



NAWARAT



Annual Report 2018

Nawarat Patanakarn Public Company Limited



Vision

Vision

“Committed to go forward as a leader in construction industry, develop business that has a valuable future, create benefits to all parties with care and responsibilities”

Mission

1. Perform with S.M.A.R.T. Specific; Measurable; Applicable; Realistic; Timely.
2. Comprehensively conduct construction and other business with integrated values and have stable profitability.
3. Manage business professionally with modern technology for sustainable growth.
4. Operate with perseverance and with high competency under international standards and timely delivery.
5. Manage business under the corporate governance principle and operate with integrity under the code of conduct to all stakeholders.
6. Health and safety are fundamental values of our organization on which we remain dedicated to further raise awareness and commitment at all levels.
7. Recognize the importance of the employees as human capital, encourage development of competency and cooperation among employees at all levels by establishing tangible motivation systems giving opportunity and empowering young professionals to achieve aspired career.
8. Always committed to a good corporate social and environmental responsibility.

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Message from the Chairman

In 2018, Thailand's economic was slightly growth compared with the previous year. The growth rate was due to the impact of the increase in government construction after several government mega projects started its construction, for instance, high-speed train, infrastructure development in Eastern Economic Corridor (EEC), including repair construction and roads in flood-affected areas. This results in a higher growth in the government construction segment than the first half of the year, the construction of industrial sectors in an incentive area was expected to be enhanced and expanded. On the other hand, private sector construction grew with the contribution of low-rise housing segment in the second tier provinces, including high-rise housing segment in Bangkok and suburban area.

Thailand's construction industry in the third quarter has expanded with the contribution of government and private sectors. The rising in residential construction reflected in the number of new accommodation and house registration in Bangkok and suburban area which accounted for 28.5 and 3.3 percent of growth respectively, including economic buildings' construction has growth 1.6 percent. Material price was raised 3.2 percent in relation to steel's price. Furthermore, the price of steel, concrete and cement were raised 9.1, 2.0 and 1.7 percent respectively. The Company still strives "to be one of Thailand's top five largest 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 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 create value on the overall economy of the country. The Board also committed to conduct the business in accordance with the guideline of sustainable development in terms of economy, society and environment under the good corporate governance principle. Therefore, the Board of Directors and executives have considered and revised the Company's vision and mission to operate its business sustainability and prosperously with a clear direction, by harmonizing with current situation and environment, including in line with other businesses trend in terms of operating and managing.

In the previous year, the Company earned 4 star Corporate Governance Rating. 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 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. Furthermore, the Company has conducted the business of pre-cast concrete products manufactured with the technologies from Europe and is also expanding its manufacturing capacity to meet the increased 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 2019, the Company will make its paces in becoming an organization that has the potential at the international level to strengthen its foundation, prepare for the economic recovery and more intensive competition. In this regard, 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 optimizing the return on profits. Moreover, the Company shall develop its personnel in both technical and management aspects on a continuous basis which shall include encouraging awareness of social and environmental responsibility, since they are valuable resources and key essential of sustainable growth.

The Board of Directors, executives, employees and 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 principle of good corporate governance, 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.



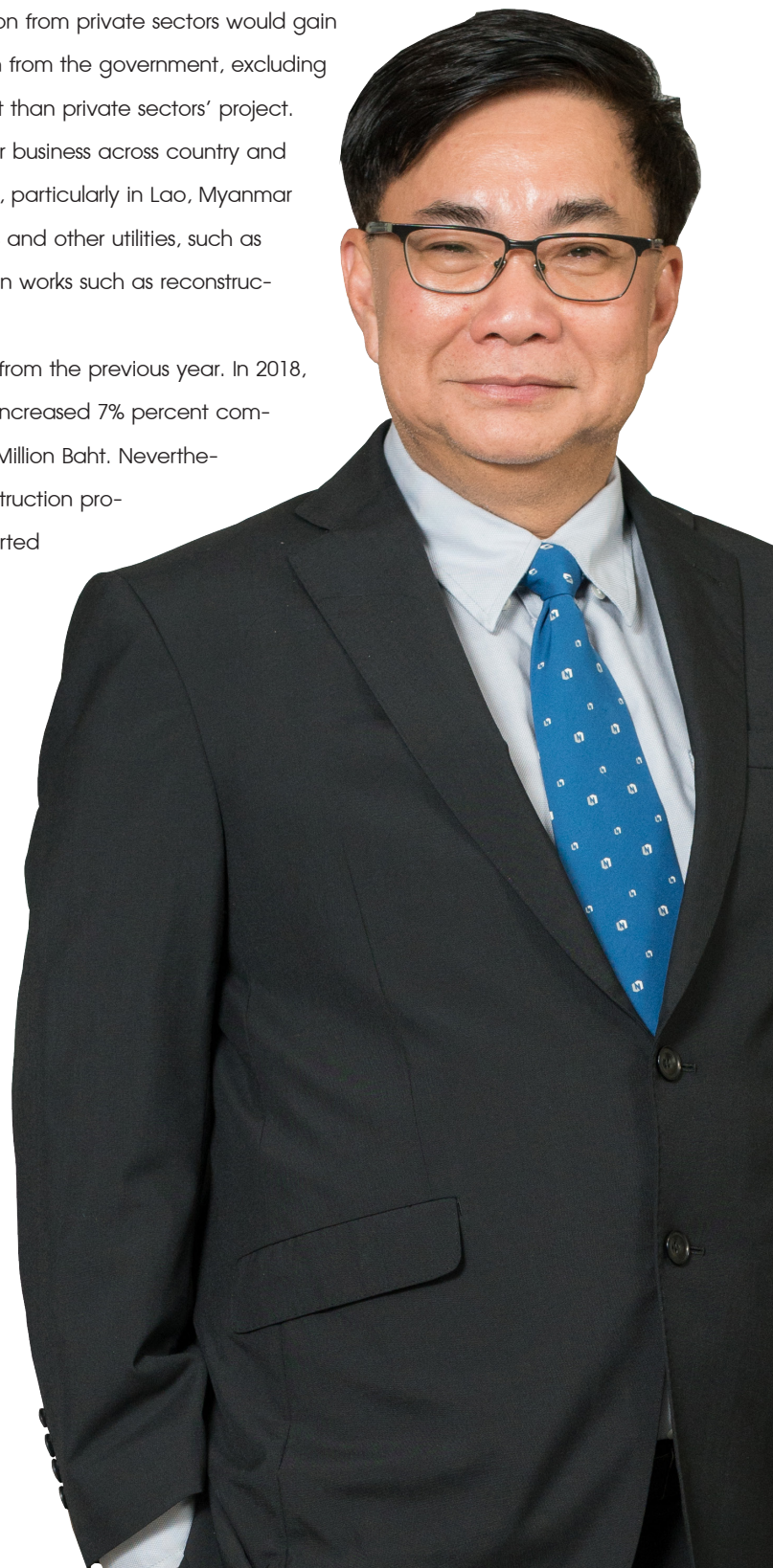
Mr. Prasertphand Pipatanakul
Chairman

Message from the Chief Executive Officer

The overall construction industry in the year 2018 has expanded continuously especially in the infrastructure construction from the government which accounted for 80 percent of the total government's construction cost, including other projects such as repairing public utilities. The most construction of private sectors was accounted by residential segment in the proportion of 57 percent of the total private sectors' construction cost. Normally, private sectors' construction alters by investment decision, which consists of many factors as follows; economic situation, political, investment in infrastructures and investment policy by the government. Nevertheless, contractor who focuses on construction from private sectors would gain higher gross margin than contractor who focuses on construction from the government, excluding the fact that government construction project has higher budget than private sectors' project. Despite domestic construction, Thai contractors also expand their business across country and focus on acquiring construction project in boarder areas (CLMV), particularly in Lao, Myanmar and Vietnam. Those countries are developing their infrastructures and other utilities, such as road network, train and power plant, as well as other construction works such as reconstruction, renovating and residential.

Therefore, the Company continues to grow its revenue from the previous year. In 2018, the total income of the Company was 10.037 Billion Baht which increased 7% percent compared with the year 2017, and the Company net profit was 425 Million Baht. Nevertheless, the Company earns a steady income from the existing construction projects and a new project obtained during the end of 2018, supported by the fuel price which remain quite unchanged and the lower level of labor cost. In contrast, the operating cost, for instance construction materials, was fluctuated due to a higher volume of construction works and a higher interest rate. Notwithstanding, the Company's financial status remains liquidity enough which could cover future operation and investment plan. The Company's vision and mission have been revised to operate its business sustainability and prosperously with a clear direction, by harmonizing with current situation and environment, including in line with other businesses trend in terms of operating and managing.

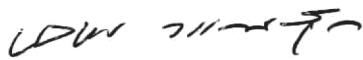
The Company foresees that the turnover will continue to grow in the year 2019 due to the drive of the Government sector for large-scale investment projects and the support of private sectors which enhance the recovery in both accommodation and industrial segments. This would initiate a chance for the Company to be responsible for several projects in the near future. Furthermore, the Company has currently been handling the Backlog projects for about 15.421 Billion Baht which its revenue will be continuously recognized in the



next two years. And there are also other projects approximately 19,552 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 13,912 Million Baht. In addition, the inauguration of the ASEAN Economic Community (AEC) at the end of the year 2016 provided 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 4 star Corporate Governance Rating in the previous year) by 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 Patanakarn 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 help and good support for the Company's operations in various aspects for over 40 years. We 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

คณะกรรมการบริษัท



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: 84 years

Shareholding: None

Meeting Attendance:

- 12 of 12 Board of Directors' Meetings in 2018
- 12 of 12 Audit Committee Meetings in 2018

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:

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

2. 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: 67 years

Shareholding: None

Meeting Attendance

- 12 of 12 Board of Directors' Meetings in 2018
- 10 of 12 Audit Committee Meetings in 2018

Education

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

Experience

Present:

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

Mr. Nattaphorn Bhromsuthi

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

Age: 60 years

Shareholding: None

Meeting Attendance

- 12 of 12 Board of Directors' Meetings in 2018
- 5 of 5 Audit Committee Meetings in 2018

*นายณัฐพร พรหมสุทธิ เป็นกรรมการตรวจสอบแทนนายนิยม นิยมานุสร กรรมการตรวจสอบที่ลาออก มีผลตั้งแต่วันที่ 1 สิงหาคม 2561 เป็นต้นไป

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

4. 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: 263,910,285 shares as of January 2, 2019

Meeting Attendance

12 of 12 Board of Directors' Meetings in 2018

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

5. 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 January 2, 2019

Meeting Attendance

12 of 12 Board of Directors' Meetings in 2018

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

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: 65 years

Shareholding: None

Meeting Attendance

12 of 12 Board of Directors' Meetings in 2018

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 Patanakarn Company Limited

7.Mr. Mongkol Peerasantikul

Director, President, Member of the Corporate Governance Committee, Member of the Risk Management and Member of the Executive Committee

Age: 64 years

Shareholding: None

Meeting Attendance

8 of 8 Board of Directors' Meetings in 2018

Education

- B.Eng. (Civil), Chiangmai University, 1977.

Registered Professional Practices in Charter Civil Engineer No. CE 1365

Experience

Present :

- Director, President of Nawarat Patanakarn Public Company Limited
- Director of Advance Prefab Company Limited
- Director of Mana Patanakarn Company Limited

General Information

Business Operations

1. Business Policy and Overview

Company Background

Nawarat Patanakarn Public Company Limited (“the Company” or “NWR”) has started operating construction and pre-stressed concrete piles production business since 1976. Presently, the Company mainly operates as 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.

- The Company was registered on May 31, 1976 with the initial registered capital of Baht 4 million and gradually increased its registered capital.
- In 1995, the Company increased its registered capital from Baht 400 million to Baht 500 million 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 change of the Company’s registered capital was retrospectively for five years as follows: in 2012, the Company had the registered capital of Baht 2,217,950,679, the paid-up capital of Baht 1,552,901,243; in 2013, the Company had the registered capital of Baht 2,221,587,311 and the paid-up capital of Baht 1,974,801,416; and in 2014, the Company had the registered capital of Baht 2,812,221,856 and the paid-up capital of Baht 2,585,481,515.
- Presently, as of December 31, 2018, the Company has its registered capital of Baht 2,585,481,515 and paid-up capital of Baht 2,585,481,515 divided into 2,585,481,515 ordinary shares at a par value of Baht 1 per share.
- The Company assigned Tris Rating Co., Ltd. (“TRIS”) to affirm the Company rating and the ratings of the senior unsecured debentures. Announced on February 28, 2019, the Company was rated at “BBB-”. TRIS adjusted the Company’s rating outlook as at the beginning of the year 2018 from “Negative” to “Stable”. The Stable rating reflects the expectation that resulting from new construction contracts, the Company’s performance shall increase. 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 the positive outlook of overall construction business in Thailand in 2-3 years ahead.

Head Office

Location:	18th-19th Floor, Bangna Towers A, 2/3 Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540		
Registered Number:	0107538000096		
Website:	www.nawarat.co.th		
Telephone:	(662) 730-2100		
Fax:	(662) 751-9484-90		
Company Secretary:	Miss Pakatip Lopandhri	Tel. (662) 730-2197	
Investor Relations Section:	Mr. Visut Suwanwitwaj	Tel. (662) 730-2187	

Branch Offices

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

Pre-Stressed Concrete Piles, Pre-Cast Concrete Products and Processed Steel Plants

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

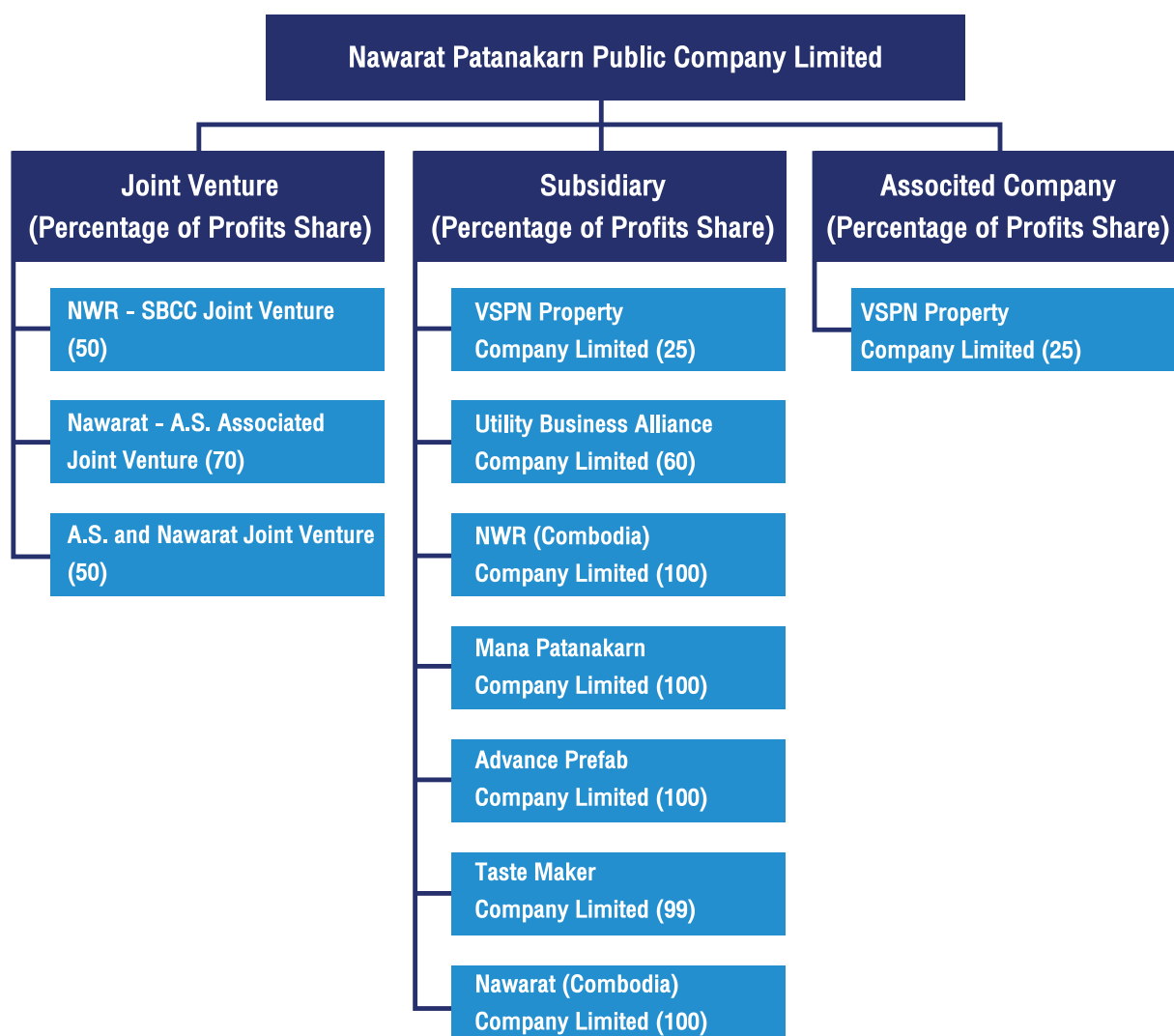
Pre-Cast Concrete Jacking Pipes and Pre-Cast Concrete Shaft Plant

- 31/13 Rama 2 Road Km. 33.5, Bang Krachao, Muang, Samutsakhon

SHELL Petrol Station by Nawarat Patanakarn Public Company Limited

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

Shareholding Structure of the Group of companies as of December 31, 2018



Joint Ventures, Associated Companies, Subsidiaries and Related Parties (still operating as of December 31, 2018)

Joint Venture	Address	Type of Business	Share of Profit (%)
NWR — SBCC Joint Venture	2034/132-161 Italthai Tower, 34th Floor, Bangkapi, Huaykwang, Bangkok 10310	Construction (Soil and coal excavation and removal)	50
Nawarat — A.S. Associated Joint Venture	8/24-25 Soi Ladprao 8, Ladprao Road, Chomphon, Chatuchak, Bangkok 10900	Construction	70
A.S. and Nawarat Joint Venture	230 Soi Yasob 1, Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 1090	Construction	50

Subsidiary	Address	Type of Business	Share of Profit (%)
Myanmar NWR Co., Ltd.	32, Hlaing Myint Moh Street 4, Ward 10 Hlaing Township, Yangon, Myanmar.	Construction	100
Utility Business Alliance Co., Ltd	21 Viphavadi-Rangsit Road Chomphon, Chatuchak, Bangkok	Waste Water Treatment	60
NWR (Cambodia) Company Limited	217, Group 1, Smach Meanchey Commune, Smach Meanchey District Kohkong Province, Cambodia	บริหารและควบคุม โครงการก่อสร้าง	100
Mana Patanakarn Company Limited	2/3 Moo 14 Bangna Towers A, 18th floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Real Estate Development (residence)	100
Advance Prefab Company Limited	2/3 Moo 14 Bangna Towers A, 18th floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Manufacturing and Distributing of pre-cast concrete products	100
Taste Maker Company Limited	2/3 Moo 14 Bangna Towers A, 18th floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Restaurant and Food Business (fresh food, dried food, instant food, canned food, seasoning, all kinds of beverage)	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	Type of Business	Share of Profit (%)
New Decade Company Limited (with Mrs. Sutasanee Karnasuta, younger sister of Mr. Polpat Karnasuta, CEO of the Company, being Executive Director)	19 Soi 7 Seiree 7 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10260	Construction	0.00
Ruen Rapee Company Limited (with Mrs. Sutasanee Karnasuta, younger sister of Mr. Polpat Karnasuta, CEO of the Company, being Executive Director)	19 Soi 7 Seiree 7 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10260	Real Estate Development	0.00
East Bangkok Assets Company Limited (with Mrs. Sutasanee Karnasuta, younger sister of Mr. Polpat Karnasuta, CEO of the Company, being Executive Director)	19 Soi 7 Seiree 7 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10260	Real Estate Development	0.00
K Alliance Company Limited (with Mrs. Sutasanee Karnasuta, younger sister of Mr. Polpat Karnasuta, CEO of the Company, being Executive Director)	1111 Moo 6 Samrong Nua, Muang, Samutprakarn 10270	Mining Business	0.00
Kao Chamao Hill Resort Company Limited (with Mr. Apathorn Karnasuta and Mrs. Sutasanee Karnasuta, younger brother and younger sister of Mr. Polpat Karnasuta, CEO of the Company, being Executive Directors)	9/3 Moo 3 Khaowongkot, Kaenghangmeao, Chantaburi 22160	Agricultural business	0.00
E.G.G. Enterprise Company Limited (with Mr. Polpat Karnasuta, CEO of the Company, being Executive Director)	19 Soi 7 Seiree 7 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10260	Furniture Business	0.00

Subsidiaries

1. Myanmar NWR Company Limited

In 2000, NWR invested in Myanmar NWR Company Limited located at 32, Hlaing Myint Moh Street 4, Ward 10, Hlaing Township, Yangon, Myanmar by holding 100 percent equity stake to support expansion of the Company's construction business in the Union of Myanmar. The subsidiary has its registered capital of Kyat 1,000,000 and paid-up capital of Kyat 500,000, or approximately Baht 3 million. At present, the subsidiary has not yet operated due to overall economic conditions and unfavorable law of the Union of Myanmar.

2. Utility Business Alliance Company Limited

In 2001, NWR invested in Utility Business Alliance Company Limited to provide waste water treatment services in the proportion of 50 percent ownership. Subsequently, on November 11, 2013, NWR sold some parts of its investment to other investors causing the decrease of investment proportion to 33.33 percent. However, in Q3/2006, NWR repurchased the investments from the outsider resulting in the Company's current investment in the proportion of 60 percent of the total registered capital of Baht 40 million. The paid-up capital of this subsidiary is Baht 40 Million Baht. 40 percent of other shareholders are juristic persons not related to the Company, neither in terms of directors nor shareholders.

3. NWR (Cambodia) Company Limited

In 2017, the Company established NWR (Cambodia) Company Limited in Cambodia by holding 100 percent equity stake to facilitate construction works in Cambodia. The subsidiary has the registered capital of Riel 20 million, or approximately Baht 200,000, and current paid-up capital of Baht 17,000. The subsidiary started its work as the 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 USD 2 million. Currently, the project has been completed.

4. Mana Patanakarn Company Limited

Mana Patanakarn Company Limited ("Mana Patanakarn") was established on April 5, 2013 with the initial registered capital of Baht 200 million (2,000,000 ordinary shares at a par value of Baht 100 per share). Presently, Mana Patanakarn has its registered capital and the paid-up capital of Baht 1,100 million. NWR holds 100 percent shares in this subsidiary and completely paid the investments in ordinary shares.

At present, Mana Patanakarn is operating three residential development projects for sale comprising two landed housing projects and one residential condominium project. The first project is 2-storey detached house on Romkloa Road under Project Baranee Park Romklao name. The project nature is to develop 2-story detached house of 86 units on a total area of 22-2-01 rai with a project value of Baht 1,004 million. 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-storey detached house under Baranee Resident name (formerly Baranee Garden). The project is located at Rangsit Klong 3 on the total area of 34-1-34 rai with the project value of Baht 848 million. The construction is divided into 5 phrases, 2 of them, totaling 65 units, are 100 percent completed, and the remaining 3 phrases, totaling 75 units, has started in March 2017 and are scheduled to complete in July 2019. The task is now at 64 percent completion. The last project is 1,448-unit residential 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 project value of Baht 2,773 million. The construction is divided into 4 phases, starting in February 2016 and being scheduled to complete in February 2020. Currently, Phase 1 totaling 428 units and Phase 2 totaling 398 units are at 100 percent completion. Phase 3 (425 units) and Phase 4 (200 units) have not started yet.

5. Advance Prefab Company Limited

Advance Prefab Company Limited (“Advance Prefab”) was established on December 12, 2013 with the initial registered capital of Baht 1 million (10,000 ordinary shares at a par value of Baht 100 per share). The current paid-up capital of Advance Prefab is Baht 40 million. NWR holds equity stake of 100 percent in this subsidiary and completely paid the investments in ordinary shares.

Advance Prefab operates business as manufacturer and contributor of various kinds of pre-cast concrete products, such as concrete piles, concrete beams, concrete roof structure, concrete slabs, etc., as well as provides construction services for office and factory buildings. The revenue from sales of pre-cast concrete products was Baht 102 million in 2017 and Baht 220 million in 2018. The revenue from construction services for factory buildings was Baht 90 million in 2017 and Baht 107 million in 2018. Total revenues were Baht 192 million in the year 2017 and Baht 344 million in the year 2018.

6. Taste Maker Company Limited

On November 17, 2016, Taste Maker Company Limited (“Taste Maker”) was registered as a juristic person with the Ministry of Commerce. Its registered capital was Baht 5,000,000, divided into 50,000 shares at a par value of Baht 100 per share. NWR holds equity stake of 99 percent and completely paid the investments in ordinary shares, amounting to Baht 4,950,000. On July 11, 2017, Taste Maker registered its capital increase by issuing 150,000 shares at a par value of Baht 100 per share resulting in the increase of its registered capital to Baht 20,000,000. The Company completely paid the investment in this subsidiary on January 5, 2018 in the amount of Baht 19,950,000. On April 24, 2018, Taste Maker registered its capital increase by issuing 30,000 ordinary shares at a par value of Baht 100 per share, amounting to Baht 30,000,000 resulting in the increase of the registered capital to Baht 50,000,000. As at December 31, 2018, the Company made payment of shares of total 93.90 percent resulting the Company having the investment in this subsidiary of Baht 46,950,000.

Taste Maker operates restaurants and food business, consisting of fresh food, dried food, instant food, canned food, seasoning, and all kinds of beverages. At present, Taste Maker operates 2 registered branches of restaurant under By Bua brand, one is Silom Branch and another is Lasalle Branch. Taste Maker will open one more branch, totaling 3 branches. The new branch will be at Sukhumvit 36 and is scheduled to open in April 2019.

7. Nawarat (Cambodia) Company Limited

In 2017, NWR established Nawarat (Cambodia) Company Limited in Cambodia by holding 100 percent of equity to facilitate construction works in Cambodia. The company has its registered capital of USD 5,000, or approximately Baht 150,000. Presently, the capital has been completely paid. The subsidiary started its construction work of 150 MW Coal Power Plant at Stung Hav, Sihanoukville, Kingdom of Cambodia, awarded by the private enterprise of Branch of TPSC (Thailand) Co., Ltd. with the project value of USD 18.91 million. As of December 31, 2018, the project was at USD 17.18 million completion, representing 90.87 percent.

Indirect Subsidiary

In the year 2016, Advance Prefab Company Limited, the Company’s subsidiary, invested in Nawarat Advance Prefab Myanmar Co., Ltd. located in Yangon, the Union of Myanmar to manufacture and contribute pre-cast concrete products, such as concrete piles, concrete slabs and concrete fences, and to provide construction contractors. The company has its initial registered capital of USD 500,000, or approximately Baht 15,000,000 in which Advance Prefab holds equity stake of 70 percent. Currently, as at December 31, 2017, the task of factory construction and machinery installation has been completed, with a manufacturing

capacity of 15,000 cubic meters a year. Nawarat Advance Prefab Myanmar Co., Ltd. recognized its revenues at the first time in 2018 as revenue from construction of Baht 14.83 million and revenue from sales of concrete products of Baht 8.63 million, totaling Baht 23.46 million for the whole year.

Associated Companies

1. C.I.N. Estate Company Limited

In September 2006, NWR invested in C.I.N Estate Company Limited ("C.I.N. Estate") to procure land and develop it into a 47-storey condominium for own residence and sale on Ladprao Road, between Soi 12 and 14. The project is named "The Issara Ladprao" and values Baht 2,700 million. The construction of total 561 units commenced in January 2007 and ended in September 2011. Presently, C.I.N. Estate is developing another residential condominium project under "Issi Condo" name which is located adjacent to Suksawat Road and close to the entrance and exit of Suksawat Expressway and to the MRT Purple Line station with the project value of Baht 2,000 million for 892 units. The project commenced in June 2013 and completed in February 2016. C.I.N. Estate launched new residential project called "Baan Issara Bangna", which is single detached house of 44 units valued Baht 60 million per unit, located on Kanchanaphisek Outer Ring Road East with the project value of Baht 2,712 million on total area of 24-3-74 rai. The Company invests in this company by holding 40 percent of its registered capital, amounting to Baht 100 million.

