company hires foreign labors by applying for work permits according to the laws and the requirements of the Department of Labor, treats them with the human rights principles, and provides them with fundamental welfares as required by the labor law including other benefits as same as those provided to Thai labors. 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 labors
- Complimentary accommodation as provided to Thai labors
- Complimentary electricity and water supply not exceeding the amount limited by the Company, as provided to Thai labors
- Minimum daily wages at Baht 300.-or more,depending on work performance,as provided to Thai labors
- Worker uniform
- Occupational health system & safety such as protective equipment as provided to Thai labors
- Trainings
- Rights to give opinions and suggestions on work as provided to Thai labors
- Position promotion

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 law and safety laws, treat their employees based on ethics and with respect for human rights, and refrain from child labors. The Company treats all partners fairly and equally without discrimination of any kind, regardless of 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 2017, 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 working 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 a 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 7 representatives from both side of employer and employees and have duties and responsibilities as follows:

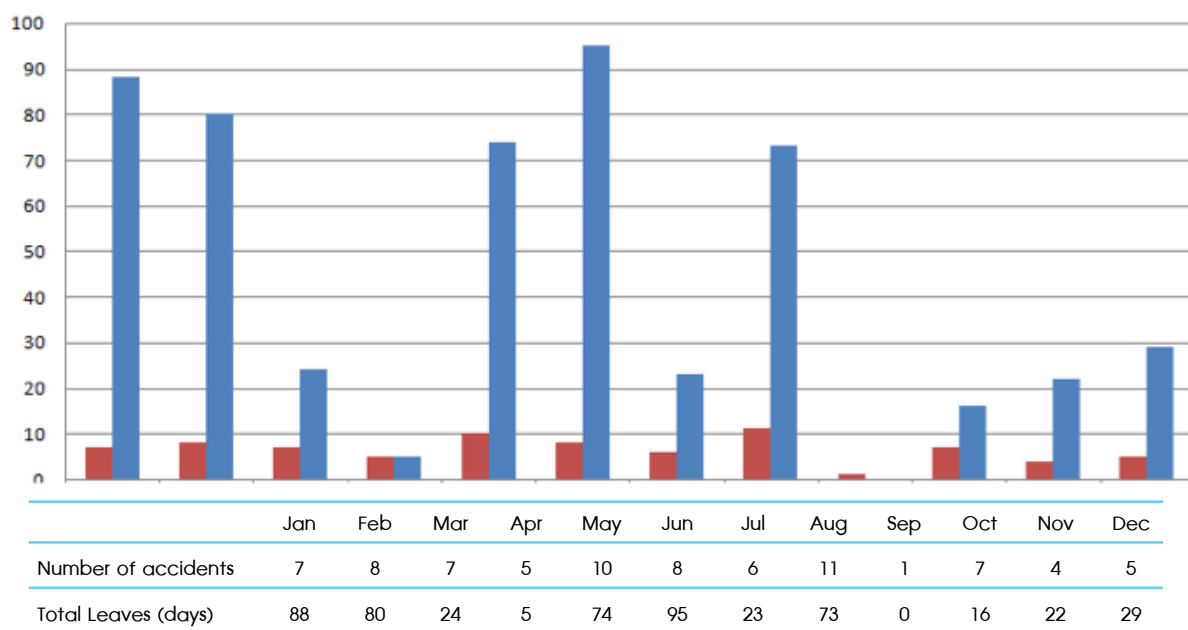
- Consider policy and plan on safety for work and for outside of work in order to prevent and decrease accidents, injuries, illness, disturbances or unsafe conditions during the service of works and present to the employer.
- Report and suggest the employer measures or guidelines to improve occupational 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 of 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 to 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 working group consists of safety officer at any levels namely a safety officer at supervisory level, a safety officer at operation level and a safety officer at professional level, in order to oversee and monitor the operation according to the professional safety standard. Including planning and provide working conditions which compliance with the applicable laws, such as lines drawing, warning signs putting, equipment providing to prevent danger from work, and provide safety knowledge to workers.

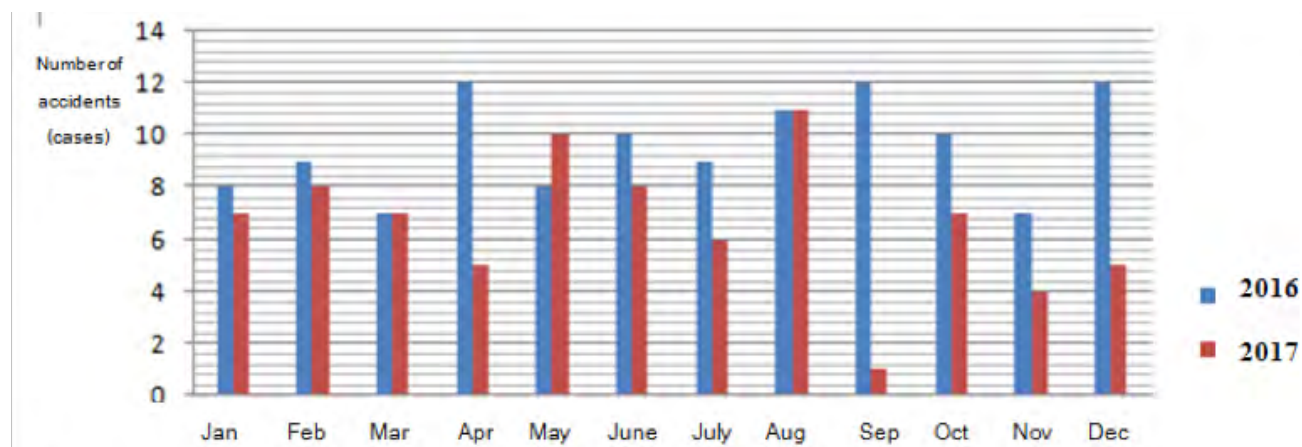


Statistics of Accidents and Employees' Work Leaves from Accidents in January — December 2017

Summary of Accidents and Employees' Work Leaves in the year 2017



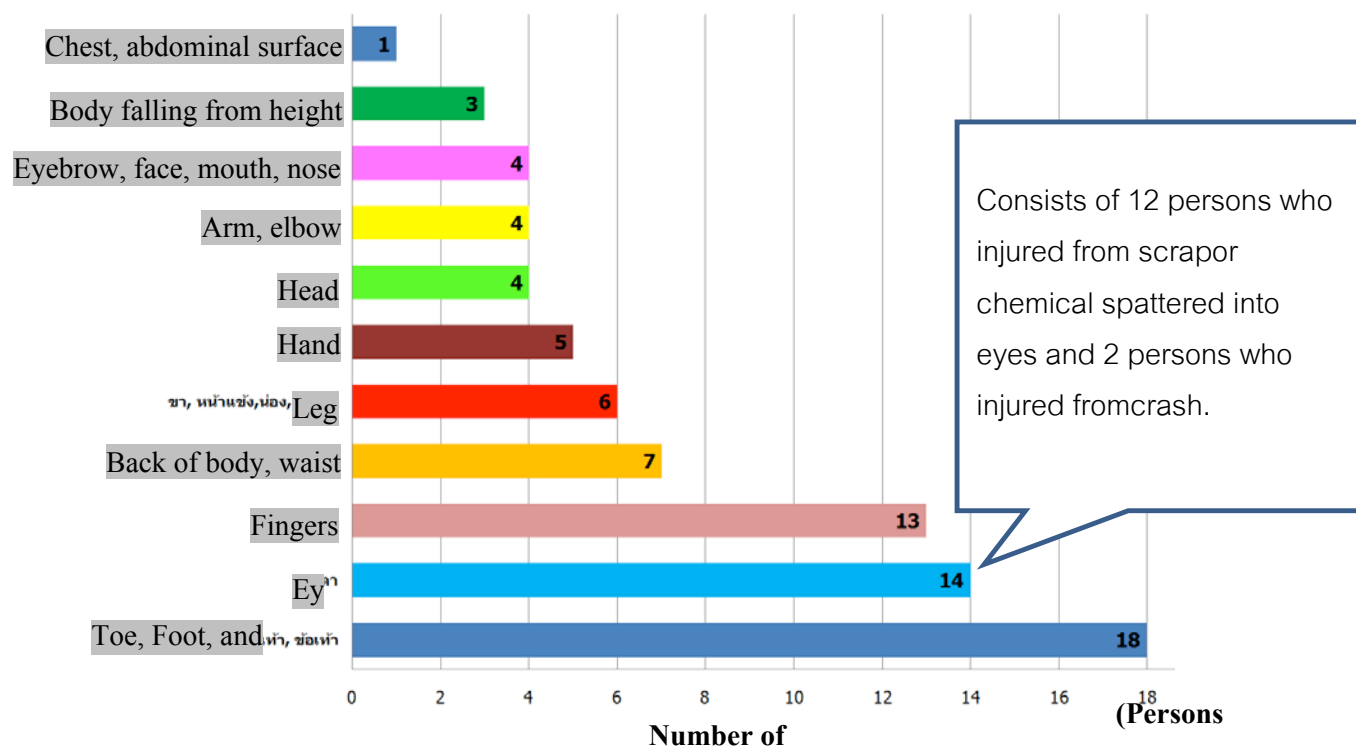
Comparable Table of Accidents Occurring from Working during January — December 2016 and 2017



Proportion of the violent and type of accidents in the year 2017

Total number of accidents was 79 cases which categorized as	Non-absence from work	Absence from work for 3 days	Absence from work for 4 -20 days	Absence from work over 21 days	Fatality
	29	19	23	8	0
Percentage (%)	37%	24%	29%	10%	

Categorized by organs injured from accidents in the year 2017



To achieve the objectives of the Quality Management System ISO 9001/2015, the Company 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 2017.

Month	Total				
	Total Employees (person)	Accident (time)	Average (Times) 100 persons / month	Accumulated Average 100 persons / year	Accumulated (not exceeding)
January	3,355	7	0.21	0.21	0.25
February	3,337	8	0.24	0.45	0.5
March	3,338	7	0.21	0.66	0.75
April	3,363	5	0.15	0.81	1
May	3,312	10	0.30	1.11	1.25
June	3,306	8	0.24	1.35	1.5
July	3,279	6	0.18	1.53	1.75
August	3,219	11	0.34	1.87	2
September	3,208	1	0.03	1.90	2.25
October	3,163	7	0.22	2.12	2.5
November	3,107	4	0.13	2.25	2.75
December	3,056	5	0.16	2.41	3
Total	3,254	79	2.41		3

The Company established the Occupational Health, Safety & Environmental Manual in accordance with the Occupational Health & Safety Assessment Series — OHSAS 18001:2011, 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 used it as a guideline to control safety, prevent accidents from operation, as well as 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.

Training Subjects	Number of Training	Attendee
Fire evacuation drill, fire safety first aid 	1 course per year for each work unit	Head office employees attended, held by Building officers and Bangkaew Sub district Administrative Organization Employees of work unit N.090 and contractors attended, held by Sub district Administrative Organization which authorized as training section
Revision of the TIS/OHSAS18001 regulations and risk assessment 	Each working team from each unit and safety officers	Occupational Health and Safety Section, Head Office
Safety Officer for Supervisor Level Course at the Head Office 	2 courses	The Safety and Health at Work Promotion Association (Thailand) <ul style="list-style-type: none"> • First course on 11th-13th May 2017 • Second course on 17th-18th May 2017

Training Subjects	Number of Training	Attendee
<p>Crane operation course for signal officer, rigger and crane operator (overhead crane and tower crane) at work unit N.011</p>  <p>และที่ N.009</p> 	2 courses	<p>The Safety and Health at Work Promotion Association (Thailand)</p> <ul style="list-style-type: none"> • First course on 22nd-24th May 2017 • Second course on 25th-27th May 2017
<p>Crane operation course for signal officer and rigger at work unit N.488</p> 	1 course	<p>The Safety and Health at Work Promotion Association (Thailand) on 27th-28th December 2017</p>
<p>Course for controller, rescuer and workers working in confined space</p> 	19 courses	<p>Occupational Health and Safety Section, Head Office trained each work unit as requested</p> <ul style="list-style-type: none"> • N.440 for 1 course • N.091 for 5 courses • N.449 for 4 courses • N.464 for 1 course • N.468 for 1 course • N.488 for 7 courses

หัวข้อการฝึกอบรม

จำนวนรุ่นที่ฝึกอบรม

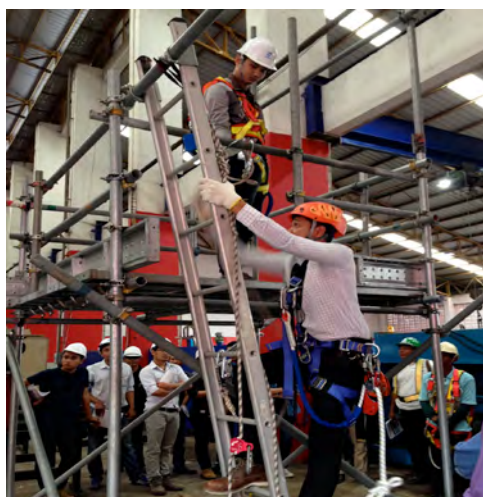
ผู้ฝึกอบรม

Scaffolds installation and inspection trained at work unit N.090 1 course



Direction trainingCo., Ltd. on 26th-27th June 2017

Fall protection course trained at work unit N.090 1 course



Direction Training Co., Ltd on 30th June 2017

The Company organized Morning Talk which is an activity, organized every morning before working started, 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.



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 with zero accident rate will be rewarded with money in an amount of 100 Bath multiplyby number of staff working in that work unit.

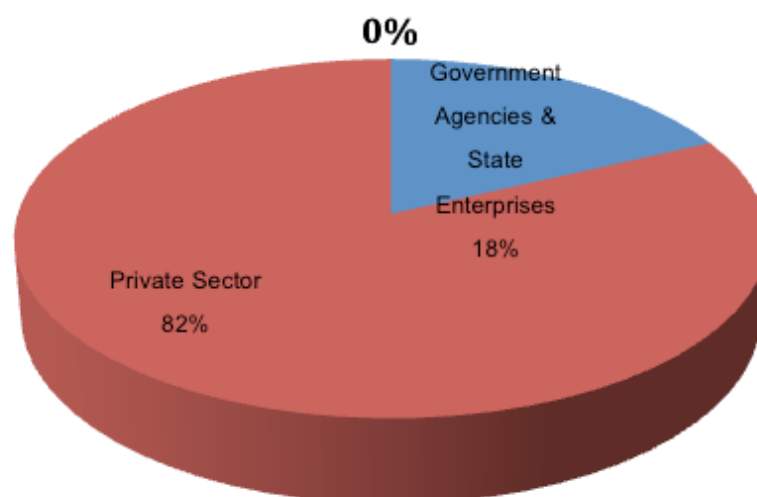
Work units which have been rewarded in the Year 2017

First period	Work units	Amount (Baht)
N.002	Transportation unit	2,600
N.033	Equipment and Machinery Center (Mahachai)	12,500
N.443	Baranee Village Project	3,700
N.445	Lampang(Achieved 3 rounds)	121,800
N.457	Construction site of Advance Prefab Co., Ltd.'s plant	7,800
N.471	Power plant (Rayong)	12,600
Second period	Work units	Amount (Baht)
N.011	Mahachai	5,050
N.090	Bang Nam Piao	12,400
N.434	Nakhon Ratchasima	7,100
N.440	Ratchaburi	18,500
N.445	Lampang	73,000
N.449	Bearing, SamutPrakan	20,500
N.451B	Rajapruk	8,700
N.455	Pa Sak River, Ayutthaya	8,300
N.464	Phrakhanong, Sukhumvit	4,100
N.469	Bangkaew	11,800
N.474	Nakhon Pathom	5,500
N.471	Rayong	12,200
Third period	Work units	Amount (Baht)
N.033	Mahachai	12,300
N.091	Tunneling and Pipe Jacking	5,300
N.445	Lampang	32,500
N.449	Bearing, SamutPrakan	22,000
N.466	Construction of berth	9,000
N.487	Construction site of Rayong power plant	5,500
N.488	Construction site of South Bangkok Power Plant	6,700
N.490	Construction site of bridge	9,500

7. 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, state enterprises and private sectors within the country.

Customer Proportion in 2017



The Company gives top priority to the satisfaction of customers or project owners 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 or project owners.

The Company determines that every construction site and plant survey its 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 4 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 2017

No.	Construction Site	Plant	Average
1	92.48 %	93 %	92.74%
2	92.1%	91.7%	91.9%
Total			96.37%

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

In 2017, the Company did not receive any complaints from customers, whether from the construction sites and factories.

8. 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 in quality of the materials and workmanship, in order 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.

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

The Company is committed to responsible for people and maintain good relations with the people who living in the community around construction areas, by way of conducting community relations activity. The Company will perceive their opinion and suggestions in order to provide mitigation and reduce any impact that may arise, whereas they are able to live their normal lives.

Each construction projects of the Company will impose measures and execute the mitigation procedure to reduce 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 that will be used as a communication channel for opinions, suggestion, complaints and grievance in case of suffering arising out of the construction operation. When complaint/grievance is lodged, the problem must be resolved without delay. 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, thus, 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 laws that is commencing after 11.00 pm and stopping before 05.00 am, in order to avoid traffic jam during rush hours. Route used for transportation are far away from structures and communities. Speed is limited within the one prescribed by laws. Leading vehicles were 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 2017, the Company conducted community relations activities and helped reducing the negative impacts to community arisen from the Company's construction operation as follows:

- Clean up debris, dust and mud on the road to reduce diffusion of dust due to construction work that may affect health of people who use the road and who live nearby.



