



2009

2010

## บริษัท ซีพีที จำกัด (มหาชน) Seafco Public Company Limited

รายงานประจำปี 2554  
Annual Report 2011





## Message from the Chairman

In 2011, the company has operated at loss since the company has been unable to deliver the work as targeted, particularly the civil work, due to continuous rainfall for several months, including the major flood. As a result, raw materials were running short because of the transportation problem and the price of raw materials has increased even though the number of bored piling and diaphragm wall construction is greater than that of the previous year.

For 2012, the backlog of the company as of the end of 2011 has accounted for 1,102 million baht, 77 percent of which is the bored piling and diaphragm wall construction while the remaining 23 percent was the civil work. The operating result of this year is expected to be better than that of the previous year because the margin of the bored piling and diaphragm wall construction is higher than that of the civil work. In addition, the government has launched a number of elevated train projects which would call for bidding soon. Thus there will be greater demand for large piling work in the market. Thank you all for the support and assistance provided to the company, including the management and every employees for their effort provided to the company, particularly the shareholders for their confidence and support.

Mr. Tachapong Pravesvararat  
Chairman of the Board



## Message from the Chairman of the Executive Board and President

Even though the company has anticipated that the global economy would decline in 2011 due to the global politics and major natural disasters in various regions and has planned to cope with the incidents in advance, the company has not anticipated that the flood in the country would be that bad as currently known. That has affect the overall construction work in the country even though the company has pooled its resources to expedite the delivery of the work. The total income has accounted to 1,577 million baht, 7.6 percent more than that of the previous year and the company could deliver the piling work of the Metropolitan rapid, purple line, contract 1 in accordance with the target. However, the value of the civil works awarded for 5 projects was low while the civil works were all affected by the major flood incurred even though the agreements have been renewed in accordance with the cabinet resolution. As the major flood has greatly increased the construction cost so the operating results in 2011 were at loss for 57.87 million baht and such projects would not significantly affect the operating results in 2012 as the company has already delivered the civil work for 2 projects in the first quarter while most of the construction work of other projects have largely proceeded to their completion.

This year the company has partially undertaken the construction work on diaphragm wall construction of the Metropolitan Rapid Train, Blue Line, Contract 2 for 2 stations and Contract 4 since February 2012 and the work was anticipated to be completed within this year. In addition, the company has incorporated a subsidiary company called Seafo Construction Co., Ltd. In 2012, 50% of its shares held by the company, to undertake the underground construction work of two high-rise buildings with value over 300 million baht and the work will be delivered entirely in 2012 and to undertake the piling work of other high-rise buildings over 20 projects and over 20 projects are expected to be received between quarter 2 and the end of quarter 4.

I, as the top executive, am confident that the company will turn out profitable in 2012 and would like to thank the employees of all levels for their efforts jointly undertaken to go through obstacles and difficulties at full capacity and thank the management, shareholders and customers for their support provided to me and the company.

Mr. Narong Thasnanipan

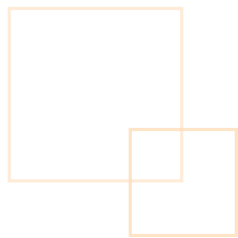
Chairman of the Executive Board and President

## Financial Highlights



|                          |              | 2009  | 2010   | 2011   |
|--------------------------|--------------|-------|--------|--------|
| Total Revenue            | Million Baht | 1,827 | 1,447  | 1,577  |
| Income from hire work    | Million Baht | 1,804 | 1,439  | 1,570  |
| Gross Profit             | Million Baht | 177   | 78     | 88     |
| Net (loss) Profit        | Million Baht | 52    | (59)   | (58)   |
| Total assets             | Million Baht | 1,640 | 1,518  | 1,540  |
| Total liabilities        | Million Baht | 986   | 934    | 1,030  |
| Shareholders' Equity     | Million Baht | 654   | 584    | 510    |
| Gross Margin             | (%)          | 10    | 5      | 6      |
| Net (Loss) profit margin | (%)          | 3     | (4)    | (4)    |
| Return on Assets         | (%)          | 6     | (2)    | (1)    |
| Return on Equity         | (%)          | 8     | (10)   | (11)   |
| Earning per share        | Baht         | 0.24  | (0.27) | (0.27) |
| Book value per share     | Baht         | 3.04  | 2.72   | 2.37   |





## General Information

Company Name : Seafco Public Company Limited  
Head Office Address : 144 Prayasuren Rd., Bangchan,  
Klong Sam Wah, Bangkok 10510  
Company Registration Number 10 75470 00257  
Telephone: (662) 919-0090-7  
Facimile: (662) 919-0098, 518-3088  
Company Home Page: [www.seafco.co.th](http://www.seafco.co.th)  
E-Mail Address: [seafco@seafco.co.th](mailto:seafco@seafco.co.th)