The Company received dividend from C.I.N. Estate and recorded shares of profit in "Investment in Associated Companies" in the amount of Baht 27.09 million in 2016, Baht 2.61 million in 2017 and Baht 32.00 million in 2018.

In September 2015, the Company sold entire investment in C.I.N. Estate, which is the associated company, totaling 999,997 shares in the amount of Baht 161 million to Mana Patanakarn Company Limited, the Company's subsidiary. Since the Company still has the significant influence in the proportion of investments in the said associated company, such investments are still categorized as Investments in Associated Companies in the consolidated financial statements.

2. VSPN Property Company Limited

In February 2007, NWR invested in VSPN Property Company Limited ("VSPN") to develop a land in Banglamung, Chonburi on the total area of 20 rai and 33 square wah into 45 seaside pool villas for sale. The project named "Seabreeze Villa Pattaya" has total investment of Baht 525 million. The construction commenced in June 2007 and ended in December 2016 with 100 percent completion. The Company holds equity stake of 25 percent of total registered capital of VSPN, amounting to Baht 25 million. Presently, the project has 45 sales contracts and all have been transferred.

The Company recorded shares of profit (loss) from this associated company in "Investment in Associated Companies" in the amount of Baht -0.72 million in 2016, Baht -3.00 million in 2017 and Baht 1.02 million in 2018.

Joint Ventures

Apart from being contractor and sub-contractor, the Company operates its construction business in cooperation with other companies in the form of joint venture. The joint venture allows the Company to undertake projects requiring advance technologies and skill sets as well as to enable the parties to meet with the client's requirements and to use machinery, equipment, and personnel of each party in order to save construction cost.

As of December 31, 2018, 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 entered into joint venture agreement with Saraburi Coal Company Limited to establish joint venture called NWR-SBCC Joint Venture under 50:50 ownerships to carry out the project of excavation and removal of soil and coal at Mae Moh Mine, Mae Mo District, Lampang Province of the Electricity Generating Authority of Thailand. The project value (excluding electricity fee) is Baht 16,674.56 million. The duration of the project was 9 years starting from February 18, 2009 to March 5, 2018. Currently, the Joint Venture has completely delivered work, representing 100 percent.

In accordance with 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, the joint ventures, which have already delivered work but still have had some financial movements, such as loans, are as follows:

	Name of Joint Venture	Shares of Profit (%)
-	Nawarat — A.S. Associated Joint Venture	70
	A.S. and Nawarat Joint Venture	50

Reference

Title	Name/Address
Securities Registrar	The Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 93 Ratchadapisek Road, Dindaeng, Bangkok 10400 Tel. 0-2009-9000
Auditor	EY Office Limited (Formerly Ernst & Young Office Limited) By Miss Kosum Cha-em Certified Public Accountant (Thailand) No. 6011 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 and Partners Limited 22nd Floor, Mercury Tower, 540 Ploenchit 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 Executive Building, Saladaeng Road, Soi Yommarat , Silom, Bangrak, Bangkok 10500 Tel. 0-2637-5599, Fax. 0-2636-3862

Summarized Financial Highlights and Other Significant Information

General Information and Other Significant Information

(Unit : Million Baht)

Consolidated Financial Statement	31 Dec 2018	31 Dec 2017	31 Dec 2016
Total Assets	13,043.05	12,251.44	12,576.77
Total Liabilities	9,086.40	8,720.34	8,831.12
Shareholder's Equity	3,956.64	3,531.10	3,745.65
Fully Paid Ordinary Shares	2,585.48	2,585.48	2,585.48

Unit : Million Baht)

Consolidated Financial Statement	31 Dec 2018	31 Dec 2017	31 Dec 2016
Total Revenues	10,036.60	9,345.32	8,360.94
Net Profit (Loss) attributable to owners of the Company	418.04	(202.81)	52.02

Financial Ratios	31 Dec 2018	31 Dec 2017	31 Dec 2016
Net Profit (Loss) to Total Revenue (%)	4.17	(2.17)	0.62
Return on Equity (%)	11.17	(5.65)	1.42
Return on Total Assets (%)	3.31	(1.63)	0.43
Book Value per Share (Baht)	1.53	1.37	1.45
Earnings per Share (Baht)	0.1617	(0.0784)	0.0201
Current Ratio (Times)	0.14	(0.08)	0.13
Debt to Equity Ratio (Times)	2.30	2.47	2.36
Debt to Equity Ratio according to the terms and conditions of the rights of the debentures issuer and holders (Times)	1.98	2.30	2.18
Dividend Yield (%)	5	-	-



Nature of Business

Nature of Business

Nawarat Patanakarn Public Company Limited has started its business operations as construction contractor and manufacturer of pre-stressed concrete piles since 1976. In the year 1995, the Company was transformed to the 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 registered and paid-up capital to Baht 500 million by way of public offering. On August 21, 1995, the Company was proposed to be listed in the Stock Exchange of Thailand. On September 27, 1997, the Company was incorporated as a listed company in the Stock Exchange of Thailand. As at December 31, 2018, the Company has the registered capital and the paid-up capital of Baht 2,585,481,515.

- Construction Business

Nawarat Patanakarn Public Company Limited operates construction business by accepting construction works from government agencies, state enterprises and private sectors in the form of main contractor, sub-contractor and joint venture. The Company is the leading contractor of various entities; for example, the Company is rated as type 1A contractor of the Department of Highways and is eligible to participate in bidding in all types of roadwork construction regardless of distance and value. In addition, the Company is the registered contractor of various government agencies, such as the Royal Irrigation Department, the Department of Public Works and Town & Country Planning, the Communication Authority of Thailand, the Metropolitan Waterworks Authority, the Provincial Waterworks Authority, etc. The Company acquires construction projects by way of bidding and direct contact with the project owners. Due to the reputation and performance in the past which is the main factor in building confidence for customers and employers, the Company, at present, is able to undertake various types of construction works divided into the following major categories:

- Buildings and industrial plants
- Infrastructure and public works
- Ports, berths and jetties
- Power plants, electricity generating reservoir
- Waste water treatment system and waste water treatment plant
- Tunnelling and pipe jacking works
- Metro transport system

- Pre-Stressed Concrete Piles and Pre-Cast Concrete Products Business

The Company established plants for pre-stressed concrete products to supply its construction works and for sales to third parties, by way of both bidding and direct contract. The Company's concrete products are pre-stressed concrete piles, pre-stressed concrete beam, pre-stressed concrete pipes used for waste water treatment projects, slabs, bridge rails and sheet piling used for protection of land subsidence. The production capacity ratios for supplying its own projects to that for selling to third parties were as follows: 85:15 percent (in 2016), 65:35 percent (in 2017) and 67:33 percent (in 2018).

- Processed Steel Business

The Company operates processed steel business to supply its construction works and for sales to third parties. The production capacity ratios for supplying its own projects to that for selling to third parties were as follows: 89:11 percent (in 2016), 96:4 (in 2017) and 77:23 percent (in 2018).

- Petrol Station Business

The Company established SHELL petrol station on the area of 4-0-1 rai. The petrol station submitted a request for permission to sell fuel under the Shell trademark on behalf of the Company on November 8, 2016 and started operating on December 15, 2016 as 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.

The Company's revenue divided by its operating categories according to the Company's consolidated financial statements

Type of Revenue	Year 2018		Year 2017		Year 2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction	8,676.42	86.45	8,356.43	89.41	7,919.19	94.72
Sales of real estate and services	840.81	8.38	573.75	6.14	113.15	1.35
Concrete products	274.75	2.74	221.22	2.37	279.47	3.34
Petrol Station	143.54	1.43	124.10	1.33	-	-
Interest income	44.37	0.44	11.72	0.13	10.23	0.12
Other	56.71	0.56	58.10	0.62	38.90	0.47
Total revenue	10,036.60	100.00	9,345.32	100.00	8,360.94	100.00

Separation of Revenue in 2018

1. Revenue from construction services is Baht 8,676.42 million, divided into the revenue of the Company in the amount of Baht 7,642.70 million and the subsidiaries which are Utility Business Alliance Company Limited in the amount of Baht 525.24 million, Advance Prefab Company Limited in the amount of Baht 83.20 million and Nawarat (Cambodia) Company Limited in the amount of Baht 425.28 million.
2. Revenue from sales of real estate and services is Baht 840.81 million, divided into sales of horizontally detached house of the Company in the amount of Baht 41.13 million and of the subsidiaries which are Mana Patanakarn Company Limited in the amount of Baht 787.30 million and Taste Maker Company Limited in the amount of Baht 12.38 million.
3. Revenue from concrete products business is Baht 274.75 million, divided into the revenue of the Company in the amount of Baht 198.95 million and of the subsidiary which is Advance Prefab Company Limited in the amount of Baht 75.80 million.
4. Revenue from petrol station business is Baht 143.54 million baht which is of the Company for the whole amount.
5. Revenue from interest income consists of gained interested from financial institutions, joint ventures and other companies.
6. Other incomes comprise utilities fee, management fee and gain from the Company's exchange rate, etc.

Marketing and Competition

1. Marketing Strategies

Important competitive strategy: Nawarat Patanakarn Public Company Limited has operated business for a long time. The Company has experience and expertise in various types of construction works, has competent and experienced personnel as well as machinery and equipment ready to accept many types of construction work. This enable the Company to accept construction works of both government and private sectors.

Strength: Nawarat Patanakarn Public Company Limited has the ability to accept various types of works, has experience and expertise in civil engineering, such as roadworks, bridges, expressways, power plants, industrial plants, berths, power generating reservoirs and underground tunnels, etc. This enables the Company to operate continuously. If any type of construction works

is reduced, the Company can accept other types of work to replace. In addition, the Company has machinery, equipment and personnel ready to work in large-scale construction projects; has good relationship with customers and sub-contractors resulting in the opportunity to get new projects from the same customers.

At present, the company has expertise in the construction of large-scale infrastructure such as roads, expressways, bridges, large waste water treatment systems, electricity generating reservoirs, docks, large tunnels and have a lot of machine, equipment to carry out this type of work. There are many projects that are in progress of construction.

Weakness: Nawarat Patanakarn Public Company Limited has invested in machinery and equipment which are suitable for large-scale projects. These machines and equipment make the Company bear higher operating cost and expenses than small contractors, if the company has more small projects (which is not the company's current policy). In addition, some large-scale projects determine qualifications of contractors, especially in terms of experience and source of fund, such as large-scale infrastructure projects that domestic contractors have no experience. To accept such works, the Company needs to cooperate with foreign companies or specialist. This results in the higher operating cost and expenses.

Target customers: The Company's customers are divided into government sector and private sector. The Company's target customers are government agencies, state enterprises, both in the country and overseas, especially construction projects from the governments sectors financially supported by Economic Development Bank or World Bank like roads, expressways, power plants, waste water treatment systems, etc.

Price policy: For submission of proposals for construction projects and manufacturing concrete piles, the Company shall calculate project costs and expenses and settles gross profit margin at approximately 10-15 percent depending on type of project and competitive conditions.

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. However, if there are other businesses providing opportunity for the Company to grow and expand its business to various businesses, the Company will conduct study carefully before investing; for example, the Company invests in Taste Maker Company Limited, which operates food business

Human resource development: Develop knowledge and ability of employees so that they have competitive potential and ethics to conduct business; as well as improve management structure to be appropriate and supportive for future expansion and development.

Marketing: The Company encourages 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 of goods and services: Nawarat Patanakarn Public Company Limited produces quality goods and services with the concern of maintaining leadership of quality with no environmental and social impact. Seek for new technology to facilitate construction work and for systematic management. Prevent any negative impact on the environment and comply with the law on environmental protection as stated in the Company's policy.

Use of technology: The Company uses modern technology for construction and production of concrete products to use as constructions materials and reduce the Company's cost in the long term.

2. Distribution and Channels

To accept constructions works, the Company shall contact employers directly either through participating in bidding or negotiation. The Company 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: Mostly, the Company produces processed steel for use in the construction business of the Company itself, such as beam structure of bridge works or structure work of large buildings, to save production cost. Over the past 5 years, the proportion of production for use in the Company's business and for sales to third parties were 85:15 percent. However, if the Company has sufficient productivity, the Company will produce processed steel according to requirement of customers.

3. Characteristics of Customers

Characteristics of customers and relationships between customers and the Company and subsidiaries

The clientele of the Company can be divided into two groups as follows

1. Private sector comprising works of office buildings, industrial plants, shopping malls, real estate development projects, etc.
2. Government sector comprising government agencies and state enterprises, such as Department of Highways, Electricity Generating Authority of Thailand, Bangkok Metropolitan Administration (BMA)

Proportion of revenue from private sector and government sector is as follows:

Year 2016

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

Year 2017

Private sector	24 percent of total revenue
Government sector	27 percent of total revenue

Year 2018

Private sector	15 percent of total revenue
Government sector	85 percent of total revenue

The Company believed that revenue from the government sector shall increase due to the current economic situation. The government focuses on the construction of infrastructure systems and public services. Customers from the government sector are the Bangkok Metropolitan Administration, the Department of Highways, the Electricity Generating Authority of Thailand, public universities and hospitals, state enterprises, etc. Customers from the private sector are industrial plants, hotels, real estate project developers, etc.

Sales of pre-stressed concrete piles and concrete products: The Company's customers for distribution of pre-stressed concrete piles and concrete products are private and government sector which are the same as the construction business. The customers from the government sector are the Electricity Generating Authority of Thailand, etc. The Company itself is also considered as one of the customers for distribution of concrete products since the Company operates construction business and concrete products are used in construction works.

Sales of Processed Steel: the Company's customers for distribution of processed steel are private and government sector which are the same as the construction business. The customers from the government sector are the Department of Highways, the Department of Public Works and Town & Country Planning and the Electricity Generating Authority of Thailand, etc. The Company itself is also considered as one of the customers for distribution of processed steel since the Company operates construction business and processed steel are used in construction works.

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 trade receivables of both normal trade receivables 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 trade receivables before deduction of doubtful debts as at December 31, 2017 in the amount of Baht 290.81 million increasing by Baht 55.74 million from the amount as at 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 recording of allowance for doubtful accounts of the Company trade receivables

Unit: Million Baht

Transaction	Year 2018	Year 2017	Year 2016
Payment receipt from trade receivables	32.50	8.57	29.70
recorded for doubtful debts (reversed bad debts)			
Additional record of periodic doubtful debts	16.56	0.71	14.56

Top 3 trade receivable as at December 31, 2018 are as follows:

- 1) Sino-Thai Engineering & Construction Public Company Limited: the balance amount as at December 31, 2018 is Baht 354.02 million comprising
 - a. Underground civil works, the MRT Pink Line (Kae Rai Intersection - Waterworks Canal Section) Project
 - b. Underground civil works, the MRT Pink Line (Waterworks Canal — Minburi Section) Project
 - c. Underground civil works, the MRT Yellow Line (Ratchada Ladprao Intersection — Soi Ladprao 67/2 Section) Project
- 2) STAR SAPPHIRE HOTEL Co., Ltd.: the construction project of Dawei Hotel, the Union of Myanmar. The balance amount as at December 31, 2018 was Baht 302.56 million. 302.56.
- 3) CH. Karnchang Public Company Limited: Underground civil works of the Metropolitan Electricity Authority and the MRT — Light Green Line Project (Baring — Samutprakarn Section). The balance amount as at December 31, 2018 was Baht 180.18 million.

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 payment 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 conditions within the industry

The construction sector is very competitive, both among Thai contractors and foreign contractors. Due to the economic recession over the past years, many small contractors cease their operations, while the amount of construction works increases. In addition, there are unfavorable factors for business operation, such as strictness of credit approval of financial institutions, thereby resulting in lack of financial liquidity of contractors. Also, price of construction materials tending to raise results in the increase of construction cost.

To award construction works, both government and private sector generally use the bidding method by selecting contractor who proposes the lowest price and is qualified in accordance with the determined criteria. If there are many contractors participating in bidding, employers have many choices to select contractors. Meanwhile, qualified contractors have more chance to select projects to participate in bidding. The free market allows employers and contractors to negotiate price; even if work owners have rights to determine qualifications of contractors for bidding and select any contractor according to the specified criteria. Due to the competitive conditions that every company in the construction business is experiencing, if any company can accept various types of work, save experience and expertise in many fields, it would have an advantage over other companies because if any type of construction works decrease, such company can accept other types of work. However, the key factor is the ability to complete work within the time limit.

Procurement of Products or Services

- Construction

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. Productivity and Production Volume

Construction Ability to accept works of the Company is limited by

1. Number of employers, including specialized personnel such as skilled workers, workers for characteristic construction, architectural works
2. Amount of capital
3. Number of machinery and equipment

Presently, Nawarat Patanakarn Public Company Limited is able to take responsibility of large-scale projects being operated at the same time of approximately 30-35 projects with an average project value of Baht 500 million, depending on type of works, personnel, machinery, equipment and funds that are ready to support the project.

Production of pre-stressed concrete piles and concrete products

	2018 M ³ /year	2017 M ³ /year	2016 M ³ /year
Productivity*			
- Bangna-Trad, Km. 4 Plant	30,000	30,000	30,000
- Bangnampriew Plant, Chachoengsao	48,000	48,000	48,000
- Plant for manufacturing pipes and prefab concrete products, Mahachai	20,000	20,000	20,000
Total	98,000	98,000	98,000
Actual production			
- Bangna-Trad, Km. 4 Plant	13,772	9,010	13,947
- Bangnampriew Plant, Chachoengsao	29,755	25,517	32,175
- Plant for manufacturing pipes and prefab concrete products, Mahachai	13,445	15,972	18,393
Total	56,972	50,499	64,515
Percentage of productivity use	58.13	51.53	65.83
Percentage of increase (decrease) of production volume	12.81	(21.73)	15.23

Remark

- * Productivity means the highest capacity or ability to manufacture concrete piles in standard size. However, piles are normally 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.

Production of processed steel: Previously, Nawarat Patanakarn Public Company Limited produced approximately 8,000 tons of processed steel per year and has expanded the production capacity to serve the increasing workload of the Company to 12,000 tons per year in 2017.

	2018	2017	2016
Productivity	12,000	12,000	8,000
Production volume	6,727	9,303	6,891
Percentage of productivity use	56.06	77.53	86.14
Percentage of increase (decrease) of production volume	(27.69)	35.00	47.91

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

Type of key construction materials: Construction materials used for operating the Company's business comprise cement, steel, concrete, sand, stone, wood, etc.

Source of construction materials: Construction materials can be ordered from manufacturers or local distributors. In some cases, the Company may consider ordering them from overseas sellers if receiving conditions that are better than purchasing through local distributors or sellers. At present, most construction materials are supplied from domestic sources.

Use of renewable materials: In operating construction projects, there may be a specification of the construction materials used, such as concrete with compressive strength of 350 kg. per square centimeter or equivalent, which can be procured from many domestic manufacturers. The company can send qualifications of construction materials or materials used for approval from the owner. In case qualifications are not specified, the Company will consider selecting construction materials with standard, quality and reasonable price produced locally.

Impact of technological changes on 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.

Problem of construction materials: Sometime, 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.

Number of construction material suppliers 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 Prevent dust by covering the building which is under construction or regularly watering the road under construction.
- 3.2 Use quality machine not generating loud noise. In any cases in which the Company required a noisy machine, the Company shall avoid conducting activities at night.
- 3.3 Inform local communities nearest construction area to make mutual understanding about construction process and develop 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. Risk from Economic Conditions and Economic Growth Rate

Construction business has a direct relationship with the economic conditions and the economic growth rate of the country. The Company, therefore, is affected by the economic slowdown. However, ability to accept various types of works enables the Company to diversify risks to reduce damage that may occur. Economic conditions have improved in a short period of time resulting in a slight increase in the company's growth rate, but shortly afterwards the economy receded. To be able to remain in the construction business, the company is interested in bidding for jobs that the Company is very specialized and there are few competitors, such as pipes jacking or underground tunnels, waste water treatment system. In addition, the Company has been interested in entering more international bidding both in the name of a single company and on behalf of a joint venture. However, jobs in the private sector still have risks in the liquidity of the employer which may pay late; the Company has to be careful in accepting various projects both domestic and overseas. At present, there are 90% of domestic work and 10% of foreign work. Such foreign work is the Onshore Civil Work of 150MW Coal Fired Power Plant at Stung Hav, Sihanoukville, Kingdom of Cambodia of the Electricity Authority of Cambodia. The project values USD 27.08 million (approximately Baht 924 million). The contract started in July 2017 and ends in July 2019.

2. Risk from Changes in Materials' Price

Cost of materials is considered as the main cost in calculating bidding price. Change in materials' prices has direct impact on the profit of the Company, in particular, the rise in oil price that has a direct impact on road construction which is approximately 20 percent of the total construction cost and also affects the delivery of other materials. Although, price of oil and key materials, like steel, slightly decreased in the past year; it cannot guarantee that the price will not rise. This causes the risk of proposing the construction price. Moreover, if materials are imported from overseas, cost will be adjusted according to the exchange rate. Nevertheless, the Company has prevented the risk of price adjustment of construction materials by ordering key materials by means of pre-price insurance; for example, the Company ordered steel in the sufficient amounts for the entire project in order to know the exact cost. In addition, the Company focuses on training stock control staff, implementing effective computer program to prepare and record inventories. This helps saving cost of too much stock. Also, the Company has an internal audit team to inspect the construction sites on a monthly basis.

The consideration matters of accepting works to manage risks on changes in materials prices are group of customers divided into:

1. Private sector consisting of office buildings, industrial plants, shopping malls, property development projects, etc.
2. Government sector consisting of government agencies and state enterprises, such as Department of Highways, Electricity Generating Authority of Thailand, Bangkok Metropolitan Administration, etc.

The Company tries to increase the proportion of customers from the government sector because prices of materials used in some projects can be adjusted.

For the year 2016

Private sector	2% of total revenue
Government sector	98% of total revenue

For the year 2017

Private sector	24% of total revenue
Government sector	76% of total revenue

For the year 2018

Private sector	15% of total revenue
Government sector	85% of total revenue

3. Risk from Lack of Construction Workforce

The recovery of real estate business results in competitions among contractors over labors. Generally, construction business encounters labor shortages during important festivals, such as New Year's Day, Songkran Festival. To improve such situation, the Company needs to motivate labors by increasing the compensation rate. This results in higher operating costs at certain times. The Company barely faces problem if it is general labor, but it becomes more problematic, if it comes to skilled labors. Some construction projects such as high-priced housing estates require highly skilled labors. The problems happen if there are many projects that are constructed at the same time resulting in competition for such labors among contractors. Therefore, in case the Company is awarded with this kind of project, a good planning needs to be made together with the negotiation in advance with the highly skilled labors. Nevertheless, the Company has currently recruited foreign labors to supplement its workforce by requesting permission as required by the Department of Labor to solve problem of labor shortage. Normally, the labor cost including sub- contractors shall not be higher than 15 percent approximately of the overall cost. Higher number of foreign labors results in higher labor costs; the Company, however, has an effective way to manage the risk of foreign workers; for example, the Company hires an agent responsible for supplying, importing and training for foreign workers to be skilled workers. With welfare provided and effectively imposed punishment system, it makes the management of foreign labors highly efficient and worth for investing. At present, the Company has approximately 400 foreign workers, representing a ratio of 1: 4 to Thai workers (There are around 1,600 Thai labors).

4. Risk from Unpredictable Situations

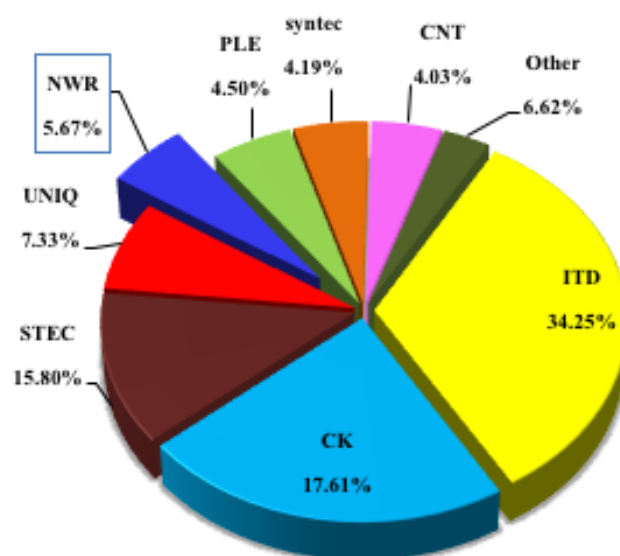
Since the Company operates construction and concrete products manufacturing business, even if the company calculates the price by adding expenses to support contingency cost every time, limitations in terms of time to solve the difficulties or unpredictable situations such as floods or other natural 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. Risk from Free Trade in Services Sector

The policy of free trade in services sector, which includes construction contracting, increases the number of foreign competitors. The Company needs to develop its manpower, equipment and technology used for construction to be modern to be able to compete with other competitors in the long term.

Based on the ranking of the construction companies listed on the Stock Exchange of Thailand in 2018 and having revenue in the amount of exceeding Baht 5,000 million per year, the Company is ranked No. 5 from total 8 companies with a market share of 5.67 percent.

**Market Share of Construction Companies Listed in the SET
for the Year 2018**



6. Risk from Sources of Fund and Interest Rates

Construction business requires high working capital, especially for projects with high investment in machinery. If the Company faces the difficulty in finding sources of financial support, the project can be in trouble. Thus, the Company applies loans from financial institutions to be sufficient for each project, including requesting a reserve to support the expansion of the Company's work. Also, to ensure more liquidity, the Company issued debentures of 3-year tenor for use as working capital and in investment and is used as working capital. Issuing and offering of debentures with fixed coupon rate enables the Company to explicitly realize its financial cost. However, the risk from interest rates on other types of loans that may fluctuate in the future may affect the operating results and cash flow of the Company. The Company does not use derivative financial instruments to hedge such risk.

Loans interest rates of the Company from the financial institutions are divided into two types as follow:

1. Fixed interest rate: loans from financial institutions under lease purchase agreement of 36 and 48 months fix the interest flat rate at 1.98-2.30 percent a year. As at December 31, 2018, total loans of the Company only were Baht 190 million and of the Group of companies were Baht 194 million.
2. Floating rate: this type of interest rate is based on the Minimum Loan Rate (MLR) or the Minimum Overdraft Rate (MOR) of the commercial banks providing loans. At present, MLR is equal to 6.025 percent a year and MOR is equal to 7.12 percent a year. As at December 31, 2018, total loans of the Company only were Baht 2,045 million and of the Group of companies were Baht 2,077 million.

As at December 31, 2019, the Company has outstanding of debentures and bill of exchange as follows:

Debentures: The Company's debentures outstanding was Baht 1,720.10 million.

Bill of Exchange: The Company has no outstanding of bill of exchange

7. Risk from Inability to Meet Customers' Needs in the Real Estate Business

The Company have expanded its business to real estate development business since 5 years ago by co-investing with other real estate developers to develop 3 real estate projects. However, at present, the Company is operating 2 own real estate projects namely Neo De Siam and Villa Borane, which are landed housing projects. The Company always receives good feedback from customers. Nevertheless, if the market conditions are volatile, the company will hire a marketing research firm to help in decision making before investment in order to reduce risk of such investment.

(Unit: Million Baht)

	Year 2018	Year 2017	Year 2016
Revenue from construction	8,676.42	8,356.43	7,919.19
Revenue from property development business	840.81	573.45	113.15
Revenue proportion to construction (%)	9.69 %	6.86 %	1.43 %

8. Risk from Inability of Trade Partners to Comply with the Joint Ventures Agreement

In some cases, the Company is obliged to get into bidding in the form of "Joint Venture" with other trade partners. Success of joint venture depends on ability of both the Company and trade partners. If trade partners have problem, whether in term of financial or operational, or in other words if they could not perform their duties in accordance with the joint venture agreement, all parties involved will suffer from such situation. If trade partners can solve problem and continue operating, it does not much affect 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. Nevertheless, the Company have never encountered problem in working under the form of joint ventures with any trade partners.

To ensure that the Company has the risk management system and to minimize the number of potential risks may damage to the business, the Company has appointed the Risk Management Committee to establish risk management policy and risk management handbook.