10. Environmental Operation

The Company operates its business by taking into account the environmental responsibility and commitments to strictly comply with applicable laws, regulations, standards, requirement and related policies of the government regarding environmental. The Company seriously carry out the development of the environmental management within the organization to maximize the resources utilization and minimize the amount of waste from the Company's activities. The Company continuously develops and improves the environmental management system in all activities in order to reduce pollution and minimize impact on the environment. Includes providing knowledge and training regarding to environmental issues to employees, and raising employees' 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 2017, 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 have 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 set up the purchase procedure with manufacturers/suppliers that have standardized production process that is environmental friendly in order to encourage them to pay attention to products that reduce impacts on the environment.

2. Energy Management (G4-DMA, G4-EN3)

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 2017, the Company carried out the operation of energy management as follows

Electricity

The Company recognizes the importance of the efficient utilization and electricity saving 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 in office and every working unit.
- Clean lighting devices and bulbs installed in office and factories at least one time per year.
- Turn off all electricity devices every time when there is no production, except for devices which require 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 with in 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 employees' awareness in electricity saving by using various methods such as public relations stickers, exhibition board or training.



Water Supply (G4-EN8)

The Company recognizes an efficient utilization of water supply and having a campaign the saving water supply according to the energy conservation policy as follows:

- Provide and equate 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 for reparation.
- Install proper water-supply equipment such as toilet floating balls.

Fuel

- Arrange the same transportation route for goods delivery.
- Stop the engine when parking vehicles to reduce air pollution and save the fuel.
- Check the engine to be in good condition as required by laws.
- Do not over load 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 wasting of paper and printing ink.
- Print both sides of paper to maximize the use of paper.
- Use recycled paper when printing general documents for internal use in order 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 only.
- Keep one-side used paper for reuse. 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. (Garbage)



General Materials

- Use materials efficiently and suitably for 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 and steel welding.
- Sort out the material residues for reuse.
- Improve management of materials storage such as stone, cement, steel rods and chemicals to minimize waste of materials.

3. Environmental Management

The Company recognizes the importance to conduct the environmental management for all operation processes and strictly adheres to the applicable laws to control and mitigate the environmental impact caused by the operation. The Company applied a high standard and modernized technology and technique which complies with the quality management standard according to the international standardized system, to 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 management 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 pass training process. Having a regularly, continuously and seriously audit system in order to create safety and ensure least impact to the employees, people and nearby community due to efficient measures and management plan.

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

Construction site / Factories	Workers' Camp	Surrounding Areas
Focus on keeping the area of construction and factory clean and free of dust, noises, vibration, wasted water, bad vision and other impacts.	Maintain the environment and sanitation of worker camps; plan the layout for tidiness according to occupational health principles to ensure quality of the workers' life.	Regularly inspect environmental condition around the construction sites. If any environmental problems occurred, difficulties may affect the neighboring area or communities. Therefore, problem solving shall be done without delay.



Mosquito spray in the area of workers' camp

The Company determined measures for the environmental management as follows:

Dust

- Arrange 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 which may diffuse.
- Make sure every truck is covered by canvas before leaving the construction site to prevent construction materials from falling onto the roads, 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 closed area with fences of at least two meters height.
- Regularly clean up soil and sand outside the fences. And wash surrounded roads connecting to the construction area.
- 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 which are noise from construction vehicles and noise from the construction machines. The procedure to reduce the impact from noises are as follows:

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

Wasted Water (G4-E22)

- Install wasted water treatment tanks. Sources of the wasted water can be categorized as follows:
 - Wasted water from toilets, kitchens, containers washing which shall be treated with microorganism in the finished water treatment tank, before releasing into the Company's drainage system.
 - Wasted water, tap water or rain, contaminated with oil, trash, or other chemical residues from washing of hands, feet, or road surface or washing water of workers vehicles.
 - Other wasted water within the office's area.
- Install sludge scraper or sedimentation filters to hold sludge from the treated water before such 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 laws. The environmental officer or the authorized person shall contact the officer and takes sample of the Company's released water to test and analyze the quality. Quality of the released water must be tested at least twice a year.

1.2

1.3



- 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 a 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, production process or 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 personal protection devices for workers who work in air pollution generating areas.

Vibration

The vibration from the construction site may affect the stability of nearby structures, the Company has managed the vibration according to the Notification of the National Environment Board No. 37 B.E. 2553 regarding the 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 determined the measures for waste / garbage management as follows:

- Implementation of 3 R approach with in the Company,namely:
 - Reduce: reduce materials and products utilization in order to reduce the amount of waste.
 - Reuse: reuse materials and products which are reusable.
 - Recycle: bring back and process materials and products which already been used to make them useable again, including having a right method of trash disposal.
- Campaign waste separation:
 - General waste means the leftovers or unwanted stuff arising from general activities of the Company, which are possible for bury in 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.

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

Color	Category	Type of Waste
Green	General Waste	paper scraps, cloth residues, food, product, plastic bags, food packages, foam boxes
Yellow	Recycled Waste	paper, paper boxes, soda cans, glass residues, metal residues
Red	Dangerous 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 the removal of the dump from construction activities is not ready, the dump must be securely covered.
- The left over materials shall be sold to the buyers.

At present, the Company is certified by the environmental management system for standardization (ISO 14001: 2015) for the Head Office and is in the process of application of certification for factory. ISO 14001 is an environmental management system developed in September 1996 to enable an organization to implement a system for maintain, control, and improve quality of environment. As well as, protecting hygiene of human beings. The system include planning and setting the guideline with objectives, to protect and reduce pollution from its origin. Emphasized on impacts or possible impacts on the environment originated from the organization's activities, production process, and services, there, carefully consider materials acquisition, design, research and development, delivery, application according to its purpose, reuse, efficient resources utilization, avoidance of dangerous chemicals which is proper and provide an effective environmental management system. In addition, the Company established the Environment Department to supervise and manage this matter exclusively, to promote and publicize to all employees. Create understand, realize, and promote participate in the environmental management as follows:

- Issue in ternal journal called "GreenWay" on a monthly basis to communicate environmental information and disseminate it via email to all employees.
- Issue "the Environmental Operation Manual" brochure.
- Issue "The Environmental Management System ISO14001:20015" and environmental operation procedure brochure.
- Issue signboard campaign regarding energy saving and resources utilization.



- Provide training regarding to:
 - Interpretation of ISO 14001: 2015.
 - Assessment of environmental problems and related applicable laws.
 - Internal audit for the environmental management system.
 - environmental awareness.

In 2017, the Company received complaints regarding to the environmental problems from outside stakeholders in total 1 issue and from internal stakeholders in total 1 issue, those issues have been solved and mitigated as follows;

- Construction site of Betong Airport

The local communities nearby a construction site of Betong Airport complained about mudslide from the construction site which flew over their rubber farm and damaged their trees. The environmental executives and stakeholders were on the site to investigate and interrogate the problem in order to find solution. The problems have been solved by constructing drainage from the area and pay the compensation for the persons who faced those problem.



- Salary slip printing area, Human Resources Department, Nawarat Pattanakarn Co., Ltd., Head office

On April 2017, environmental section received pollution complaint in terms of noise and odor of carbon ink which impact employees in that area. The problems have been solved by renovation the printing room in Human Resources Department and setting up ventilation system since 24th October 2017.



Before renovation



After renovation

Operation of CSR after Process

Strong communities and society are essential support for the Company to have a steady and sustainably operation. The Company, therefore, emphasized on the activities promoting strength of communities and society. In the year 2017, the Company conducted various CSR after process activities toward the society and environment as follows:

The Company held the campaign of “Growing love from heart with Father’s Trees”

The executives and employees arranged a ceremony to express deepest condolences on passing of His Majesty King Bhumibol Adulyadej. The attendees jointly sang and held 89 seconds of silence in memory of His Majesty King Bhumibol Adulyadej. The Company President and CEO, Mr. Polpat Karnasuta, accompanied with the executives and employees to plant marigold flowers in the garden on the 19th floors, Bangna Tower A.



Activities to Develop Communities

The Company regularly conducts activities with the neighboring communities to build good relationship, help develop communities for good quality of life and create mutual happiness. In 2017, the Company conducts community relations activities as follows:

- Working unit N.488 supported fund for Sustainable Village's competition called "Yuu Yen Pen Suk", which Ban Pong community received the first runner up award on 30th June 2017.



- Working unit N.472, employees attended activity called "Let's do good deeds for our father, His Majesty King Bhumibol Adulyadej" to plant yellow elder flower tribute to the memory of His Majesty King Bhumibol Adulyadej. In addition, the event aims to encourage harmony and affection among community's members, held on 23rd September 2017



- Working unit N.445 reconstructed the road for Sobmob community in the amount of 2,370 Baht on April 26, 2017 and 13,820 Baht on June 24, 2017.

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 2017, the Company held activities to promote religion, tradition and culture as follows:

- The executives and employees donated money to support the construction of the sermon hall for NoenSaeng Thong Temple, Nong Ki, Kabin Buri District, PrachinBuri. The event occurred as occasion of the Kathin Ceremony held on 8th October 2017.



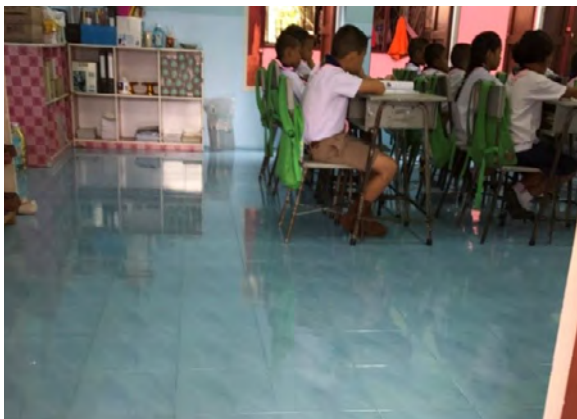
- On 15th December, 2017, the executives and employees jointly made an annual merit for fortunate of the organization and for employees' morale throughout the year of 2018.



Activities to Enhance Education

The Company recognizes the importance of education and commits to enhance the educational development in order to make Thailand a learning society that will lead to the sustainable country development. In 2017, the Company conducted the activities to promote the education as follows:

- The Company funded and supported building reparation for Khlong Palat Priang School in an amount of 50,000 Baht.



- Working unit N.009 supported educational charity for Wat Bueng Thong Lang School in an amount of 3,000 Baht and Wiwat Ponlamuang School in an amount of 6,000 Baht.
- Working unit N.455 supported children day activity by providing stationary for Wat ThepKhantharam School in an amount of 5,000 Baht and Wat Khae School in an amount of 5,000 Bath on 12th January 2017.



- Working unit N.460 organized children day activity at Plai Phongphang Sub District Administration Organization in an amount of 5,000 Baht on 12th January 2017.
- Working unit N.470 organized children day activity at Ban Pho Police Station, Chachoengsao province in an amount of 2,000 Baht on 14th January 2017.
- Working unit N.428 provided stationary, teaching equipment and sport equipment in an amount of 37,000 Baht for 3 schools namely Ban Nam Phao School, Ban Huay Hak School and Ban Don Tan School.
- Working unit N.473 supported fund for educational development in an amount of 2,000 Baht for Juk Smed School, Sattahip, ChonBuri province.

Donation of Money and Stuff for Charities

- Working unit N. 445
 - Supported and participated in the first golf competition of Engineering CherngDoi in an amount of 2,000 Baht.
 - Supported the establishment of the Territorial Defense Volunteer Corps in an amount of 2,000 Baht.
 - Supported traditional event of JaoPorPhaBerk in an amount of 2,000 Baht.
- Working unit N.484
 - Distributed date palm for local members of Buketaraze Mosque in an amount of 1,000 Baht.
 - Awarded prizes for community's children on Hari Raya Day in an amount of 3,000 Baht.
 - Supported bicycle for Betong Red Cross Fair in an amount of 1,000 Baht.
 - Supported learning activity regarding occupational in an amount of 2,000 Baht.



Report of the Corporate Governance Committee

Report of the Corporate Governance Committee

The Corporate Governance Committee of Nawarat Pattanakarn Public Company Limited consists of 7 directors; half of total committee members and the Chairman of the Corporate Governance Committee must be independent director. The Corporate Governance Committee responsibility to oversee and monitor the Company's corporate governance to be in compliance with the good Corporate Governance Principles of the Stock Exchange of Thailand, the Thai Institute of Directors Association (IOD) and the Organization for Economic Cooperation and Development (OECD).

In 2017, there were 2 meetings of the Corporate Governance Committee to monitor the operations in accordance with the good corporate governance plan. Its performance was reported to the Board of Directors for acknowledgement summarized as follows:

1. Established the Corporate Governance Policy Handbook detailing guidelines of the good corporate governance, roles of the Board of Directors, practical guidelines for management and internal control in compliance with the Good Corporate Governance Guideline of the Stock Exchange of Thailand, the Thai Institute of Directors Association (IOD) and the Corporate Governance Principles of the Organization for Economic Cooperation and Development (OECD), and proposed to the Board of Directors for consideration and approval. The Board of Directors' Meeting resolved to approve the Corporate Governance Policy as proposed.
2. Established the charters of the Board of Directors and the Sub-Committees to determine qualifications, composition, duties and responsibilities of the Board of Directors and the Sub-Committees and proposed to the Board of Directors for approval. The Board of Directors' Meeting resolved to approve the charters as proposed.
3. Ensured the Company having full compliance with the Good Corporate Governance 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) Rights of shareholders
 - 2) Equitable treatment of shareholders
 - 3) Role of stakeholders
 - 4) Information disclosure and transparency
 - 5) Responsibilities of the Board
4. Encouraged directors, 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.
5. Disseminated the Corporate Governance Policy for shareholders and stakeholders via the Company's website: www.nawarat.co.th.
6. Prepared report of the Corporate Governance Committee to disclose its 2017 performance.

The Company is committed to the compliance with the determined corporate governance policy, advocate the improvement and development of such policy and continually and properly disclose to reflect the efficiency, transparency, reliability and auditability 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

The Business Code of Conduct Committee of Nawarat Pattanakarn Public Company Limited consists of 4 directors; half of total committee members and 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 operations to base on integrity, transparency, morality, ethics and responsibilities to all stakeholders.

In 2017, the Business Code of Conduct Committee convened 2 meetings and reported its performance to the Board of Directors summarized below:

1. Considered, reviewed and revised the Business Code of Conduct Handbook (1st time) to make it modern, up-to-date and in accordance with the Company's best practice and the Corporate Governance Policy, defining it as a part of work regulations that directors, executives, and employees at all levels must strictly observe; and proposed it to the Board of Directors for consideration and approval. The Board approved this revision as proposed.
2. Considered the appointment of the Business Code of Conduct Working Group for monitoring and promoting the Company's operation on 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 as follows:
 - 1) to organize activities to promote business code of conduct in various aspects;
 - 2) to propose budget to drive activities enhancing business code of conduct effectively;
 - 3) to follow up and report its performance to the Business Code of Conduct Committee every 6 months
3. Participated in the Declaration of Intent with the Private Sector Collective Action Coalition Against Corruption (CAC) and the Thai Institute of Directors Association (IOD) on March 24, 2017
4. Encouraged and emphasized directors, executives and all employees to acknowledge, understand, realize and strictly adhere to the good corporate governance principles through various communication channels such as e-mail and intranet.
5. Disseminated the Business Code of Conduct to shareholders and all stakeholders to acknowledge and comply with the Company's intention via the Company's website: www.nawarat.co.th

The Business Code of Conduct Committee has its decisive intention and commitment to promote and enhance the Company's business operations 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

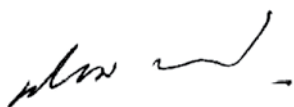
The Board of Directors of Nawarat Pattanakarn Public Company Limited resolved to appoint the Nomination and Remuneration Committee to perform its duties in recruiting and considering the remuneration of the Board of Directors, Sub-Committees, Chief Executive Officer and President to be transparent and fair. The Nomination and Remuneration Committee consists of 4 directors; namely,

1. Mr. Niyom Niyamanusorn	Chairman of the Nomination and Remuneration Committee
2. Mr. Apichart Dharmasaroja	Member of the Nomination and Remuneration Committee
3. Mr. Polpat Karnasuta	Member of the Nomination and Remuneration Committee
4. Mrs. Wattama Samanawong	Member of the Nomination and Remuneration Committee

In 2017, the Nomination and Remuneration Committee convened 2 meetings and reported its performance to the Board of Directors for acknowledgement after each meeting, summarized below:

1. Considered the suitable candidates for tabling to the Board and the 2016 Annual General Meeting of Shareholders for consideration. The Company offered minor shareholders an opportunity to nominate directors from November 29 — December 31, 2016. Since no such nomination emerged, the committee recommended that the directors who completed their terms in 2017 should be reappointed to another term. The Meeting of Shareholders resolved to re-appoint directors as proposed.
2. Considered the 2017 remuneration of the Board of Directors and the Audit Committee and submitted its opinion to the Board of Directors and the 2017 Annual General Meeting of Shareholders for consideration and approval.
3. Considered the compensation increase of executives and employees for the year 2017 with corresponding to the respective assigned duties and responsibilities, performance matching the Company's operating results, environment relating to the Company's business, as well as comparing to other companies within the same or similar industry and business sector, and proposed to the Board of Directors for consideration and approval. The Board of Directors approve the compensation increase as proposed.
4. Considered the criteria and the procedures of the annual performance evaluation of the Board of Directors and the Sub-Committees. The proposal was approved by the Board of Directors.
5. Considered the criteria and the procedures of the annual performance evaluation of the Chief Executive Officer and President. The proposal was approved by the Board of Directors.
6. Considered the appointment of Ms. Pakatip Lopandhsri, Vice President — Accounting and Finance and Member of the Risk Management Committee as director, member of the Corporate Governance Committee, member of the Business Code of Conduct Committee, member of Executive Committee and Company Secretary with effective from January 1, 2017 to replace Mrs. Wattana Samanawong who resigned due to retirement. The Board of Directors approved the appointment as proposed.