The Handbook of Risk Management Manual is prepared for all employees to recognize the importance of risk management, be aware of the Company's policies and guidelines for risk management in accordance with international standards as well as duties and methods of managing risks correctly which will help reducing problems in various departments and will be beneficial to stakeholders, all employees, the Company and to society as a whole.

Presently, the Risk Management Committee has held a meeting to set out the risk management policy. The Risk Management Committee is responsible for overseeing, monitoring and supporting the effective implementation of the risk management system throughout the organization, including considering budgets and various expenses in training employees to have knowledge in preparing risk management systems continuously.

The Risk Management Handbook of the Company determines policies on risk management as follows:

1. To have risk management as a corporate culture by requiring all employees to learn, understand and recognize the importance of risk management as well as continuous implementation.
2. To set the risk management process to be the same standard system for the whole company.
3. To have risk management as a tool to help the operation to achieve the Company's goals.

9. Risk from Complying with Terms and Conditions of Debentures

Throughout the tenor, the debentures issuer is required to maintain its Net Debt to Equity ratio at the end of each fiscal quarter and fiscal year according to its consolidated financial statements reviewed or audited by the auditor in at 2.5:1 maximum.

The company has had such ratio below the criteria since 2013. The objectives of issuing debentures are to repay previous tranche of debenture which is due, to use as working capital and to invest in new projects to generate profits for the Company. It is confident that the Company will be able to reduce some expenses and will have profits from expansion of investment. Even if the increase of debentures results in the increase of total liabilities, at the same time, the Company will receive returns from the investment from the proceeds from the debentures and the shareholders' equity will increase as well. As at December 31, 2018, the Company's Net Debt to Equity ratio was 1.98 times.

10. Risk from Ability to Repay Interests and Obligations

Since the Company had interest coverage ratio of 3.91 and debt service coverage ratio of 0.50, the Company have sufficient cash flows from operating activities to pay interests and obligations. This was due to payment from the account receivables, advanced payment from new construction projects and tax refund from the Revenue Department.

Even though in 2017, the Company had interest coverage of (0.24) and debt service coverage of (5.80) which may affect the ability to repay interests and obligations, there were conditions in the contracts of some construction projects specifying type and proportion of works in each delivery. This makes the Company unable to deliver work every month and have to wait until works stated in the contract are completed. The completed, but undelivered works are recorded as unbilled revenue. Likewise, for the construction projects awarded by the government sector, if there are any corrections of construction designs or any changes affecting the contract, the amendment of contracts must be completed and the Company then can claim the payment. Works waiting for claims of payment are recorded as unbilled revenue as well. In addition, the Company issued and offered debentures No.1/2017 in the amount of Baht 2,000 million, of which Baht 1,720 million were sold. The proceeds were sufficient to repay the NWR debenture No.1/2018 (NWR 188A) with maturity in August 2018 in the total amount of Baht 1,500 million. As a result, the Company has not faced the problem on the repayment of interests and other obligations.

Securities Issuer Company — Management and Corporate Governance

Securities Issuer Company

– Management and Corporate Governance

Securities and Shareholders Information

1. NWR Securities

Nawarat Patanakarn Public Company Limited was registered on May 31, 1976 with the initial registered capital of Baht 4 million. The registered capital was gradually increased. In 1995, the registered capital was increased from Baht 400 million to Baht 500 million by way of shares distribution to domestic and overseas investors. In September 1995, the Company was incorporated as a listed company on the Stock Exchange of Thailand. As of June 1, 2018, the Company has the registered capital of Baht 2,585,481,515 and the paid-up capital of Baht 2,585,481,515 divided into 2,585,481,515 ordinary shares at a par value of Baht 1 per share.

2. Shareholding Structure

Top 10 shareholders of the Company as of January 2, 2019 are as follow:

No.	Name of shareholder	Nationality	As of January 2, 2019	
			No. of shares	Percent
1.	Mr. Polpat Karnasuta	Thai	263,910,285	10.208
2.	Thai NVDR Co., Ltd.	Thai	103,990,841	4.022
3.	Mr. Pravitt Poonphetkul	Thai	99,000,000	3.829
4.	Mr. Santi Kovitchindachai	Thai	77,332,000	2.991
5.	Mr. Chairat Kovitchindachai	Thai	60,538,000	2.342
6.	Mr. Suwat Lertpanyarot	Thai	23,096,382	0.893
7.	Mr. Ratchaphon Napanopparatkaew	Thai	20,197,735	0.781
8.	Mr. Jittiporn Chantarot	Thai	17,433,700	0.674
9.	Mr. Suchart Kortrakul	Thai	14,200,000	0.549
10.	Mrs. Narumphra Kultangwattana	Thai	14,085,713	0.545
11.	Other shareholders		1,891,696,859	73.166
Total			2,585,481,515	100.000

3. Dividend Payment Policy

1. The Company has policy to pay out dividend of no less than 50 percent of 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 subsidiaries and associated companies has not set up the dividend payment policy yet.
3. Shares of profit 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 at 31 December 2018, the Company's debentures outstanding was Baht 1,720.10 million.

As at 31 December 2018, the Company has no outstanding of bill of exchange

Management Structure

The Company's management structure consists of the Board of Directors, the Audit Committee, the Executive Committee and high-level executives.

Board of Directors

The 2018 Annual General Meeting of Shareholders held on April 26, 2018 resolved to approve that the Company's Board of Directors consist of 8 members. Name and position of each member are as follows:

- | | |
|---------------------------------|---|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the Board, Independent Director and Member of the Audit Committee |
| 2. Mr. Niyom Niyamanusorn | Independent Director and Chairman of the Audit Committee |
| 3. Mr. Apichart Dhamasaroja | Independent Director and Member of the Audit Committee |
| 4. Mr. Nattaphorn Bhromsuthi | Independent Director |
| 5. Mr. Polpat Karnasuta | Director, Chief Executive Officer and President |
| 6. Mr. Sook Sueyanyongsiri | Director |
| 7. Miss Pakatip Lopandhsri | Director and Senior Vice President |
| 8. Mr. Mongkol Peerasantikul | Director |

Remark:

- No. 2 Mr. Niyom Niyamanusorn resigned from Director and Chairman of the Audit Committee with effect from July 31, 2018.
- No. 3 Mr. Apichart Dhamasaroja has been appointed by the Audit Committee to be the Chairman of the Audit Committee with effect from August 1, 2018.
- No. 4 Mr. Nattaphorn Bhromsuthi has been appointed to be Member of the Audit Committee with effect from August 1, 2018.
- No. 5 Mr. Polpat Karnasuta resigned from President with effect from May 15, 2018. Mr. Mongkol Peerasantikul (No. 8) has been appointed to be Managing Director to replace Mr. Polpat Karnasuta with effect from May 15, 2018.

After the above mentioned change, the Company's Board of Directors consists of 7 members with the following names and positions:

- | | |
|---------------------------------|---|
| 1. Mr. Prasertphand Pipatanakul | Chairman of the Board, Independent Director and Member of the Audit Committee |
| 2. Mr. Apichart Dhamasaroja | Independent Director and Chairman of the Audit Committee |
| 3. Mr. Nattaphorn Bhromsuthi | Independent Director and Member of the Audit Committee |
| 4. Mr. Polpat Karnasuta | Director and Chief Executive Officer |
| 5. Mr. Mongkol Peerasantikul | Director and Managing Director |
| 6. Mr. Sook Sueyanyongsi | Director |
| 7. Miss Pakatip Lopandhsri | Director and Senior Vice President |

Scope of authorities, duties and responsibilities of the Board

In accordance with the Company's Articles of Associations, the Board of Directors has authorities and duties to manage the Company to be in compliance with the objectives, regulations and shareholders' resolutions with integrity and the best interests of the Company. The Board of Directors may assign one or more directors or any other persons to act on behalf of the Board, unless the law requires the resolution of the shareholders' meeting before executing transactions, such as sale or transfer of the entire or important part of the business to another person, increase or reduction of the Company's capital, etc.

Authorized directors who can sign on behalf of the Company

Two directors jointly sign and affix the Company's seal without any exceptions. The independent directors or the Audit Committee are not allowed to affix their signatures. All directors are able to affix signature.

Composition and appointment of the Board

The Company's board of directors consists of at least 5 directors which are appointed by the shareholders' meeting. Not less than half of all directors shall have residence in the Kingdom of Thailand.

To elect director, each shareholder shall have one vote for each share held and shall exercise all of his/her voting rights that he/she has 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 directors in respective order of the votes for the number of directors of the Company, or for the number of directors which should be elected at such election. In case of tie votes causing the number of person elected to be in excess of the number to be elected at such meeting, the chairman shall have a casting vote.

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

Executive Committee

The Executive Committee consists of 8 members as follows:

1. Mr. Polpat Karnasuta	Chairman of Executive Committee and Chief Executive Officer
2. Mr. Mongkol Peerasantikul	Member of the Executive Committee and Managing Director
3. Miss Pakatip Lopandhsri	Member of the Executive Committee
4. Mr. Pasan Swasdiburi	Member of the Executive Committee
5. Mr. Apathorn Karnasuta	Member of the Executive Committee
6. Mr. Nicolino Pasquini	Member of the Executive Committee
7. Mr. Somchai Woonprasert	Member of the Executive Committee
8. Mr. Nivate lenghong	Member of the Executive Committee

Duties and responsibilities of the Executive Committee

The Executive Committee has duties and responsibilities as follows:

1. To formulate guidelines and strategies; 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. To periodically review operating results in order to quickly find out solutions to achieve the business targets.
3. To evaluate and consider large investment projects and annual budget before submitting to the Board for consideration.

4. To establish the organizational structure and manage it efficiently covering selecting, training, hiring, terminating and determining compensation for the Company's employees, executives and top management.
5. To provide opinions to the Board regarding decision making on any important matters and to perform other duties as assigned by the Board.
6. To act as the Company's representative; and execute any transactions on behalf of the Company with third parties.
7. To consider spending investment in the amount of not exceeding Baht 200 million per transaction per time.

The quorum in the meeting of the Executive Committee shall comprise at least half of members of the Executive Committee.

Audit Committee

The Audit Committee has the office term of 2 years. At present, the Audit Committee consists of the independent directors as follows:

- | | |
|---------------------------------|--|
| 1. Mr. Apichart Dharmasaroja | Chairman of the Audit Committee
His office term shall terminate in April 2020 |
| 2. Mr. Prasertphand Pipatanakul | Member of the Audit Committee
His office term shall terminate in April 2020 |
| 3. Mr. Nattaphorn Bhromsuthi | Member of the Audit Committee
His office term shall terminate in April 2020 |

The Audit Committee has duties and responsibilities to the Board of Directors as follows:

1. To review and ensure that the company has accurate financial statement reports in accordance with generally accepted accounting standards and sufficient disclosure.
2. To review and ensure that the Company has appropriate and effective internal control and internal audit.
3. To review and ensure that the Company complies with securities and exchange laws, regulations of the Stock Exchange of Thailand and the laws relating to the Company's business.
4. To consider, select and nominate the Company's auditor; and propose the audit fee.
5. To consider disclosure of the Company information in the event of a connected transactions or transactions that may have a conflict of interest to be accurate and complete.
6. To prepare the corporate governance report of the Audit Committee in the Company's annual report. The report must be signed by the Chairman of the Audit Committee.
7. To consider, review and provide opinions on the connected transactions of the Company and the subsidiaries to be in accordance with the relevant notifications, regulations and practical guidelines of the Stock Exchange of Thailand.
8. To review and ensure that the Company has a proper and effective risk management system.
9. To review and provide opinions on the internal audit plan, performance of the Internal Audit Department; and coordinate with the auditor.
10. To approve the appointment, transfer, dismissal of; and consider performance of the General Manager of the Internal Audit Department.
11. To report performance of the Audit Committee to the Board of Directors at least 4 times a year.
12. To perform other duties as assigned by the Board. In this regard, the assigned duties must be endorsed by the Audit Committee.

Nevertheless, in case that any audited items are concerned with any member of the Audit Committee or persons who gain or lose any interest or have conflicts of interest with the Company and/or the subsidiaries, such member involved with the said matters is deemed to have no rights to approve the items.

Duties and responsibilities of the Chief Executive Officer

The Board of Directors Meeting No. 6/2006 held on July 3, 2006 resolved to approve that the Chief Executive Officer has duties and responsibilities to manage and supervise business operations to be in accordance with the Company's policy and requirements stipulated in the Memorandum of Association which cover but not limited to the following authorities:

1. To open, close, deposit and withdraw accounts with any financial institutions, both domestic and international.
2. To execute or cancel transactions including proposing price for biddings, joint ventures or entering into legal transactions (in the amount not exceeding Baht 2,000 million per time), both in Thailand and abroad by considering the proportion of the company's responsibility in the transaction as follows:
Direct Liabilities and
Contingent Liabilities
3. To apply for credit line, mortgage or other collateral in the amount of not exceeding Baht 1,000 million per time for direct liability or Baht 2,000 million per time for contingent liability, both inside and outside the country.
4. To invest and buy/sell investment units (in the amount of not exceeding Baht 200 million per time), both inside and outside the country.
5. To invest and sell investment in other companies (in the amount of not exceeding Baht 200 million per time) both inside and outside the country.
6. To buy and sell fixed assets such as land, machines (in the amount of not exceeding Baht 200 million according to the book value per time).
7. To perform other duties as assigned by the Board. In this regards, the assigned duties shall not have conflicts with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Nevertheless, authority or delegation of authority to other persons as deemed appropriate shall not include authority or delegation of authority to approve any transactions he or persons may have conflicts of interest, vested interest or other benefits which conflict with the Company and the subsidiaries in accordance with the regulations of the Stock Exchange of Thailand and/or notifications of the Securities and Exchange Commission. The approval of such transactions must be proposed to the Board of Directors and/or the shareholders' meeting to consider and approve as stipulated by the Company's Articles of Association or related laws.

Duties and responsibilities of the Managing Director

The Board of Directors Meeting No. 6/2006 held on July 3, 2006 resolved to approve that the Managing Director has responsibilities and duties to manage and supervise the business operations to be in compliance with the Company's policies and requirements stipulated in the Memorandum of Association, which cover but not limited to the following authorities:

1. To supervise and manage daily operations; regularly monitor and evaluate the Company's operations to prevent risks from various factors, whether inside and outside the company; have a duty to report the operations of the Company to the Board of Directors; and coordinate with external parties according to the law, including execution of procurement relating to the normal operation of the Company.
2. To consider hiring staff, including appointing, transferring across function, section, department or terminating employment; and to determine wage rate, compensation, bonus and welfares of all employees of the Company and the subsidiaries.

3. To prosecute, withdraw or defend all types of legal cases; enforce and execute an arbitration process; report and withdraw complaints in the criminal case; conduct petitions and appeal to the government; and take any actions in to protect rights of the Company.
4. To open, close, deposit and withdraw accounts with financial institutions, both inside and outside the country.
5. To execute or cancel any transactions, including proposing price for biddings, joint ventures or entering into legal transactions (in the amount of not exceeding Baht 1,000 million per time), both inside and outside the country by considering the proportion of the company's responsibility in the transaction as follows:

Direct Liabilities and

Contingent Liabilities

6. To apply for credit line, mortgage or other collateral in the amount of not exceeding Baht 500 million per time for direct liability or Baht 1,000 million per time for contingent liability in both inside and outside the country.
7. To invest and buy/sell investment units (in the amount of not exceeding Baht 100 million per time) both inside and outside the country.
8. To invest and sell investments to other companies (in the amount of not exceeding Baht 100 million per time), both inside and outside the country.
9. To buy and sell fixed assets such as land, machine (in the amount of not exceeding Baht 100 million according to the book value per time) both inside and outside the country.
8. To perform other duties as assigned by the Board. In this regards, the assigned duties shall not have conflicts with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Nevertheless, authority or delegation of authority to other persons as deemed appropriate shall not include authority or delegation of authority to approve any transactions he or persons may have conflicts of interest, vested interest or other benefits which conflict with the Company and the subsidiaries in accordance with the regulations of the Stock Exchange of Thailand and/or notifications of the Securities and Exchange Commission. The approval of such transactions must be proposed to the Board of Directors and/or the shareholders' meeting to consider and approve as stipulated by the Company's Articles of Association or related laws.

The Company's executives as of December 31, 2018 consist of

Name	Position
1. Mr. Polpat Karnasuta	Chief Executive Officer
2. Mr. Mongkol Peerasantikul	Managing Director
3. Mr. Apathorn Karnasuta	Senior Vice President of Procurement and Transportation Department
4. Mr. Pasan Swasdiburi	Senior Vice President of New Business and Strategic Planning Department
5. Mr. Nicolino Pasquini	Senior Vice President of Corporate Integral Management Department
6. Mr. Nivate Ienghong	Senior Vice President of Factory Department
7. Mr. Somchai Woonprasert	Senior Vice President of Operation Department
8. Miss Pakatip Lopandhsri	Senior Vice President of Finance and Administration Department
9. Mr. Mitporn Tansrisuk	Vice President of Administration Department
10. Mr. Visut Suwanwitwat	Vice President of New Business and Strategic Planning Department
11. Mr. Anupab Boonkum	Vice President of Integral Operation Management Department
12. Mr. Nirun Pokkabut	Vice President of Project Management Department 1
13. Mr. Kumpanart Maneechot	Vice President of Project Management Department 2
14. Mr. Thanarat Parasak	Vice President of Project Management Department 3

- | | |
|-----------------------------|---|
| 15. Mr. Pinyo Ruenrom | Vice President of Project Management Department 4 |
| 16. Mr. Nirun Wongsirungsri | Vice President of Design and Engineering Department |
| 17. Mr. Prasert Poonsri | Vice President of Estimate Department |
| 18. Miss Kularb Kawvongbon | Vice President of Finance and Accounting Department |

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

Nomination and Remuneration Committee

The Board of Directors Meeting No. 3/2015 held on March 13, 2015 resolved to appoint the Nomination and Remuneration Committee. At present, the Nomination and Remuneration Committee consists of 4 members as follows:

- | | |
|------------------------------|---|
| 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. Miss Pakatip Lopandhsri | Member of the Nomination and Remuneration Committee |

Employees	Year 2018	Year 2017	Year 2016	
- Monthly employees: Engineer	361	360	371	persons
- Monthly employee: Others	168	156	671	persons
- Daily employees	2,077	2,518	2,349	persons
Total employees	2,606	3,034	3,391	person
Employees Compensation*	780.18	857.17	872.65	million Baht

**Employees compensation comprises salaries, wages, overtime payment, allowances and bonus*

The Company has policy for employee development by sending staff to attend academic training, on the job training relating to the responsible working as well as supporting scholarships for staff to study in the field that can enhance higher performance.



Connected Transactions Transactions

Connected Transactions

Nawarat Patanakarn Public Company Limited had connected transactions with its subsidiaries, associated companies, joint ventures, related companies and executives as follows:

Unit: Million Baht

Name of Person/ Juristic Person	Type of Transaction in the Profit & Loss Statement	Balance as at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transactions in the Financial Position Statement	
1. Nawarat — A.S. Associated Joint Venture				Unbilled revenue	NWR entered into joint venture agreement with A.S. Associated Engineering (1964) Co., Ltd. under 70:30 ownerships to execute the construction project of the water tunnel from Taksin-Petchkasem Ring Road to Rama 2 Road of the Metropolitan Waterworks Authority with the project value of Baht 661 million. The project ended in January 2007 and the construction warranty period ended in August 2009.
				<u>Less</u> allowances on doubtful debts	
2. A.S. and Nawarat Joint Venture				Investment in joint venture	The Company entered into joint venture agreement with A.S. Associated Engineering (1964) Co., Ltd. under 50:50 ownerships to jointly execute the construction work of Ban Ua Arthom Project of the National Housing Authority.
				<u>Less</u> allowances on investment impairment	
3. Nawarat (Cambodia) Company Limited				Advances	1. Nawarat (Cambodia) Company Limited was registered in Cambodia in 2017. NWR holds 100 percent shares in this company. The company has its registered capital of USD 5,000 or approximately Baht 150,000. 2. The company operates construction business. Currently, the company is handling construction work of 150 MW Coal Power Plant.
4. Myanmar NWR Company Limited	Interest income	3	3	Short-term loans	1. บริษัทถือหุ้น Myanmar NWR Company Limited ในอัตรา ร้อยละ 100 2. ยึดราคาถดถอยเงินให้กู้ยืม ร้อยละ 5.0 ต่อปี
				Accrued interest income	
				<u>Less</u> allowances on doubtful debts	
				Investment in subsidiaries	
				<u>Less</u> allowances on investment impairment	

Unit: Million Baht

Name of Person /Juristic Person	Type of Transaction in the Profit & Loss Statement	Amount as at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transaction in the Financial Position Statement	
5. Utility Business Alliance Co., Ltd.	Interest income	2	3	Short-term loans Investment in subsidiaries	19 28 1. NWR holds 60 percent shares in Utility Business Alliance. 2. Loan interest rate at 6.5% a year.
6. C.I.N. Estate Co., Ltd.	Interest income Revenue from construction	1 -	1 1	Short-term loans	12 1. Formerly, C.I.N. Estate was the associated company between the Company and Cham Issara Development Plc. under 40:60 ownerships to construct condominium called "The ISSARA Ladprao" on Ladprao Road, between Soi 12 and 14 and "SSI" on Suktawat Road. In September 2015, NWR sold the entire investments in this company, totaling 999,997 shares, amounting to Baht 161 million to Mana Patankarn Co., Ltd., the subsidiary of NWR, which operates real estate development business. 2. The loan interest rate is according to MLR of Krungthai Bank Plc.
7. VSPN Property Co., Ltd.	Accrued interest	-	1	Investment in associates less allowances on investment impairment	25 9 16 1. VSPN Property is the associated company in which NWR holds equity stake of 25 percent to develop single detached houses in Banglamung, Chonburi. 2. This company is in the process of liquidation.
8. K Alliance Co., Ltd.	Sales, rental and services income	8	1	Trade receivable Director loan	7 9 1. Mrs. Sutasanee Kamasuta and Mrs. Sutira Buddhari, younger sisters of Mr. Polpat Kamasuta, CEO of NWR, are authorized directors and shareholders of K Alliance Co., Ltd. 2. Main business of K Alliance is mining business. 3. The account receivable arises from repair work of machine including wages and services fee at the mine of K. Alliance.

Unit: Million Baht

Name of Person /Juristic Person	ประเภทรายการ ในงบกำไรขาดทุน	Amount as at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transaction in the Financial Position Statement	
9. E.G.G. Enterprise Co., Ltd.	Sales, rental and services income	1	1	Trade receivable	1. Mr. Polpat Kamasuta, CEO of NWR, is authorized director and shareholder of E.G.G. Enterprise.
	Other income	<0.5	<0.5		2. Revenue arises from rental of office building, land and warehouse that E.G.G. Enterprise rents from the Company.
	Cost of sales and services	1	1		
10. Ruen Rapee Co., Ltd.				Trade receivable	1. Mrs. Sutaneee Kamasuta and Mrs. Sutira Buddhari, younger sisters of Mr. Polpat Kamasuta, CEO of NWR, are authorized directors and shareholders of Ruen Rapee.
				Less allowances on doubtful debts	2. Main business of Ruen Rapee is landed housing business. The project that the Company provided construction services is "Baan Baranee" located at Rangsit Klong 3.
					3. In Q3/2008, Ruen Rapee transferred houses and lands at "Baan Baranee", amounting to Baht 24.51 million to partially repay debt to the Company. In Q2/2009, houses and lands at "Baan Baranee", amounting to Baht 57.48 million were additionally transferred to the Company to repay debt.
					4. As of December 31, 2018, shareholders of Ruen Rapee consist of Mrs. Sutaneee Kamasuta 590,998 shares Mrs. Sutira Buddhari 1 share Miss Benja Yeamphoo 1 share (Please see additional note at the end of the table)

Unit: Million Baht

Name of Person /Juristic Person	Type of Transaction in the Profit & Loss Statement	As at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transaction in the Financial Position Statement	
11. East Bangkok Assets Co., Ltd.	Allowances for doubtful debts (reversal)	<0.5	<0.5	Trade receivable <u>Less allowances on doubtful debts</u>	26 (26) 0
		1. Mrs. Sutasanee Karnasuta and Mrs. Sutira Buddhari, younger sisters of Mr. Polpat Karnasuta, CEO of NWR, are authorized directors and shareholders of East Bangkok Assets.			
		2. Main business of East Bangkok Assets is landed housing business. Two projects that the Company provided construction services are "Project De Ville" located in Soi Pattana Chumchon, Srinakarin Road and "Project De Siam" located in Soi Chaloeprakit 9, No.38			
		3. In Q4/2009, East Bangkok Assets transferred land at "De Siam", amounting to Baht 34.5 million to the Company to partially repay debt.			
12. New Decade Co., Ltd.	Sales, rental and services income	1	2	Trade receivable <u>Less allowances on doubtful debts</u>	92 (90) <u>2</u>
		2	5	Trade payable	1
	Cost of Construction and services	<0.5	<0.5		
		4	8		
	Other incomes				
	Allowances for doubtful debts (reversal)				
	4. As of December 31, 2018, shareholders of East Bangkok Assets consist of Mrs. Sutasanee Karnasuta 399,998 shares Mrs. Sutira Buddhari 1 share Mrs. Benja Yeamphoo 1 share (Please see additional note at the end of table)				
	1. Mrs. Sutasanee Karnasuta, younger sister of Mr. Polpat Karnasuta, CEO of NWR, is authorized director of New Decade.				
2. Mrs. Sutira Buddhari, younger sister of Mr. Polpat Karnasuta, CEO of NWR, is authorized director and shareholder of New Decade.					
3. The Main business of New Decade is construction business. New Decade was sub-contracted by the Company to provide construct services of bridge at Koh Yot and of Chonburi-Pattaya Route, Section 3. Since some materials could not be purchased under good conditions and price, they were purchased from the Company.					
4. As of December 31, 2018, shareholders of New Decade Co., Ltd. consist of Mrs. Sutira Buddhari 220,000 shares Mr. Wacin Buddhari 10,000 shares Mr. Satta Chawalit 10,000 shares Mr. Kantaritt Thamangratsat 20,000 shares Mr. Rangsan Boontam 10,000 shares Mr. Kasemsuk Paisamsisilpa 20,000 shares Miss Orathip Muangcharoen 10,000 shares (Please see additional note at the end of table)					

Unit: Million Baht

Name of Person /Juristic Person	Type of Transaction in the Profit & Loss Statement	Amount as at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transaction in the Financial Position Statement	
13. Mana Patanakarn Co., Ltd.	Revenue from Construction	-	14	Trade receivable	1. Mana Patanakarn was registered on April 5, 2013 with the initial registered capital of Baht 200 million. As at December 31, 2018, Mana Patanakarn has the paid-up capital of Baht 1,100 million. NWR holds equity stake of 100 percent in this company.
	Interest Income	2	3	Investment in subsidiaries	
	Paid fee for Project management	1	2	Other receivables	2. Main business of Mana Patanakarn is residential condominium and landed housing business. The projects under construction are as follows:
	Sales, rental and services income	1	1	Loan	
	Other incomes	<0.5	<0.5	Accrued interest income	A. "Baranee Park Romklao" on Romklao Road, Bangkok B. "Baranee Residence" on Rangsit Klong 3 Road, Pathumthani C. "ASPEN Condo" in Soi Lasalle, Sukhumvit 105 Road
	Cost of sales and services	-	<0.5		
					3. The loan interest rate is according to MLR of the Siam Commercial Bank Plc.
14. Advance Prefab Co., Ltd.	Interest Income	16	16	Trade receivable	1. Advance Prefab was registered on December 12, 2013 with the registered capital of Baht 1 million. As at December 31, 2018, Advance Prefab has the paid-up capital of Baht 400 million. NWR holds equity stake of 100 percent in this Company.
	Revenue from Construction	<0.5	6	Investment in subsidiaries	
	Sales, rental and services income	117	54	Accrued interest income	2. Main business of Advance Prefab is concrete products manufacturing business.
	Other incomes	3	1	Trade and other payables	
	Cost of Construction	84	62	Short-term loans	3. The loan interest rate is according to MLR of the Siam Commercial Bank Plc.
				Retention payable	
15. Bua Co., Ltd.	Cost of sales and services	2	2	Other payables	1. Mr. Polpat Kamasuta, CEO of NWR, is authorized director and shareholder of Bua.
	Other incomes	<0.5	<0.5	Trade receivable	
					2. Main business of Bua is restaurant business. 3. Transactions arise from the oversea employment.

Unit: Million Baht

Name of Person /Juristic Person	Type of Transaction in the Profit & Loss Statement	Amount as at December 31, 2018			Remark
		Amount in 2018	Amount in 2017	Transaction in the Financial Position Statement	
16. Taste Maker Co., Ltd.	Cost of sales and services	2	<0.5	Trade payable	1. Taste Maker was registered on November 17, 2016 with the registered capital of Baht 5 million. As at December 31, 2018, Taste Maker has the paid-up capital of Baht 47 million. NWR holds equity stake of 99 percent in this company. 2. Main business of Taste Maker is restaurant and processed food business.
	Interest Income	<0.5	-	Investment in subsidiaries	
	Sales, rental and services Income	<0.5	-	Trade receivable	

Summary of intercompany loan and advances (Unit: Million Baht)

Name of Person/Juristic Person (Debtor)	Balance of Loans, Advances and Accrued Interest Income at the end of the period					
	As at December 31, 2018			As at December 31, 2017		
	Loan Principle	Accrued Interest Income	Loan Principle	Accrued Interest Income	Loan Principle	Accrued Interest Income
1. Myanmar NWR Company Limited	66	18	60	15	58	14
2. C.I.N. Estate Co., Ltd.	12	-	12	-	12	-
3. VSPN Property Co., Ltd.	-	-	-	-	9	-
4. Advance Prefab Co., Ltd.	258	31	258	16	270	3
5. Utility Business Alliance Co., Ltd.	19	-	44	-	-	-
6. Mana Patanakarn Co., Ltd.	38	-	28	1	75	2
7. Taste Maker Co., Ltd.	-	-	-	-	-	-

Summarized movements of intercompany loan and advances (Unit: Million Baht) (only principle)

Name of Person/Juristic Person (Debtor)	Balance as at					
	Increased amount		Decrease amount		Balance as at	
	Dec 31, 2016	during 2017	during 2017	Dec 31, 2017	during 2018	Dec 31, 2018
1. Myanmar NWR Company Limited	58	2	-	60	6	-
2. C.I.N. Estate Co., Ltd.	12	-	-	12	-	12
3. VSPN Property Co., Ltd.	9	1	(10)	-	-	-
4. Advance Prefab Co., Ltd.	270	8	(20)	258	-	258
5. Utility Business Alliance Co., Ltd.	-	44	-	44	-	19
6. Mana Patanakarn Co., Ltd.	75	28	(75)	28	10	38
7. Taste Maker Co., Ltd.	-	-	-	-	7	-

Summary of intercompany loan (Unit: Million Baht)

Name of Person/Juristic Person (Creditor)	Balances of Loans and Accrued Interest Expenses at the end of the period					
	As at December 31, 2018		As at December 31, 2017		As at December 31, 2016	
	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses	Principle	Accrued Interest Expenses
A.S. and Nawarat Joint Venture	-	-	-	5	-	5

Additional Notes Concerning Related Companies

1. Ruen Rapee Company Limited (“Ruen Rapee”)

Ruen Rapee was found on February 6, 2003. At present, Mrs. Sutasanee Karnasuta and Mrs. Sutira Buddhari are directors and shareholders. Mrs. Sutasanee and Mrs. Sutira are younger sisters of Mr. Polpat Karnasuta, CEO of the Company.

Ruen Rapee operates landed housing business. The project currently under the operation of Ruen Rapee is single detached house project of total 205 units on the area of approximately 56 rai called “Baan Baranee”. The Company provides construction service of utilities to Ruen Rapee.

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

Transaction	As at 31-12-18	As at 31-12-17	As at 31-12-16	As at 31-12-15	As at 31-12-14	As at 31-12-13	As at 31-12-12	As at 31-12-11	As at 31-12-10	As at 31-12-09
Trade receivable	41	41	41	41	45	67	77	78	86	82
<u>Less bad debt reserve</u>	(41)	(41)	(41)	(41)	(45)	(67)	(77)	(76)	(83)	(87)
Unbilled receivable	-	-	-	-	-	-	-	-	-	-
Retention receivable	-	-	-	-	-	-	-	-	-	5
Trade payable	-	-	-	-	-	-	<0.5	1	2	1

Guidelines for Tackling Unpaid Debts

In Q3/2008, Ruen Rapee transferred assets comprising houses and lands, totaling 12 title deeds at "Baan Baranee", amounting to Baht 24,505 million to partially repay debts to the Company. In Q2/2009, Ruen Rapee transferred houses and lands totaling 24 title deeds and vacant plots of land totaling 22 title deeds at "Baan Baranee", amounting to Baht 57,480 million to the Company for repayment of debt. Hence, total amount of 58 houses and land title deeds transferred to partially repay debts is Baht 81,985 million.

(Remark: In Q3/2008, the Company received the transferred assets in the amount of Baht 39,073 million, but after reappraising, it was found that the forced sale value was Baht 24,505 million. The difference between the price of Baht 14,568 million was offset with the price of the second transfer of the property, which had a forced sale price of Baht 57,480 million. The second trading value in Q2/ 2009 was Baht 42,912 million)

Ruen Rapee will pay outstanding debts in accordance with the net cash flow of the business.

2. East Bangkok Assets Company Limited ("East Bangkok")

East Bangkok was found on May 12, 2003. At present, Mrs. Sutasanee Karnasuta and Mrs. Sutira Buddhari are directors and shareholders. Mrs. Sutasanee and Mrs. Sutira are younger sisters of Mr. Polpat Karnasuta, CEO of Nawarat Patanakarn Public Company Limited.

East Bangkok operates landed housing business. At present, there are 2 projects as follows:

1. "De Ville" in Soi Pattana Chumchon, Srinakarin Road, is the 50 single detached house project. The Company provided construction services of utilities to East Bangkok.
2. "De Siam" in Soi Chalermphrakiat 9, No. 38, is the 80 single detached house project. The Company provided the construction services of building and utilities of the project.

Summary of connected transactions between Nawarat Patanakarn Public Company Limited and East Bangkok Assets Company Limited (Unit: Million Baht)

Transaction	As at 31-12-18	As at 31-12-17	As at 31-12-16	As at 31-12-15	As at 31-12-14	As at 31-12-13	As at 31-12-12	As at 31-12-11	As at 31-12-10	As at 31-12-09
Trade receivable	26	26	26	26	26	25	24	25	25	27
<u>Less</u> allowances on doubtful debts	(26)	(26)	(26)	(26)	(26)	(25)	(24)	(23)	(25)	(27)
Unbilled receivable	-	-	-	-	-	-	-	1	2	-
<u>Less</u> allowances on doubtful debts	-	-	-	-	-	-	-	-	(2)	-
Retention receivable	-	-	-	-	-	-	-	-	-	1
<u>Less</u> allowances on doubtful debts	-	-	-	-	-	-	-	-	-	-
Trade payable	-	<0.5	-	-	-	-	-	1	-	-

Guidelines for Tackling Unpaid Debts

In Q4/2009, East Bangkok transferred 50 plots of land at “De Siam”, amounting to Baht 34,500 million to settle debts.

(Remark: The Company paid the transfer fee of Baht 1,203 million, the Company therefore recorded the value of land equal to Baht 35,703 million.)

East Bangkok will pay outstanding debt in accordance with the net cash flow of the business.

3. New Decade Company Limited (“New Decade”)

New Decade was established on May 6, 2003. At present, Mrs. Sutasanee Karnasuta and Mrs. Sutira Buddhari are directors, Mrs. Sutasanee and Mrs. Sutira are younger sisters of Mr. Polpat Karnasuta, CEO of the Company. Moreover, Mrs. Sutira Karnasuta is also shareholder of New Decade.

New Decade was sub-contracted by the Company to operate construction services of the bridge on Koh Yor, Songkhla in 2003. During that time, the company was still in the process of implementing the rehabilitation plan for the third year (starting from the end of the year 2000-2005), which had difficulty in applying for credit support and raising working capital for sufficient use in operations. In addition, during the business rehabilitation, the Company reduced the number of personnel by more than 50 percent. However, in order for the Company to be able to maintain market share, it was necessary for the Company to employ sub-contractors to handle some parts of construction works the Company won the bidding like the above mentioned work. To control quality of work, the Company asked the sub-contractor to enter into an agreement to buy main materials from the Company. However, in early 2014, price of construction materials rapidly increased, especially prices of steel and cement prices. Moreover, the oil price in the market dramatically increased. This made New Decade face loss in performance and put a hold on payment for materials and machine renting from the Company.

สรปรายการระหว่างบริษัท เยาวรัตน์พัฒนาการ จำกัด (มหาชน) และบริษัท นิเวศเคด จำกัด (หน่วย: ล้านบาท)

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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 will enter into bidding for both government and private sectors. In case that qualifications are not enough, New Decade will enter into bidding in the form of joint venture in order to get income to repay debts to the Company. In November 2016, New Decade entered into a joint venture agreement with the Company to increase the opportunity of bidding for more jobs. In addition, New Decade had joined with Samcon Company Limited to operate the project of purchase and sale of machine and equipment ready for installation at Waste Transfer Station (New System), Saimai Waste Disposal Center with the project value of Baht 75 million under the name of "Samcon Co., Ltd. and New Decade Co., Ltd. Joint Venture". The project ended in March 2011. During working on such project, New Decade agreed to repay debt according to the net cash flow of not less than Baht 200,000 per month.
2. New Decade will contact contractors who are well-known and have stable financial status to request to work as a subcontractor. This will benefit to New Decade to learn new technologies and increase its capabilities for the opportunity of being selected for more construction works
3. New Decade will be consultant for construction projects both in Thailand and abroad.

Loan policy for joint ventures in the future

The Company will offer loan only when deemed necessary at the interest rate according to the market rate. In this regards, the Annual General Meeting of Shareholders No. 1/1997 resolved to approve the related party transactions regarding granting and receiving financial support with the related companies that the Company still adheres to. Details of which are as follows:

Since the financial management of the Company is the overall management for the utmost benefits and efficiency of liquidation and for ability to negotiate with financial institutions, the Company has established guidelines for providing financial support to related companies, divided into 3 groups as follows:

1. Group of joint venture companies in which NWR co-invests in the proportion of lower than 90 percent
2. Group of co-invest companies in which NWR invests in in the proportion of lower than 90 percent
3. Joint ventures and companies in 1. and 2. mentioned above in which NWR will invest in the future

Loan granting is in the form of promissory notes and loan guarantees including various financial obligations which yields interest rates that is close to the rate of good customer of leading commercial banks and the transaction size does not exceed 25 percent of total assets from the consolidated financial statements in each quarter, starting from April 1997 until there is any change.

Construction policy established for the related companies in the future

In case that the Company provides construction services to companies in the Group, whether it is factory, office building, to companies operating real estate development business, the proposed price must be a reasonable market price which is profitable and does not create too high cost burden for the employer.

Operating policy in case that the Company enters into bidding of construction works owned by affiliates and related companies

The Company's independent directors shall appoint independent engineer to verify drawing and value of construction works and promptly report results to the Company's Board (including the independent directors) after the bidding as well as to provide point of views in the annual report.

Summary of Connected 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 regard, 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

Sustainability Development

Development

Sustainability Development

In relation to the Sustainability Development

Reporting

The Company recognizes and emphasizes its goal to operate sustainable business through sustainable practice and simultaneously develops the business in relation to economy, 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, to constantly deliver sustainability management framework in order to achieve the objective of information disclosure in accordance with accuracy, transparency, and meet the stakeholders' expectation.

The Company annually provides the Sustainability Development Report continuously for three years, with an intended to disclose significant information including policy, strategy, sustainable development guideline, and the overall operation regarding the corporate governance, economic, social, and environmental aspects. The content and framework of the Sustainability Development Report for the period during 1 January 2018 — 31 December 2018 shall cover the material issues which affect the sustainable business operation of the Company.

Reporting Guidelines

This Sustainability Development Report shall reveal the sustainable practice including the material issues in relation to economy, environment and society by referring to the Global Reporting Initiatives (GRI Standard). The disclosure shall be on 'In accordance criteria' and on 'Core Option' basis which are accepted by international standard, as it completely provides all aspects relevant to sustainability.

Reporting Scope

The Company organizes the annual sustainability report by scoping the content from business relevance, information availability and impact on the main business which is construction and real estate. Therefore, the content and framework of this report will be related to sustainability regarding economic, social and environmental aspects which having an impact on business operation and related stakeholders.

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

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. 2195 or 2187.

Stakeholders' Engagement

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 stakeholders. For further stakeholders' engagement, the Company determined their needs details as below:

Stakeholders	Performance Framework	Expectation	Response	Outcome
Employees	1. Organizing discuss 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 manage remuneration and welfare 2. Initiate 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 promotion opportunity	1. Pleasant workplace 2. Employees bound with the organization 3. Positive environment in workplace

Stakeholders	Performance Framework	Expectation	Response	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. Receiving suggestion and criticism through Company's petition system 7. Information disclosure via Company's website in the investor relations section	1. High operational performance and significant return which generate dividends 2. Executives' vision 3. Equitable treatment with shareholders 4. Management in compliance with the principle of good corporate governance which are verifiable 5. Sustainable business growth 6. Accurately disclosure information in a timely manner 7. Approachable and convenient communication channel	1. Operating business in compliance with the principle of good corporate governance, which are 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 higher operating results
Customers	1. Visiting customers constantly 2. Identifying 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. Product development and service	1. Customers satisfy with Company's service 2. Sustainable operating results 3. Obtain customers' trustworthy and reliability towards Company's products and services

Stakeholders	Performance Framework	Expectation	Response	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 contracts' terms and conditions 2. Business partner assessment in relation 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. 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 principle 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		Performance Framework		Expectation	Response	Outcome
Government Agencies	1. General discussion	1. Constantly participation in government activities and projects	2. Reporting operational performance to related government agencies	1. Compliance with regulations and laws	1. Compliance with regulations	1. Gain trustworthiness among government agencies
	2. Meeting			2. Collaboration with government agencies	2. Participating and supporting government activities	2. Being a trustworthy entrepreneur
Communities, Society, and Environment	3. Constantly participation in government activities and projects	3. Preventing corruption	4. Reporting operational performance to related government agencies	4. Political neutrality	3. Business operation without corruption	
	4. Regular meeting with local communities in person, including indirect stakeholders	4. Supporting and improving communities				
Communities, Society, and Environment	1. Hosting activities for communities and society	1. Construction safety	2. Regular meeting with local communities in person, including indirect stakeholders	2. Managing impacts on community and environment	1. Business operation in compliance with standard and safety regulations	1. Gain acceptance among communities and society
	2. Regular meeting with local communities in person, including indirect stakeholders	2. Managing impacts on community and environment		3. Regulatory compliance	2. Constantly monitoring and managing environmental quality	2. Positive record regarding employees' health and safety
Communities, Society, and Environment	3. Providing communication channel for petition	3. Regulatory compliance	4. Supporting and improving communities	4. Supporting and improving communities	3. Managing and curing towards stakeholders who affected from	3. Effective business operation

Materiality and Stakeholder Assessment

Materiality assessment process

The materiality assessment process for the year 2018, 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's sustainable development and the expectation level of stakeholders, both inside and outside the organization. The assessment was developed based on the procedure of Global Reporting Initiatives Guideline as follows:



Material Issues Evaluation Result

The Company identified the material issues which are essential for sustainable development by organized the functional committee meeting, which consist of relevant departments in the organization. The information of the stakeholders' participation has been gathered and prioritized. The prioritization was done by considering the issue that have a high level of influence on the assessment and decision-making of the stakeholders, and the significant level of impact on economy, society and environment as follows;

Material Sustainability Issues according to GRI aspect	Reporting framework		Aspect GRI
	Internal	External	
<u>Economic</u>			
1. Business operation in compliance with the principle of good corporate governance	- Employees	- Shareholders - Investors - Creditors	- Good corporate governance - Corporate governance policy - Respecting others’ properties, intellectual properties and copyrights
2. Quality and safety of works		- Business partners/ contractors	- Information disclosure and transparency
3. Anti-corruption			- Anti-corruption
4. Responsibility on products and services		- Customers	- Customers’ relationship management and performance contribute to customer satisfaction
5. Procurement		- Government agencies	
<u>Social</u>			
	-- Employees	-- Community	- Employees’ development
1. Capacity enhancement/ coaching session for employees (LA9 LA10 LA11)			- Internal process in relation to conducting business with social and environmental responsibility
2. Community development and engagement			- External process in relation to conducting business with social and environmental responsibility
3. Employment (LA1 LA2 LA3)			- Preventing and mitigating negative impact on society which resulting from the construction process
4. Concerning the impacts on communities and society			
5. Human rights			
6. Customers’ health and safety			
7. Compliance with laws			
<u>Environmental</u>			
	- Employees	- Community	- Occupational health and safety management
1. Environmental management			- Environmental management
2. Occupational environment, health and safety			- Monitoring occupational health and safety
3. Resources consumption			- Environmental operation
4. Air pollution			
5. Waste water and waste			
6. Complaint mechanism for environmental impact			

Good Corporate Governance

The Company strives to manage and operate its business in compliance with the relevant principle 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 create 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 about 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.

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 Policy

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 principle 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 Co-operation 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 2018, the Company executed the actions as follows:

- The Annual General Meeting of Shareholders (AGM) has been noticed to all shareholders fourteen days in advance in order to provide the shareholders 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 2017, annual report of the year 2017, 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 2018 on Thursday 26th April 2018 at 10.00 hrs. at Ratchapruek 1 Room, 2nd Floor, Bangna Tower B Building, 2/3 Moo 14, Bangna-Trad Road, Bangkaew, Bangplee, Samutprakarn, 10540 which is the location of the Company's 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 70 persons who represent 455,224,605 shares, out of the total paid-up 2,585,481,515 shares, which are equal to 17.61 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 meeting since the AGM on 9th April 2018 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:

Name	Position
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 Committee / Nomination and Remuneration Committee
4. Mr. Nattaphorn Bhromsuthi	Independent Director / Risk Management Committee / Corporate Social Responsibility Committee / Corporate Governance Committee
5. Mr. Polpat Karnasuta	Director / Corporate Governance Committee / Nomination and Remuneration Committee / Chairman of Executive Committee / President
6. Mr. Sook Sueyanyongsiri	Director/ Corporate Governance Committee / Business Code of Conduct Committee / Risk Management Committee / Corporate Social and Environmental Responsibility Committee / Executive Committee / Senior Vice President
7. Miss Pakatip Lopandhsri	Director/ Corporate Governance Committee / Business Code of Conduct 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 Angkoon Pimpakorn Law Office Co., Ltd. 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 right, 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 2018, none shareholder had proposed any agenda or nominated any person as 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 shall 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 2018, 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 disclosed with an accurate information, including conduct its business with honesty, transparency and in compliance with the relevant rules, regulations and laws.	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.

ผู้มีส่วนได้เสีย	หลักการ	แนวทางปฏิบัติ
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 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.	1. Treat all customers politely. 2. Strictly keep customers' 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 leads 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.	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.	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 creditors' confident and maintain repayment capability.	1. Repay the loan and its interests 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.

ผู้มีส่วนได้เสีย	หลักการ	แนวทางปฏิบัติ
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 co-operation to the auditor.	1. 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	1. Develop organization into a learning organization. Foster working culture, 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.

ผู้มีส่วนได้เสีย	หลักการ	แนวทางปฏิบัติ
Government Sector	Set a practical guideline for dealing with the government in order to comply with laws and regulations	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 facilitates the business operation.
Communities, Society, and Environment	The Company aims to conduct its business on the basis of responsibility to community, society and environment, in terms of safety, quality of life, preservation of natural resources, recognizes the importance of community, society quality of life and the surrounding area of construction sites and plants	1. Provide support to community and society in any beneficial aspects. 2. Allocate a proportion of profits to contribute for community and social 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

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 installation 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.

Anti-Corruption and Practical Guidelines against Fraud

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 Company attended 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.

Practical guideline for Anti-Corruption

1. Nawarat Patanakarn 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. 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.
 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. 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.
2. Charity donation, public benefit contribution or sponsorship shall not be used as an excuse for bribery.
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
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 commits 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 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 accordance with 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.

Conflict of Interest

The Company considers that it is important to conduct its business with integrity, all directors, executives, and employees shall not seek personal benefits from the information or anything acquired from their duties and responsibilities. Thus, the Company has defined policy and a clear framework to avoid any conflict of interest by concerning the utmost benefit for the Company and shareholders. Furthermore, the interested parties must not involve in consideration process of the transactions which they have a conflict of interest. The Board of Directors must strictly oversee the compliance with the criteria and methods of disclosure of related transactions according the policy. In case it is necessary to enter into related transaction or ones involved with conflict of interest, the transaction must be approved by the Board of Directors according the requirements stipulated by laws and the Company regulation before taking such action.

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 Swasdiburi

Secretary to the Board of Directors Office

Nawarat Patanakarn Public Company Limited

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

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

Tel.: 02 7302100 ext. 2195

E-mail: s_pasan@nawarat.co.th

The Company will keep such information confidential in order 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 2018, 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 an 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 2018, 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 operation 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 2018, 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, 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 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 detail regarding operation, financial, 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.
2. The Company set up an Investor Relation Section under the New Business and Strategic Planning Department to serve as a center for disclosing and communicating 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 Patanakarn Public Company Limited

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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 executives so that the viewers can post their questions and get real time responses from the executives during the Q&A session.
4. The Company disclosed its financial information and reported 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 2018.
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. Whereas 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 absented 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 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 are forbidden to buy or sell 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 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 principle for the utmost benefits of the Company, adding the economic value and the highest wealth to shareholders

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

Board Structure

The Company's Board of Directors consists of qualified persons with knowledge, abilities, skills and experiences which useful to the Company. As at December 31, 2018, the existing Board of Directors of the Company consists of seven directors comprise of four executive directors and three independent directors. The Chairman of the Board is an independent director according to the definition regulated by the Stock Exchange of Thailand, has no relationship with the executives, and is a different person from the President in order to completely separate their responsibilities as well as a balance the operating power.

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
8. Mr. Mongkol Peerasantikul*	Director

Remark:

*Mr. Mongkol Peerasantikul has been appointed as director of the Company by the resolution of the Board of Director's Meeting No. 2/2018 held on 28th February 2018 which approved by the shareholders' Meeting No. 1/2018 held on 26th April 2018.

Furthermore, the Company set a policy on the diversification of the Board's structure whereas the 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 Nawarat Patanakarn 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 Nawarat Pattanakarn 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 directors to access financial and business information adequately in order to freely provide recommendations. The directors 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-committees 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 performs their duties with integrity, transparency, fairness and due care. The Board's duties and responsibilities are separated into two parts as follows:

- 1) Define directions, policies and business strategies
 - Control and supervise 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 of the Company; review such vision and mission regularly at least every five years to ensure that vision and mission are in line with the change of business.
 - Supervise the Company's business conduct in compliance with the rules and regulations of the 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 having 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, cash flow statement and profit and loss statement at the last day of fiscal year of the Company and propose to the meeting of shareholders at the Annual General Meeting for consideration and approval. The Board of Directors shall arrange for the auditor to complete the auditing before propose to the meeting of shareholders.
 - Arrange for a report on important financial and general information in a correct, complete and sufficient manner to shareholders and confirm the verification of information reported.
 - Monitor, supervise and solve problems arising from transactions which may lead to conflicts of interests and related transactions.
- Internal Control and Risk Management
 - Establish proper risk management and ensure that the management has effective systems or procedures for 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 the Board of Directors the nomination of directors 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 Directors

The Nomination and Remuneration Committee nominates directors who are qualified in terms of skills and experiences which are useful to 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 Directors 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, creditor and debtor, as well as not having direct or indirect financial and managerial interests with the Company, subsidiary or associated company in a manner which may interfere with his or her independent judgment.
- Not being a close relative by blood or by legal registration as father, mother, spouse which may interfere with his or her independence with executives, major shareholders of the Company, subsidiary or associated company as well as not being appointed as representative of the Company's executives or major shareholders.
- Neither being nor having been an auditor of the Company, subsidiary, associated company, major shareholders, 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 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.

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 a 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 of Directors 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 Directors

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 shall prepare and complete 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 to 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 2018, the Company held a total of 12 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	11	92
2. Mr. Niyom Niyamanusorn	7	6	86
3. Mr. Apichart Dharmasaroja	12	10	83
4. Mr. Nattaphorn Bhromsuthi	12	12	100
5. Mr. Polpat Karnasuta	12	11	92
6. Mr. Sook Sueyanyongsiri	12	12	100
7. Miss Pakatip Lopandhsri	12	12	100
8. Mr. Mongkol Peerasantikul	8	8	100

Remark:

* Mr. Mongkol Peerasantikul has been appointed as director of the Company by the resolution of the Board of Director's Meeting No. 2/2018 held on 28th February 2018 which approved by the shareholders' Meeting No. 1/2018 held on 26th April 2018.

* Mr. Niyom Niyamanusorn resigned from a director of the Company on 31st July 2018.

Sub - Committees

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. Mr. Niyom Niyamanusorn	Chairman of the Committee	Independent Director
2. Mr. Prasertphand Pipatanakul	Committee	Independent Director
3. Mr. Apichart Dharmasaroja	Committee	Independent Director
4. Mr. Nattaphorn Bhromsuthi	Committee	Independent Director

Remark:

*Mr. Niyom Niyamanusorn resigned from Chairman and member of the Audit Committee on 31st July 2018.

*Mr. Apichart Dharmasaroja has been appointed as Chairman of the Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned which effective on 1st August 2018.

*Mr. Nattaphorn Bhromsuthi has been appointed as Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned which effective on 1st August 2018.

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, 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, 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 meeting,
 - 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, 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.

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 2018, 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	11	92
2. Mr. Niyom Niyamanusorn*	7	6	86
3. Mr. Apichart Dharmasaroja*	12	10	83
4. Mr. Nattaphorn Bhornsuthi*	5	5	100

Remark:

**Mr. Niyom Niyamanusorn resigned from Chairman and member of the Audit Committee on 31st July 2018.*

**Mr. Apichart Dharmasaroja has been appointed as Chairman of the Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned which effective on 1st August 2018.*

**Mr. Nattaphorn Bhornsuthi has been appointed as Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned which effective on 1st August 2018.*

2. The Corporate Governance Committee

The Corporate Governance Committee consists of 8 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 Bhornsuthi	Committee	Independent Director
5. Mr. Polpat Karnasuta	Committee	Director
6. Mr. Sook Sueyanyongsiri	Committee	Director
7. Miss Pakatip Lopandhsri	Committee	Director
8. Mr. Mongkol Peerasantikul*	Committee	Director

Remark:

**Mr. Mongkol Peerasantikul has been appointed as Corporate Governance Committee which effective on 28th February 2018.*

**Mr. Niyom Niyamanusorn resigned from Corporate Governance Committee which effective on 31st July 2018*

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 2018, 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
8. Mr. Mongkol Peerasantikul*	2	2	100

Remark:

**Mr. Mongkol Peerasantikul has been appointed as Corporate Governance Committee which effective on 28th February 2018.*

** Mr. Niyom Niyamanusorn resigned from Corporate Governance Committee which effective on 31st July 2018.*

3. 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

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 Directors.

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 2018, 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 member is 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 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. Miss Pakatip Lopandhsri*	Committee	Director

Remark:

**Miss Pakatip Lopandhsri has been appointed as Nomination and Remuneration Committee which effective on 1st February 2018.*

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 criteria for selecting CEO/ President.
- Select and nominate qualified persons to be considered by the Board of Directors 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 Directors.