The Nomination and Remuneration Committee completed its duties with caution and integrity based on the responsibilities designated in its charter. It adhered to the principle of good governance adequately and suitably for the balanced and sustainable benefits of all stakeholders.



Mr. Niyom Niyamanusorn
Chairman of the Nomination and Remuneration Committee

Report of the Corporate Social and Environmental Responsibility Committee

Report of the Corporate Social and Environmental Responsibility Committee

Appointed by the Board of Directors, the Corporate Social and Environmental Responsibility Committee of Nawarat Pattanakarn Public Company Limited consists of five members; at least of two committee members and the Chairman of the Corporate Social and Environmental Responsibility Committee must be independent director; namely,

1. Mr. Apichart Dharmasaroja	Chairman of the Corporate Social and Environmental Responsibility Committee
2. Mr. Sook Sueyanyongsiri	Member of the Corporate Social and Environmental Responsibility Committee
3. Mr. Somchai Woonprasert	Member of the Corporate Social and Environmental Responsibility Committee
4. Mr. Nattaphorn Bhromsuthi	Member of the Corporate Social and Environmental Responsibility Committee
5. Mr. Mitporn Tansrisook	Member of the Corporate Social and Environmental Responsibility Committee

The Corporate Social and Environmental Responsibility Committee has the scope of duties related to the Company's business operations regarding the social and environmental responsibility, such as defining policies and action plans, appointing the working team to carry out activities, monitor the operations as well as review the operating results and reporting to the Social and Environmental Responsibility Committee, reviewing the operating results and reporting to the Board of Directors, considering and approving budgets and operating expenses and performing any other tasks related to the social and environmental responsibility as assigned by the Board of Directors.

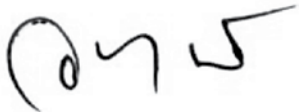
In 2017, the Social and Environmental Responsibility Committee convened 3 meetings and reported its performance to the Board summarized below:

1. Appointed the Social and Environmental Responsibility Working Team comprising 4 managers from relevant departments to drive the policy and organize activities about social and environmental responsibility.
2. Reviewed the Social and Environmental Responsibility Policy focusing on the community and social development policy as well as prepared monthly green journal, which is the internal journal to give knowledge and communicate activities about social and environmental responsibility to directors, executives and all employees to know and follow.
3. Performed the social and environmental responsibility policy and relevant activities as follows:
 - Community and social development: the construction sites organized activities preventing dust particles, cleaning road, collecting garbage in the working area and organized activities supporting social and environmental responsibility to community, such as sponsoring budget for sufficiency economy village contest, repairing damaged roads with asphalt, etc.
 - Employees' competency development: the Company organized 5s activity at the Company's Head Office targeting to continually improve the quality of personnel, working system and the Company's environment and to pave the way for quality assurance of business operation to achieve the Company's goals. The Company also organized the training courses for its employees based on their ability.

- Education: the Company donated money to repair nearby schools and provided educational supports to students to perform activities about social and environmental responsibility.
- Religion: 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

4. Prepared report of the Corporate Social and Environmental Responsibility Committee to disclose its 2017 performance.

The Corporate Social and Environmental Responsibility Committee is committed to the Company's operation to carry out as planned and in accordance with the Board of Directors' assignment, and recognizes the importance of social and environmental responsibility which will allow the company to grow sustainably.



Mr. Apichart Dharmasaroja

Chairman of the Corporate Social and Environmental Responsibility Committee

Report of the Risk Management Committee

Report of the Risk Management Committee

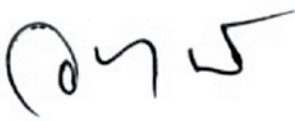
The Board of Directors' Meeting No. 10/2016 convened on September 1, 2016 resolved to appoint the Risk Management Committee to ensure that the Company has efficient risk management covering all risks in accordance with the good corporate governance principles. The Risk Management Committee has scope of duties and responsibilities designated in its charter and consists of 7 members; namely,

1. Mr. Apichart Dharnasaroja	Chairman of the Risk Management Committee
2. Mr. Nattaphorn Bhromsuthi	Member of the Risk management Committee
3. Mr. Sook Sueyanyongsiri	Member of the Risk management Committee
4. Mr. Mongkol Peerasantikul	Member of the Risk management Committee
5. Mr. Visut Suwanwitwaj	Member of the Risk management Committee
6. Ms. Pakatip Lopandhsri	Member of the Risk management Committee
7. Mr. Warawut Nakpairat	Member of the Risk management Committee

In 2017, the Risk Management Committee convened 2 meetings and report its performance to the Board of Directors summarized below:

1. Monitored the implementation of enterprise risk management plan, especially at risks at high level to ensure the effective risk management and ongoing compliance.
2. Reviewed and followed up the operational risk management plan of business units.
3. Provided Provide a Key Risk Indicator (KRI) to ensure that the Company has an appropriate internal control system to manage risk and to implement the risk management system properly.
4. Provided training to employees at operational level.
5. Prepared report of the Risk Management Committee to disclose its 2017 performance.

The Risk Management Committee has opinion that the performance of the Risk Management Committee achieve the Company's goals regarding the management of organizational risk management system by receiving good cooperation of executives and employees.



Mr. Apichart Dharnasaroja

Chairman of the Risk Management Committee

Report of the Audit Committee

Report of the Audit Committee

The Audit Committee of Nawarat Pattanakarn Public Company Limited consists of 3 independent directors and all of committee members must not be the Company's executive, employee and advisor; namely,

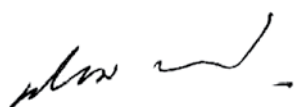
- | | |
|---------------------------------|---------------------------------|
| 1. Mr. Niyom Niyamanusorn | Chairman of the Audit Committee |
| 2. Mr. Prasertphand Pipatanakul | Member of the Audit Committee |
| 3. Mr. Apichart Dharmasaroja | Member of the Audit Committee |

The Audit Committee performs their duties and has responsibilities as assigned by the Board of Director and in compliance with the best practice for the Audit Committee of the Stock Exchange of Thailand.

In 2017, the Audit Committee convened 10 meetings to make considerations for matters. Executives, the General Manager for the Internal Audit Department and the auditor attended the Meeting 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 performance of the Audit Committee is summarized as follows:

1. Reviewed the quarterly financial statement and the 2017 financial statement to ensure that it is accurate, adequate, completed, reliable and prepared under generally accepted accounting procedures. Reviewed related party transaction between the Company and its subsidiaries to ensure that the transactions were the normal business condition and in compliance with rules and regulations stipulated by the Stock Exchange of Thailand before propose to the Board of Directors.
2. Supervised the internal audit, considered together with the General Manager of Internal Audit Division and adjusted the auditing plan to be in consistent with changes to create sound internal control system and suitable with the significant work procedures, reviewed the auditing results and monitored the operation to be in line with the plans to prevent or reduce the potential risks and considered the work performance of the General Manager of the Internal Audit Division. The Audit Committee has an opinion that the Company's auditing operation has been performed effectively and appropriately.
3. Reviewed the Company's compliance with law, regulations and requirements of the Securities and Exchange Act, and other regulations relating to the Company's business. After the meeting with the Company Secretary who has duty to supervise and monitor the compliance with laws, regulations and requirements of the Office of Securities and Exchange Commission and the Stock Exchange, the Audit Committee had opinion that the Company complied with all requirements with out any significant flaws.
4. Considered the appointment of the following Certified Public Accountants of EY Office Limited to be the Company's auditor for the year 2017 and submitted its opinion to the Board of Directors for proposal to the 2017 Annual General Meetings of Shareholders for approval as follows:

- | | |
|----------------------------|--|
| 1. Ms. Thippawan Nananuwat | Certified Public Account Registration No. 3459 and/or |
| 2. Ms. Manee Rattanabankit | Certified Public Accountant Registration No. 5313 and/or |
| 3. Mr. Termphong Opanaphan | Certified Public Account Registration No. 4501 |



Mr. Niyom Niyamanusorn
Chairman of the Audit Committee

Report of the Board of Directors on Responsibilities towards The Financial Report

Report of the Board of Directors on Responsibilities towards The Financial Report

The Board of Directors takes accountability for the consolidated financial statement of the Company, including information disclosed in this annual report. The aforementioned financial statement has been prepared in accordance with generally accepted accounting standards selecting appropriate accounting policies and consistently practiced, and with careful discretion and best estimation. All materialized information have been sufficiently disclosed in the notes of financial statement. The Board of Directors, furthermore, provides:

- Internal control system taken responsibility by the Internal Audit Division who report directly to the Audit Report to ensure its independence from the Management's domination.
- Practical guideline of good corporate governance for the Company's directors, executives and employees to adhere to.
- Proper and effective risk management system to reduce causes of each potential damages to the Company to ensure that the preparation of financial and accounting statements are accurate, complete and sufficient for maintaining the assets and preventing fraud.

The Board of Directors appointed the Audit Committee to perform duty of reviewing the accounting policy and accuracy of financial reports as well as internal control system and internal audit. Further information were disclosed in the report of the Internal Audit in this annual report. Besides, the Company's financial statements have been audited by the Certified Public Accountant (CPA) of EY Office Ltd., in which within this report, the opinion of the CPA is represented in the independent auditor's report.

In the view of the Board of Director, the company's overall internal control system is satisfactory and reasonably assures that the financial statements of Nawarat Patanakarn Public Company Limited, its subsidiaries and joint ventures ended December 31, 2017 are reliable and in compliance with laws and relevant regulations.



Mr. Prasertphand Pipatanakul
Chairman

Explanation and Analysis of Financial Status and Operating Results

Explanation and Analysis of Financial Status and Operating Results (GA-EC1)

In 2016, economic and political problems of many countries were still unsolvable. Notwithstanding, the economic and political policies announced by Mr. Donald Trump, new President of the United States caused unpredictable direction for the World's 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.

In 2017, the World's economy were beyond the expectation of most analysts and has been expected to continually grow until 2018. Nevertheless, the trade protectionism announced by the US President Donald Trump, starting from abandoning the Trans-Pacific Strategic Economic Partnership Agreement (TPP) followed by announcing to walk away from North American Free Trade Agreement (NAFTA) has caused concern. In Thailand, construction of both public and private sectors in 2017 dropped, but highly expanded for state enterprise. It is expected that Thailand's economy in 2018 will improve due to increase of the public sector investment in transportation. Private investment gradually improve as well.

Explanation on Financial Status and Operating Results

Summary of the Company's financial status according to the Company's Consolidated Financial Statement Ended December 31, 2017

As at 31 December 2017, the Company and its subsidiaries had total assets amounting to Baht 12,251.44 million, decreasing by Baht 325.33 million from December 31, 2016.

Significant changes in assets

1. Temporary investment: as at December 31, 2017, amounted to Baht 5.10 million, decreasing from December 31, 2016 by Baht 449.92 million since the Company sold investment unit in mutual fund to pay the investment in its subsidiaries and to use as working capital for its own construction projects.
2. Accounts receivable and other debtors as at December 31, 2017, before allowance for doubtful accounts amounted to Baht 2,438.05 million, decreasing by Baht 174.01 million from December 31, 2016. In case payments are not made by the clients as it is specifically due, interest charges shall be applied to those late payments. Interest charges shall be conditionally calculated based on the due date and this standard shall be practically applied to all receivables, including receivables of related entities. Because of 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 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 at December 31, 2017 compared with those as at December 31, 2016

Description	Allowance for doubtful accounts	Total debt	Within due	(Unit: Million Baht)	
				Within 12 month past due	Over 12 month past due
Accounts receivable as of December 31, 2016	11,257.68	2,586.21	536.00	711.35	1,338.86
Accounts receivable as of December 31, 2017 ณ วันที่ 31 ธันวาคม 2560	1,255.48	2,404.83	448.16	412.60	1,544.07
Increase (Decrease)	(2.20)	(181.38)	(87.84)	(298.75)	205.21

3. Unbilled revenue as at December 31, 2017 before allowance for doubtful accounts amounted to Baht 2,726.53 million, increasing from December 31, 2016 by Baht 318.74 million due to extension of construction period, change of construction model or addition/reduction of work scope from the main contract, which had to be amended in accordance with new agreement before the contractor could reimburse fee from the employer, of some projects. Therefore, number of works that have not been delivered to the employer increased higher than the previous year. Moreover, some projects specified a condition in the contract that the whole project must be completed before delivering works to the employers.

Significant changes in liabilities included

1. Bank overdrafts and short-term loan from financial institutions as at December 31, 2017, were Baht 396.04 million, increasing by Baht 257.79 million from December 31, 2016 due to an increase of short-term loan from financial institutions.
2. Accounts payable and other creditors as at December 31, 2017 amounted to Baht 1,811.02 million, increasing by Baht 110.59 million from December 31, 2016 due to an increase of materials purchase and hiring of sub-contractors.

Normally, suppliers offer the Company a payment term of 30-60 days, but some of them, such as steel supplier offers payment by cash with special discount. Considering and comparing the conditions, the Company gets more advantages since it makes cost of construction drops. Moreover, it is in accordance with the Company's policy to purchase some main materials to be sufficient for the entire project in advance to reduce price risk. If the Company has enough cash, the Company agrees to pay the supplier by cash.

Details of accounts payable and other creditors are as follows

Description	(Unit : Million Baht)		
	As of Dec 31, 2017	As of Dec 31, 2016	Increase (Decrease)
Accounts payable — related and not related entities	1,511.95	1,507.22	4.73
Advance from related and not related entities	36.02	34.50	1.52
Other creditors — related and not related entities	116.10	58.83	57.27
Accrued expense — related and not related entities	<u>146.95</u>	<u>99.88</u>	<u>47.07</u>
Total accounts payable and other creditors	<u>1,811.02</u>	<u>1,700.43</u>	<u>110.59</u>

3. Advance revenue for construction service as at December 31, 2017 amounted to Baht 1,315.87 million, decreasing from December 31, 2016 by Baht 582.95 million. The Company received in advance revenue for several projects from employers. The advance revenue has been gradually deducted from the value of works delivered in each period. The conditions applied as specified in the construction contract.

1. Analysis of the operating performance of the year 2017 comparing to the year 2016 according to the consolidated financial statement

Description	Year 2017	Year 2016	Increase (Decrease)	
			Amount	Percent
1.1 Revenue from construction service	8,356.43 million Baht	7,919.19 million Baht	437.24 million Baht	5.52
1.2 Cost of construction service compared with revenue from construction service	94.30%	92.07%	-	2.42
1.3 Revenue from sales and services	919.07 million baht	392.62 million Baht	526.45 million Baht	134.09
1.4 Cost of sales and services compared with revenue from sales and services	85.01%	93.26%	-	(8.85)
1.5 Sales expenses	103.61 million Baht	56.97 million Baht	46.64 million Baht	81.87
1.6 Administrative expenses	497.34 million Baht	405.92 million Baht	91.42 million Baht	18.38
1.7 Financial expenses	224.38 million Baht	196.43 million Baht	27.95 million Baht	14.23

2. Operating Performance for the year 2017

Description	Year 2017	Year 2016
Profit (Loss) of the year attributable to shareholder's equity according to the consolidated financial statement	(202.81) million Baht	52.02 million Baht

3. Management's Analysis and Explanation

For the operating performance as at the ended December 31, 2017, the Company and its subsidiaries had total revenue amounting to Baht 9,345.32 million divided into revenue from construction service of Baht 8,356.43 million, revenue from sales and services of Baht 919.07 million and other revenues of Baht 69.82 million. Compared to the year 2016, total revenues of the Company and its subsidiaries increased by 11.77 percent, mostly resulting from an increase of revenue from construction services of Baht 437.24 million, or 5.52 percent, and revenue from sales and services of Baht 526.46 million, or 134.09 percent.

In the year 2017, the Company had net loss of the year attributable to shareholder's equity amounting to Baht 202.81 million; while in 2016, the Company had net profit of the year attributable to shareholder's equity amounting to Baht 52.02 million.

The Company recognized share of profit from investment in associated companies and joint ventures in 2017 amounting to Baht 1.81 million, decreasing by Baht 21.52 million from the year 2016. In the year 2016, the Company recognized share of profit from such transaction amounting to Baht 23.34 million. Details are as follows:

Company	(Unit: Million Baht)	
	Recognized Profit(Loss)	
	Year 2017	Year 2016
VSPN Property Company Limited	(3.00)	(0.72)
C.I.N Estate Company Limited	2.61	27.09
NWR-SBCC Joint Venture	2.20	(3.03)

The Company, its directors, executives and all employees is committed to run the business to achieve the defined vision: "to be one of Thailand's top five largest general construction contractors with international standards, stability, sustainability and responsibility to social and environment". Even though, problems and difficulties, i.e. international and domestic economic situations and domestic political situation have still remained; they have been gradually solved. Construction projects of the Government aiming to develop the country have begun bidding according to the budget. Although, there are serious bidding competition between construction companies is drastic, the Company's executives and all employees are committed to perform their duties at full capacity and do their best to ensure that the Company achieves its vision.

3.1 Operating Performance for the Year 2017

Construction Business

3.1.1 Revenue from construction service increased a lot in 2017, Comparing to 2016, the construction revenue increased by Baht 437.24 million or 5.52 percent. The three largest construction projects contributing highest revenue in the year 2017 were:

- A. Mae Moh Power Plant Units 4-7 Replacement Project in Lampang Province of the Electricity Generating Authority of Thailand of which the Company is the sub-contractor of Marubeni Corporation. Revenue in 2017 was Baht 1,099 million.
- B. South Bangkok power plant replacement project, phase 1 of the Electricity Generating Authority of Thailand of which the Company is the sub-contractor of Marubeni Corporation (MC) jointly with Siemens AG and Siemens Limited. Revenue in 2017 was Baht 736 million.
- C. The construction project of coastal harbor (Terminal A) with facilities of the Port Authority of Thailand. Revenue in 2017 was Baht 555 million.

3.1.2 Compared with the year 2016, sales expenses of the year 2017 increased by Baht 46.64 million or 81.86 percent. Details of the 2017 sales expenses are as follows:

Sales expenses	Unit : Million Baht	
	Year 2017	Year 2016
Mana Patanakarn Company Limited	89.27	56.97
Advance Prefab Company Limited	13.47	-0-
Taste Maker Company Limited	0.87	-0-
Total	103.61	56.97

1. In the year 2017, Mana Patanakarn Company Limited, conducting real estate development business, had expenses for sales promotion to boost up sales volume increasing from the year 2016 by Baht 9.96 million and had expenses for special business tax and local tax when transferring assets increasing from the year 2016 by Baht 15.09 million.
 2. In the year 2017, Advance Prefab Company Limited, manufacturer of concrete products, had expenses for goods transportation of Baht 10.62 million and for advertising of Baht 2.85 million. No such payment in 2016.
- 3.1.3 Administrative expenses in the year 2017 increased by Baht 91.42 million or 22.52 percent compared to the year of 2016. Details are as follows:

(Unit : Million Baht)		
Administrative expenses	Year 2017	Year 2016
Nawarat Patanakarn PLC.	332.98	316.91
Mana Patanakarn Co., Ltd.	49.20	28.50
Advance Prefab Co., Ltd.	69.75	31.17
Utilities Business Alliance Co., Ltd.	25.97	26.08
Taste Maker Co., Ltd.	11.76	-0-
Other subsidiaries	7.68	3.26
Total	497.34	405.92

- A. In the year 2017, Mana Patanakarn Company Limited had expenses items more than the year 2016 as follows:
1. Public service and utilities (Common expenses) for unsold houses and condominiums increased by Baht 3.70 million
 2. Amortization of sales office and decoration expenses increased by Baht 7.27 million
 3. Wages and salary increased by Baht 5.08 million
- B. In 2017, Advance Prefab Company Limited, manufacturer of concrete products, completed its plant construction and have started full-scale operation, causing the increase of administrative expenses by Baht 38.58 million from the year 2016.
- C. Taste Maker Company Limited, conducting food business, was established in late 2016 and has started its business in 2017.
- 3.1.4 Myanmar NWR Company Limited recorded deduction of prepaid administrative expenses during 2011 - 2015 amounting to Baht 48.39 million which appeared in the "Loss on amortization of assets"

Concrete Business

Compared with the year 2016, revenue from sales and services in the year 2017 increased by Baht 526.45 million, or 134.09 percent since Mana Patanakarn Company Limited, Real Estate Development Company, completed the construction of Aspen Condo Phase A and has gradually transferred the ownership to buyers. Comparing cost of sales and services in the year 2017 and 2016, cost of sales and services compared with revenue from sales and services decreased from 93.26 percent in 2016 to 85.01 percent in the year 2017. Gross profit margin from sales and services increased significantly, that is gross profit in the year 2017 amounted to Baht 137.78 million or 14.99 percent of the revenues from sales and services; while in the year 2016, it amounted to Baht 26.45 million or 6.74 percent

3.2 Issuance and Offering of Baht 3,220.10 Million Debenture

On August 21, 2015, the Company issued and offered 1,500,000 units of 3-year debenture at a par value of Baht 1,000 each, totaling Baht 1,500 million with maturity date of full redemption on August 21, 2018. The debenture bears interest at the rate of Baht 4.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital (NWR188A). The interest payment of NWR188A debenture in 2017 was Baht 67.5 million.

On August 28, 2017, it was the due date of full redemption of Baht 1,500,000,000 debenture issued on August 28, 2014 (NWR178A). On the same day, the Company issued and offered 2,000,000 units of 3-year debenture at a par value of Baht 1,000 each, totaling Baht 2,000 million with maturity date of full redemption on August 28, 2020. The debenture bears interest at a rate of 4.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital. The debenture was sold at total amount of Baht 1,720.1 million (NWR208A). Total interest payment of NWR178A and NWR208A in 2017 were Baht 80.74 million.

3.3 NWR-SBCC Joint Venture

On March 28, 2017, the Central Bankruptcy Court issued a definitive custodial order to Saraburi Coal Co., Ltd. ("Saraburi"), a joint venture under NWR - SBCC Joint Venture Agreement with 50 percent shareholding proportion to carry out the excavation and transportation of soil and coal at the Mae Moh mine of the Electricity Generating Authority of Thailand in Lampang Province. The absolute custody ordered by the Central Bankruptcy Court was considered that Saraburi breach of the joint venture agreement. The Company exercised its rights under the Joint Venture Agreement to cancel the duty of Saraburi from the NWR-SBC Joint Venture ("Joint Venture").

On May 8, 2017, the Company submitted a written letter to the official receiver of Saraburi to cancel the duty of Saraburi in the joint venture. As a result, roles, rights and duty of Saraburi according to the joint venture agreement ended and the Company has rights and duty according to contract to control and operate until the work is completed, scheduled in March 2018. The results of Saraburi's lawsuit and the exercise of the Company's rights did not change the Company's shareholding ratio in the joint venture and did not affect the project operation with the Electricity Generating Authority of Thailand.

Summary of the Company's financial status according to the Company's Consolidated Financial Statement Ended December 31, 2016

As at December 31, 2016, the Company and its subsidiaries had total assets amounting to Baht 12,576.77 million, increasing from December 31, 2015 by Baht 1,141.93 million.

Significant changes in assets included

1. Temporary investment as at December 31, 2016 was Baht 455.02 million, decreasing from December 31, 2015 by Baht 157.04 million since the Company sold investment unit in mutual fund to repay the investment in its subsidiaries and to use as working capital for its own construction projects.
2. Accounts receivable and other receivables as December 31, 2016, before allowance for doubtful accounts amounted to Baht 2,612.07 million, decreasing from December 31, 2015 by Baht 204.71 million. In case that payments are not made by the clients as it is specifically due, interest charges shall be applied to those late payments. Interest charges shall be conditionally calculated based on the due date and this standard shall be practically applied to all receivables, including receivables of related entities. Because of 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 allowance for doubtful accounts for all those receivables with 12-month overdue payment according to the Company's rules and policies.

Accounts receivable as at December 31, 2016 compared with those as at December 31, 2015

Description	Allowance for doubtful accounts	Total debts	Within due	(Unit: Million Baht)	
				Within 12 month past due	Over 12 month past due
Accounts receivable as of December 31, 2015	1,264.01	2,794.93	853.03	662.06	1,279.84
Accounts receivable as of December 31, 2016	1,257.68	2,586.21	536.00	711.35	1,338.86
Increase(Decrease)	(6.33)	(208.72)	(317.03)	49.29	59.02

3. Unbilled revenues at December 31, 2016 amounted to Baht 2,309.07 million, increasing from December 31, 2015 by Baht 434.77 million since in the second half of the year 2016, the Company signed many construction agreement; therefore at the end of the years, the number of undelivered works to employers was higher than previous year. In addition, some projects specified a condition in the contract that the whole project must be completed before handing over to employers.
4. Cost of Real Estate Development Project as of December 31, 2016 amounted to Baht 1,736.38 million, increasing from December 31, 2015 by Baht 326.06 million mainly resulting from real estate development projects of Mana Patanakarn Company Limited, the Company's subsidiary with 100 percent shareholding proportion.

5. Land, Building and Equipment as at December 31, 2016 before accumulated depreciation and allowance for impairment amounted to Baht 5,912.99 million, increasing from December 31, 2015 by Baht 816.20 million. The Company purchased new machineries to replace the aging ones and invested in purchasing of new technology machineries to improve the performance. Nevertheless, the Company disposed old machineries to mitigate maintenance fee and cost of finding warehouse for those deteriorated.

Significant changes in liabilities included

1. Bank overdrafts and short-term loan from financial institutions as at December 31, 2016 amounted to Baht 138.25 million, decreasing from December 31, 2015 of Baht 247.19 million due to repayment of short-term loan from financial institutions.
2. Accounts payable and other creditors as a December 31, 2016, amounted to Baht 1,700.43 million, increasing from December 31, 2015 by Baht 297.09 million. In the second half of the year 2016, the Company signed several construction contracts causing the increase of purchasing of materials and hiring of sub-contractors. Payment to accounts payable was under the payment term received from each account payable.

Details of accounts payable and other creditors are as follows:

(Unit : Million Baht)

Description	As at 31 December 2016	As at 31 December 2025	Increase (Decrease)
Accounts payable — related and not related entities	1,507.22	1,213.50	293.72
Advance from related and not related entities	34.50	33.09	1.41
Other creditors — related and not related entities	58.83	61.05	(2.22)
Accrued expenses — related and not related entities	<u>99.88</u>	<u>95.05</u>	<u>4.18</u>
Total accounts payable and other creditors	<u>1,700.43</u>	<u>1,403.34</u>	<u>297.09</u>

3. Advance revenue from construction service as at December 31, 2016 amounted to Baht 1,898.82 million, increasing from December 31, 2015 by Baht 491.04 million. The Company received advance revenue for several projects from employers in the second half of 2016. The advance revenue was gradually deducted from the value of works delivered in each period. The conditions applied as specified in the construction contract.

1. Analysis of the operating performance for the year 2016 comparing to the year 2015 according to the consolidated financial statement

Description	Year 2016	Year 2015	Increase (Decrease)	
			Amount	Percent
1.1 Revenue from construction service	7,919.19 million Baht	7,202.19 million Baht	717.00 million Baht	9.96
1.2 Cost of construction service compared with revenue from construction service	92.07%	94.44%	-	(2.51)
1.3 Revenue 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 revenue 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 2016

Description	Year 2016	Year 2015
Profit (Loss) of the year attributable to shareholder's equity according to the consolidated financial statement	52.02 million Baht	(173.84) million Baht
Profit (Loss) of the year according to the separate financial statement	118.00 million Baht	(119.66) million Baht

3. Analysis and Explanation of the Management

For the operating results ended December 31, 2016, the Company and its subsidiaries had total revenue of Baht 8,360.94 million divided into revenue from construction service of Baht 7,919.19 million, revenue from sales and services of Baht 392.62 million and other revenue of Baht 49.13 million. Compared to the year 2015, the revenue of the Company and its subsidiaries increased by 8.97 percent, resulting from the increase of revenue from construction service of Baht 717.00 million, or 9.96 percent and the increase of revenue from sales and services of Baht 8.42 million, or 2.19 percent.

In the year 2016, the Company had gross profit of the year attributable to shareholder's equity amounting to Baht 52.02 million; while in the 2015, the Company had net loss of the year attributable to shareholder's equity amounting to Baht 173.84 million.

The Company recognized share of profit from the investment in the associated companies and joint ventures in the year 2016 amounting to Baht 23.34 Baht, decreasing from the year 2015 by Baht 61.62 Baht. In the year 2015, the Company recognized share of profit from such transaction of Baht 84.96 million. Details are as follows:

Company	(Unit: Million Baht)	
	Recognized Profit (Loss)	
	Year 2016	Year 2015
VSPN Property Company Limited	(0.72)	0.18
C.I.N Estate Company Limited	27.09	47.92
NWR-SBCC Joint Venture	3.03	36.86

The Company, its directors, executives and all employees is committed to run its business to achieved the defined vision: “to be one of Thailand’s top five largest general construction contractors with international standards, stability, sustainability and responsibility to social and environment”. Even though, problems and difficulties, i.e. international and domestic economic situation and domestic political situation have sill remained; they have been gradually solved. Construction projects of the Government aiming to develop the country have begun bidding according to the budget. Although, there were serious bidding among construction companies, the Company’s executives and all employees are committed to perform duties at full capacity and do their best to ensure that the Company achieves its vision.

3.1 Operating Performance of the Year 2016

Construction Business

- 3.1.1 Revenue from construction service increased significantly in the year 2016. Compared to the year 2015, revenue from construction increased by Baht 717.00 million, or equivalent to 9.96 percent. Three largest construction projects contributing highest revenue in the year 2016 were:
- A. Mae Moh Power Plant Units 4-7 Replacement Project in Lampang Province of the Electricity Generating Authority of Thailand, of which the Company was sub-contractor of Marubeni. Revenue in the year 2016 was Baht 1,557.70 million.
 - B. The Civil Works Project for 2 Units of 110 MW Gas-fired Cogeneration Power Plant of Banpong Utilities Company Limited, of which the Company was sub-contractor of Mitsubishi Corporation. Revenue in the year 2016 was Baht 855.53 million.
 - C. The Construction Project of Drainage Tunnel under Bangsue Canal, from Ladprao Canal to Chao Phraya River of Bangkok Metropolitan Administration. Revenue in the year 2016 was Baht 780.02 million.
- 3.1.2 Cost of construction service—Comparing cost of construction service with revenue from construction service between the year 2016 and 2015, the Company could reduce ratio of construction service cost. In the year 2016, cost of construction service compared with revenue from construction service was 92.07 percent; while in 2015 was 94.44 percent.
- 3.1.3 Due to shortage of Thai workers, the Company needed to hire foreign workers, of which the labor cost was higher than Thai workers, to have sufficient workforce for supporting current operations in term of timely delivery and risk reduction of incurring penalties from late delivery. In addition, the government projects under the national development plan were open for bidding; the Company prepared the workforce for the upcoming projects.
- 3.1.4 The Company still has a policy to control the cost of construction in accordance with the budget by gradually purchasing some major materials in advance to be sufficient for the entire project. This approach will reduce the potential price risk and material cost impact on construction cost effectively.
- 3.1.5 Administrative expenses in the year 2016 increased by Baht 85.17 million or 22.55 percent compared with the year 2015 due to two main reasons as follows:
- A. Newly established companies, Mana Patanakarn Company Limited and Advance Prefab Company Limited have started their operations. Total administrative expenses of these two companies in 2016 were Baht 116.65 million; while in 2015 were Baht 56.48 million.

	(Unit: Million Baht)	
Administrative expenses	Year 2559	Year 2558
Mana Patanakarn Company Limited	85.48	44.04
Advance Prefab Company Limited	31.17	12.44

B. In 2016, the legal advisory cost and other advisory services increased from the year 2015 by Baht 27.22 million.

3.1.6. The Company recorded reversal of net allowance for doubtful accounts in 2016 of Baht 15.14 million; while in 2015, the Company recorded net allowance for doubtful accounts of Baht 210.22 million.

Concrete Business

Revenue from sales and services of the year 2016 increased from the year 2015 by Baht 8.42 million or 2.19 percent, from Baht 384.20 million in 2015 to Baht 392.62 million in 2016. The Company manufactured concrete products for selling to external customers. Comparing cost of sales and services between the year 2016 and 2015, cost of sales and services compared with revenue from sales and services, decreased from 95.11 percent in 2015 to 93.26 percent in 2016. This was because the Company could better control production cost and price of some major materials lowered. However, the increase of overall labor cost resulting from extra payment to expedite the task and hiring of foreign workers of which the average cost was higher than Thai workers caused the slight increase of gross profit margins on sales and services. In the year 2016, gross profit from sales and services was Baht 26.45 million or 6.74 percent of the revenue from sales and services; while gross profit from sales and services in the year 2015 was Baht 18.77 million or 4.89 percent.

3.2 Issuance and offering of Baht 3,000 million debenture

On August 28, 2014, the Company issued and offered 1,500,000 units of 3-year debenture (No. 1/2014) at a par value of Baht 1,000 each, totaling Baht 1,500 million with maturity date of full redemption on August 28, 2017. The debenture bears interest at the rate of 5.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital. The debenture interest in 2016 was Baht 82.73 million.

On August 21, 2015 the Company issued and offered 1,500,000 units of 3-year debenture (No. 1/2015) at a par value of Baht 1,000 each, totaling Baht 1,500 million with maturity date of full redemption on August 21, 2018. The debenture bears interest at the rate of 4.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital. The debenture interest in 2016 was Baht 67.68 million.

In 2016, no debenture was issued and offered.

3. Analysis of Cash Flow Statement

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

(Unit : Million Baht)

Description	For year 2017	For year 2016	For year 2015
Cash from (utilized) operating activities	(444.33)	631.95	(896.87)
Cash utilizing in investing activities	172.58	(633.86)	(570.87)
Cash from (utilized) financing activities	211.31	17.22	1,453.08
Translation difference	2.68	(0.09)	(0.54)
Cash and cash equivalents at the beginning of period	656.54	641.32	656.52
Cash and cash equivalent at the end of period	598.78	656.54	641.32

Cash from operating activities in the year 2017 indicated that the Company had net cash utilized in operating activities amounting to Baht 444.33 million comparing with the year 2016 of Baht 631.95 million. Key items affecting cash from operating activities are as follows:

1. Increase of unbilled revenue of Baht 318.74 million due to undelivered construction works to employers.
2. Increase of construction insured receivables of Baht 43.07 million since employers deducted the sum insured for the period of payment to the Company. Terms and conditions of deduction and repayment are applied as specified in the construction contract.
3. Decrease of advance revenue from construction service of Baht 582.95 million. The Company gradually deducted advance revenue from construction to employers according to value or work delivered to employer in each period. Terms and conditions are applied as specified in the construction contract.