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 2018, 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. Miss Pakatip Lopandhsri*	2	2	100

Remark:

**Miss Pakatip Lopandhsri has been appointed as Nomination and Remuneration Committee which effective on 1st January 2018.*

5. The Executive Committee

The Executive Committee consists of 8 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 Executive Committee	Director
2. Mr. Mongkol Peerasantikul	President	Director
3. Miss Pakatip Lopandhsri	Committee	Director
4. Mr. Somchai Woonpresert	Committee	-
5. Mr. Nivate Lenghong	Committee	-
6. Mr. Apathorn Karnasuta	Committee	-
7. Mr. Pasan Swasdiburi	Committee	-
8. Mr. Nicolino Pasquini	Committee	-

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 Chairman of 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, 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 undertaken 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, 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.

6. The Risk Management Committee

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	Director
5. Miss Pakatip Lopandhsri	Committee	Director
6. Mr. Visut Suwanwitwaj	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 regarding 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 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 2018, 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 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. Mongkol Peerasantikul	2	2	100
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 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	-
6. Mr. Kridchai Suthiluck*	Committee	-

Remark:

**Mr. Kridchai Suthiluck has been appointed as Corporate Social and Environmental Responsibility Committee which effective on 1st March 2018.*

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, 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 current and emerging sustainable development, CSR issues and trend to the Board of Directors.
- 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 2018, the Corporate Social and Environmental Responsibility 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. 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
6. Mr. Kridchai Suthiluck*	2	2	100

Remark:

**Mr. Kridchai Suthiluck has been appointed as Corporate Social and Environmental Responsibility Committee which effective on 1st March 2018*

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 2018, 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' PerformanceCriteria

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 2018, 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

The evaluation result of the Board of Directors' performance consist of 6 areas as follows; structure and qualifications the Board of Directors/ roles, duties and responsibilities of the Board of Directors/ the Board of Directors' meeting/ directors' performance/ relationship with the Management/ director's self- improvement and executive development.

In 2018, the average of evaluation result ranked as very good or equivalent to 85.75 percent.

2. Evaluation Result of the Audit Committee's Performance

The evaluation result of Audit Committee's performance consist of 3 areas as follows; structure and qualifications of the Audit Committee/the Audit Committee's meeting/ Roles, duties and responsibilities of the Audit Committee.

In 2018, the average of evaluation result ranked as good or equivalent to 79.35 percent.

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 and President's Development should consists 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 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 2018, 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 26th April 2018 for consideration and approval of the remunerations of directors and the sub-committees for the year 2018. The remuneration structure of directors and sub-committees for the year 2018 are as follows:

Position	Amount Paid (Baht/person/year)
Chairman of the Board	605,640
Directors	395,520
Chairman of Audit Committee	309,000
Audit Committee Members	222,480

In 2018, 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 2018 (baht)
	Position	Remuneration per month (baht)	Number of months	Position	Remuneration per month	Number of months	
1. Mr. Prasertphand Pipatanakul	Chairman	50,470.00	12	Member	18,540.00	12	804,000.00
2. Mr. Niyom Niyamanusorn	Director	32,960.00	6	*Chairman	25,750.00	6	704,520.00
3. Mr. Apichart Dharmasaroja	Director	32,960.00	12	*Chairman	25,750.00	6	661,260.00
				Member	18,450.00	6	
4. Mr. Nattaphorn Bhromsuthi	Director	32,960.00	12	Member	18,450.00	6	506,7600.00
5. Mr. Polpat Karnasuta	Director	32,960.00	12				395,520.00
6. Mr. Sook Sueyanyongsiri	Director	32,960.00	12				395,520.00
7. Miss Pakatip Lopandhsri	Director	32,960.00	12				395,520.00
8. Mongkol Peerasantikul	Director	32,960.00	12				395,520.00
Total							4,128,240.00

Remark:

1. Apart from the monthly remunerations, the Company does not provide the directors with any other benefits.
2. Mr. Niyom Niyamanusorn resigned from a director of the Company and Chairman of the Audit Committee on 30th June 2018. ไฟล์อื่นระบุว่าลาออก วันที่ 31st July 2018.
3. Mr. Apichart Dharmasaroja has been appointed as Chairman the Audit Committee which effective on 1st July 2018. ไฟล์อื่นระบุว่ามีผลวันที่ August 1, 2018.
4. Mr. Nattaphorn Bhormsuthi has been appointed as Audit Committee which effective on August 1st July 2018. ไฟล์อื่นระบุว่ามีผลวันที่ August 1, 2018.

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.

Appointment of Company Secretary

The Company 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 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 Secretary is Miss Pakatip Lopandhsri.

Profile of Company Secretary

Miss Pakatip Lopandhsri

Age: 63 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

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 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 responsible for due diligence 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 consists 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 applicable for business. Including maintain assets and efficient usage of resources in order to prevent damage or fraud which may occurred.

Internal Audit

The Board of Directors has established the Internal Audit Department to monitor and ensure that all directors, executives and employees perform their duties in compliance with policies, standard, work procedures, regulations and applicable laws, as well as to assess adequacy and efficiency of the Company's internal control systems and risks. The Internal Audit Department performs their 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 provide recommendation for improvement.

ทั้งนี้ ปัจจุบันหัวหน้างานตรวจสอบภายในของบริษัท คือ นายวรารุณ นาคไพรัช ผู้จัดการทั่วไปแผนกตรวจสอบภายใน

Profile of the Head of Internal Audit Department**Mr. Warawut Nakpairat**

Age: 45 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 in 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 working 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 2018, 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 2018, the Risk Management Committee appointed an ad hoc team comprises 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 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)

The construction business has direct impacts to 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

means a responsibility towards the impacts and creation of value from the Company's operation towards the stakeholders, society and environment.

2. CSR after Process

means a 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, society and environment.

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 commits to select the construction projects with good contribution to the society and the country's development and with fair business returns. In 2018, 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 13,912 Million Baht.

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 who use 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; but 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.

Employee Information of Year 2018

The Company has a total of 2606 employees, classified as regular employee of 361 engineers positions, 168 employees of other position (except engineer) and 2077 employees of temporary staff and alien worker.

2. Allocation and Management of Employees' Benefits

The Company determines 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; and
4. Provide opinions and guidelines on benefits contribution to the Welfare Committee.

Welfare allocated for employees

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	*			

3. Employees Development

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 employees' 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 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 training. For employees who are beyond their capabilities, the Company will consider promoting them in order to give the employees 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 themselves in order to increase efficiency, receive equitable remuneration, gain competitive advantages and obtain further job promotion.

For career opportunity, especially for the managerial positions, the Company has a policy to consider promoting internal employees, so that the employees will 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 2018, the training information of employees are displayed below:

Training Hours

Information of Staff' s Training	Year 2018
Average number of training hours (hour / person / year)	7.72 / person /year

Summary of Training Programs According to the Training Plan for the Year 2018

Details	Training Courses			
	Quality, Occupational Health and Safety	Governance and Business Ethics	Development of Professiona Capability	Leadership and Management
Persons	291	-	0	76
Hours	1,746	-	0	456

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 2018

	Details	No. of Person	%
Nationality	Cambodian	233	61.64
	Burmese	145	38.36
	Total	378	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 and 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 conditions.

In 2018, there were no reports and complaints on violation of human rights.

5. Occupational Health and Safety Management

The Company desires and commits 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 define standards and efficiently implement policies. The Safety, Occupational Health and Environment Committee consists representatives from both side of employer and employees and have duties and responsibilities as follows:

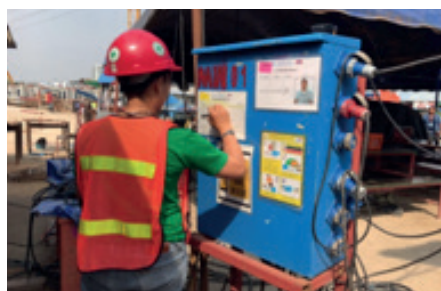
- Consider policy and plan on safety for work and for outside of work in order to prevent and decrease accidents, injuries, illness, disturbances or unsafe conditions during the service of works and present to the employer.
- Report and suggest the employer measures or guidelines to improve occupational 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 management level, a safety officer at supervisory 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, personal protection equipment, and provide safety knowledge to workers.

The Company recognizes workers, employees and third party safety by announced Occupational Health and Safety policy. Apart from operating business in accordance with a Law on Occupational Safety and Health, the Company has established practical guidelines on safety and occupational health management to direct its operation to safety and efficiency in every step, including safety regulations for workers in each working unit to prevent accident that may injured employees or others, as well as protecting the Company's asset. To ensure occupational safety, the Company has appointed a safety officer from management level to operation level which oversee and monitor the operation according to the professional safety standard, along with safety officer from partners within the same project site. The Company regularly organizes workplace safety inspection and preventive maintenance in order to enhance employees' safety and quality of life. In addition, health assessment for employee has been organized consistency.

In the previous year, safety scheme has been implemented constantly, for instance, undergone inspection for equipment, safety equipment and fire extinguisher, organized preventive maintenance at storehouse, constructed accommodation and restroom for workers in order to meet their demand, including organized emergency exercises, etc.

Inspection measure: monitoring safety at work unit, including machinery, equipment, safety equipment, and fire extinguisher



Harm reduction measure: reducing harm in workplace such as, providing scaffold for workers in order to pour concrete at a high position, appointed traffic officer to give a red flag sign around work site



Dust reduction measure: reducing dust and cleaning around work site



Health assessment measure: organizing health assessment, providing drinking water and first aid kit

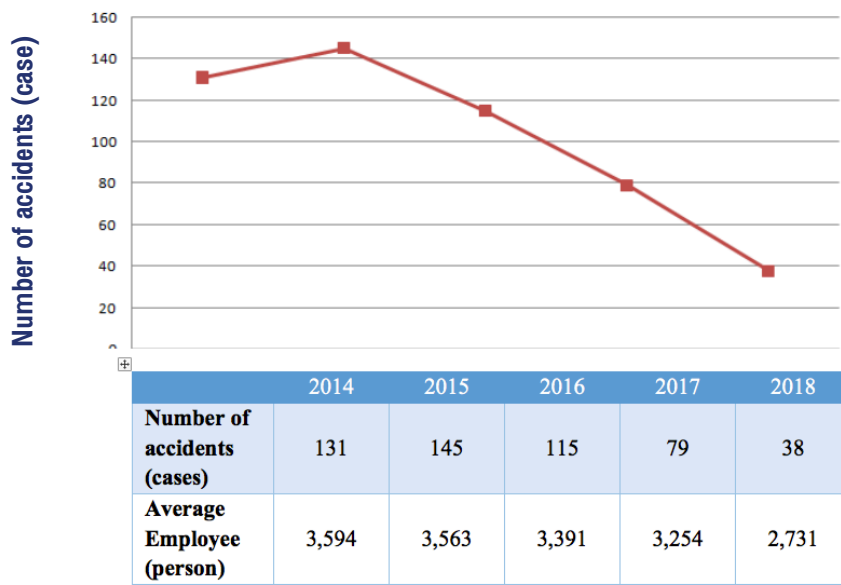


Storage inspection measure: organizing inspection at storage, workers' accommodation, and restroom

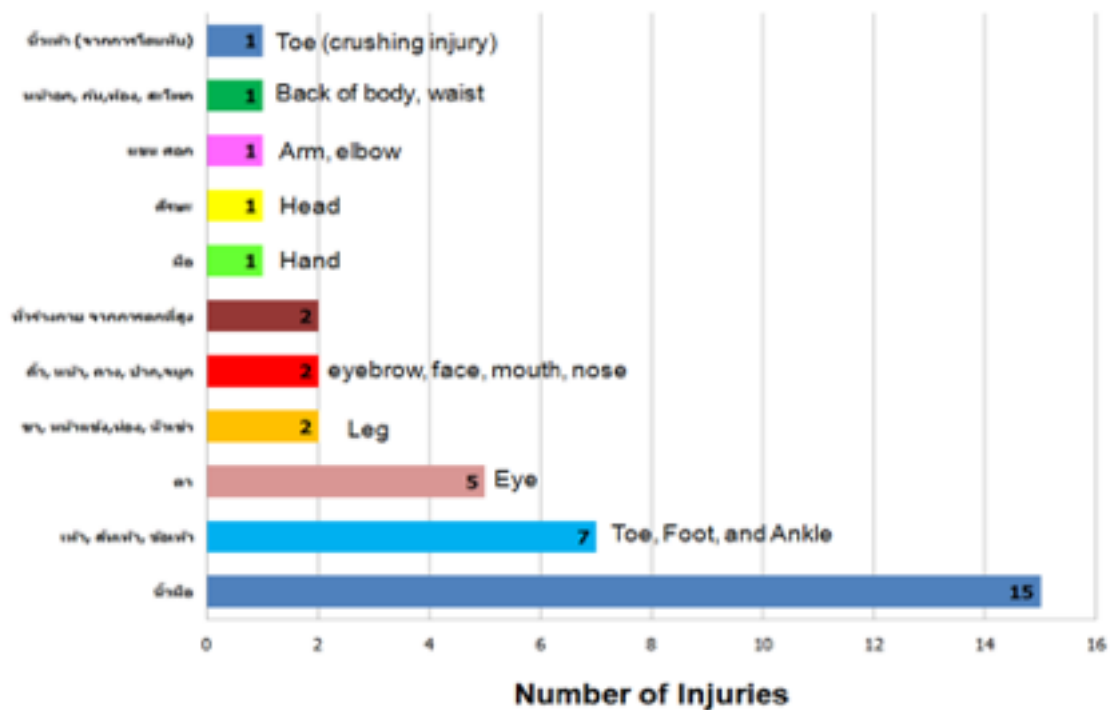


Statistics of Accidents and Employees' Work Leaves from Accidents during 2014-2018

Summarize number of accidents and work absence during 2014-2018



Categorized by organs injured from accidents in the year 2018



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 2.5 times per 100 persons per year.

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Summary of Accidents According to the Company's Quality Objective Re: "Safety Operation by Lowering the Accident Rates Not to Exceed 2.5 times per 100 persons per year" in 2018.

Month	Total accidents from every departments				
	Total Employees (person)	Accident (Time)	Average (Times) 100 persons/month	Accumulated Average 100 persons/year	Accumulated (not exceeding)
January	3,030	2	0.07	0.07	0.21
February	2,912	6	0.21	0.28	0.42
March	2,851	4	0.14	0.42	0.62
April	2,760	2	0.07	0.49	0.83
May	2,711	4	0.15	0.64	1.04
June	2,685	4	0.15	0.79	1.25
July	2,668	7	0.26	1.05	1.46
August	2,654	2	0.08	1.13	1.66
September	2,630	2	0.04	1.17	1.87
October	2,626	0	0.00	1.17	1.87
November	2,622	4	0.15	1.36	2.29
December	2,617	1	0.04	1.40	2.5
Total	Avg, 2,731	38		1.40	2.5

The Company established the Occupational Health and Safety Manual in accordance with the Occupational Health and Safety — OHSAS 18001:2007 and 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, safety officer at management level and supervisory level as well as trains the following courses to staff at project sites: working in confined space, working with machines and equipment, digging, welding, scaffolding, crane and fire protection/prevention plan.

In 2018, the Company organized the training programs for safety as follows:

Training Course	Number of Training course	Instructor
Safety Officer for Supervisor Level Course	1	Safety and Health at Work Promotion Association (Thailand)
Safety Officer for Technical Level Course	1	Safety and Health at Work Promotion Association (Thailand)
Safety Committee Course	1	Safety and Health at Work Promotion Association (Thailand)
Working and Protection in Confined Space Course	15	Occupational Health and Safety Section, Head Office
OHSAS18001:2007 Regulation regarding Potential Hazards and Risk Assessment for Safety Officer	8	Occupational Health and Safety Section, Head Office
Crane Rigger, Crane Supervisor, Crane Supervisor (2 Personnel) for Mobile Crane and Tower Crane	4	Safety and Health at Work Promotion Association (Thailand)
Crane Rigger, Crane Supervisor, Crane Supervisor (4 Personnel) for Mobile Crane and Tower Crane	1	Safety and Health at Work Promotion Association (Thailand)
Crane Rigger, Crane Supervisor, Crane Supervisor (4 Personnel) for Overhead and Stationary Crane Operator	1	Safety and Health at Work Promotion Association (Thailand)
Training course for Crane Operation	2	Safety and Health at Work Promotion Association (Thailand)
Safety Officer for Management Level Course (Thailand Language)	1	Safety and Health at Work Promotion Association (Thailand)
Safety Officer for Management Level Course (English Language)	1	Safety and Health at Work Promotion Association (Thailand)
Basic Fire Fighting	1	Fire-Engine Imperial Co., Ltd.
Fire evacuation drill, fire safety first aid	1	Annually in each working unit



The Company organized Morning Talk or Tool Box 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 200,000 consecutive working hours with zero accident rate will be rewarded with money in an amount of 150 Bath multiply by number of staff working in that working unit.

Working units which have been rewarded in the Year 2018

Working Units		Amount (Baht)
N.488	Construction site of South Bangkok Power Plant	135,300.00
N.033	Equipment and Machinery Center (Mahachai)	18,750.00
N.490	Construction site of bridge from SorPor 4010 connect with TorLor 3243 to Bangkhunthain	16,050.00
N.496	Onshore Civil Work of 150MW Coal Fired Power Plant at Stung Hav	7,500.00
N.507	Reinforced Concrete Building for Metropolitan Rapid Transit Orange Line	41,400.00

Nawarat Pattanakarn Public Company Limited has been awarded OHSAS 18001 : 2007 Occupational Health and Safety Management System (OHSMS).

Work unit N.090: Steel fabrication plant (Bangnamprieo)

Scope of work: Production of steel constructions, assembling steel structure and steel fabrication

MANUFACTURE OF STRUCTURAL METAL PRODUCTS; STEEL & STEEL STRUCTURES FABRICATION



OHSAS 18001 : 2007

UKAS Accredited

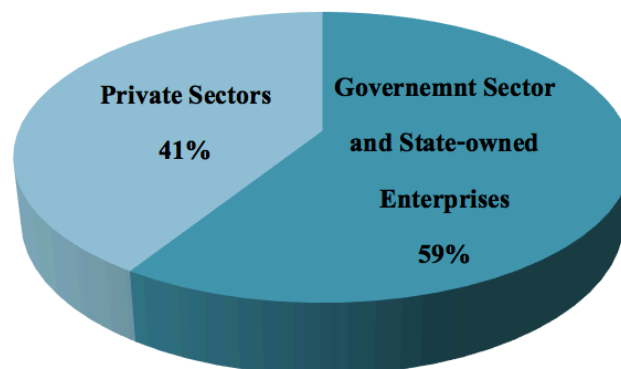


ISO 18001 : 2554

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

The Company's customers in construction business can be divided into 2 groups, namely 1) government agencies and state enterprises and 2) private sectors within the country.

Customer Proportion in 2018



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 88%.

Survey Result of Customers' Satisfaction in Year 2018

No.	Construction Site	Plant	Average
1	92.33 %	93.37 %	92.85%
2	93.52%	93.12%	93.32%
Total			93.09%

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 2018, the Company did not receive any complaints from customers, whether from the construction sites or 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, standard, and control speed of construction work and work procedures under the operation plan. This enables the Company not 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 2018, 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.



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 environment. 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. Which include providing knowledge and training regarding to environmental issues to employees, and raising employees' awareness, in relation to environmental responsibility under the environmental management system. As well as campaigning the environmental preservation and the efficient utilization of energy and resources.

In 2018, 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 having 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 having 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

At present, energy is necessary for living. Peoples' lifestyle nowadays require more energy consumption. Hence, cooperation from all of us is essential to efficiently manage the utilization of energy. In 2018, the Company carried out the operation of energy management as follows:

Electricity

The Company recognizes the importance of the efficient utilization and electricity saving. Thus, the guidelines for electricity utilization had been determined 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 Celcius 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 requires electricity at all times.
- Utilization of electricity in the construction area must comply with rules and regulations of the Metropolitan Electricity Authority / the Provincial Electricity Authority.
- The installation of electrical equipment within the construction site must meet the standard.
- Switch off air-conditioner 15-20 minutes before leaving the office.
- In case of power outage during working hours, turnoff all electrical switches.
- Cultivate employees' awareness in electricity saving by using various methods such as public relations stickers, exhibition board or training.

Water Supply

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

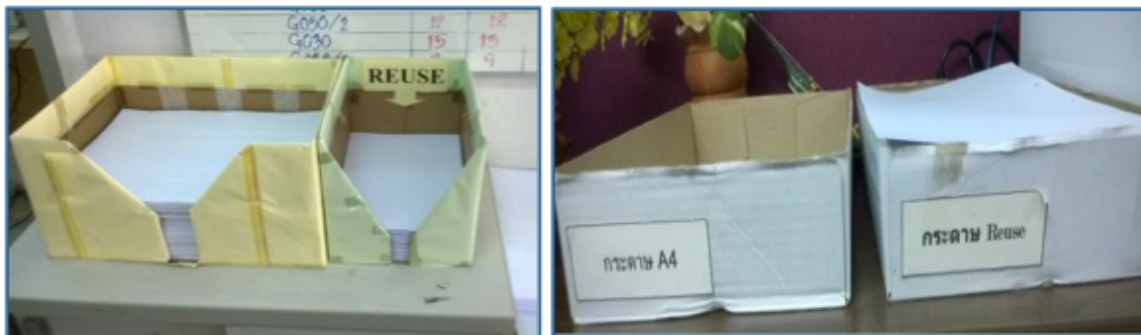
- Provide adequate water supply by applying for permission to install temporary water meter from the Metropolitan Waterworks Authority / Provincial Waterworks Authority to avoid using water from neighboring community.
- Completely turn off the taps and utilize water sparingly.
- Monitor water pipe or other equipment. If any leaks found, the maintenance section shall be informed and requested for reparation.
- Install a 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.
- Ensure that the engines are in good condition as required by laws.
- Do not overload the goods because it needs more engine power and thus consume more fuel.
- Ensure that the oil tanks are in good condition.

Paper

- Check on an accuracy, page set-up, number of pages, printing status and paper input before printing out documents in order to prevent wasting of paper and printing ink.
- Print both sides of paper to maximize the use of paper.
- Use a recycled paper when printing general documents for internal use in order to reduce usage of new paper.
- Check the placement of the original, paper setting and number of copies before photocopying in order to avoid wasting paper.
- Photocopy the documents when it is necessary 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 in order to minimize waste of materials.

3. Environmental Management

The Company recognizes an importance to conduct the environmental management for all operational 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, modernized technology and technique which in compliance with the quality management standard according to the international standardized system, or ISO 9001/2015, and other related requirement and standardized international practices to create satisfaction of customers on the organization's products and services. 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 and having 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.

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

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 community. 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.
- Ensure that 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, stock piling, 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 which is adjacent 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 construction machines. The procedure to reduce the impact from noises are as follows:

- Carry out noise generating construction activities during 06.00—22.00 hrs. and give advance notice to nearby community if the activities shall continue after 22.00 hrs.
- Impose measures to prevent noise impact, such as installation of temporary soundproof 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 engines' conditions to ensure the complete combustion and stop the engines when parking vehicles.
- Provide noise protection for workers who are working in a noise-generating area.

Wasted Water

- Install a wasted water treatment tanks. Sources of the wasted water can be categorized as follows:
 - Wasted water from toilets, kitchens or 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, 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.
- Fix the equipment in the wasted water treatment system and the drainage trough such as drainage pipes, grease traps, sewage treatment tanks and 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 engines conditions for complete combustion. Stop the engines 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 3R approach within 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 or products which already been used to make them useable again, including having a right method of trash disposal.
- Waste separation campaign:
 - 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 and metal residues.
 - Dangerous waste means poisonous garbage or chemical containers such as light bulbs, batteries, oil-stained clothes, used oil tanks, paint cans and plastic chemical cans.
 - Hard- degradable waste means unwanted garbage left from the Company's production process such as cement residues, concrete waste and 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

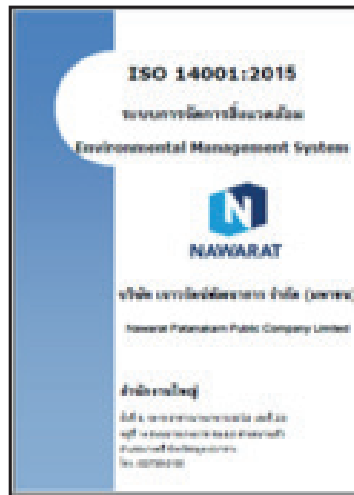


- Remove dump from construction activities/ garbage from the construction area once a week. In case the removal of the dump from construction activities is not ready, the dump must be securely covered.
- The left over materials shall be sold to the buyers.

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, therefore, 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 internal journal called "Green Way" 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.

Corporate social responsibility performance

In 2018, the Company organized activities designed to strengthen relationships, develop community and society. The Company aims to improve community quality of life by supporting education for school in construction area, preserve religion, support tradition and culture. Thus, the Company could operate its business simultaneously with community and society.

The Company organized project called “NWR jointly build with heart, deliver with love” in the year of 2018 which consists of 2 activities as follows;

1. “Supporting student dream and giving them love” activity designed to refurbish playground at Ban Thong In School, Prachuap Khiri Khan Province. The activity was run by donation and volunteer. Apart from supporting school, the Company also simultaneously held an activity called “Shooting memories at Prachuap Port project” during 4th-5th



2. “Make merit, feeling blessed, building relationship toward community” activity designed to preserve religion and strengthen relationship with community. The executives, employees and those who have faith had traveled to organize Kathin Ceremony at Noenkaew Temple, Prachuap Khiri Khan province, and provided physical education uniform to Noenkaew Wittayakarn School on 27th- 28th October 2018. The Company also held activity at accommodation in order to strengthen relationship among employees and building bond with the Company.



Solving the impact on society and environment from construction site of runway, driving way, airplane parking, etc. at 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 and the solution has already been made continuously until 2018, by constructing drainage and accelerate water pumping from the area and partial compensation has been paid to the affected person.



Report of the Corporate Governance Committee

Report of the
Corporate Governance Committee

รายงานคณะกรรมการกำกับดูแลกิจการ

The Corporate Governance Committee of Nawarat Patanakarn Public Company Limited consists of 7 directors. The Corporate Governance Committee responsible 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 2018, the Corporate Governance Committee convened 2 meetings to monitor the operations in accordance with the good corporate governance plan. Its performance was reported to the Board of Directors for acknowledgement which summarized as follows:

1. 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
2. Encouraged directors, executives and all employees to acknowledge, understand, realize and correctly comply with the principle of good corporate governance through various communication channels such as e-mail, intranet and the Company's website.
3. Considered, reviewed and revised the Corporate Governance Policy.
4. Encouraged directors to continuously participate in training and supported directors to attended training courses held by the Thai Institute of Directors Association (IOD).
5. Prepared report of the Corporate Governance Committee to disclose its 2018 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**

รายงานคณะกรรมการจรรยาบรรณธุรกิจ

The Business Code of Conduct Committee of Nawarat Patanakarn Public Company Limited consists of 4 directors; half of the total committee members and the Chairman of the Business Code of Conduct Committee must be independent directors. The Business Code of Conduct Committee has duty to oversee and monitor the Company's business operations based on integrity, transparency, morality, ethics and responsibilities to all stakeholders.

In 2018, the Business Code of Conduct Committee convened 2 meetings and reported its performance to the Board of Directors which summarized as follows:

1. Considered, reviewed and revised the Business Code of Conduct Handbook 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. On 9th April 2018, the Company organized anti-corruption activity to create awareness among executives, employees, and employees in the construction sites to acknowledge the anti-corruption policy.
3. 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.
4. Published 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 to be in accordance with the Business Code of Conduct and be more efficient in order to reinforce the confidence of shareholders including all stakeholders.