In regard to cash from investing activities, in the year 2017 the Company had net cash from investing activities amounting to Baht 172.58 million comparing with net cash utilized in investing activities in 2016 of Baht 633.87 million. In the year 2017, the Company reduced temporary investment in the mutual fund of Baht 440.64 million to finance the Company's business operation to maintain liquidity and purchase machineries and equipment.

In regard to cash from financing activities, in the year 2017, the Company had net cash from financing activities amounting to Baht 211.31 million compared with net cash from financing activities of Baht 17.22 million in 2015. In the year 2017, the Company issued and offered debenture No. 1/2560 and received cash from debenture sold of Baht 1,720.10 million. Baht 1,500 million out of total debenture sold was used for repayment of No. 1/2014 debenture.

Summary of key events occurring during the year 2015 — 2017 affecting the cash flow statement

1. On August 21, 2015, the Company issued and offered 1,500,000 units of 3-year debenture at a par value of Baht 1,000 each, totaling Baht 1,500 million with maturity date of full redemption on August 21, 2018. The debenture bears interest at the rate of 4.50 percent a year. The purposes for debenture issuance were for investment, loan repayment and using as working capital (NWR188A).
2. On August 28, 2017, it was the due date of full redemption of debenture issued on August 28, 2014, totaling Baht 1,500,000,000 (NWR178A). On the same day, the Company issued and offered the 2,000,000 units of 3-year debenture at a par value of Baht 1,000 each, totaling Baht 2,000 million with maturity date of full redemption on August 28, 2020. The debenture bears interest at the rate 4.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital. The debenture was sold totaling Baht 1,720.1 million (NWR208A).

3. In 2017, the Company purchased additional land, building, equipment, furniture, vehicles and assets during construction at the cost of Baht 394.59 million. In 2016 and 2015, the Company purchased land, building and equipment, furniture, vehicles and assets during construction amounting to Baht 870.82 million and Baht 896.28 million respectively. The Company purchased machinery and equipment needed for use and for replacement of the deteriorated ones. At the same time, the Company disposed old and outdated equipment to save warehouse area and maintenance cost.

4. Analysis of Financial Ratio (according to the consolidated financial statement)

1. Liquidity ratio

Terms of debt repayment allowed for accounts receivable are classified into 45–60 days for public sector and 30 days for private sector. However, the average debt collection period of the Company was 98 days in 2017, 118 days in 2016 and 120 days in 2015.

The average period of selling goods was 101 days in 2017, 107 days in 2016 and 96 days in 2015. The Company accelerated the production of finished goods for timely delivery and use in construction projects. Main materials were also purchased in advance to prevent price risk.

The repayment period for accounts payable was 72 days in 2017, 71 days in 2016 and 74 days in 2015.

With the ability to collect debt from accounts receivable faster in 2017, the cash cycle was decreased to 127 days; while the cash cycle in 2016 was 154 days and 142 days in 2014. However, the Company has still been careful and strict with debt collection. This was due to overall economic situation. Many debtors faced difficulties in business operating that affected the Company's liquidation. Nevertheless, from the improving economic and political situation, it is anticipated that liquidity of the country will be better.

Ratio according to the consolidated financial statement	In 2017	In 2016	In 2015
Liquidity ratio of cash flow	-0.08x	0.13x	-0.26x

In the year 2015, the Company still had problem with the liquidity ratio partly because debtors failed to repay debt within due date as agreed in the contract. However, the Company endeavored to push for the debt repayment from debtors to be faster. If debtors had liquidity problem, the Company provided them a chance to negotiate and solve together. In the end, the Company may file a lawsuit for debt settlement. In addition, the Company purchased some main materials to ensure that they are sufficient for the entire projects in advance to prevent price risk. This caused the decrease of the Company's liquidity of cash flow. Nevertheless, the liquidity ratio of cash flow in 2016 was 0.13x, which means that the Company's liquidity ratio of cash flow is improving, but still need to be improved further. In the year 2017, the Company had problem with some construction projects of which the construction model was modified. The Company needed to completely revise the contracts before it could get reimbursement. The delay of contract amendment caused problem on liquidation of the Company.

2. Profitability Ratio

Ratio according to the consolidated financial statement	Year 2017	Year 2016	Year 2015
Gross profit margin	6.62%	7.88%	5.53%
Operating profit margin	0.15%	2.31%	0.55%
Net profit margin	-2.17%	0.62%	-2.27%
Cash to profitability ratio	-32.82x	3.29x	-21.44x

In the year 2015, the Company had labor cost problem because the Company has needed to employ foreign workers of which the average cost per person was higher than Thai workers. However, the Company more strictly controlled expenses for this item. In the year 2016, profitability ratio improved, but the Company faced problems with some construction projects, especially the increase of construction cost due to delay of handover of construction area from employers, change of construction model or unexpected underground barrier that forced the Company to change the construction model, etc.

Furthermore, in some years, the Company had problems in obtaining improper debt repayment from accounts receivable resulting from economic situation or liquidity problem of debtor themselves; or receipt of debt repayment from accounts receivable who had been recorded for allowance for doubtful accounts, for example, in the year 2016, the Company reversed allowance for doubtful accounts from receipt of repayment of Baht 15.14 million from debtor who had been recorded for allowance for doubtful accounts.

3. Efficiency Ratio

During the year 2015 — 2017, the Company purchased many new machineries both for using in the specific projects and for replacement of the old ones. New machineries and equipment purchased in the year 2015, 2016 and 2017 amounted to Baht 253.72 million, Baht 281.25 million and Baht 131.86million respectively. The Company is confident that return on assets, return on fixed assets and return on equity will increase in the next years.

Ratio according to the consolidated financial statement	As at year ended 31-12-17	As at year ended 31-12-16	As at year ended 31-12-15
Return on assets	-1.63%	0.43 %	-1.67 %
Return on fixed assets	6.47%	15.02 %	-5.30 %
Return on equity	-5.65%	1.42%	-4.65%

4. Leverage Ratio

Debt to Equity ratio slightly increased from 2014 to 2017 because the Company issued and offered debenture amounting to Baht 1,500 million in the year 2014, Baht1,500 million in the year 2015 and Baht1,720.10million in the year 2017. The purposes of debentures issuance were for loan repayment, increase of working capital and investment in new projects to generate profit to the Company. Although, the debenture issuance increased debt, some of cash received from debenture sold were used for repayment of loan. In addition, over the past three years, the Company had loss from business operation in the year 2015 amounting to Baht 171.9 million (loss in shareholder's equity amounting to Baht 173.84 million) and Baht 194.53 million in the year 2017 (loss in shareholder's equity amounting to Baht 202.81 million). These caused the decrease of shareholder's equity in the year 2015 and 2017. Even if the Company made profit from its business operation in the year 2016, it could not compensate for the loss.

Ratio according to the consolidated financial statement	As at the year ended 31-12-17	As at the year ended 31-12-16	As at the year ended 31-12-15
Debt to Equity ratio	2.47x	2.36x	2.10x

5. The Company and the Real Estate Development Business

The Company would like to expand the business relating to the construction business and providing good return. In the year 2008 and 2009, the Company received debt repayment in form of land and building form RuenRapee Company Limited and East Bangkok Assets Company Limited which are related parties. The Company expanded its business to real estate development and started the housing estate named Villa Baranee at RangsitKlong 3 in Pathumthani Province. Subsequently, the Company organized new structure within the Group to facilitate the business operation in real estate development and established Mana Patanakarn Company Limited in which the investment was 99.97 percent in the year 2013. The projects under construction of Mana Patanakarn are as follows:

1. Housing project "Baranee Parkon" Romkloa Road, Bangkok
2. Housing project "Baranee Residence" at RangsitKlong 3, Pathumthani
3. Condominium project "ASPEN" at Soi Lasalle, Srinakarin Road, Bangkok

6. Summary of the Company's management policy on the transactions affecting the Company's operating results

1. Management of related accounts receivable

Even though the Company has recorded a bad debt reserve appropriately based on the debt's age as analyzed by the Company, the Company has still closely followed up debt payment. If account receivable, like RuenRapee Company Limited and East Bangkok Assets Company Limited have assets that can be appraised or repayable, the Company will assign the independent appraiser to evaluate prices before settlement of debt. If there is any construction work debtor can join, the Company consider such debtor, like New Decade Company Limited, as sub-contractor, in order that the outstanding can be repaid to the Company. In some cases, the Company has still worked for related accounts receivable like RuenRapee Company Limited and East Bangkok Assets Company Limited, since they have gradually repaid the debt and completion of work may help them to sell goods and repay outstanding to the Company.

2. Cost of Construction Service

Previously, price of oil and steel, one of main materials dropped significantly. Nowadays, oil price are rising. Price fluctuation makes it difficult to estimate construction cost in the future which may affect the proposal to employers. Even though the government projects are partially offset due to adjustment of construction cost, it does not cover all types of materials. The Company still has to bear some obligations. However, the government projects are still better than the private sector' ones that there is no any compensation to contractors. Contractors must find a way to prevent risk themselves. The Company is able to hedge the price risk in a short period of time, for example, price agreement to purchase materials in advance, payment of materials in advance or purchase of materials required for the entire project in advance, etc.

7. Ability in maintaining net debt to equity ratio(Net D/E ratio) under the Regulations of Rights and Duty of Debenture Issuer and Debenture Holders of "Unsecured Debenture of NawaratPatanakarn Public Company Limited No. 1/2015 with maturity date in 2018" and "Unsecured Debenture of NawaratPatanakarn Public Company Limited No. 1/2018 with maturity date in 2020"

Net debt toequity ratio (Net D/E ratio)in accordance with the Regulations of Rights and Duty of Debenture Issuer and Debenture Holders, according to the consolidated financial statement is as follows:

Ratio according to the consolidated financial statement	As at Dec 31, 2017	As at Dec 31, 2016	As at Dec 31, 2015
Net debt toequity	2.30	2.18	1.93

Debt to equity ratio stipulated in the "Regulations of Rights and Duty of Debenture Issuer and Debenture Holder" is defined 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.

In accordance with the terms of the Company's debenture, the Company is required to maintain net debt to equity ratio, calculated as specified in the Regulation of the Rights, at the rate of 2.5:1 throughout the term of debenture. At the end of the quarterly and year end period, the Company has had a ratio lower than the threshold set since 2014. Since the debenture issuance is intended to use for loan repayment, working capital and investment, the Company is confident that it will be able to reduce some expenses and get profit from investment expansion to back into the Company. The increase of debt from debenture causes the increase to total debts, but the Company will get the return from using of debenture for investment and can increase the shareholder's equity. The Company expected that throughout the 3-year debenture, net debt to equity ratio will not exceed 2.5:1. If, during the 3-year debenture, it is likely that the net debt to equity ratio will exceed 2.5:1, the Company shall resolve by reduction of other liabilities and/or increasing of shareholder's equity to be sufficient.

Factors that may affect the Company's financial status or business operation in the future

From the current business operation, the Company focuses on keeping control of the Company's cost not to over estimation. However, there is a chance that the cost of construction materials and labor cost may rise that may affect the Company's total wage system. In addition, shortage of workers forced the Company to hire foreign workers, which the average cost of labor is higher than of workers. Also, there are unexpected situations occurring, such as not receiving the construction site hand-over within the timeframe, meeting with obstacles during construction, changing of construction model, etc. Regarding the Company's income, the Company's customers are from government and public section, but the country's economic stability, political problem and governments' policies affect the Company's business operation. Nevertheless, the Company will fully use its capability to successfully manage the business, rapidly analyze problems and impacts and adjust strategies deemed appropriate to solve those problems and effects.

GRI Content Index

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Local Communities					
G4-DMA	Disclosure on Management Approach	AR 109			
G4-S02	Operations with significant actual or potential negative impacts on local communities	AR 109			

***Nawarat Pattanakarn Public Company Limited and its Subsidiaries
Report and Financial Statements 31 December 2017***

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 2017, 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 2017, 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 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 matter is this matter that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

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.

I am responsible for the audit resulting in this independent auditor's report.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 28 February 2018

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	598,782,310	656,538,235	523,173,849	595,175,032
Current investments	8	5,104,925	455,021,714	5,046,055	455,021,714
Trade and other receivables	9	1,182,572,811	1,354,385,100	1,437,008,966	1,683,334,852
Unbilled receivables	10	2,627,812,810	2,309,074,670	2,595,209,842	2,282,522,771
Retention receivables		770,093,892	727,328,886	733,945,550	696,967,748
Short-term loans and advances	11	15,134,431	36,920,591	314,626,727	386,278,708
Inventories	12	604,715,204	754,584,954	495,501,444	719,153,534
Project development cost	13	1,745,786,401	1,736,381,400	50,485,919	92,134,366
Other current assets	14	672,401,785	613,961,559	577,187,139	474,213,381
Total current assets		8,222,404,569	8,644,197,109	6,732,185,491	7,384,802,106
Non-current assets					
Restricted bank deposits	15	371,354,873	359,065,956	333,334,202	324,082,461
Long-term loans to related party	6	-	-	43,910,076	61,316,984
Investments in subsidiaries	16	-	-	1,526,093,830	1,183,173,230
Investments in associates	17	250,696,692	251,089,068	15,581,822	24,999,896
Other long-term investments	18	11,000,033	10,173,708	10,000,033	10,173,708
Investment properties	19	184,094,329	181,160,829	179,780,829	181,160,829
Property, plant and equipment	20	2,718,477,727	2,729,577,729	1,866,247,479	1,923,041,108
Leasehold right for land	21	7,329,982	9,916,978	7,329,982	9,916,978
Deferred tax assets	31	55,709,807	48,614,990	51,266,444	45,232,367
Other non-current assets		430,376,861	342,974,696	186,464,260	30,532,744
Total non-current assets		4,029,040,304	3,932,573,954	4,220,008,957	3,793,630,305
Total assets		12,251,444,873	12,576,771,063	10,952,194,448	11,178,432,411

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	22	396,041,519	138,249,436	307,323,525	18,989,006
Trade and other payables	23	1,811,019,899	1,700,433,381	1,514,357,141	1,511,962,338
Short-term loans and interest payable to related parties	6	19,690,033	2,690,033	2,690,033	2,690,033
Current portion of hire purchase creditors					
and finance lease payable	24	133,831,958	174,032,360	131,376,769	170,335,445
Current portion of long-term loans from					
related parties	6	16,654,410	11,604,605	-	-
Current portion of long-term loans from banks	25	571,277,279	225,115,272	-	-
Current portion of debentures	26	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Advance received from construction		1,315,866,196	1,898,817,802	1,260,681,971	1,865,700,695
Other current liabilities		180,383,645	233,720,039	150,338,017	215,070,288
Total current liabilities		5,944,764,939	5,884,662,928	4,866,767,456	5,284,747,805
Non-current liabilities					
Hire purchase creditors and finance lease					
payable, net of current portion	24	162,276,787	223,848,288	160,259,201	220,156,258
Long-term loans from related parties,					
net of current portion	6	12,618,974	29,273,384	-	-
Long-term loans from banks,					
net of current portion	25	345,911,272	754,539,655	-	-
Debentures, net of current portion	26	1,709,048,053	1,490,989,089	1,709,048,053	1,490,989,089
Retention payables		263,585,726	186,251,356	243,023,598	182,223,232
Provision for long-term employee benefits	27	185,247,754	161,565,790	166,187,582	150,053,345
Provision for loss on investment in joint venture	28	94,801,842	97,007,778	94,801,842	97,007,778
Other non-current liabilities		2,085,578	2,984,940	2,085,578	2,984,940
Total non-current liabilities		2,775,575,986	2,946,460,280	2,375,405,854	2,143,414,642
Total liabilities		8,720,340,925	8,831,123,208	7,242,173,310	7,428,162,447

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
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		(109,008,085)	108,940,428	128,185,948	160,872,055
Other components of shareholders' equity		611,239	5,488,021	174,692	7,737,411
Equity attributable to owners of the Company		3,477,263,652	3,700,088,947	3,710,021,138	3,750,269,964
Non-controlling interests of the subsidiary		53,840,296	45,558,908	-	-
Total shareholders' equity		3,531,103,948	3,745,647,855	3,710,021,138	3,750,269,964
Total liabilities and shareholders' equity		12,251,444,873	12,576,771,063	10,952,194,448	11,178,432,411

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

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Directors

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Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Revenue from construction		8,356,428,680	7,919,193,588	7,682,517,821	7,749,094,964
Sales and service income		919,071,058	392,615,402	371,077,040	316,982,283
Other income					
Interest income		11,724,182	10,227,980	35,953,789	35,352,191
Others		58,100,228	38,899,881	43,642,055	27,414,984
Total revenues		9,345,324,148	8,360,936,851	8,133,190,705	8,128,844,422
Expenses					
Cost of construction		7,879,721,596	7,290,839,788	7,277,649,435	7,187,904,411
Cost of sales and service		781,288,244	366,170,242	362,628,155	302,553,324
Selling expenses		103,611,191	56,970,917	-	-
Administrative expenses		497,343,520	405,918,622	336,546,952	322,757,087
Loss on write-off assets		48,386,557	-	-	-
Loss on investment in joint venture (reversal)	28	-	-	(2,205,936)	3,032,659
Doubtful debts (reversal)		711,206	(15,136,106)	4,627,284	(6,240,679)
Total expenses		9,311,062,314	8,104,763,463	7,979,245,890	7,810,006,802
Profit before share of profit from investments in associates and joint venture, finance cost and income tax income (expenses)		34,261,834	256,173,388	153,944,815	318,837,620
Share of profit from investments in associates and joint venture		1,813,560	23,336,381	-	-
Profit before finance cost and income tax income (expenses)		36,075,394	279,509,769	153,944,815	318,837,620
Finance cost		(224,378,488)	(196,425,167)	(177,431,466)	(180,224,022)
Profit (loss) before income tax income (expenses)		(188,303,094)	83,084,602	(23,486,651)	138,613,598
Income tax income (expenses)	31	(6,225,645)	(24,162,171)	1,474,827	(20,615,919)
Profit (loss) for the year		(194,528,739)	58,922,431	(22,011,824)	117,997,679

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
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		2,685,937	(95,022)	-	-
Gain (loss) on change in value of available-for-sale investments		(9,453,399)	5,115,371	(9,453,399)	5,115,371
Less: Income tax effect	31	1,890,680	(1,023,074)	1,890,680	(1,023,074)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(4,876,782)	3,997,275	(7,562,719)	4,092,297
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	27	(18,922,983)	-	(13,342,853)	-
Less: Income tax effect	31	3,784,597	-	2,668,570	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(15,138,386)	-	(10,674,283)	-
Other comprehensive income for the year		(20,015,168)	3,997,275	(18,237,002)	4,092,297
Total comprehensive income for the year		(214,543,907)	62,919,706	(40,248,826)	122,089,976
Profit (loss) attributable to:					
Equity holders of the Company		(202,810,127)	52,018,950	(22,011,824)	117,997,679
Non-controlling interests of the subsidiary		8,281,388	6,903,481	-	-
		(194,528,739)	58,922,431		
Total comprehensive income attributable to:					
Equity holders of the Company		(222,825,295)	56,016,225	(40,248,826)	122,089,976
Non-controlling interests of the subsidiary		8,281,388	6,903,481	-	-
		(214,543,907)	62,919,706		
Basic earnings per share	32				
Profit (loss) attributable to equity holders of the Company		(0.0784)	0.0201	(0.0085)	0.0456
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 Pattanakarn Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
				Other components of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiary	Total shareholders' equity	
				Other comprehensive income						
				Exchange			Total other components of shareholders' equity			
				differences on translation of financial statements	Surplus on changes in value of available-for-sale investments					
Issued and fully paid share capital	Premium on ordinary shares	Retained earnings		in foreign currency						
		Appropriated	Unappropriated							
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
Balance as at 1 January 2017	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
Loss for the year	-	-	-	(202,810,127)	-	-	-	(202,810,127)	8,281,388	(194,528,739)
Other comprehensive income for the year	-	-	-	(15,138,386)	2,685,937	(7,562,719)	(4,876,782)	(20,015,168)	-	(20,015,168)
Total comprehensive income for the year	-	-	-	(217,948,513)	2,685,937	(7,562,719)	(4,876,782)	(222,825,295)	8,281,388	(214,543,907)
Balance as at 31 December 2017	2,585,481,515	968,944,135	31,234,848	(109,008,085)	436,547	174,692	611,239	3,477,263,652	53,840,296	3,531,103,948

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
					Other components of shareholders' equity	
					Other comprehensive income	
					Surplus on changes in value of	
	Issued and fully paid share capital	Premium on ordinary shares	Retained earnings		available-for-sale investments	Total shareholders' equity
			Appropriated	Unappropriated		
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
Balance as at 1 January 2017	2,585,481,515	968,944,135	27,234,848	160,872,055	7,737,411	3,750,269,964
Loss for the year	-	-	-	(22,011,824)	-	(22,011,824)
Other comprehensive income for the year	-	-	-	(10,674,283)	(7,562,719)	(18,237,002)
Total comprehensive income for the year	-	-	-	(32,686,107)	(7,562,719)	(40,248,826)
Balance as at 31 December 2017	2,585,481,515	968,944,135	27,234,848	128,185,948	174,692	3,710,021,138

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit (loss) before tax	(188,303,094)	83,084,602	(23,486,651)	138,613,598
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	378,992,895	314,074,547	324,516,284	299,742,211
Amortisation of leasehold right for land	2,586,996	2,586,996	2,586,996	2,586,996
Doubtful debts (reversal)	711,206	(15,136,106)	4,627,284	(6,240,679)
Reduction of inventory to net realisable value	1,466,571	729,311	2,143,468	729,311
Reduction of project development cost to net realisable value	5,110,763	7,556,445	5,110,763	7,556,445
Loss on write-off assets	48,386,557	-	-	-
Loss of diminution in value of investment	-	-	9,418,074	3,013,033
Loss on investment in joint venture (reversal)	-	-	(2,205,936)	3,032,659
Share of profit from investments in associates and joint venture	(1,813,560)	(23,336,381)	-	-
Reversal allowance for loss on impairment of fixed assets	-	(401,800)	-	(401,800)
Gain on disposal of investment property	(1,265,000)	-	(1,265,000)	-
Loss on disposal and write-off equipment	3,461,190	1,286,993	3,409,099	1,230,735
Unrealised loss (gain) on exchange	4,998,363	(691,055)	11,694,096	(691,055)
Increase in provision for long-term employee benefits	17,430,800	17,385,689	15,463,202	15,674,759
Increase in provision for construction project loss (reversal)	908,538	(525,530)	908,538	(525,530)
Amortisation of deferred debenture issuing cost	7,564,811	7,617,588	7,564,811	7,617,588
Interest income	(11,724,182)	(10,227,980)	(35,953,789)	(35,352,191)
Interest expenses	224,378,488	196,425,167	177,431,466	180,224,022
Profit from operating activities before changes in operating assets and liabilities	492,891,342	580,428,486	501,962,705	616,810,102

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

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Operating assets decrease (increase)				
Trade and other receivables	170,253,666	185,950,495	243,486,470	(32,151,380)
Unbilled receivables	(318,738,140)	(419,640,563)	(312,687,071)	(345,634,457)
Retention receivables	(43,065,006)	12,842,680	(37,277,802)	7,631,601
Inventories	148,403,179	(54,287,261)	221,508,622	(21,753,962)
Project development cost	10,383,454	(317,517,703)	36,537,684	18,414,378
Other current assets	(117,997,758)	9,654,938	(107,357,189)	43,758,502
Other non-current assets	(87,402,165)	(74,161,936)	(155,931,515)	78,685,148
Operating liabilities increase (decrease)				
Trade and other payables	95,163,718	283,820,991	(11,473,951)	254,793,725
Advances received from construction	(582,951,606)	491,041,135	(605,018,724)	466,626,662
Other current liabilities	(54,244,932)	39,933,810	(65,640,808)	36,507,979
Retention payables	77,334,370	37,302,717	60,800,366	36,491,668
Other non-current liabilities	(899,363)	(494,460)	(899,363)	(459,460)
Payment of long-term employee benefits	(12,671,818)	(7,422,702)	(12,671,818)	(6,501,402)
Cash from (used in) operating activities	(223,541,059)	767,450,627	(244,662,394)	1,153,219,104
Cash paid for interest expenses	(230,943,364)	(220,074,389)	(159,933,508)	(156,367,302)
Cash paid for income tax expenses	(157,766,535)	(163,495,532)	(141,226,713)	(155,707,282)
Income tax refund	167,923,647	248,072,443	152,241,466	248,072,443
Net cash from (used in) operating activities	(444,327,311)	631,953,149	(393,581,149)	1,089,216,963
Cash flows from investing activities				
Decrease in current investments	440,637,065	162,150,565	440,695,935	162,150,565
Decrease (increase) in short-term loans and advances	20,484,358	(2,789,360)	76,239,553	(129,602,472)
Increase in restricted bank deposits	(12,288,917)	(111,775,580)	(9,251,741)	(92,987,549)
Decrease (increase) in long-term loans to related party	-	-	17,406,908	(37,316,984)
Cash paid for investment in subsidiaries	-	-	(342,920,600)	(154,950,000)
Cash paid for other long-term investment	(1,000,000)	-	-	-
Proceeds from disposal of investment property	2,645,000	-	2,645,000	-
Acquisition of investment property	-	(11,050,000)	-	-11,050,000
Proceeds from disposal of equipment	18,926,661	10,982,538	18,916,823	10,982,538
Acquisition of equipment	(306,022,671)	(704,094,605)	(203,320,733)	(432,959,746)
Interest income	9,196,603	22,711,074	18,205,817	29,733,931
Net cash from (used in) investing activities	172,578,099	(633,865,368)	18,616,962	(655,999,717)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions, net	257,792,083	(247,194,530)	288,334,519	(230,774,960)
Increase (decrease) in short-term loans from related party, net	17,000,000	(22,400,000)	-	-
Repayment liabilities under hire purchase and finance lease agreements	(199,907,905)	(197,391,676)	(195,865,668)	(193,102,461)
Cash receipt from long-term loans from related party	-	28,000,000	-	-
Repayment long-term loans from related party	(11,604,605)	(3,122,011)	-	-
Cash receipt from long-term loans from banks	388,132,000	528,265,975	-	-
Repayment long-term loans from banks	(450,598,376)	(68,934,463)	-	-
Net cash receipt from issuance of debentures	1,710,494,153	-	1,710,494,153	-
Repayment of debentures	(1,500,000,000)	-	(1,500,000,000)	-
Net cash from (used in) financing activities	211,307,350	17,223,295	302,963,004	(423,877,421)
Increase (decrease) in translation adjustment	2,685,937	(95,022)	-	-
Net increase (decrease) in cash and cash equivalents	(57,755,925)	15,216,054	(72,001,183)	9,339,825
Cash and cash equivalents at beginning of year	656,538,235	641,322,181	595,175,032	585,835,207
Cash and cash equivalents at end of year	598,782,310	656,538,235	523,173,849	595,175,032
	-	-	-	-

Supplemental cash flows information

Non-cash transactions

Acquisition of assets under hire purchase and finance lease agreements during the year	87,741,784	167,025,460	86,727,844	164,430,133
Capitalised interest as part of assets	829,790	9,572,583	-	-
Transfer long-term investment to current investments	173,675	-	173,675	-
Transfer property, plant and equipment to investment property	4,313,500	-	-	-
Transfer 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 2017****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 11 October 2016, 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>2017</u>	<u>2016</u>
			Percent	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	99
Nawarat (Cambodia) Company Limited	Construction	Cambodia	100	-

- 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 and its subsidiary have joint arrangements which assessed as joint operations between the Company and its subsidiary and other joint operators. The Company and its subsidiary recognise its shares of assets, liabilities, revenue and expenses of the joint operations, in proportion to their interest, to the financial statements, the details as follows:

Name of entity	Nature of business	Country of incorporation	Interest in	
			joint operations	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
<u>Involved in joint arrangement by the Company</u>				
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
Nawarat - New Decade Joint Venture	Construction	Thailand	-	51
<u>Involved in joint arrangement by its subsidiary</u>				
Nawarat Advance Prefab Myanmar Company Limited	Manufacture and distribution of concrete products	Union of Myanmar	70	-

In 2016, the Company entered into a joint venture agreement with New Decade Company Limited in Nawarat - New Decade Joint Venture, which is submit bids for construction and joint to construction work. In 2017, the joint venture announced the cessation of its business.

Financial information of the joint operations, in proportion to the interest of the Company and its subsidiary, are presented include in the consolidated and separate financial statement as below.

Summarised information about financial position as at 31 December 2017 and 2016.

(Unit: Million Baht)

	Consolidated financial statements							
	Nawarat - A.S.		Obayashi -				Nawarat Advance	
	Associated Joint		Nawarat		A.S. - Nawarat		Prefab Myanmar	
	Venture		Joint Venture		Joint Venture		Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	2	2	-	11	44	49	8	-
Non-current assets	-	-	-	-	-	-	11	-
Current liabilities	6	6	-	1	40	41	2	-
Non-current liabilities	-	-	-	-	2	2	7	-
Unappropriated retained earnings (losses)	(5)	(4)	(8)	(6)	(5)	1	(2)	-

(Unit: Million Baht)

	Separate financial statements					
	Nawarat - A.S.		Obayashi -			
	Associated Joint		Nawarat		A.S. - Nawarat	
	Venture		Joint Venture		Joint Venture	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	2	2	-	11	44	49
Current liabilities	6	6	-	1	40	41
Non-current liabilities	-	-	-	-	2	2
Unappropriated retained earnings (losses)	(5)	(4)	(8)	(6)	(5)	1

Summarised information about comprehensive income for the year ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Consolidated financial statements							
	Nawarat - A.S.		Obayashi -				Nawarat Advance	
	Associated Joint		Nawarat		A.S. - Nawarat		Prefab Myanmar	
	Venture		Joint Venture		Joint Venture		Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total revenue	-	-	-	-	1	1	-	-
Loss	-	-	(2)	(2)	(4)	(1)	(2)	-
Total comprehensive income	-	-	(2)	(2)	(4)	(1)	(2)	-

(Unit: Million Baht)

	Separate financial statements					
	Nawarat - A.S.		Obayashi -			
	Associated Joint		Nawarat		A.S. - Nawarat	
	Venture		Joint Venture		Joint Venture	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total revenue	-	-	-	-	1	1
Loss	-	-	(2)	(2)	(4)	(1)
Total comprehensive income	-	-	(2)	(2)	(4)	(1)

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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 and its subsidiary are 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 and its subsidiary 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.

<u>Business transactions</u>	<u>Pricing and lending policy</u>
Revenues from construction, sales and service	Mutually agreed price with comparison to market price
Cost of construction, sales and service	Mutually agreed price with comparison to market price
Interest income	Interest rates at 5.00 - 19.00 percent, MLR and MLR+0.25 per annum (2016: 5.00 - 19.00 percent and MLR per annum)
Interest expenses	Interest rates at 6.50 - 7.50 percent per annum (2016: 6.50 - 8.00 percent per annum)
Management fee income	Contract price

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Revenues from construction, sales and service	-	-	74	236
Cost of construction, sales and service	-	-	62	1
Interest income	-	-	22	23
Management fee income	-	-	2	5

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Transactions with related parties</u>				
Revenues from construction, sales and service	4	18	4	18
Cost of construction, sales and service	8	6	8	6
Interest income	2	2	2	2
Interest expense	2	2	-	-

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade and other receivables - related parties</u>				
Subsidiaries	-	-	362,469	465,187
Associated companies	-	2,160	-	1,389
Related companies (related by common shareholders)	162,400	174,091	162,400	174,091
Related companies (related by common directors)	1,661	101	1,661	101
Total	164,061	176,352	526,530	640,768
Less: Allowance for doubtful accounts	(156,995)	(162,361)	(156,995)	(162,361)
Total trade and other receivables - related parties, net	7,066	13,991	369,535	478,407
<u>Unbilled receivables - related parties</u>				
Subsidiaries	-	-	8,903	35,040
Associated company	-	2,556	-	2,556
Joint arrangements	2,481	2,481	2,481	2,481
Total	2,481	5,037	11,384	40,077
Less: Allowance for doubtful accounts	(2,481)	(2,481)	(2,481)	(2,481)
Total unbilled receivables - related parties, net	-	2,556	8,903	37,596
<u>Short-term loans and advances to related parties</u>				
Subsidiaries	-	-	378,292	421,107
Associated companies	12,000	21,350	12,000	21,350
Joint arrangements	3,134	-	-	-
Total	15,134	21,350	390,292	442,457
Less: Allowance for doubtful accounts	-	-	(75,665)	(71,749)
Total short-term loans and advances to related parties, net	15,134	21,350	314,627	370,708
<u>Long-term loans to related party</u>				
Subsidiary	-	-	43,910	61,317
Total long-term loans to related party	-	-	43,910	61,317

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
<u>Trade and other payables - related parties</u>					
Subsidiaries		-	-	46,671	2,411
Joint arrangements		2,285	-	-	-
Related companies (related by common shareholders)		3,734	8,049	3,734	8,049
Related companies (related by common directors)		1,726	179	1,726	179
Total trade and other payables - related parties		7,745	8,228	52,131	10,639
<u>Short-term loans and interest payable to related parties</u>					
Joint arrangements		2,690	2,690	2,690	2,690
Related company (related by common directors)		9,000	-	-	-
Related party (director of the subsidiary)		8,000	-	-	-
Total short-term loans and interest payable to related parties		19,690	2,690	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	20	20	20
Total advance payment from related parties		109	109	109	109
<u>Long-term loans from related parties</u>					
Related company (minority shareholders of subsidiary and common directors)		22,951	28,000	-	-
Related party (shareholder and director of the subsidiary)		6,322	12,878	-	-
Total long-term loans from related parties		29,273	40,878	-	-

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

As at 31 December 2017 and 2016, the balance of short-term loans and advances between the Company and those related companies and the movement are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements			
Short-term loans and advances	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2016	the year	the year	2017
C.I.N. Estate Company Limited	Associated company	12,000	753	(753)	12,000
VSPN Property Company Limited	Associated company	9,350	2,217	(11,567)	-
NWR-SBCC Joint ventures	Joint venture	-	268,375	(268,375)	-
Nawarat Advance Prefab Myanmar Company Limited	Joint operation	-	3,134	-	3,134
Total		21,350	274,479	(280,695)	15,134

(Unit: Thousand Baht)

		Separate financial statements				
Short-term loans and advances	Related by	Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	Loss on	31 December
		2016	the year	the year	exchange	2017
Myanmar NWR Company Limited	Subsidiary company	71,749	10,234	-	(6,318)	75,665
Advance Prefab Company Limited	Subsidiary company	272,832	23,712	(22,843)	-	273,701
Mana Patanakarn Company Limited	Subsidiary company	76,526	30,791	(78,391)	-	28,926
C.I.N. Estate Company Limited	Associated company	12,000	753	(753)	-	12,000
VSPN Property Company Limited	Associated company	9,350	2,217	(11,567)	-	-
NWR-SBCC Joint ventures	Joint venture	-	268,375	(268,375)	-	-
		442,457	366,082	(351,929)	(6,318)	390,292
Less: Allowance for doubtful accounts		(71,749)	(10,234)	-	6,318	(75,665)
Total		370,708	325,848	(381,929)	-	314,627

Short-term loans to related parties carried interest at the rates 5 - 19 percent per annum.