Mr. Prasertphand Pipatanakul

Chairman of the Business Code of Conduct Committee

Report of the Nomination and Remuneration Committee Committee

รายงานคณะกรรมการสรรหาและกำหนดค่าตอบแทน

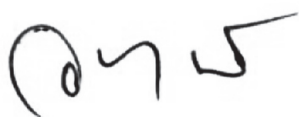
The Board of Directors of Nawarat Pattanakarn Public Company Limited resolved to appoint the Nomination and Remuneration Committee to perform its duties in recruiting and considering the remuneration of the Board of Directors, sub-committees, the Chief Executive Officer and the President to be transparent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

- | | |
|------------------------------|---|
| 1. Mr. Apichart Dharmasaroja | Chairman of the Nomination and Remuneration Committee |
| 2. Mr. Polpat Karnasuta | Member of the Nomination and Remuneration Committee |
| 3. Mr. Nattaphorn Bhromsuthi | Member of the Nomination and Remuneration Committee |
| 4. Ms. Pakatip Lopandhsri | Member of the Nomination and Remuneration Committee |

In 2018, the Nomination and Remuneration Committee convened 2 meetings and reported its performance to the Board of Directors for acknowledgement which summarized as follows:

1. Considered the suitable candidates for proposing to the Board and the 2018 Annual General Meeting of shareholders for consideration. The Company offered minor shareholders an opportunity to nominate directors from 26th November 2017— 22nd February 2018. Since no such nomination emerged, the committee recommended that the directors who completed their terms in 2018 should be reappointed for another term. The meeting of shareholders resolved to re-appoint directors as proposed.
2. Considered the 2018 remuneration of the Board of Directors and the Audit Committee and submitted its opinion to the Board of Directors and the 2018 Annual General Meeting of shareholders for consideration and approval.
3. Considered an adjustment of the compensation of executives and employees for the year 2018 with corresponding to the respective assigned duties and responsibilities, performance matching with the Company's operating results, environment relating to the Company's business, as well as comparison 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 approved the increase of compensation as proposed.
4. Considered criteria and 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 criteria and procedures of the annual performance evaluation of the Chief Executive Officer and the President. The proposal was approved by the Board of Directors.

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. Apichart Dharmasaroja

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 for the year 2018

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

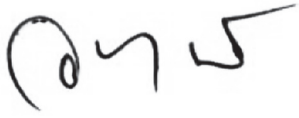
1. Mr. Apichart Dharmasaroja	Chairman of the Corporate Social and Environmental Responsibility Committee
2. Mr. Sook Sueyanyongsiri	Member of the Corporate Social and Environmental Responsibility Committee
3. Mr. Somchai Woonprasert	Member of the Corporate Social and Environmental Responsibility Committee
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
6. Mr. Kridchai Suthiluck	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 managing social and environmental risk as assigned by the Board of Directors.

In 2018, the Social and Environmental Responsibility Committee convened 2 meetings and reported its performance to the Board which summarized as follows:

1. Appointed the Social and Environmental Responsibility Working Team to replace the previous team, comprising 5 managers from relevant departments to drive the policy and organize activities about social and environmental responsibility.
2. Defined a new Social and Environmental Responsibility Policy consist of 7 issues. The Company is committed to conducting business in accordance with corporate governance, business code of conduct and involving in social development, 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: organized project called "NWR jointly build with heart, deliver with love". The project was run by Nawarat Patanakarn employees' donation in order to construct playground and public utilities for Ban Thong In School, Prachuap Khiri Khan Province.
 - Employees' competency development: organized Company's sport day activity to enhance employees' relationship and health, including organized sport competition and other activities to encourage unity.
 - Organized anti-corruption campaign to create awareness regarding anti-corruption policy among executives and employees.
 - Education: the Company donated money and provided educational supports, school uniforms, and physical education (P.E.) uniform to Noenkaew Wittayakarn School, Prachuap Khiri Khan province.
 - 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 2018 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 2018

Report of the
Risk Management Committee

รายงานของคณะกรรมการบริหารความเสี่ยง

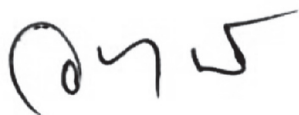
The Risk Management Committee consists of 7 members, namely;

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 2018, the Risk Management Committee convened 2 meetings and report its performance to the Board of Directors which summarized as follows:

1. Monitored the implementation of enterprise risk management plan, especially for the 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. Conducted 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 2018 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

Previously, the Audit Committee of Nawarat Patanakarn 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 |

In 2018, Mr. Niyom Niyamanusorn, Chairman of the Audit Committee has resigned from his position. The Board of Directors resolved the appointment of Mr. Apichart Dharmasaroja to take a position of Chairman of the Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned, to continue perform the duties effectively, effective on 1st August 2018.

The Board of Directors resolved the appointment of Mr. Nattaphorn Bhormsuthi to take a position of Member of the Audit Committee instead of Mr. Niyom Niyamanusorn who previously resigned, effective on 1st August 2018.

Therefore, the Audit Committee of Nawarat Patanakarn Public Company Limited consists of 3 independent directors; namely,

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

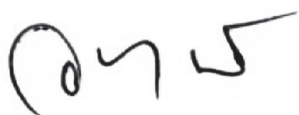
The Audit Committee performs their duties and has responsibilities as assigned by the Board of Director and in compliance with the best practice for the Audit Committee of the Stock Exchange of Thailand.

In 2018, the Audit Committee convened 12 meetings to make considerations for matters. The executives, the general manager of the Internal Audit Department and the auditor attended the meetings on the agenda relating to the quarterly review of financial statements. While in the meeting for auditing the annual Financial Statements, there are none of the Company's executives participated. The performance of the Audit Committee are summarized as follows:

1. Reviewed the quarterly financial statement and the 2018 financial statement to ensure that it is accurate, adequate, completed, reliable and prepared under generally accepted accounting procedures. Reviewed related party transaction between its subsidiary companies, associated companies, joint ventures, related party and executives to ensure that the transactions were done in normal business condition and in compliance with rules and regulations stipulated by the Stock Exchange of Thailand before proposing 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 operations to be in line with the plans in order 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 without 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 2018 and submitted its opinion to the Board of Directors for proposal to the 2018 Annual General Meetings of shareholders for approval as follows;

- | | |
|----------------------------|--|
| 1. Ms. Kosum Chaaim | Certified Public Account Registration No.6011 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. Apichart Dharmasaroja
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 statements of the Company, including information disclosed in this annual report. The aforementioned financial statements have been prepared in accordance with generally accepted and consistently practiced the accounting standards by selecting appropriate accounting policies, together with careful discretion and best estimation. All materialized information have been sufficiently disclosed in the notes of financial statements. The Board of Directors, furthermore, provides:

- Internal control system which responsible by the Internal Audit Division who report directly to the Audit Committee, in order to ensure its independence from the Management's domination.
- Practical guideline of good corporate governance for the 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 reviewing the accounting policy and reviewing an 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. Moreover, the Company's financial statements have been audited by the Certified Public Accountant (CPA) of EY Office Limited, 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 Directors, the Company's overall internal control system is satisfactory and reasonably assured that the financial statements of Nawarat Patanakarn Public Company Limited, its subsidiaries and joint ventures ended 31st December 2018 are reliable and in compliance with laws and relevant regulations.



Mr. Prasertphand Pipatanakul
Chairman

MANAGEMENT

Management Discussion and Analysis

DISCUSSION
AND ANALYSIS

Management Discussion and Analysis

Explanation and Analysis of Financial Status and Operating Results

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 was 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 improves as well.

In the first six month of 2018, the World's economy was likely to expand in the same direction in all major regions due to continuously good global trade conditions and consumption of private sector. Interest rate tended to increase both short term and long term. However, there were many risks that should be monitored, including the fiscal policy of the United States, tax system reform policy causing a trade war between the U.S. and China, fluctuations in oil prices and exchange rates, political stability of European countries and debts problem in China's economy. For domestic, due to support from improvement of global economy resulting in the expansion of export, high spending of government sector and high investment of private sector as well as improvement and dispersion of income base, the economy was expanding.

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, 2018

Significant changes in assets comprised:

1. Cash and cash equivalents as at December 31, 2018, amounted to Baht 1,247.17, increasing from December 31, 2017 by Baht 648.39 million since at the end of the year, the Company received some amounts of advances from constructions from the employers according to the conditions defined in the construction contract.
2. Trades receivable and other receivables as at December 31, 2018, before allowance for doubtful accounts amounted to Baht 2,240.90 million, decreasing from December 31, 2017 by Baht 197.15 million. 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 recoded allowance for doubtful accounts for all those receivables with over-12-month overdue payment according to the Company's rules and policies.

Trades receivable as at December 31, 2018 compared with those as at December 31, 2017

Description	Allowance for doubtful accounts	Total debts	Within due	Within 12 month past due	Over 12 months past due
Trades receivable as at December 31, 2017	1,255.48	2,404.83	448.16	412.60	1,544.07
Trades receivable as at December 31, 2018	1,045.46	2,165.86	441.81	346.24	1,377.81
Increase (decrease)	(210.02)	(238.97)	(6.35)	(66.36)	(166.26)

3. Unbilled Revenue as at December 31, 2018, before allowances for doubtful accounts, amounted to Baht 3,336.26 million, increasing from December 31, 2017 by Baht 609.73 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 reimbursing fee from employers. 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.
4. Inventories as at December 31, 2018, based on cost before reduction to the net value, amounted to Baht 923.98 million, increasing from December 31, 2017 by Baht 296.90 million. The increased amount was from work under production according to orders.

Significant changes in liabilities comprised:

1. Bank overdrafts and short-term loans as at December 31, 2016 amounted to Baht 1,674.44 million, increasing from December 31, 2017 by Baht 1,278.40 million due to the increase of short-term loan from financial institutions.
2. Trades payable and other payable as at December 31, 2018, amounted to Baht 1,692.73 million, decreasing from December 31, 2017 by Baht 118.29 million.

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 trades payable and other payable were as follows:

	(Unit: Million Baht)		
	As at 31 Dec 2018	As at 31 Dec 2017	Increase (Decrease)
Trades payable — related and not related entities	1,393.21	1,511.95	(118.74)
Advance from related and not related entities	0.11	36.02	(35.91)
Other payable — related and not related entities	114.03	116.10	(2.07)
Accrued expenses — related and not related entities	185.38	146.95	38.43
Total trades payable and other payable	1,692.73	1,811.02	(118.29)

3. Advance revenue from construction service as at December 31, 2016 amounted to Baht 1,714.95 million, increasing from December 31, 2017 by Baht 399.09 million since the Company received advance revenue from construction service from employers. 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 of the year 2018 comparing to the year 2017 according to the consolidated financial statement

Description	Year 2018	Year 2017	Increase (Decrease)	
			จำนวนเงิน	ร้อยละ
1.1 Revenue from construction	8,676.42 MB	8,356.43 MB	319.99 MB	3.83
1.2 Cost of construction compared with revenue from construction	93.61%	94.30%	-	(0.73)
1.3 Revenue from sales and services	1,259.11 MB	919.07 MB	340.04 MB	37.00
1.4 Cost of sales and services compared with revenue from sales and services	79.18%	85.01%	-	(6.86)
1.5 Sales and distribution expenses	121.03 MB	103.61 MB	17.42 MB	16.81
1.6 Administrative expenses	528.61 MB	497.35 MB	31.26 MB	6.29
1.7 Financial expenses	215.23 MB	224.38 MB	(9.15) MB	(4.08)

2. Operating result for the year 2018

Description	Year 2018	Year 2017
Profit (Loss) of the year attributable to shareholder' s equity	418.04 MB	(202.81) MB
<i>according to the consolidated financial statement</i>		
Profit (Loss) of the year <i>according to the separate financial statement</i>	470.09 MB	(22.01) MB

3. Management discussion and analysis

For the operating performance as at the ended December 31, 2018, the Company and its subsidiaries had total revenue amounting to Baht 10,036.61 million, divided into revenue from construction service of Baht 8,676.42 million, revenue from sales and services of Baht 1,259.11 million and other incomes of Baht 101.08 million. Compared to the year 2017, total revenues of the Company and its subsidiaries increased by 7.40 percent, mostly resulting from an increase of revenue from construction services of Baht 319.99 million, or 3.83 percent and revenue from sales and services of Baht 340.04 million, or 37.00 percent.

In 2018, the Company had profit of the year attributable to shareholder's equity amounting to Baht 418.04 million; while in 2017, the Company had net loss of the year attributable to shareholder's equity amounting to Baht 202.81 million.

The Company recognized share of profit (loss) from investment in associated companies and joint ventures in the year 2018 amounting to Baht 86.63 million, increasing from the year 2017 by Baht 84.82 million. In the year 2017, the Company recognized share of profit from the said transactions amounting to Baht 1.81 million.

Details of which were as follows:

	(Unit: Million Baht)	
	Recognized Share of Profit (Loss)	
	Year 2018	Year 2017
VSPN Property Company Limited	1.02	(3.00)
C.I.N Estate Company Limited	(9.19)	2.61
NWR-SBCC Joint Venture	94.80	2.20

During the year 2018, the Company reviewed its vision and mission to be more appropriate and in line with the current situation. The Company, its executives and all employees are committed to operate the business to achieve the newly defined vision; that is "go forward as a leader in construction industry, develop business that has a valuable future, create benefits to all parties with care and responsibilities"

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 result for the year 2018

Construction Business

3.1.1 Revenue from construction service increased a lot in 2018. Comparing to the year 2017, the construction revenue increased by Baht 319.99 million or 3.83. The three largest construction projects contributing highest revenue in the year 2018 were:

- ก. 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. Revenue in 2018 was Baht 1,977.23 million.
- ข. Construction Project of Bangpa-in — Saraburi — Nakhon Ratchasima Special Highway, K.M. 45+022.858- K.M. 46+274.828 Section of the Department of Highways. Revenue in 2018 was Baht 569.77 million.
- ค. Construction Project of reinforced concrete building of MRT Orange Line (East Section) of the Mass Rapid Transit Authority of Thailand of which the Company is the sub-contractor of CKST Joint Venture. Revenue in 2018 was Baht 538.53 million.

- 3.1.2 Compared with the year 2017, sales and distribution expenses of the year 2018 increased by Baht 17.42 million, or approximately 16.81 percent. Details of the 2018 and 2017 sales and distribution expenses were as follows:

(Unit: Million Baht)

Sales and Distribution Expenses	Year 2018	Year 2017
Mana Patanakarn Company Limited	105.26	89.27
Advance Prefab Company Limited	13.44	13.47
Taste Maker Company Limited	2.33	0.87
Total	121.03	103.61

Sales and distribution expenses in the year 2018 of Mana Patanakarn Company Limited, conducting real estate development business, consisted of advertising and sales promotion expenses to boost up sales volume in the amount of Baht 28.88 million and expenses for special business tax and local tax when transferring assets to buyers in the amount of Baht 26.07 million.

- 3.1.3 Compared with the year 2017, administrative expenses of the year 2018 increased by Baht 31.27 million, or approximately 6.29 percent. Details of administrative expenses were as follows:

(Unit: Million Baht)

Administrative Expenses	Year 2018	Year 2017
Nawarat Patanakarn Public Company Limited	326.26	331.18
Mana Patanakarn Company Limited	56.14	49.20
Advance Prefab Company Limited	75.37	72.09
Utility Business Alliances Company Limited	31.29	25.97
Taste Maker Company Limited	22.74	11.76
Other subsidiaries	16.81	7.14
Total	528.61	497.34

For the year 2018, Taste Maker Company Limited, conducting food business, opened two restaurants on Silom Road and in Soi Lasalle, Sukhumvit Road. This resulted in the increase of personal expenses from the year 2017 by Baht 5.28 million.

Other Businesses

Revenue from sales and services consist of revenue from pre-stressed concrete products business, processed steel business, petrol business, food business and real estate development business. Compared with the year 2017, revenue from sales and services in the year 2018 increased by Baht 340.04 million, or equivalent to 37.00 percent since Mana Patanakarn Company Limited, Real Estate Development Company, completed the construction of Aspen Condo Phase B and has gradually transferred the ownership to buyers. Comparing cost of sales and services in the year 2018 and 2017, cost of sales and services compared with revenue from sales and services decreased from 85.01 percent in 2017 to 79.18 percent in the year 2018. Gross profit margin from sales and services increased significantly, that is gross profit in the year 2018 amounted to Baht 262.21 million or 20.82 percent of the revenues from sales and services; while in the year 2016, it amounted to Baht 137.78 million or 14.99 percent.

3.2 Issuance and offering of Baht 1,720.10 million debentures

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 coupon rate of Baht 4.50 percent a year. The purposes of debenture issuance were for investment, loan repayment and using as working capital. Total interest payment in 2018 were Baht 42.90 million. Nevertheless, the Company fully repaid such debentures at the maturity date in August 2018.

On August 28, 2017, 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 coupon rate of 4.50 percent a year. The purposes of debenture issuance were for investment, debentures repayment and using as working capital. The debenture was sold at total amount of Baht 1,720.1 million. Total payment of coupon rate in 2018 were Baht 77.40 million.

During the year 2018, the Company did not issue and offer any additional debentures.

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"). Subsequently, on January 15, 2018, the court ordered the bankruptcy of Saraburi.

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 results, 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.

Presently, the Project has already been completed. All machineries and equipment used for this project were sold.

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 comprised:

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. Trades receivable and other receivable 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 recoded allowance for doubtful accounts for all those receivables with over-12-month overdue payment according to the Company's rules and policies.

Trades receivable as at December 31, 2017 compared with those as at December 31, 2016

Description	Allowance for doubtful accounts	Total debts	Within due	(Unit: Million Baht)	
				Within 12 month past due	Over 12 months past due
Trades receivable as at December 31, 2016	1,257.68	2,586.21	536.00	711.35	1,338.86
Trades receivable as at December 31, 2017	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 loans 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. Trades payable and other payable 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 trades payable and other creditors are as follows:

(Unit: Million Baht)

	As at 31 Dec 2017	As at 31 Dec 2016	Increase (Decrease)
Trades 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 payable — related and not related entities	116.10	58.83	57.27
Accrued expenses — related and not related entities	<u>146.95</u>	<u>99.88</u>	<u>47.07</u>
Total trades payable and other payable	<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	8,356.43 MB	7,919.19 MB	437.24 MB	5.52
1.2 Cost of construction compared with revenue from construction	94.30%	92.07%	-	2.42
1.3 Revenue from sales and services	919.07 MB	392.62 MB	526.45 MB	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 MB	56.97 MB	46.64 MB	81.87
1.6 Administrative expenses	497.34 MB	405.92 MB	91.42 MB	22.52
1.7 Financial expenses	224.38 MB	196.43 MB	27.95 MB	14.23

2. Operating results 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) MB	52.02 MB
Profit (Loss) of the year according to the separate financial statement	(22.01) MB	118.00 MB

3. Management discussion and analysis

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:

	(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 are 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". Nevertheless, the vision was reviewed and adjusted to be more appropriate in the year 2018.

3.1 Operating results 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 81.8 percent. Details of the 2017 sales expenses are as follows:

(Unit: Million Baht)		
Sales and Distribution Expenses	Year 2017	Year 2018
Mana Patanakarn Company Limited	89.27	56.97
Advance Prefab Company Limited	13.47	-0-
Taste Maker Company Limited	0.87	-0-
Total	03.61	56.97

- A. 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.
- B. 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 Public Company Limited	331.18	316.91
Mana Patanakarn Company Limited	49.20	28.50
Advance Prefab Company Limited	72.09	31.17
Utility Business Alliances Company Limited	25.97	26.08
Taste Maker Company Limited	11.76	-0-
Other subsidiaries	7.14	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"

Other Businesses

Revenue from sales and services consist of revenue from pre-stressed concrete products business, processed steel business, petrol business, food business and real estate development 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 the year 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 debentures

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 coupon 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 payment coupon rate 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 coupon 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 payment of coupon rate 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 results, 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

3. Analysis of Cash Flow Statement

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

(Unit: Million Baht)

Description	For year 2018	For year 2017	For year 2016
Cash from (utilized) operating activities	902.97	(444.33)	631.95
Cash utilizing in investing activities	14.54	172.58	(633.86)
Cash from (utilized) financing activities	(270.32)	211.31	17.22
Increase (Decrease) of translation difference	1.20	2.68	(0.09)
Cash and cash equivalents at the beginning of period	598.78	656.54	641.32
Cash and cash equivalents at the end of period	1,247.17	598.78	656.54

Cash from operating activities in the year 2018 indicated that the Company had net cash utilized in operating activities amounting to Baht 902.97 million comparing with the year 2017 of Baht 444.33 million. Key items affecting cash from operating activities were as follows:

1. Increase of unbilled revenue of Baht 621.46 million due to undelivered works to employers.
2. Decrease of retention receivable of Baht 95.71 million since employers repaid retention deducted for the period of payment to the Company. Terms and conditions of deduction and repayment are applied as specified in the construction contract.
3. Increase of inventories of Baht 316.44 million, which is the work in progress of the products manufactured according to the order.
4. Decrease of cost of real estate development of Baht 218.50 million due to ownership transfer of house and condominium to buyers.
5. Increase of advance revenue from construction of Baht 399.09 million since the Company received advance revenue from employers. However, the Company will gradually deduct 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.

With respect to cash utilizing from investing activities, in the year 2018, the Company had net cash from investing activities amounting to Baht 14.54 million comparing with net cash utilized in investing activities in 2017 of Baht 172.58 million. In the year 2018, the Company purchased equipment in the amount of Baht 160.10 million, but received cash from sales of equipment of Baht 89.61 million.

In regard to cash from financing activities, in the year 2018, the Company had net cash from financing activities amounting to Baht 270.32 million compared with net cash from financing activities of Baht 211.31 million in 2017. In the year 2018, the debenture No. 1/2015 amounting Baht 1,500 million had maturity date in August. The Company redeemed total debentures amounting to Baht 1,500 million by receiving short-term and long-term loans from a bank to repay the debentures.

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

1. On August 28, 2017, it was the due date of full redemption of debenture issued on August 28, 2014. 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 coupon 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 totaling Baht 1,720.1 million.
2. Debentures issued on 21 August 2015 in the amount of 1,500 million baht with maturity date of full redemption on August 21, 2018. The Company repaid total debentures on the maturity date in August 2018.
3. The Company received long-term loan in the amount of Baht 500 million from a bank to repay debentures with maturity date stated under clause no.2. Such long-loans defined terms and conditions of repayment in every 6 months, starting from January 2020 to June 2023.
4. In the year 2018, the Company purchased additional land, building, equipment, furniture, vehicles and assets during construction at the cost of Baht 200.66 million. In 2017 and 2016, the Company purchased land, building and equipment, furniture, vehicles and assets during construction amounting to Baht 394.59 million and Baht 870.82 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 85 days in 2018, 98 days in 2017 and 118 days in 2016.

The average period of selling goods was 95 days in 2018, 101 days in 2017 and 108 days in 2016. 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 68 days in 2018, 72 days in 2017 and 71 days in 2016.

With the ability to collect debt from accounts receivable faster in 2018 and the faster period of selling goods, cash conversion cycle decreased to 112 days; while in 2017 and 2016 was 127 days and 155 days respectively. 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	Year 2018	Year 2017	Year 2016
Liquidity ratio of cash flow	0.14x	-0.08x	0.13x

In 2017, the Company had problem with the liquidity ratio because construction cost of some projects increased and 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 resulted in the decrease of the Company's liquidity of cash flow. Nevertheless, in the year 2018, the Company received the repayment of the overdue outstanding amounting to more than Baht 300 million. This resulted in the improvement of liquidity ratio in 2018 to 0.14x; however, the liquidity ratio still needs to be improved further.

2. 2. Profitability ratio

Ratio according to the consolidated financial statement	Year 2018	Year 2017	Year 2016
Gross profit margin	8.22%	6.62%	7.88%
Operating profit margin	1.68%	0.15%	2.31%
Net profit margin	4.17%	-2.17%	0.62%
Cash to profitability ratio	5.40x	-32.82x	3.29x

In the year 2016, every profitability ratio improved. However, in the year 2017, the Company had problem with some construction projects of which construction costs rose from some problems; such as inability of employers in delivering area for construction within due date; modification of construction model or unexpected difficulties of underground works, etc. However, every profitability ratio in the year 2018 improved a lot comparing with the year 2017.

Problems the Company is facing and must be closely monitored are delay of payment from trade receivables resulting from the economic situation or the liquidity problem of debtors themselves. In some years, the Company debt repayment from accounts receivable who had been recorded for allowance for doubtful accounts, for example, the Company reversed allowance for doubtful accounts from receipt of repayment from debtors of Baht 15.14 million in the year 2016 and Baht 321.21 million in the year 2018.

3. Efficiency ratio

During a year 2016-2019, 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 2016, 2017 and 2018 amounted to Baht 281.25 million, Baht 131.86 million and Baht 92.51 million respectively. In the year 2018, return on total assets, return on fixed assets and return on equity improved a lot comparing with the year 2017. The Company is confident that the company will be able to consistently generate satisfactory returns in the following years.

Ratio according to the consolidated financial statement	As at the year ended 31-12-61	As at the year ended 31-12-60	As at the year ended 31-12-59
Return on assets	3.31%	-1.63%	0.43 %
Return on fixed assets	31.22%	6.47%	15.02 %
Return on equity	11.17%	-5.65 %	1.42%

4. Leverage ratio

Debt to equity ratio increased from the year 2014 to the year 2017 since the Company had issued and offered debentures for three times, in the year 2014 amounting to Baht 1,500 million, in the year 2015 amounting to Baht 1,500 million and in the year 2017 amounting to Baht 1,720.10 million (for repayment of debentures issued and offered in 2014 with maturity date in the year 2017 in the amount of Baht 1,500 million). The purposes of debenture issuance were for loan repayment, using as working capital and investment in new projects to generate profits for the Company. Although, the debenture issuance increased debt, some of cash received from debenture sold were used for repayment of loan. In addition, the Company had loss from business operation in the year 2017 amounting to Baht 194.53 million (loss in shareholder's equity amounting to Baht 202.81 million) These caused the decrease of shareholder's equity in the year 2017. However, the Company could generate profit in the year 2018 amounting to Baht 425.48 million (profit in shareholder's equity amounting to Baht 418.04 million). These resulted in the decrease of debt to equity ratio to 2.30x.

Ratio according to the consolidated financial statement	As at the year ended 31-12-61	As at the year ended 31-12-60	As at the year ended 31-12-59
Debt to equity ratio	2.30x	2.47x	2.36x

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 from Ruen Rapee 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 Rangsit Klong 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 Park on" Romkloa Road, Bangkok
2. Housing project "Baranee Residence" at Rangsit Klong 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 trades 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 trades receivable, like Ruen Rapee 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.

2. Cost of construction service

Previously, price of oil and steel, one of main materials dropped significantly. Nowadays, oil price is 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's 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 Nawarat Patanakarn Public Company Limited No. 1/2015 with maturity date in 2018" and "Unsecured Debenture of Nawarat Patanakarn Public Company Limited No. 1/2018 with maturity date in 2020" and the Conditions of the Long-Term Loan Agreement of Baht 500 Million between the Company and the Bank

Net debt to equity ratio (Net D/E ratio) in accordance with the Regulations of Rights and Duty of Debenture Issuer and Debenture Holders and the Long-Term Loan Agreement of Baht 500 million between the Company and the Bank, according to the consolidated financial statement is as follows:

Ratio according to the consolidated financial statement	As at the year ended 31-12-61	As at the year ended 31-12-60	As at the year ended 31-12-59
Net debt to equity	1.98	2.30	2.18

Debt to equity ratio stipulated in the "Regulations of Rights and Duty of Debenture Issuer and Debenture Holder" and in the "Long-Term Loan Agreement of Baht 500 Million" is defined as follows:

"Net Debt" refers to the total amount of debts shown in the consolidated financial statement of the debenture issuer/loaner, deducted by cash and cash equivalents.

"Equity" refers to the share equity of the debenture issuer/loaner as shown in the consolidated financial statement.

"Cash and cash equivalents" refer to the total amount of cash and cash equivalents as shown in the consolidated financial statement of the debenture issuer/loaner.

In accordance with the terms of the Company's debenture and the long-term loan agreement of Baht 500 million, the Company is required to maintain net debt to equity ratio, calculated as specified in the Regulation of the Rights and in the long-term loan agreement, at the rate of 2.5:1 throughout the term of debenture and loan. 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 purpose of the long-term loan of Baht 500 million is to repay debentures with maturity date in 2018.

The Company expected that throughout the 3-year debenture and 5-year loan, net debt to equity ratio will not exceed 2.5:1. If 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.

8. 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 STANDARDS

GRI Standards

ข้อมูลตามตัวชี้วัด GRI Standards

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NAWARAT

**Nawarat Patanakarn Public Company Limited and Its Subsidiaries
Report and Consolidated Financial Statements
31 December 2018**

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 2018, 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 2018, 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 the 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 matter 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 is 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.