The loans are unsecured and repayable on demand.

Long-term loans to related party

As at 31 December 2017 and 2016, 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	Increase	Decrease	Balance as at
		31 December	during	during	31 December
		2016	the year	the year	2017
Utility Business Alliance Company Limited	Subsidiary company	61,317	-	(17,407)	43,910
Total		61,317	-	(17,407)	43,910

Utility Business Alliance Company Limited 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 2017 and 2016, 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 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
A.S. - Nawarat Joint Venture	Joint arrangements	2,690	-	-	2,690
K Alliacne Company Limited	Related company	-	12,000	(3,000)	9,000
Related person	Director of the subsidiary	-	8,000	-	8,000
Total		2,690	20,000	(3,000)	19,690

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans and interest payable	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
A.S. - Nawarat Joint Venture	Joint operation	2,690	-	-	2,690
Total		2,690	-	-	2,690

Short-term loans from related parties carried interest at the rate of 7.00 - 7.75 percent per annum. The loans are unsecured and due at call.

Long-term loans from related parties

As at 31 December 2017 and 2016, 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 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
PPM Engineering Company Limited	Related company (minority shareholders of subsidiary and common directors)	28,000	-	(5,049)	22,951
Related person	Shareholder and director of the subsidiary	12,878	-	(6,556)	6,322
Total		40,878	-	(11,605)	29,273
Less: Current portion		(11,605)			(16,654)
Net		29,273			12,619

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 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	44	38	36	31
Post-employment benefits	1	1	1	1
Total	45	39	37	32

(Unit: Million Baht)

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

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	106,525	175,101	102,940	161,502
Bank deposits	492,257	481,437	420,234	433,673
Total	598,782	656,538	523,174	595,175

(Unit: Thousand Baht)

As at 31 December 2017, bank deposits in saving accounts and fixed deposits, which carried interests between 0.125 - 1.70 percent per annum (2016: between 0.125 - 1.80 percent per annum).

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 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	44	38	36	31
Post-employment benefits	1	1	1	1
Total	45	39	37	32

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)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	106,525	175,101	102,940	161,502
Bank deposits	492,257	481,437	420,234	433,673
Total	598,782	656,538	523,174	595,175

As at 31 December 2017, bank deposits in saving accounts and fixed deposits, which carried interests between 0.125 - 1.70 percent per annum (2016: between 0.125 - 1.80 percent per annum).

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	374	492	4,774	144,764
Past due				
Up to 3 months	1,687	1,874	24,547	74,606
3 - 6 months	829	781	20,708	12,842
6 - 12 months	1,944	2,676	207,213	87,449
Over 12 months	159,227	169,758	269,288	321,107
Total	164,061	175,581	526,530	640,768
Less: Allowance for doubtful accounts	(156,995)	(162,361)	(156,995)	(162,361)
Total trade accounts receivable - related parties, net	7,066	13,220	369,535	478,407
<u>Other receivables</u>				
Accrued income - unrelated parties	32,038	21,768	31,783	21,768
Accrued income - related parties	-	771	-	-
Others	1,185	3,317	913	1,230
Total other receivables	33,223	25,856	32,696	22,998
Total trade and other receivables, net	1,182,573	1,354,385	1,437,009	1,683,335

10. Unbilled receivables

The outstanding balances of unbilled receivables are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Project value as per contract	35,557,442	30,714,284	33,192,053	28,213,587
Accumulated amount recognised as revenue on percentage of completion basis	26,698,070	19,524,214	25,544,799	18,724,590
Less: Value of total billed	(23,971,540)	(17,116,422)	(22,850,872)	(16,343,350)
Total	2,726,530	2,407,792	2,693,927	2,381,240
Less: Allowance for doubtful accounts	(98,717)	(98,717)	(98,717)	(98,717)
Unbilled receivables - net	2,627,813	2,309,075	2,595,210	2,282,523

11. Short-term loans and advances

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans and advances to related parties (Note 6)	15,134	21,350	314,627	370,708
Short-term loan to other joint operator	-	15,571	-	15,571
Total	15,134	36,921	314,627	386,279

As at 31 December 2016, 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	128,045	124,508	(11,414)	(11,003)	116,631	113,505
Works in process	62,892	50,558	-	-	62,892	50,558
Raw materials and supplies	436,144	603,352	(10,952)	(12,830)	425,192	590,522
Total	627,081	778,418	(22,366)	(23,833)	604,715	754,585

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	78,971	123,874	(10,737)	(11,003)	68,234	112,871
Works in process	56,879	46,121	-	-	56,879	46,121
Raw materials and supplies	381,341	572,991	(10,953)	(12,830)	370,388	560,161
Total	517,191	742,986	(21,690)	(23,833)	495,501	719,153

During the current year, the Company and subsidiary reversed the write-down of cost of inventories by Baht 1 million (2016: Baht 2 million) (Separate financial statements: Baht 2 million, 2016: Baht 2 million) and reduced the amount of inventories recognised as expenses during the year.

13. Project development cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and construction under development	443,776	1,644,247	-	-
Developed land and construction	1,315,082	100,095	63,558	100,095
Total	1,758,858	1,744,342	63,558	100,095
Less: Allowance for loss on diminution in value of project	(13,072)	(7,961)	(13,072)	(7,961)
Total project development cost - net	1,745,786	1,736,381	50,486	92,134

As at 31 December 2017, the subsidiary had an outstanding balance of project development cost amounting to Baht 512 million (2016: Baht 593 million) which has been financed with loans from financial institutions. During 2017, the subsidiary capitalised interest of approximately Baht 25 million (2016: Baht 32 million), as part of project development cost. The capitalisation rate on project development cost is approximately 5.03 - 6.28 percent per annum (2016: 5.03 - 6.53 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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Withholding income tax	285,347	301,788	270,930	281,945
Advance payment	59,978	24,373	58,010	23,937
Advance payment for goods	128,563	42,605	128,340	42,605
Prepaid expenses	27,011	79,418	26,587	39,907
Value added tax refundable	57,485	55,786	5,870	5,981
Others	114,018	109,992	87,450	79,838
Total other current assets	672,402	613,962	577,187	474,213

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:

Company's name	Paid-up capital		Shareholding		Cost		Allowance for impairment		Carrying amounts based		(Unit: Thousand Baht)	
			percentage				of investments		on cost method - net		Dividend received during	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			(%)	(%)								
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 1,100 million	Baht 800 million	100	100	1,099,940	799,940	-	-	1,099,940	799,940	-	-
Advance Prefab Company Limited	Baht 380 million	Baht 350 million	100	100	380,000	350,000	-	-	380,000	350,000	-	-
Tastemaker Company Limited	Baht 20 million	Baht 5 million	99	99	17,700	4,950	-	-	17,700	4,950	-	-
Nawarat (Cambodia) Company Limited	USD 5,000	-	100	-	171	-	-	-	171	-	-	-
Total					1,529,107	1,186,186	(3,013)	(3,013)	1,526,094	1,183,173	-	-

Investment in Mana Patanakarn Company Limited

On 17 May 2017, an Extraordinary General Meeting of the shareholders of Mana Patanakarn Company Limited approved an increase in its registered share capital from Baht 800 million (8,000,000 ordinary shares of Baht 100 each) to Baht 1,100 million (11,000,000 ordinary shares of Baht 100 each) through the issuance of 3,000,000 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 300 million of the additional share capital, representing 100 percent of the called up capital. The increase in share capital was registered with the Ministry of Commerce on 24 May 2017.

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. Consequently, on 7 August 2017 and 24 November 2017, Advance Prefab Company Limited called up of the additional share capital amounting to Baht 20 million and Baht 10 million, respectively. The Company has fully paid up for the additional called capital.

Investment in Tastemaker Company Limited

On 4 July 2017, an Extraordinary General Meeting of the shareholders of Tastemaker Company Limited approved an increase in its registered share capital from Baht 5 million (50,000 ordinary shares of Baht 100 each) to Baht 20 million (200,000 ordinary shares of Baht 100 each) through the issuance of 150,000 ordinary shares with a par value of Baht 100 per share. The Company's shareholding in such company remains 99 percent and it has paid up Baht 7.5 million of the additional share capital, representing 50 percent of the called up capital. The increase in share capital was registered with the Ministry of Commerce on 11 July 2017. Consequently, on 19 October 2017, Tastemaker Company Limited called up of the additional share capital amounting to Baht 5.25 million. The Company has fully paid up for the additional called capital.

Investment in Nawarat (Cambodia) Company Limited

During the current year, the Company invested in Nawarat (Cambodia) Company Limited, a newly established company in Cambodia with a registered share capital of USD 5,000, of which the Company holds 100 percent. This company registered its incorporation on 21 April 2017.

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 2017 and 2016.

	(Unit: Million Baht)	
	<u>Utility Business Alliance Company Limited</u>	
	<u>2017</u>	<u>2016</u>
Current assets	232	306
Non-current assets	215	277
Current liabilities	184	285
Non-current liabilities	131	187

Summarised information about comprehensive income for the year ended 31 December 2017 and 2016.

	(Unit: Million Baht)	
	<u>Utility Business Alliance Company Limited</u>	
	<u>2017</u>	<u>2016</u>
Total revenues	507	406
Profit	21	17
Total comprehensive income	21	17

Summarised information about cash flow

	(Unit: Million Baht)	
	<u>Utility Business Alliance Company Limited</u>	
	<u>2017</u>	<u>2016</u>
Cash flow from (used in) operating activities	167	(102)
Cash flow from (used in) investing activities	(6)	10
Cash flow from (used in) financing activities	(146)	82
Net increase (decrease) in cash and cash equivalents	15	(10)

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					
					Cost method		Carrying amounts based on equity method		Share of profit (loss) from investments	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
C.I.N. Estate Company Limited	Property development	Thailand	40	40	161,471	161,471	236,927	234,319	2,608	27,092
VSPN Property Company Limited	Property development	Thailand	25	25	25,000	25,000	13,770	16,770	(3,000)	(723)
Total					186,471	186,471	250,697	251,089	(392)	26,369

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding		Separate financial statements							
					Cost method		Allowance of impairment of investments		Carrying amounts based on cost method - net		Dividend received during the year	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)								
VSPN Property Company Limited	Property development	Thailand	25	25	25,000	25,000	(9,418)	-	15,582	25,000	-	-
Total					25,000	25,000	(9,418)	-	15,582	25,000	-	-

Investment in C.I.N. Estate Company Limited hold by Mana Patanakarn Company Limited, a subsidiary. The Company has significant influence over this company with the proportion of investment. Therefore this investment 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 2017 and 2016.

	(Unit: Million Baht)			
	C.I.N. Estate		VSPN Property	
	Company Limited		Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	37	42	23	1
Other current assets	10	4	1	1
Project development cost	837	888	43	110
Investment properties	39	40	-	-
Other non-current assets	5	14	-	1
Other current liabilities	(68)	(116)	(4)	(38)
Long-term loans	(267)	(286)	-	-
Other non-current liabilities	-	(2)	-	-
Net assets	593	584	63	75
Shareholding percentage	40%	40%	25%	25%
Share of net assets	237	234	16	19
Elimination entries	-	-	(2)	(2)
Carrying amounts of associates				
based on equity method	237	234	14	17

Summarised information about comprehensive income for the year ended 31 December 2017 and 2016.

	(Unit: Million Baht)			
	C.I.N. Estate		VSPN Property	
	Company Limited		Company Limited	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total revenues	293	621	68	14
Profit (loss)	7	68	(12)	(3)
Total comprehensive income	7	68	(12)	(3)

18. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements						
	Percentage of shareholding	Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		2017	2016	2017	2016	2017	2016
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 Company Limited	2.00	10,000	10,000	(10,000)	(10,000)	-	-
Others		1,416	690	(416)	(516)	1,000	174
Total		57,178	56,452	(46,178)	(46,278)	11,000	10,174

(Unit: Thousand Baht)

	Separate financial statements						
	Percentage of shareholding	Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		2017	2016	2017	2016	2017	2016
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 Company Limited	2.00	10,000	10,000	(10,000)	(10,000)	-	-
Others		416	690	(416)	(516)	-	174
Total		56,178	56,452	(46,178)	(46,278)	10,000	10,174

19. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land awaiting sale	Land awaiting development	Condominium unit for rent	Total
Cost:				
As at 1 January 2016	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
Transfer from property, plant and equipment	2,064	-	2,500	4,564
Disposals	(1,380)	-	-	(1,380)
As at 31 December 2017	183,855	-	2,500	186,355

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land awaiting sale	Land awaiting development	Condominium unit for rent	Total
<u>Accumulated depreciation:</u>				
As at 1 January 2016	-	-	-	-
As at 31 December 2016	-	-	-	-
Transfer from property, plant and equipment	-	-	250	250
As at 31 December 2017	-	-	250	250
<u>Allowance for impairment loss:</u>				
As at 1 January 2016	2,012	-	-	2,012
Reversal of allowance for impairment loss	(2)	-	-	(2)
As at 31 December 2016	2,010	-	-	2,010
As at 31 December 2017	2,010	-	-	2,010
<u>Net book value:</u>				
As at 31 December 2016	181,161	-	-	181,161
As at 31 December 2017	181,845	-	2,250	184,095

(Unit: Thousand Baht)

	Separate financial statements		
	Land awaiting sale	Land awaiting development	Total
<u>Cost:</u>			
As at 1 January 2016	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
Disposals	(1,380)	-	(1,380)
As at 31 December 2017	181,791	-	181,791
<u>Allowance for impairment loss:</u>			
As at 1 January 2016	2,012	-	2,012
Reversal of allowance for impairment loss	(2)	-	(2)
As at 31 December 2016	2,010	-	2,010
As at 31 December 2017	2,010	-	2,010
<u>Net book value:</u>			
As at 31 December 2016	181,161	-	181,161
As at 31 December 2017	179,781	-	179,781

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land awaiting sale	330,149	330,960	328,085	330,960
Condominium unit for rent	2,586	-	-	-
Total investment properties	<u>332,735</u>	<u>330,960</u>	<u>328,085</u>	<u>330,960</u>

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

The Company has mortgaged investment properties, with the net book value as at 31 December 2017 totaling Baht 3 million (2016: 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						
	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress
							Total
Cost:							
As at 1 January 2016	167,928	69,469	119,909	3,261,421	211,968	792,817	473,282
Transfer from investment properties and project development cost	22,187	-	15,852	-	-	-	-
Additions	-	-	7,476	281,253	24,381	132,168	425,538
Disposals/write-offs	-	-	-	(58,702)	(8,467)	(25,489)	-
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
Transfer to investment properties	(2,064)	-	(2,500)	-	-	-	-
Additions	-	-	18,253	131,861	36,696	30,097	177,687
Disposals/write-offs	-	-	-	(58,589)	(6,260)	(33,606)	-
Transferred in (out)	-	-	60,785	56,321	10,257	10,633	(137,996)
As at 31 December 2017	188,051	69,469	659,738	3,913,025	268,575	915,879	189,829

6,204,566

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress
	Land	improvement	improvement	equipment	fixtures	vehicles	Total
<u>Accumulated depreciation:</u>							
As at 1 January 2016	-	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
Depreciation for the year	-	1,362	35,566	252,196	28,340	61,529	378,993
Depreciation transfer to investment properties	-	-	(250)	-	-	-	(250)
Depreciation on disposals/write-offs	-	-	-	(50,239)	(5,002)	(20,828)	(76,069)
As at 31 December 2017	-	31,610	115,214	2,549,041	182,828	563,585	3,442,278
<u>Allowance for impairment loss:</u>							
As at 1 January 2016	1,564	-	-	42,646	-	-	44,210
Decrease during the year	(400)	-	-	-	-	-	(400)
As at 31 December 2016	1,164	-	-	42,646	-	-	43,810
As at 31 December 2017	1,164	-	-	42,646	-	-	43,810
<u>Net book value:</u>							
As at 31 December 2016	188,951	39,221	503,302	1,393,702	68,392	385,871	2,729,577
As at 31 December 2017	186,887	37,859	544,524	1,321,338	85,747	352,294	2,718,478
<u>Depreciation for the year:</u>							
2016 (Baht 298 million included in cost, and the balance in administrative expenses)							314,075
2017 (Baht 354 million included in cost, and the balance in administrative expenses)							378,993

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	
<u>Cost:</u>								
As at 1 January 2016	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
Additions	-	-	-	136,646	22,847	23,406	107,149	290,048
Disposals/write-offs	-	-	-	(57,822)	(5,597)	(33,465)	-	(96,884)
Transferred in (out)	-	-	29,181	63,881	-	10,633	(103,695)	-
As at 31 December 2017	164,114	33,470	223,516	3,755,608	219,481	890,116	40,107	5,326,412
<u>Accumulated depreciation:</u>								
As at 1 January 2016	-	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
Depreciation for the year	-	1,362	15,126	229,531	20,559	57,938	-	324,516
Depreciation on disposals/write-offs	-	-	-	(49,508)	(4,365)	(20,685)	-	(74,558)
As at 31 December 2017	-	31,612	92,314	2,576,488	162,865	553,076	-	3,416,355

(Unit: Thousand Baht)

	Separate financial statements						
	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress
<u>Allowance for impairment loss:</u>							
As at 1 January 2016	1,564	-	-	42,646	-	-	-
Decrease during the year	(400)	-	-	-	-	-	-
As at 31 December 2016	1,164	-	-	42,646	-	-	-
As at 31 December 2017	1,164	-	-	42,646	-	-	-
<u>Net book value:</u>							
As at 31 December 2017	162,950	3,220	117,147	1,173,792	55,560	373,719	36,653
As at 31 December 2018	162,950	1,858	131,202	1,136,474	56,616	337,040	40,107
<u>Depreciation for the year:</u>							
2016 (Baht 290 million included in cost, and the balance in administrative expenses)							299,742
2017 (Baht 313 million included in cost, and the balance in administrative expenses)							324,516

As at 31 December 2017, the Company and its subsidiaries had machinery, vehicles and equipment with net book value of Baht 704 million (2016: Baht 703 million) which were acquired under hire purchase and finance lease agreements (Separate financial statements: Baht 700 million, 2016: Baht 700 million).

As at 31 December 2017, 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 2,181 million (2016: Baht 2,122 million) (Separate financial statements: Baht 2,166 million, 2016: Baht 2,110 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 2017 totaling Baht 780 million (2016: Baht 904 million) (Separate financial statements: Baht 141 million, 2016: Baht 141 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	
	<u>2017</u>	<u>2016</u>
Leasehold right for land	69,418	69,418
Less: Accumulated amortisation	(62,088)	(59,501)
Leasehold right - net	<u>7,330</u>	<u>9,917</u>
Amortisation for the year	<u>2,587</u>	<u>2,587</u>

22. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)					
		Consolidated		Separate	
	Interest rate	financial statements		financial statements	
	(% p.a.)	2017	2016	2017	2016
Bank overdrafts	MOR	6,517	4,460	-	-
Short-term loans from financial institutions	6.50%, 6.86%, MOR, MOR-0.25% MOR-0.50%, MOR-0.75%, MMR	389,524	133,789	307,324	18,989
Total		396,041	138,249	307,324	18,989

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Trade payables - related parties	4,283	6,497	50,360	8,416
Trade payables - unrelated parties	1,507,669	1,500,720	1,319,058	1,368,089
Advance received from related parties	109	109	109	109
Advance received from unrelated party	35,911	34,392	35,911	34,392
Other payables - related parties	3,457	1,731	1,771	2,223
Other payables - unrelated parties	112,645	57,099	60,140	43,726
Accrued expenses - related parties	5	-	-	-
Accrued expenses - unrelated parties	146,941	99,885	47,008	55,007
Total trade and other payables	1,811,020	1,700,433	1,514,357	1,511,962

24. Hire purchase creditors and finance lease payable

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Liabilities under hire purchase and finance lease agreements	312,810	422,951	307,983	414,868
Less: Deferred interest expenses	(16,701)	(25,071)	(16,347)	(24,377)
Total	296,109	397,880	291,636	390,491
Less: Portion due within one year	(133,832)	(174,032)	(131,377)	(170,335)
Liabilities under hire purchase and finance lease agreements, net of current portion	162,277	223,848	160,259	220,156

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 (2016: 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 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	144	169	313
Deferred interest expenses	(10)	(7)	(17)
Present value of future minimum lease payments	134	162	296

	(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)		
	Separate financial statements		
	as at 31 December 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	141	167	308
Deferred interest expenses	(10)	(6)	(16)
Present value of future minimum lease payments	131	161	292

	(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

25. Long-term loans from banks

			(Unit: Thousand Baht)	
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements	
			2017	2016
1	MLR	Paid all amount within 40 months since sign contract and changing to be paid all amount within 65 months since sign contract under the amended agreement in 2017	124,920	181,051
2	MLR	Paid all amount within 55 months since sign contract and changing to be paid all amount within 75 months since sign contract under the amended agreement in 2017	64,847	117,233
3	MLR	Monthly installments from March 2015 to September 2018	13,171	30,764
4	MLR-1.25	Paid all amount within 60 months since sign contract	322,002	294,287
5	MLR	Monthly installments from December 2016 to June 2021	53,360	68,720
6	MLR	Monthly installments from January 2017 to June 2021	38,888	50,000
7	MLR-0.5	Monthly installments from February 2018 to January 2024	300,000	237,600
Total			917,188	979,655
Less: Current portion			(571,277)	(225,115)
Long-term loans, net of current portion			345,911	754,540

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 2017, the subsidiary has an undrawn amount of loan under the above agreements amounting to Baht 871 million (2016: Baht 1,259 million).

Movements in the long-term loans account during the year ended 31 December 2017 are summarised below.

		(Unit: Thousand Baht)
		Consolidated
		financial statements
Balance as at 31 December 2016		979,655
Add: Increase during the year		388,132
Less: Payment during the year		(450,599)
Balance as at 31 December 2017		917,188

26. Debentures

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Debentures 1/2557	-	1,500,000
Debentures 1/2558	1,500,000	1,500,000
Debentures 1/2560	1,720,100	-
Total	3,220,100	3,000,000
Less: Deferred debenture issuing costs	(11,052)	(9,011)
	3,209,048	2,990,989
Less: Current portion of debentures	(1,500,000)	(1,500,000)
Debentures, net of current portion	1,709,048	1,490,989

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. The Company repaid such debentures in August 2017.

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.

On 28 August 2017, the Company issued and offered 2,000,000 units of debentures No.1/2560 with a par value of Baht 1,000 each, totaling Baht 2,000 million. These are registered, unsubordinated, unsecured debenture with trustees, and have a term of 3 years from the issue date, maturing on 28 August 2020. The coupon rate is 4.50 percent per annum (the effective interest rate of 4.70 percent per annum), with interest payable every 3 months throughout the life of the debentures. During the current year, the Company sell debentures of Baht 1,720 million.

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:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation at beginning of year	161,566	151,603	150,053	140,880
Included in profit or loss:				
Current service cost	13,521	13,497	11,890	12,153
Interest cost	3,910	3,889	3,574	3,522
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	1,935	-	(2,124)	-
Financial assumptions changes	1,287	-	1,189	-
Experience adjustments	15,701	-	14,278	-
Benefits paid during the year	(12,672)	(7,423)	(12,672)	(6,502)
Provisions for long-term employee benefits				
at end of year	185,248	161,566	166,188	150,053

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of construction	10,996	10,869	9,822	9,919
Cost of sales and services	599	228	599	-
Administrative expenses	5,836	6,289	5,043	5,756
Total expenses recognised in profit or loss	17,431	17,386	15,464	15,675

The Company and its subsidiaries expect to pay Baht 45 million of long-term employee benefits during the next year (2016: Baht 8 million) (Separate financial statements: Baht 44 million, 2016: Baht 8 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9 - 17 years (2016: 10 - 17 years) (Separate financial statements: 9 years, 2016: 10 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: percent per annum)	
			Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	2.5 - 3.3	2.5 - 3.3	2.4	2.5
Future salary increase rate	4.0 - 5.5	4.0 - 5.5	4.0 - 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 2017 and 2016 are summarised below:

	(Unit: Million Baht)					
	As at 31 December 2017					
	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	(7)	7	7	(7)	(4)	4
Separate financial statements	(6)	6	6	(6)	(3)	3

	(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

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 based on equity method (Provision for loss on investment)		Share of profit (loss) from investment during the year		Carrying amounts based on cost method (Provision for loss on investment)		Profit (loss) from investment in joint venture during the year	
			2017		2016		2017		2016		2017	
			(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
NWR - SBCC Joint Venture	Soil and coal extraction and transportation	Thailand	50	50	(94,802)	(97,008)	2,206	(3,033)	(94,802)	(97,008)	2,206	(3,033)

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.

On 28 March 2017, the Central Bankruptcy Court ordered Saraburi Coal Company Limited into final receivership. The Company and that company are the parties to a joint venture agreement, NWR-SBCC Joint Venture, to carry out a soil and coal extraction and transportation work project at Mae Moh mine, Lam Pang, with both venture partners having a 50% interest. As a result of the final receivership order issued by the Court, Saraburi Coal Company Limited is considered to be in breach of the joint venture agreement and the Company has therefore exercised its right under the agreement to notify the termination of that company's responsibilities in the NWR-SBCC Joint Venture.

On 8 May 2017, the Company issued a letter notifying the termination of Saraburi Coal Company Limited's responsibilities in the joint venture. As a result, the contractual roles, rights and responsibilities of that company under the NWR-SBCC Joint Venture agreement are terminated, with the Company assuming the rights and responsibilities of control and operation in accordance with the contract until the service is completed, for which the scheduled date is in March 2018. The management of the Company believes that, based on the opinion of legal counsel, the outcome of the lawsuit involving Saraburi Coal Company Limited and the exercise of this right do not have any impact on the Company's proportionate interest in NWR-SBCC Joint Venture.

28.2 Summarised financial information about joint venture

Summarised information about financial position as at 31 December 2017 and 2016.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	17	14
Trade and other receivables	286	192
Unbilled receivables	187	146
Inventory	60	156
Available for sales	1,316	-
Other current assets	110	68
Plant and equipment	-	2,010
Other non-current assets	-	5
Bank overdrafts and short-term loans	-	(199)
Trade and other payables	(2,138)	(2,124)
Current portion of hire purchase creditors	-	(18)
Current portion of long-term loans	-	(425)
Other current liabilities	(28)	(14)
Other non-current liabilities	-	(5)
Net assets	(190)	(194)
Shareholding percentage	50%	50%
Share of net assets	(95)	(97)
Carrying amounts of joint venture based on equity method	(95)	(97)

Summarised information about comprehensive income for the years ended 31 December 2017 and 2016.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	<u>2017</u>	<u>2016</u>
Total revenues	2,554	2,043
Depreciation and amortisation	(806)	(730)
Interest expenses	(19)	(55)
Profit (loss)	5	(6)
Total comprehensive income	5	(6)

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:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Raw materials and consumables used	3,016,775	3,105,668	2,826,798	2,979,880
Salaries, wages and other employee benefits	1,005,832	986,061	857,063	884,855
Subcontractor costs	2,755,379	2,213,587	2,601,672	2,203,878
Fuel charges	163,376	262,848	157,646	143,397
Depreciation and amortisation	381,580	316,662	327,103	302,328
Repair and maintenance	127,606	135,675	122,339	134,706
Loss on investments in joint venture (reversal)	(2,206)	-	(2,206)	3,033
Doubtful debts (reversal)	711	(15,136)	4,627	(6,241)
Other expenses	1,826,238	1,146,047	1,050,325	1,215,891
Changes in inventories of finished goods and work in process	33,957	(46,649)	33,879	(51,720)

31. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	7,646	29,716	-	26,012
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,420)	(5,554)	(1,475)	(5,396)
Income tax expense (income) reported in the statement of comprehensive income	6,226	24,162	(1,475)	20,616

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to accumulate actuarial losses	(3,784)	-	(2,668)	-
Deferred tax on loss (gain) from the change in value of available-for-sale investments	(1,891)	1,023	(1,891)	1,023
	<u>(5,675)</u>	<u>1,023</u>	<u>(4,559)</u>	<u>1,023</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit (loss) before tax	(188,303)	83,085	(23,487)	138,613
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied				
by income tax rate	(37,661)	16,617	(4,697)	27,723
Utilisation of previously recognised tax losses	(907)	(1,142)	-	-
Tax losses for the year that have not been				
recognised as deferred tax assets	38,146	18,699	6,633	645
Effects of preparing the consolidated				
financial statements	(1,116)	-	-	-
Effects of:				
Non-deductible expenses	11,725	11,051	8,950	10,672
Additional expense deductions allowed	(11,158)	(12,495)	(10,900)	(12,283)
Exemption of income	(1,461)	(5,777)	(1,461)	(5,777)
Share of profit from investments in				
associates and joint venture	(363)	(4,667)	-	-
Others	9,021	1,876	-	(364)
Total	7,764	(10,012)	(3,411)	(7,752)
Income tax expenses (income) reported in				
the statement of comprehensive income	6,226	24,162	(1,475)	20,616

As at 31 December 2017 and 2016, 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Allowance for diminution in value of inventories	4,338	4,767	4,338	4,767
Allowance for diminution in value of project development cost	2,614	1,592	2,614	1,592
Allowance for asset impairment	8,903	8,903	8,903	8,903
Accumulated depreciation - Plant and equipment	4,052	3,249	4,052	3,249
Provision for long-term employee benefits	37,681	33,393	33,237	30,010
Provisions	334	286	334	286
Others	42	161	42	161
Deferred tax liabilities				
Amortisation of deferred debenture issuing costs	(2,210)	(1,802)	(2,210)	(1,802)
Unrealised gain on changes in value of investments	(44)	(1,934)	(44)	(1,934)
Total deferred tax assets - net	55,710	48,615	51,266	45,232

As at 31 December 2017, the Company and its subsidiaries had unused tax losses totaling Baht 340 million (2016: Baht 155 million) (Separate financial statements: Baht 43 million, 2016: 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 2022.

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 2017 and 2016, respectively.

(Unit: Million Baht)

The consolidated financial statements for the year ended 31 December 2017					
	Construction contracting business	Real estate development business	Manufacture of concrete products business	Eliminations	Consolidated
Revenue from external customers	8,356	573	346	-	9,275
Inter-segment revenue	(52)	-	(83)	135	-
Segment operating profit (loss)	52	(3)	(85)		(36)
Unallocated income (expenses):					
Interest income					12
Interest expenses					(224)
Other income and expenses					58
Share of profit from investments in associates and joint venture					2
Loss before income tax expenses					(188)
Income tax expense					(6)
Loss for the year					(194)
Profit attributable to non-controlling interests of the subsidiary					(8)
Loss for the year - attributable to equity holders of the Company					(202)

(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					83
expenses					(24)
Income tax expense					59
Profit for the year					(7)
Profit attributable to non-controlling interests of the subsidiary					52
Profit for the year - attributable to equity holders of the Company					52

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>2017</u>	<u>2016</u>
Revenue from external customers		
Thailand	8,952	7,920
Others	323	392
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,909	2,921
Others	1	-

Major customers

For the year 2017, the Group has revenue arising from construction contracting business derived from one major customer in amount of Baht 1,835 million (2016: one major customer in amount of Baht 1,559 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 2017, the Company and its subsidiaries contributed Baht 21 million to the fund (2016: Baht 20 million) (Separate financial statements: Baht 17 million, 2016: Baht 17 million).

35. Commitments and contingent liabilities**35.1 Capital commitments**

As at 31 December 2017, the Company and its subsidiary had the following capital commitments:

- a) The Company had an outstanding commitment of approximately USD 4,495 and Baht 22 million of the uncalled portion of investment in three subsidiaries (2016: USD 4,495 and Baht 50 million of the uncalled portion of investments in two subsidiaries).
- b) The subsidiary had an outstanding commitment of approximately USD 1 million of the uncalled portion of investment in the joint arrangement (2016: nil)
- c) The Company and its subsidiary had outstanding commitments of approximately Baht 37 million and Baht 1 million, respectively, relating to acquisition of tools, machineries and equipment (2016: The Company and its subsidiary had outstanding commitments of approximately Baht 12 million and Baht 1 million, respectively, relating to construction of factory buildings, and acquisition of tools, machineries and equipment.).

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	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements as at 31 December		financial statements as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
In up to 1 year	27	18	21	18
In over 1 and up to 5 years	49	19	26	11
In over 5 years	235	242	-	-

35.3 Guarantees

- a) As at 31 December 2017, the Company has commitments in respect of its guarantees of bank credit facilities of two subsidiary companies amounting to Baht 2,367 million (2016: 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 2017, 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 (2016: 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 subsidiaries in respect of certain performance bonds as required in the normal course of business were summarised in foreign currencies as follows:

Foreign currency	(Unit: Million)			
	Consolidated		Separate	
	financial statements as at 31 December		financial statements as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Baht	5,651	5,497	5,367	5,348
Yen	1	1	1	1
USD	1	1	1	1

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 2017, the Company has set up provision of approximately of Baht 1.0 million (2016: 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 2017 and 2016, 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 financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment (Note 8)	5	-	-	5
Assets for which fair value are disclosed				
Investment property (Note 19)	-	-	333	333
Liabilities for which fair value are disclosed				
Debentures (Note 26)	-	3,238	-	3,238

(Unit: Million Baht)

Consolidated 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)

Separate financial statements

As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment (Note 8)	5	-	-	5
Assets for which fair value are disclosed				
Investment property (Note 19)	-	-	328	328
Liabilities for which fair value are disclosed				
Debentures (Note 26)	-	3,238	-	3,238

(Unit: Million Baht)

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

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, current investments, 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>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
USD	7	4	32.6407	35.7843

As at 31 December 2017 and 2016, 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 2017, the Group's debt-to-equity ratio was 2.47:1 (2016: 2.36:1) and the Company's was 1.95:1 (2016: 1.98:1).

40. Event after the reporting period

On 28 February 2018, the Board of Directors' Meeting pass the resolution to approve the issuance and offering up to Baht 2,000 million of debentures for sale.

41. Reclassification

Certain amounts in the comprehensive income for the year then ended 31 December 2016 have been reclassified to conform to the current year's classification.

	Consolidated financial statements	
	As reclassified	As previously reported
Comprehensive income		
Selling expenses	56,971	-
Administrative expenses	405,919	462,890

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 2018.