Kosum Cha-em

Certified Public Accountant (Thailand) No. 6011

EY Office Limited

Bangkok: 28 February 2019

Nawarat Pattanakarn Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	1,247,168,049	598,782,310	1,079,961,739	523,173,844
Current investments	8	5,294,532	5,104,925	5,294,532	5,046,055
Trade and other receivables	9	1,195,436,531	1,182,572,811	1,364,048,574	1,437,008,966
Unbilled receivables	10	3,249,268,882	2,627,812,810	3,115,869,090	2,595,209,842
Retention receivables		792,855,505	770,093,892	739,795,553	733,945,550
Short-term loans and advances to related parties	6	17,822,158	15,134,431	506,244,615	314,626,727
Inventories	11	911,384,411	604,715,204	626,873,897	495,501,444
Project development cost	12	1,544,511,762	1,745,786,401	17,947,455	50,485,919
Other current assets	13	324,438,442	672,401,785	238,645,486	577,187,139
Total current assets		9,288,180,272	8,222,404,569	7,694,680,941	6,732,185,491
Non-current assets					
Restricted bank deposits	14	347,600,158	371,354,873	305,632,416	333,334,202
Long-term loans to related party	6	-	-	18,928,462	43,910,076
Investments in subsidiaries	15	-	-	1,575,343,830	1,526,093,830
Investments in associates	16	210,530,567	250,696,692	15,581,822	15,581,822
Other long-term investments	17	19,540,033	11,000,033	10,000,033	10,000,033
Investment properties	18	183,969,329	184,094,329	179,780,829	179,780,829
Property, plant and equipment	19	2,430,129,852	2,718,477,727	1,611,350,931	1,866,247,479
Leasehold right for land	20	4,742,986	7,329,982	4,742,986	7,329,982
Deferred tax assets	30	63,241,291	55,709,807	54,397,061	51,266,444
Other non-current assets		495,112,908	430,376,861	296,106,235	186,464,260
Total non-current assets		3,754,867,124	4,029,040,304	4,071,864,605	4,220,008,957
Total assets		13,043,047,396	12,251,444,873	11,766,545,546	10,952,194,448

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	21	1,674,443,264	396,041,519	1,545,254,865	307,323,525
Trade and other payables	22	1,692,729,644	1,811,019,899	1,308,857,259	1,514,357,141
Short-term loans and interest payable to related parties	6	17,000,000	19,690,033	-	2,690,033
Current portion of hire purchase creditors					
and finance lease payable	23	106,067,013	133,831,958	104,129,534	131,376,769
Current portion of long-term loans from					
related parties	6	12,618,974	16,654,410	-	-
Current portion of long-term loans from banks	24	264,403,291	571,277,279	-	-
Current portion of debentures	25	-	1,500,000,000	-	1,500,000,000
Advance received from construction		1,714,952,244	1,315,866,196	1,617,824,657	1,260,681,971
Retention payables		392,561,583	263,585,726	342,853,851	243,023,598
Other current liabilities		450,355,239	180,383,645	200,345,220	150,338,017
Total current liabilities		6,325,131,252	6,208,350,665	5,119,265,386	5,109,791,054
Non-current liabilities					
Hire purchase creditors and finance lease					
payable, net of current portion	23	88,178,573	162,276,787	85,980,852	160,259,201
Long-term loans from related parties,					
net of current portion	6	-	12,618,974	-	-
Long-term loans from banks,					
net of current portion	24	767,888,000	345,911,272	500,000,000	-
Debentures, net of current portion	25	1,714,630,695	1,709,048,053	1,714,630,695	1,709,048,053
Provision for long-term employee benefits	26	189,299,730	185,247,754	165,299,232	166,187,582
Provision for loss on investment in joint venture	27	-	94,801,842	-	94,801,842
Other non-current liabilities		1,275,951	2,085,578	1,275,951	2,085,578
Total non-current liabilities		2,761,272,949	2,511,990,260	2,467,186,730	2,132,382,256
Total liabilities		9,086,404,201	8,720,340,925	7,586,452,116	7,242,173,310

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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 (deficits)					
Appropriated - statutory reserve	28	31,234,848	31,234,848	27,234,848	27,234,848
Unappropriated		309,033,088	(109,008,085)	598,279,457	128,185,948
Other components of shareholders' equity		669,340	611,239	153,475	174,692
Equity attributable to owners of the Company		3,895,362,926	3,477,263,652	4,180,093,430	3,710,021,138
Non-controlling interests of the subsidiary		61,280,269	53,840,296	-	-
Total shareholders' equity		3,956,643,195	3,531,103,948	4,180,093,430	3,710,021,138
Total liabilities and shareholders' equity		13,043,047,396	12,251,444,873	11,766,545,546	10,952,194,448

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenue from construction		8,676,415,756	8,356,428,680	7,644,501,816	7,682,517,821
Sales and service income		1,259,105,302	919,071,058	386,547,796	371,077,040
Other income					
Interest income		44,368,613	11,724,182	66,064,940	35,953,789
Others		56,714,434	58,100,228	31,156,690	43,642,055
Total revenues		10,036,604,105	9,345,324,148	8,128,271,242	8,133,190,705
Expenses					
Cost of construction		8,121,760,314	7,879,721,596	7,170,880,010	7,277,649,435
Cost of sales and service		996,900,575	781,288,244	378,996,490	362,628,155
Selling and distribution expenses		121,032,193	103,611,191	-	-
Administrative expenses		528,609,233	497,343,520	327,235,818	336,546,952
Loss on write-off assets		11,086,379	48,386,557	-	-
Reversal of provision for loss on investment in joint venture	27	-	-	(94,801,842)	(2,205,936)
Doubtful debts (reversal)		(321,212,599)	711,206	(312,946,467)	4,627,284
Total expenses		9,458,176,095	9,311,062,314	7,469,364,009	7,979,245,890
Profit before share of profit from investments in associates and joint venture, finance cost and income tax income (expenses)		578,428,010	34,261,834	658,907,233	153,944,815
Share of profit from investments in associates and joint venture	16, 27	86,635,621	1,813,560	-	-
Profit before finance cost and income tax income (expenses)		665,063,631	36,075,394	658,907,233	153,944,815
Finance cost		(215,227,224)	(224,378,488)	(170,098,750)	(177,431,466)
Profit (loss) before income tax income (expenses)		449,836,407	(188,303,094)	488,808,483	(23,486,651)
Income tax income (expenses)	30	(24,355,261)	(6,225,645)	(18,714,974)	1,474,827
Profit (loss) for the year		425,481,146	(194,528,739)	470,093,509	(22,011,824)

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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		1,199,318	2,685,937	-	-
Loss on change in value of available-for-sale investments		(1,426,521)	(9,453,399)	(26,521)	(9,453,399)
Less: Income tax effect	30	285,304	1,890,680	5,304	1,890,680
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		58,101	(4,876,782)	(21,217)	(7,562,719)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	26	-	(18,922,983)	-	(13,342,853)
Less: Income tax effect	30	-	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		58,101	(20,015,168)	(21,217)	(18,237,002)
Total comprehensive income for the year		425,539,247	(214,543,907)	470,072,292	(40,248,826)
Profit (loss) attributable to:					
Equity holders of the Company		418,041,173	(202,810,127)	470,093,509	(22,011,824)
Non-controlling interests of the subsidiary		7,439,973	8,281,388	-	-
		425,481,146	(194,528,739)		
		-	-		
Total comprehensive income attributable to:					
Equity holders of the Company		418,099,274	(222,825,295)	470,072,292	(40,248,826)
Non-controlling interests of the subsidiary		7,439,973	8,281,388	-	-
		425,539,247	(214,543,907)		
		-	-		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	31	0.1617	(0.0784)	0.1818	(0.0085)
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 2018

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
				Other components of shareholders' equity						
				Other comprehensive income						
				Exchange						
				differences	Surplus (deficit) on		Total equity	Equity attributable		
				on translation of	changes in value of	Total other	attributable to	to non-controlling		
				financial statements	available-for-sale	components of	owners of	interest of the	Total	
				in foreign currency	investments	shareholders' equity	the Company	subsidiary	shareholders' equity	
Issued and fully	Premium on	Retained earnings (deficits)								
paid share capital	ordinary shares	Appropriated	Unappropriated							
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
Balance as at 1 January 2018	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
Profit for the year	-	-	-	418,041,173	-	-	-	418,041,173	7,439,973	425,481,146
Other comprehensive income for the year	-	-	-	-	1,199,318	(1,141,217)	58,101	58,101	-	58,101
Total comprehensive income for the year	-	-	-	418,041,173	1,199,318	(1,141,217)	58,101	418,099,274	7,439,973	425,539,247
Balance as at 31 December 2018	2,585,481,515	968,944,135	31,234,848	309,033,088	1,635,865	(966,525)	669,340	3,895,362,926	61,280,269	3,956,643,195

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 2018

(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 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
Balance as at 1 January 2018	2,585,481,515	968,944,135	27,234,848	128,185,948	174,692	3,710,021,138
Profit for the year	-	-	-	470,093,509	-	470,093,509
Other comprehensive income for the year	-	-	-	-	(21,217)	(21,217)
Total comprehensive income for the year	-	-	-	470,093,509	(21,217)	470,072,292
Balance as at 31 December 2018	2,585,481,515	968,944,135	27,234,848	598,279,457	153,475	4,180,093,430

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit (loss) before tax	449,836,407	(188,303,094)	488,808,483	(23,486,651)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	385,758,909	378,992,895	319,803,198	324,516,284
Amortisation of leasehold right for land	2,586,996	2,586,996	2,586,996	2,586,996
Increase in allowance for doubtful debts (reversal)	(321,212,599)	711,206	(312,946,467)	4,627,284
Reduction of inventory to net realisable value	9,771,693	1,466,571	11,376,610	2,143,468
Reduction of project development cost to net realisable value	(8,552,260)	5,110,763	(8,552,260)	5,110,763
Loss on write-off assets	11,086,379	48,386,557	-	-
Loss on diminution in value of investment	-	-	-	9,418,074
Reversal of provision for loss on investment in joint venture	-	-	(94,801,842)	(2,205,936)
Share of profit from investments in associates and joint venture	(86,635,621)	(1,813,560)	-	-
Reversal of allowance for loss on impairment of fixed assets	(700,000)	-	(700,000)	-
Gain on disposal of investment property	-	(1,265,000)	-	(1,265,000)
Loss on disposal and write-off equipment	16,458,604	3,461,190	16,254,944	3,409,099
Unrealised loss on exchange	514,917	4,998,363	2,084,452	11,694,096
Increase in provision for long-term employee benefits	21,509,036	17,430,800	16,568,710	15,463,202
Increase in provision for construction project loss	30,750,567	908,538	30,750,567	908,538
Amortisation of deferred debenture issuing cost	5,582,642	7,564,811	5,582,642	7,564,811
Interest income	(44,368,613)	(11,724,182)	(66,064,940)	(35,953,789)
Interest expenses	215,227,224	224,378,488	170,098,750	177,431,466
Profit from operating activities before changes in operating assets and liabilities	687,614,281	492,891,342	580,849,843	501,962,705

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating assets decrease (increase)				
Trade and other receivables	191,549,105	170,253,666	276,418,830	243,486,470
Unbilled receivables	(621,456,072)	(318,738,140)	(520,659,248)	(312,687,071)
Retention receivables	95,714,984	(43,065,006)	112,626,594	(37,277,802)
Inventories	(316,440,900)	148,403,179	(142,749,063)	221,508,622
Project development cost	218,497,370	10,383,454	39,094,543	36,537,684
Other current assets	342,364,676	(117,997,758)	340,191,357	(107,357,189)
Other non-current assets	(64,736,047)	(87,402,165)	(109,641,975)	(155,931,515)
Operating liabilities increase (decrease)				
Trade and other payables	(99,014,880)	95,163,718	(204,239,438)	(11,473,951)
Advances received from construction	399,086,048	(582,951,606)	357,142,686	(605,018,724)
Other current liabilities	239,123,761	(54,244,932)	19,256,635	(65,640,808)
Retention payables	128,975,857	77,334,370	99,830,253	60,800,366
Other non-current liabilities	(809,627)	(899,363)	(809,627)	(899,363)
Payment of long-term employee benefits	(17,457,060)	(12,671,818)	(17,457,060)	(12,671,818)
Cash from (used in) operating activities	1,183,011,496	(223,541,059)	829,854,330	(244,662,394)
Cash paid for interest expenses	(245,891,111)	(230,943,364)	(169,353,955)	(159,933,508)
Cash paid for income tax expenses	(167,014,105)	(157,766,535)	(150,315,942)	(141,226,713)
Income tax refund	132,860,153	167,923,647	129,468,959	152,241,466
Net cash from (used in) operating activities	902,966,433	(444,327,311)	639,653,392	(393,581,149)
Cash flows from investing activities				
Decrease (increase) in current investments	(216,128)	440,637,065	(274,998)	440,695,935
Decrease (increase) in short-term loans and advances, net	(2,681,516)	20,484,358	(180,997,817)	76,239,553
Decrease (increase) in restricted bank deposits	23,754,715	(12,288,917)	27,701,786	(9,251,741)
Increase in long-term loans to related party	-	-	24,981,614	17,406,908
Cash paid for investment in subsidiaries	-	-	(49,250,000)	(342,920,600)
Cash paid for other long-term investment	(9,940,000)	(1,000,000)	-	-
Proceeds from disposal of investment property	-	2,645,000	-	2,645,000
Proceeds from disposal of equipment	89,607,045	18,926,661	89,607,045	18,916,823
Acquisition of equipment	(160,095,626)	(306,022,671)	(129,971,742)	(203,320,733)
Dividend received from associate company	31,999,904	-	-	-
Interest income	42,109,170	9,196,603	44,310,357	18,205,817
Net cash from (used in) investing activities	14,537,564	172,578,099	(173,893,755)	18,616,962

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans				
from financial institutions, net	1,278,401,745	257,792,083	1,237,931,340	288,334,519
Increase (decrease) in short-term loans				
from related party, net	(2,690,033)	17,000,000	(2,690,033)	-
Repayment liabilities under hire purchase				
and finance lease agreements	(144,477,618)	(199,907,905)	(144,213,054)	(195,865,668)
Cash receipt from long-term loans from related party	19,581,373	-	-	-
Repayment long-term loans from related party	(36,235,783)	(11,604,605)	-	-
Cash receipt from long-term loans from banks	841,616,519	388,132,000	500,000,000	-
Repayment long-term loans from banks	(726,513,779)	(450,598,376)	-	-
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)	(1,500,000,000)	(1,500,000,000)
Net cash from (used in) financing activities	(270,317,576)	211,307,350	91,028,253	302,963,004
Increase in translation adjustment	1,199,318	2,685,937	-	-
Net increase (decrease) in cash and cash equivalents	648,385,739	(57,755,925)	556,787,890	(72,001,183)
Cash and cash equivalents at beginning of year	598,782,310	656,538,235	523,173,849	595,175,032
Cash and cash equivalents at end of year	1,247,168,049	598,782,310	1,079,961,739	523,173,849
	-	-	-	-

Supplemental cash flows information

Non-cash transactions

Acquisition of assets under hire purchase and				
finance lease agreements during the year	40,559,876	87,741,784	38,100,716	86,727,844
Capitalised interest as part of assets	-	829,790	-	-
Capitalised interest as part of project development cost	10,666,652	24,899,218	-	-
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	1,996,181	-	1,996,181	-

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 2018****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>2018</u>	<u>2017</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	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, being 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>2018</u>	<u>2017</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
A.S. - Nawarat Joint Venture	Construction	Thailand	50	50
<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	70

In 2018, Obayashi - Nawarat Joint Venture announced the cessation of its business, since its construction project was completed.

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 2018 and 2017.

(Unit: Million Baht)

	Consolidated financial statements							
	Nawarat - A.S.		Obayashi -		A.S. - Nawarat		Nawarat Advance	
	Associated Joint		Nawarat		Joint Venture		Prefab Myanmar	
	Venture		Joint Venture		Joint Venture		Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	2	2	-	-	-	44	13	8
Non-current assets	-	-	-	-	-	-	12	11
Current liabilities	6	6	-	-	5	40	21	2
Non-current liabilities	-	-	-	-	-	2	-	7
Venturers' equity	(4)	(4)	-	-	(5)	2	4	10

(Unit: Million Baht)

	Separate financial statements					
	Nawarat - A.S.		Obayashi -		A.S. - Nawarat	
	Associated		Nawarat		Joint Venture	
	Joint Venture		Joint Venture		Joint Venture	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	2	2	-	-	-	44
Non-current assets	-	-	-	-	-	-
Current liabilities	6	6	-	-	5	40
Non-current liabilities	-	-	-	-	-	2
Venturers' equity	(4)	(4)	-	-	(5)	2

Summarised information about comprehensive income for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Consolidated financial statements							
	Nawarat - A.S.		Obayashi -		A.S. - Nawarat		Nawarat Advance	
	Associated Joint		Nawarat		Joint Venture		Prefab Myanmar	
	Venture		Joint Venture		Joint Venture		Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total revenue	-	-	-	-	-	1	23	-
Loss	-	-	-	(2)	(2)	(4)	(5)	(2)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	(2)	(2)	(4)	(5)	(2)

(Unit: Million Baht)

	Separate financial statements					
	Nawarat - A.S.		Obayashi -		A.S. - Nawarat	
	Associated Joint		Nawarat		Joint Venture	
	Venture		Joint Venture		Joint Venture	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total revenue	-	-	-	-	1	1
Loss	-	-	-	(2)	(2)	(4)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	(2)	(2)	(4)

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 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 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the adjustments of commission paid to obtain a contract. The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a the set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 are as follows:

- Lands - Stated at cost less allowance for loss on impairment (if any). Cost includes land and cost of land development.
- Condominium unit - Stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation is included in determining income.

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, constructions and improvement - 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 and other long-term employee 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 and other long-term employee benefits

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. In addition, a subsidiary provides other long-term benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

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 and its subsidiaries 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 and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits plan are 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 and its subsidiary 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, its subsidiaries and those related parties.

Business transactions

Pricing and lending policy

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 - 6.50 and MLR percent per annum (2017: 5.00 - 19.00, MLR and MLR+0.25 percent per annum)
Interest expenses	Interest rates at 6.50 - 7.50 percent per annum (2017: 6.50 - 8.00 percent per annum)
Management fee income	Contract price

(Unit: Million Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Revenues from construction, sales and service	-	-	119	74
Cost of construction, sales and service	-	-	86	62
Interest income	-	-	19	22
Management fee income	-	-	-	2
<u>Transactions with related parties</u>				
Revenues from construction, sales and service	11	4	11	4
Cost of construction, sales and service	4	8	4	8
Interest income	1	2	1	2
Interest expense	2	2	-	-

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Subsidiaries	-	-	485,677	362,469
Related companies (related by common shareholders)	165,132	162,400	165,132	162,400
Related companies (related by common directors)	670	1,661	670	1,661
Total	165,802	164,061	651,479	526,530
Less: Allowance for doubtful accounts	(156,943)	(156,995)	(156,943)	(156,995)
Total trade receivables - related parties, net	8,859	7,066	494,536	369,535
<u>Unbilled receivables - related parties</u>				
Subsidiaries	-	-	-	8,903
Joint arrangements	2,481	2,481	2,481	2,481
Total	2,481	2,481	2,481	11,384
Less: Allowance for doubtful accounts	(2,481)	(2,481)	(2,481)	(2,481)
Total unbilled receivables - related parties, net	-	-	-	8,903
<u>Retention receivable - related party</u>				
Associated company	921	-	921	-
Total retention receivable - related party	921	-	921	-
<u>Short-term loans and advances to related parties</u>				
Subsidiaries	-	-	578,176	378,292
Associated company	12,000	12,000	12,000	12,000
Joint arrangements	5,822	3,134	-	-
Total	17,822	15,134	590,176	390,292
Less: Allowance for doubtful accounts	-	-	(83,931)	(75,665)
Total short-term loans and advances to related parties, net	17,822	15,134	506,245	314,627
<u>Long-term loans to related party</u>				
Subsidiary	-	-	18,928	43,910
Total long-term loans to related party	-	-	18,928	43,910
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	32,242	46,671
Associated company	10,500	-	10,500	-
Joint arrangements	2,970	2,285	694	-
Related companies (related by common shareholders)	1,071	3,734	1,071	3,734
Related companies (related by common directors)	298	1,726	298	1,726
Total trade and other payables - related parties	14,839	7,745	44,805	52,131

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<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>Short-term loans and interest payable to related parties</u>				
Joint arrangements	-	2,690	-	2,690
Related company (related by common directors)	9,000	9,000	-	-
Related party (director of the subsidiary)	8,000	8,000	-	-
Total short-term loans and interest payable to related parties	17,000	19,690	-	2,690
<u>Long-term loans from related parties</u>				
Related company (minority shareholders of subsidiary and common directors)	12,619	22,951	-	-
Related party (shareholder and director of the subsidiary)	-	6,322	-	-
Total long-term loans from related parties	12,619	29,273	-	-
<u>Retention payable - related party</u>				
Subsidiary	-	-	357	-
Total retention payable - related party	-	-	357	-

Short-term loans and advances to related parties

As at 31 December 2018 and 2017, the balance of short-term loans and advances between the Company and those related parties and the movement are as follows:

		(Unit: Thousand Baht)				
		Consolidated financial statements				
Short-term loans and advances	Related by	Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	gain on	31 December
		2017	the year	the year	exchange	2018
C.I.N. Estate Company Limited	Associated company	12,000	753	(753)	-	12,000
Nawarat Advance Prefab						
Myanmar Company Limited	Joint operation	3,134	2,682	-	6	5,822
Total		15,134	3,435	(753)	6	17,822

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at 31 December 2017	Increase during the year	Decrease during the year	Unrealised loss on exchange Balance as at 31 December 2018
Short-term loans and advances	Related by				
Myanmar NWR Company Limited	Subsidiary company	75,665	8,897	-	(631)
Advance Prefab Company Limited	Subsidiary company	273,701	15,545	-	-
Mana Patanakarn Company Limited	Subsidiary company	28,926	11,651	-	-
Tastemaker Company Limited	Subsidiary company	-	7,057	(7,057)	-
Nawarat (Cambodia) Company Limited	Subsidiary company	-	190,837	(25,477)	(938)
C.I.N. Estate Company Limited	Associated company	12,000	753	(753)	-
		390,292	234,740	(33,287)	(1,569)
Less: Allowance for doubtful accounts		(75,665)	(8,897)	-	631
Total		314,627	225,843	(33,287)	(938)
					506,245

Short-term loans to related parties carried interest at the rates 5.00 - 6.00 and MLR percent per annum. The loans are unsecured and repayable on demand.

Long-term loans to related party

As at 31 December 2018 and 2017, the balance of loans between the Company and related party and the movement are as follows:

(Unit: Thousand Baht)

		Separate financial statements		
		Balance as at 31 December 2017	Increase during the year	Decrease during the year Balance as at 31 December 2018
Long-term loans	Related by			
Utility Business Alliance Company Limited	Subsidiary company	43,910	-	(24,982)
Total		43,910	-	(24,982)
				18,928

Utility Business Alliance Company Limited entered into two loan agreements with the Company. The loans carry interest at the rate of 6.50 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 2018 and 2017, the balance of short-term loans and interest payable to related parties between the Company and those 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 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
A.S. - Nawarat Joint Venture	Joint arrangements	2,690	-	(2,690)	-
K Alliacne Company Limited	Related company (related by common shareholders)	9,000	675	(675)	9,000
SiamEast Solutions Public Company Limited	Related company (minority shareholders of subsidiary and common directors)	-	4,124	(4,124)	-
Related person	Director of the subsidiary	8,000	560	(560)	8,000
Total		19,690	5,359	(8,049)	17,000

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans and interest payable	Related by	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
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 6.50 - 7.50 percent per annum. The loans are unsecured and due at call.

Long-term loans from related parties

As at 31 December 2018 and 2017, 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 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
PPM Engineering Company Limited*	Related company (minority shareholders of subsidiary and common directors)	22,951	-	(22,951)	-
SiamEast Solutions Public Company Limited*	Related company (minority shareholders of subsidiary and common directors)	-	19,581	(6,962)	12,619
Related person	Shareholder and director of the subsidiary	6,322	-	(6,322)	-
Total		29,273	19,581	(36,235)	12,619
Less: Current portion		(16,654)			(12,619)
Net		12,619			-

* On 2 May 2018, PPM Engineering Company Limited sold all its share in Utility Business Alliance Company Limited to SiamEast Solutions Public Company Limited. Therefore, SiamEast Solutions Public Company Limited is the related party by minority shareholders of subsidiary and common directors.

The long-term loan from PPM Engineering Company Limited is to be paid in 43 monthly installments with the first installment is due in January 2017. The loan carries interest at the rate of 6.50 percent per annum and is unsecured. During the current year, the subsidiary has made the full payment of the loan to such company.

The long-term loan from SiamEast Solutions Public Company Limited is to be paid in 18 monthly installments with the first installment is due in May 2018. The loan carries interest at the rate of 6.50 percent per annum and is unsecured.

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 carries interest at the rate of 6.50 - 8.00 percent per annum. During the current year, the subsidiary has already made the full payment of the loan.

Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	46	44	37	36
Post-employment benefits	2	1	1	1
Total	48	45	38	37

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.3 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	25,925	106,525	20,060	102,940
Bank deposits	1,221,243	492,257	1,059,902	420,234
Total	1,247,168	598,782	1,079,962	523,174

As at 31 December 2018, bank deposits is saving accounts and fixed deposits, which carried interests between 0.125 - 1.50 percent per annum (2017: between 0.125 - 1.70 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments in available-for-sale securities				
Unit trust in open-end mutual funds - cost	5,103	4,886	5,103	4,827
Add: Unrealised gain on changes in value of investments	192	219	192	219
Investments in available-for-sale securities - fair value	5,295	5,105	5,295	5,046

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	440,876	447,787	287,448	399,979
Past due				
Up to 3 months	209,426	286,441	116,345	226,743
3 - 6 months	20,452	80,088	8,887	80,088
6 - 12 months	108,455	41,612	108,449	41,612
Over 12 months	466,671	506,546	464,825	506,546
Total	1,245,880	1,362,474	985,954	1,254,968
Less: Allowance for doubtful accounts	(134,343)	(220,190)	(134,343)	(220,190)
Net	1,111,537	1,142,284	851,611	1,034,778
<u>Trade accounts receivable - unrelated parties, long past due and during legal action</u>				
Aged on the basis of due dates				
Past due over 12 months	754,175	878,296	754,175	878,296
Less: Allowance for doubtful accounts	(754,175)	(878,296)	(754,175)	(878,296)
Net	-	-	-	-
Total trade accounts receivable - unrelated parties, net	1,111,537	1,142,284	851,611	1,034,778
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	934	374	18,095	4,774
Past due				
Up to 3 months	3,138	1,687	58,816	24,547
3 - 6 months	2,918	829	47,450	20,708
6 - 12 months	1,848	1,944	29,609	207,213
Over 12 months	156,964	159,227	497,509	269,288
Total	165,802	164,061	651,479	526,530
Less: Allowance for doubtful accounts	(156,943)	(156,995)	(156,943)	(156,995)
Total trade accounts receivable - related parties, net	8,859	7,066	494,536	369,535
<u>Other receivables</u>				
Accrued income - unrelated parties	71,150	32,038	16,554	31,783
Others	3,891	1,185	1,348	913
Total other receivables	75,041	33,223	17,902	32,696
Total trade and other receivables, net	1,195,437	1,182,573	1,364,049	1,437,009

10. Unbilled receivables

The outstanding balances of unbilled receivables are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Project value as per contract	46,064,276	35,557,442	44,467,662	33,192,053
Accumulated amount recognised as revenue on percentage of completion basis	29,738,459	26,698,070	29,106,256	25,544,799
Less: Value of total billed	(26,402,195)	(23,971,540)	(25,903,392)	(22,850,872)
Total	3,336,264	2,726,530	3,202,864	2,693,927
Less: Allowance for doubtful accounts	(86,995)	(98,717)	(86,995)	(98,717)
Unbilled receivables - net	3,249,269	2,627,813	3,115,869	2,595,210

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	124,516	128,045	(3,924)	(11,414)	120,592	116,631
Works in process	308,184	62,892	-	-	308,184	62,892
Raw materials and supplies	491,279	436,144	(8,671)	(10,952)	482,608	425,192
Total	923,979	627,081	(12,595)	(22,366)	911,384	604,715

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	84,591	78,971	(1,642)	(10,737)	82,949	68,234
Works in process	126,962	56,879	-	-	126,962	56,879
Raw materials and supplies	425,634	381,341	(8,671)	(10,953)	416,963	370,388
Total	637,187	517,191	(10,313)	(21,690)	626,874	495,501

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 2 million (2017: Baht 1 million) (Separate financial statements: Nil 2017: Nil), to reflect the net realisable value. This was included in cost of sales. In addition, there was reversed the write-down of cost of inventories by Baht 11 million (2017: Baht 2 million) (Separate financial statements: Baht 11 million 2017: Baht 2 million), and reduced the amount of inventories recognised as expenses during the year.

12. Project development cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land and construction under development	159,820	443,776	-	-
Developed land and construction	1,389,212	1,315,082	22,467	63,558
Total	1,549,032	1,758,858	22,467	63,558
Less: Allowance for loss on diminution in value of project	(4,520)	(13,072)	(4,520)	(13,072)
Total project development cost - net	1,544,512	1,745,786	17,947	50,486

As at 31 December 2018, the subsidiary had an outstanding balance of project development cost amounting to Baht 232 million (2017: Baht 512 million) which has been financed with loans from financial institutions. During the year 2018, the subsidiary capitalised interest of approximately Baht 11 million (2017: Baht 25 million) (Separate finance statements: Nil 2017: Nil), as part of project development cost. The capitalisation rate on project development cost is approximately 5.03 - 6.28 percent per annum (2017: 5.03 - 6.28 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.

13. Other current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Withholding income tax	139,767	285,347	128,907	270,930
Advance payment	32,265	59,978	29,550	58,010
Advance payment for goods	10,946	128,563	10,946	128,340
Prepaid expenses	39,229	27,011	24,038	26,587
Value added tax refundable	50,286	57,485	4,079	5,870
Others	51,945	114,018	41,125	87,450
Total other current assets	324,438	672,402	238,645	577,187

14. 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.

15. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net		Dividend received during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</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 1,100 million	100	100	1,099,940	1,099,940	-	-	1,099,940	1,099,940	-	-
Advance Prefab Company Limited	Baht 400 million	Baht 380 million	100	100	400,000	380,000	-	-	400,000	380,000	-	-
Tastemaker Company Limited	Baht 47 million	Baht 20 million	99	99	46,950	17,700	-	-	46,950	17,700	-	-
Nawarat (Cambodia) Company Limited	USD 5,000	USD 5,000	100	100	171	171	-	-	171	171	-	-
Total					1,578,357	1,529,107	(3,013)	(3,013)	1,575,344	1,526,094	-	-

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.

On 4 January 2018 and 15 May 2018 Advance Prefab Company Limited called up of the additional share capital amounting to Baht 10 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.

On 3 January 2018, Tastemaker Company Limited called up of the additional share capital amounting to Baht 2.25 million and the Company has fully paid up for the additional called share capital.

On 19 April 2018, an Extraordinary General Meeting of the shareholders of Tastemaker Company Limited approved an increase in its registered share capital from Baht 20 million (200,000 ordinary shares of Baht 100 each) to Baht 50 million (500,000 ordinary shares of Baht 100 each) through the issuance of 300,000 ordinary shares with a par value of Baht 100 per share. The increase in share capital was registered with the Ministry of Commerce on 24 April 2018. The Company's shareholding in such company remains 99 percent. Consequently, during the current year, the company called up of the increased share capital amounting to Baht 27 million. The Company has fully paid up for the addition called share capital.

15.2 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 2018 and 2017.

(Unit: Million Baht)

	Utility Business Alliance Company Limited	
	<u>2018</u>	<u>2017</u>
Current assets	208	232
Non-current assets	162	215
Current liabilities	167	184
Non-current liabilities	52	131

Summarised information about comprehensive income for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Utility Business Alliance Company Limited	
	<u>2018</u>	<u>2017</u>
Total revenues	530	507
Profit	21	21
Other comprehensive income	-	-
Total comprehensive income	21	21

Summarised information about cash flow for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Utility Business Alliance Company Limited	
	<u>2018</u>	<u>2017</u>
Cash flow from operating activities	115	167
Cash flow used in investing activities	(19)	(6)
Cash flow used in financing activities	(110)	(146)
Net increase (decrease) in cash and cash equivalents	<u>(14)</u>	<u>15</u>

16. Investments in associates

16.1 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		Dividend received during the year	
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017	2018	2017
C.I.N. Estate Company Limited	Property development	Thailand	40	40	160,471	160,471	195,740	236,927	(9,187)	2,608	32,000	-
VSPN Property Company Limited	Property development	Thailand	25	25	25,000	25,000	14,791	13,770	1,021	(3,000)	-	-
Total					185,471	185,471	210,531	250,697	(8,166)	(392)	32,000	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements							
					Cost method		Allowance for impairment of investments		Carrying amounts based on cost method - net		Dividend received during the year	
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017	2018	2017
VSPN Property Company Limited	Property development	Thailand	25	25	25,000	25,000	(9,418)	(9,418)	15,582	15,582	-	-
Total					25,000	25,000	(9,418)	(9,418)	15,582	15,582	-	-

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.

Investment in VSPN Property Company Limited

On 30 November 2017, the Extraordinary General Meeting of the Shareholders of VSPN Property Company Limited passed a special resolution approving the dissolution of the company. The associate registered its dissolution on 13 December 2017. At present, this company is in the process of liquidation.

16.2 Summarised financial information about associates

Summarised information about financial position as at 31 December 2018 and 2017.

(Unit: Million Baht)

	C.I.N. Estate Company Limited		VSPN Property Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	72	37	20	23
Other current assets	16	10	1	1
Project development cost	723	837	43	43
Investment properties	36	39	-	-
Other non-current assets	8	5	-	-
Other current liabilities	(64)	(68)	(1)	(4)
Long-term loans	(296)	(267)	-	-
Other non-current liabilities	(5)	-	-	-
Net assets	490	593	63	63
Shareholding percentage	40%	40%	25%	25%
Share of net assets	196	237	16	16
Elimination entries	-	-	(1)	(2)
Carrying amounts of associates based on equity method	196	237	15	14

Summarised information about comprehensive income for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	C.I.N. Estate Company Limited		VSPN Property Company Limited	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Total revenues	341	293	52	68
Profit (loss)	(23)	7	4	(12)
Other comprehensive income	-	-	-	-
Total comprehensive income	(23)	7	4	(12)

17. Other long-term investments

	Percentage of shareholding (%)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<u>Investments in available-for-sale securities</u>					
Charn Issara Development Public Company Limited	0.66	9,940	-	-	-
Less: Unrealised loss on changes in value of investments		(1,400)	-	-	-
Fair value		8,540	-	-	-
<u>General investments</u>					
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	1,416	416	416
Total		57,178	57,178	56,178	56,178
Less: Allowance for impairment loss on investment		(46,178)	(46,178)	(46,178)	(46,178)
Net		11,000	11,000	10,000	10,000
Total other long-term investments, net		19,540	11,000	10,000	10,000

18. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land awaiting sale	Condominium unit for rent	Total
<u>Cost:</u>			
As at 1 January 2017	183,171	-	183,171
Transfer from property, plant and equipment	2,064	2,500	4,564
Disposal	(1,380)	-	(1,380)
As at 31 December 2017	183,855	2,500	186,355
As at 31 December 2018	183,855	2,500	186,355

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land awaiting sale	Condominium unit for rent	Total
<u>Accumulated depreciation:</u>			
As at 1 January 2017	-	-	-
Transfer from property, plant and equipment	-	250	250
As at 31 December 2017	-	250	250
Depreciation for the year	-	125	125
As at 31 December 2018	-	375	375
<u>Allowance for impairment loss:</u>			
As at 1 January 2017	2,010	-	2,010
As at 31 December 2017	2,010	-	2,010
As at 31 December 2018	2,010	-	2,010
<u>Net book value:</u>			
As at 31 December 2017	181,845	2,250	184,095
As at 31 December 2018	181,845	2,125	183,970

(Unit: Thousand Baht)

	Separate financial statements	
	Land awaiting sale	
<u>Cost:</u>		
As at 1 January 2017		183,171
Disposals		(1,380)
As at 31 December 2017		181,791
As at 31 December 2018		181,791
<u>Allowance for impairment loss:</u>		
As at 1 January 2017		2,010
As at 31 December 2017		2,010
As at 31 December 2018		2,010
<u>Net book value:</u>		
As at 31 December 2017		179,781
As at 31 December 2018		179,781

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land awaiting sale	334,483	330,149	332,420	328,085
Condominium unit for rent	2,586	2,586	-	-
Total investment properties	<u>337,069</u>	<u>332,735</u>	<u>332,420</u>	<u>328,085</u>

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

The Company has mortgaged investment properties, with the net book value as at 31 December 2018 totaling Baht 3 million (2017: Baht 3 million), with a financial institution as collateral for the Company's credit facilities obtained from the financial institution.

19. 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 2017	190,115	69,469	583,200	3,783,432	227,882	908,755	150,138
Transfer to investment properties	(2,064)	-	(2,500)	-	-	-	(4,564)
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
Transfer from project development cost	1,996	-	-	-	-	-	-
Additions	-	-	13,393	92,506	12,945	11,078	70,734
Disposals/write-offs	-	-	-	(260,737)	(13,048)	(29,814)	-
Transferred in (out)	-	-	119,892	53,146	2,976	4,713	(180,727)
As at 31 December 2018	190,047	69,469	793,023	3,797,940	271,448	901,856	79,836

Consolidated financial statements

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(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 2017	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
Transfer from project development cost	1,996	-	-	-	-	-	-	1,996
Additions	-	-	6,245	81,943	8,393	11,001	60,490	168,072
Disposals/write-offs	-	-	-	(257,410)	(10,654)	(29,752)	-	(297,816)
Transferred in (out)	-	-	37,992	34,458	2,976	4,713	(80,139)	-
As at 31 December 2018	166,110	33,470	267,753	3,614,599	220,196	876,078	20,458	5,198,664
<u>Accumulated depreciation:</u>								
As at 1 January 2017	-	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
Depreciation for the year	-	1,206	16,784	230,749	21,895	49,169	-	319,803
Depreciation on disposals/write-offs	-	-	-	(155,313)	(8,930)	(27,712)	-	(191,955)
As at 31 December 2018	-	32,818	109,098	2,651,924	175,830	574,533	-	3,544,203

(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
	Land	improvement	improvement	equipment	fixtures	vehicles	Total
<u>Allowance for impairment loss:</u>							
As at 1 January 2017	1,164	-	-	42,646	-	-	43,810
As at 31 December 2017	1,164	-	-	42,646	-	-	43,810
Decrease during the year	(700)	-	-	-	-	-	(700)
As at 31 December 2018	464	-	-	42,646	-	-	43,110
<u>Net book value:</u>							
As at 31 December 2017	162,950	1,858	131,202	1,136,474	56,616	337,040	1,866,247
As at 31 December 2018	165,646	652	158,655	920,029	44,366	301,545	1,611,351
<u>Depreciation for the year:</u>							
2017 (Baht 313 million included in cost, and the balance in administrative expenses)							324,516
2018 (Baht 307 million included in cost, and the balance in administrative expenses)							319,803

As at 31 December 2018, the Company and its subsidiaries had machinery, vehicles and equipment with net book value of Baht 643 million (2017: Baht 704 million) which were acquired under hire purchase and finance lease agreements (Separate financial statements: Baht 639 million, 2017: Baht 700 million).

As at 31 December 2018, 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 2,228 million (2017: Baht 2,181 million) (Separate financial statements: Baht 2,212 million, 2017: Baht 2,166 million).

The Company and its subsidiaries have mortgaged the part of land and buildings thereon, machinery and ships, with the net book value as at 31 December 2018 totaling Baht 855 million (2017: Baht 780 million) (Separate financial statements: Baht 141 million, 2017: 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.

20. Leasehold right for land

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	<u>2018</u>	<u>2017</u>
Leasehold right for land	69,418	69,418
Less: Accumulated amortisation	(64,675)	(62,088)
Leasehold right - net	<u>4,743</u>	<u>7,330</u>
Amortisation for the year	<u>2,587</u>	<u>2,587</u>

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

	Interest rate (% p.a.)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	MOR	20,006	6,517	-	-
Trust receipt payable	MOR-0.75	4,255	-	4,255	-
Short-term loans from financial institutions	6.50, 6.75, 6.86, MOR, MOR-0.25, MOR-0.50, MOR-0.75, MMR, MLR-1.25	1,650,182	389,524	1,541,000	307,324
Total		<u>1,674,443</u>	<u>396,041</u>	<u>1,545,255</u>	<u>307,324</u>

The bank overdrafts and short-term loan facilities of the Company and its subsidiaries are secured by the pledge of fixed deposits of its subsidiaries, 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.

22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties	1,051	4,283	33,052	50,360
Trade payables - unrelated parties	1,392,161	1,507,669	1,165,366	1,319,058
Advance received from related parties	109	109	109	109
Advance received from unrelated party	-	35,911	-	35,911
Other payables - related parties	13,094	3,457	11,059	1,771
Other payables - unrelated parties	100,935	112,645	57,803	60,140
Accrued expenses - related parties	694	5	694	-
Accrued expenses - unrelated parties	184,686	146,941	40,774	47,008
Total trade and other payables	1,692,730	1,811,020	1,308,857	1,514,357

23. Hire purchase creditors and finance lease payable

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under hire purchase and finance lease agreements	202,687	312,810	198,278	307,983
Less: Deferred interest expenses	(8,441)	(16,701)	(8,167)	(16,347)
Total	194,246	296,109	190,111	291,636
Less: Portion due within one year	(106,067)	(133,832)	(104,130)	(131,377)
Liabilities under hire purchase and finance lease agreements, net of current portion	88,179	162,277	85,981	160,259

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 2.62 and 8.15 percent per annum (2017: 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 2018		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	112	91	203
Deferred interest expenses	(6)	(3)	(9)
Present value of future minimum lease payments	106	88	194

	(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)		
	Separate financial statements		
	as at 31 December 2018		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	109	89	198
Deferred interest expenses	(5)	(3)	(8)
Present value of future minimum lease payments	104	86	190

	(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

24. Long-term loans from banks

			(Unit: Thousand Baht)			
Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017
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	-	-
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	-	-
3	MLR	Monthly installments from March 2015 to September 2018	-	13,171	-	-
4	MLR-1.25	Paid all amount within 60 months since sign contract	185,731	322,002	-	-
5	MLR	Monthly installments from December 2016 to June 2021	38,000	53,360	-	-
6	MLR	Monthly installments from January 2017 to June 2021	27,776	38,888	-	-
7	MLR-0.5	Monthly installments from February 2018 to January 2024	256,000	300,000	-	-
8	MLR-0.5	Monthly installments from March 2019 to February 2024	24,784	-	-	-
9	MLR-0.25	Repayable in installments for every 6 months from January 2020 to July 2023	500,000	-	500,000	-
Total			1,032,291	917,188	500,000	-
Less: Current portion			(264,403)	(571,277)	-	-
Long-term loans, net of current portion			767,888	345,911	500,000	-

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 2018, the Company and its subsidiary has an undrawn amount of loan under the above agreements amounting to Baht 559 million (2017: Baht 871 million) (Separate financial statements: nil, 2017: nil).

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2017	917,188	-
Add: Increase during the year	841,617	500,000
Less: Payment during the year	(726,514)	-
Balance as at 31 December 2018	<u>1,032,291</u>	<u>500,000</u>

25. Debentures

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2018</u>	<u>2017</u>
Debentures 1/2558	-	1,500,000
Debentures 1/2560	1,720,100	1,720,100
Total	1,720,100	3,220,100
Less: Deferred debenture issuing costs	(5,469)	(11,052)
	1,714,631	3,209,048
Less: Current portion	-	(1,500,000)
Debentures, net of current portion	<u>1,714,631</u>	<u>1,709,048</u>

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. The Company repaid such debentures in August 2018.

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. In 2017, the Company sold 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.

26. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		Separate financial statements
	Defined benefit plans	Other long-term employee benefits	Defined benefit plans
Provision for long-term employee benefits			
as at 1 January 2017	161,566	-	161,566
Included in profit or loss:			
Current service cost	13,521	-	13,521
Interest cost	3,910	-	3,910
Included in other comprehensive income:			
Actuarial loss arising from			
- Demographic assumptions changes	1,935	-	1,935
- Financial assumptions changes	1,287	-	1,287
- Experience adjustments	15,701	-	15,701
Benefits paid during the year	(12,672)	-	(12,672)
Provision for long-term employee benefit			
as at 31 December 2017	185,248	-	185,248
Included in profit or loss:			
Current service cost	14,982	229	15,211
Interest cost	4,405	30	4,435
Past service cost	-	1,863	-
Benefits paid during the year	(17,457)	-	(17,457)
Provision for long-term employee benefit			
as at 31 December 2018	187,178	2,122	189,300

During the current year, a subsidiary amended its employee benefits plan by introducing addition benefits in the form of long service awards. This had resulted in increasing of Baht 2 million in the consolidated's liabilities related to past service cost.

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of construction	12,730	10,996	9,833	9,822
Cost of sales and services	728	599	728	599
Administrative expenses	8,051	5,836	6,008	5,043
Total expenses recognised in profit or loss	21,509	17,431	16,569	15,464

The Company and its subsidiaries expect to pay Baht 15 million of long-term employee benefits during the next year (2017: Baht 45 million) (Separate financial statements: Baht 15 million, 2017: Baht 44 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 4 - 17 years (2017: 9 - 17 years) (Separate financial statements: 9 years, 2017: 9 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.5 - 3.3	2.5 - 3.3	2.4	2.4
Future salary increase rate	4.0 - 5.5	4.0 - 5.5	4.0 - 4.5	4.0 - 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 2018 and 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2018					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 10%	Decrease 10%
Consolidated financial statements	(7)	7	8	(8)	(4)	4
Separate financial statements	(6)	6	7	(6)	(3)	4

(Unit: Million Baht)

	As at 31 December 2017					
	Discount rate		Salary increase rate		Turnover rate	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%	Increase 10%	Decrease 10%
Consolidated financial statements	(7)	7	7	(7)	(4)	4
Separate financial statements	(6)	6	6	(6)	(3)	3

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 50 million (Separate financial statements: Baht 46 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

27. Joint venture/Provision for loss on investment in joint venture

27.1 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:

Joint venture	Nature of business	Country of incorporation	Shareholding percentage	
			2018 (%)	2017 (%)
NWR - SBCC Joint Venture	Soil and coal extraction and transportation	Thailand	50	50

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements				Separate financial statements			
	Carrying amounts based on equity method (Provision for loss on investment)		Share of profit from investment during the year		Carrying amounts based on cost method (Provision for loss on investment)		Reversal of provision for loss on investment in joint venture	
	2018	2017	2018	2017	2018	2017	2018	2017
NWR - SBCC Joint Venture	-	(94,802)	94,802	2,206	-	(94,802)	94,802	2,206

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 percent of 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. Consequently, on 15 January 2018, the Court has ordered such company to go bankrupt.

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. Consequently, on 28 March 2018, the Hirer has considered and approved the extension period from 28 March 2018 to 23 April 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.

At present, this project is completed, and the joint venture is in the process of disposal of all machinery and refund of the overpaid corporate income tax from the Revenue Department. Moreover, the Company has no obligations, whether legal or constructive to make any payments on behalf of this joint venture. The Company therefore reverses the provision for loss amounting to Baht 95 million in profit or loss for the year ended 31 December 2018.

27.2 Summarised financial information about joint venture

Summarised information about financial position as at 31 December 2018 and 2017.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	2018	2017
Cash and cash equivalents	6	17
Trade and other receivables	192	286
Unbilled receivables	14	187
Inventory	-	60
Assets held for sale	45	1,316
Other current assets	-	110
Other non-current assets	63	-
Trade and other payables	(286)	(2,138)
Other current liabilities	(34)	(28)
Net assets	-	(190)
Shareholding percentage	50%	50%
Share of net assets	-	(95)
Carrying amounts of joint venture based on equity method	-	(95)

Summarised information about comprehensive income for the years ended 31 December 2018 and 2017.

	(Unit: Million Baht)	
	NWR - SBCC Joint Venture	
	<u>2018</u>	<u>2017</u>
Total revenues	1,280	2,554
Depreciation and amortisation	(682)	(806)
Interest expenses	(2)	(19)
Profit	192	5
Other comprehensive income	-	-
Total comprehensive income	192	5

28. 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.

29. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	3,212,816	3,016,775	3,045,877	2,826,798
Salaries, wages and other employee benefits	971,512	1,005,832	786,838	857,063
Subcontractor costs	2,864,130	2,755,379	2,602,992	2,601,672
Fuel charges	312,962	163,376	155,894	157,646
Depreciation and amortisation	388,346	381,580	322,390	327,103
Repair and maintenance	146,106	127,606	94,064	122,339
Reversal provision for loss on investment				
in joint venture	-	-	(94,802)	(2,206)
Doubtful debts (reversal)	(321,213)	711	(312,946)	4,627
Other expenses	1,892,428	1,826,238	953,203	1,050,325
Changes in inventories of finished goods and work in process	(81,928)	33,957	(84,797)	33,879

30. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	31,601	7,646	21,841	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(7,246)	(1,420)	(3,126)	(1,475)
Income tax expense (income) reported in the statement of comprehensive income	<u>24,355</u>	<u>6,226</u>	<u>18,715</u>	<u>(1,475)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial losses	-	(3,784)	-	(2,668)
Deferred tax on loss from the change in value of available-for-sale investments	(285)	(1,891)	(5)	(1,891)
	<u>(285)</u>	<u>(5,675)</u>	<u>(5)</u>	<u>(4,559)</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	449,836	(188,303)	488,808	(23,487)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	89,967	(37,661)	97,762	(4,697)
Utilisation of previously recognised tax losses	(22,176)	(907)	(5,785)	-
Tax losses for the year that have not been recognised as deferred tax assets	26,005	38,146	476	6,633
Effects of preparing the consolidated financial statements	3,669	(1,116)	-	-
Effects of:				
Non-deductible expenses	11,060	11,725	12,510	9,391
Additional expense deductions allowed	(8,041)	(11,158)	(1,417)	(10,900)
Exemption of income	(65,871)	(1,461)	(65,871)	(1,461)
Share of profit from investments in associates and joint venture	(17,327)	(363)	-	-
Others	7,069	9,021	(18,960)	(441)
Total	(73,110)	7,764	(73,738)	(3,411)
Income tax expenses (income) reported in the statement of comprehensive income	24,355	6,226	18,715	(1,475)

As at 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for diminution in value of inventories	2,063	4,338	2,063	4,338
Allowance for diminution in value of project development cost	903	2,614	903	2,614
Allowance for asset impairment	8,763	8,903	8,763	8,903
Accumulated depreciation - Plant and equipment	4,388	4,052	4,396	4,052
Provision for long-term employee benefits	37,860	37,681	33,060	33,237
Provisions	6,332	334	6,332	334
Unused tax losses	3,042	-	-	-
Unrealised loss on changes in value of investments	242	-	-	-
Others	742	42	12	42
Deferred tax liabilities				
Amortisation of deferred debenture issuing costs	(1,094)	(2,210)	(1,094)	(2,210)
Unrealised gain on changes in value of investments	-	(44)	(38)	(44)
Total deferred tax assets - net	63,241	55,710	54,397	51,266

As at 31 December 2018, the Company and its subsidiaries had unused tax losses totaling Baht 340 million (2017: Baht 340 million) (Separate financial statements: Baht 11 million, 2017: Baht 43 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.

31. Basic earnings per share

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

32. 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 2018 and 2017, respectively.

(Unit: Million Baht)

The consolidated financial statements for the year ended 31 December 2018					
	Construction contracting business	Real estate development business	Manufacture of concrete products business	Eliminations	Consolidated
Revenue from external customers	8,676	828	431	-	9,935
Inter-segment revenue	41	-	157	(198)	-
Segment operating profit (loss)	495	76	(94)		477
Unallocated income (expenses):					
Interest income					44
Interest expenses					(215)
Other income and expenses					56
Share of profit from investments in associates and joint venture					87
Profit before income tax expenses					449
Income tax expense					(24)
Profit for the year					425
Profit attributable to non-controlling interests of the subsidiary					(7)
Profit for the year - attributable to equity holders of the Company					418

(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)

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>2018</u>	<u>2017</u>
Revenue from external customers		
Thailand	9,316	8,952
Others	620	323
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	2,674	2,909
Others	16	1

Major customers

For the year 2018, the Group has revenue arising from construction contracting business derived from two major customers in amount of Baht 4,126 million (2017: one major customer in amount of Baht 1,835 million).

33. Provident fund

The Company and its subsidiaries 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 subsidiaries 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 2018, the Company and its subsidiaries contributed Baht 21 million to the fund (2017: Baht 21 million) (Separate financial statements: Baht 17 million, 2017: Baht 17 million).

34. Commitments and contingent liabilities**34.1 Capital commitments**

As at 31 December 2018, the Company and its subsidiaries had the following capital commitments:

- a) The Company had an outstanding commitment of approximately USD 4,495 and Baht 3 million of the uncalled portion of investment in two subsidiaries (2017: USD 4,495 and Baht 22 million of the uncalled portion of investments in three subsidiaries).
- b) The subsidiary had an outstanding commitment of approximately USD 1 million of the uncalled portion of investment in the joint arrangement (2017: USD 1 million)
- c) The Company and its subsidiaries had outstanding commitments of approximately Baht 105 million and Baht 6 million, respectively, relating to acquisition of tools, machineries and equipment (2017: The Company and its subsidiary had outstanding commitments of approximately Baht 37 million and Baht 1 million, respectively, relating to construction of factory buildings, and acquisition of tools, machineries and equipment).

34.2 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.

(Unit: Million Baht)

Payable	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2018	2017	2018	2017
In up to 1 year	38	27	25	21
In over 1 and up to 5 years	43	49	19	26
In over 5 years	229	235	-	-

34.3 Guarantees

- a) As at 31 December 2018, the Company has commitments in respect of its guarantees of bank credit facilities of three subsidiary companies amounting to Baht 2,178 million and USD 2 million (2017: credit facilities of two subsidiary companies amounting to Baht 2,367 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. 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. However, as at 31 December 2018, the Company has no commitments in respect of such guarantee.
- 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:

(Unit: Million)

Foreign currency	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2018	2017	2018	2017
Baht	7,446	5,651	6,884	5,367
Yen	-	1	-	1
USD	-	1	-	1

35. 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. Consequently, 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. The case has finalised since the Supreme Court has issued the judgement in accordance with this agreement. The Company has no obligation to pay any compensation for this matter.

36. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investment (Note 8)	5	-	-	5
Other long-term investments (Note 17)	9	-	-	9
Assets for which fair value are disclosed				
Investment property (Note 18)	-	-	337	337
Liabilities for which fair value are disclosed				
Debentures (Note 25)	-	1,722	-	1,722

(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 18)	-	-	333	333
Liabilities for which fair value are disclosed				
Debentures (Note 25)	-	3,238	-	3,238

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2018				
	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 18)	-	-	332	332
Liabilities for which fair value are disclosed				
Debentures (Note 25)	-	1,722	-	1,722

(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 18)	-	-	328	328
Liabilities for which fair value are disclosed				
Debentures (Note 25)	-	3,238	-	3,238

37. Financial instruments

37.1 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 trade and other receivables and loans 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 23, 24 and 25 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	Consolidated/Separate financial statements			
	Financial assets as at 31 December		Average exchange rate as at 31 December	
	<u>2018</u> (Million)	<u>2017</u> (Million)	<u>2018</u> (Baht per 1 foreign currency unit)	<u>2017</u>
USD	10	7	32.4036	32.6407

As at 31 December 2018 and 2017, 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.

37.2 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.

38. 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 2018, the Group's debt-to-equity ratio was 2.29:1 (2017: 2.47:1) and the Company's was 1.81:1 (2017: 1.95:1).

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.