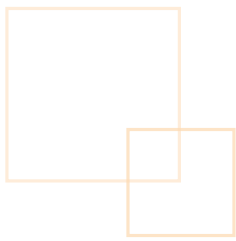
### Security Registrar

Company Name : Thailand Securities Depository Company Limited  
Head Office Address : Floor 7, Securities Exchange of Thailand Building  
62, Ratchadapisek Road, Klongtoey  
Sub-District, Klongtoey District,  
Bangkok 10110  
Telephone (662) 229-2870-80  
Facimile (662) 654-5642, 654-5645,

### External Auditor

Name of Auditor Mrs. Vilairat Rojnuckarin, Certified Public  
Accountant 3104  
Audit Firm D I A INTERNATIONAL AUDIT COMPANY  
LIMITED.  
Head Office Address 316/32 Sukhumvit Soi 22, Sukhumvit Road,  
Klongtoey Sub-District, Klongtoey District,  
Bangkok 10110  
Telephone (662)-259-5300  
Facimile (662)-260-1553





## Board of Directors



นายทัชพงษ์ ประเวศวรารัตน์  
ประธานกรรมการ  
Mr.Tachapong Pravesvararat  
Chairman



นายณรงค์ ทศนันธิพันธ์  
รองประธานกรรมการ  
Mr.Narong Thasnanipan  
Vice Chairman



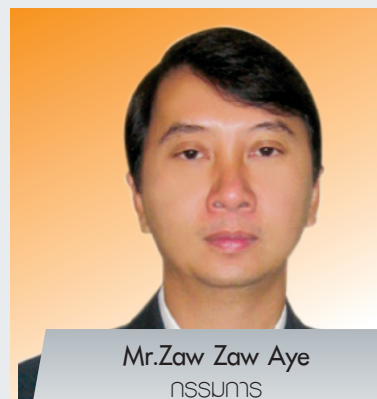
นายเพด็จ รุจิขจรเดช  
กรรมการ  
Mr.Padej Rujikhajondej  
Director



นางสาวนัฐวรรณ ทศนันธิพันธ์  
กรรมการ  
Miss Nutthawan Thasnanipan  
Director



นายคมล สิงห์โตแก้ว  
กรรมการ  
Mr.Kamol Singtogaw  
Director



Mr.Zaw Zaw Aye  
กรรมการ  
Mr.Zaw Zaw Aye  
Director



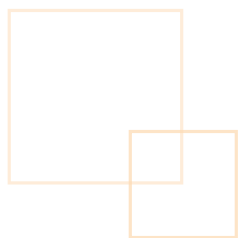
รศ.ดร.สมชาย ภคภาสน์วิวัฒน์  
ประธานคณะกรรมการตรวจสอบ  
Assoc Prof Dr.Somjai Phagaphasvivat  
Chairman of the Audit Committee



นายสมควร วัฒนีกุล  
กรรมการตรวจสอบ  
Mr.Somkuan Watakeekul  
Audit Committee



นายสมควร มุสิกอินทร์  
กรรมการตรวจสอบ  
Mr.Somkual Musig - In  
Audit Committee



## Board of Executive Directors



นายณรงค์ ทักสนนิพันธ์  
กรรมการผู้จัดการใหญ่  
Mr. Narong Thasnanipan  
President



นายเพด็จ รุจิขจรเดช  
กรรมการช่วยผู้จัดการใหญ่  
Mr. Padej Rujikhajorndej  
Executive Vice President



นายคมล สิงห์โตแก้ว  
กรรมการช่วยผู้จัดการใหญ่  
Mr. Kamol Singtogaw  
Executive Vice President



Mr. Zaw Zaw Aye  
กรรมการช่วยผู้จัดการใหญ่  
Mr. Zaw Zaw Aye  
Executive Vice President



นางสาวนัฐวรรณ ทักสนนิพันธ์  
กรรมการช่วยผู้จัดการใหญ่  
Miss Nutthawan Thasnanipan  
Executive Vice President



Mr. Aung Win Mang  
ผู้ช่วยผู้จัดการใหญ่  
Mr. Aung Win Mang  
Executive Vice President



นายคมล อยู่ยิ้นพัฒนา  
ผู้ช่วยผู้จัดการใหญ่  
Mr. Kamol Youyuenpathana  
Executive Vice President



นายเอก ศรีทับทิม  
ผู้ช่วยผู้จัดการใหญ่  
Mr. Anek Sritupim  
Executive Vice President



นายสมศักดิ์ ธวัชพงศ์ธร  
ผู้ช่วยผู้จัดการใหญ่  
Mr. Somsak Thawatchpongthon  
Executive Vice President



นายมานิตย์ เมฆประสาน  
ผู้ช่วยผู้จัดการใหญ่  
Mr. Manit Mekprasam  
Executive Vice President



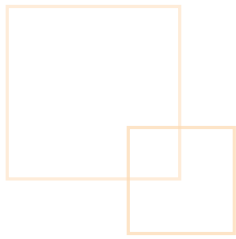
## **VISION**

TO BE THE REPUTABLE LEADER IN CONSTRUCTION INDUSTRY OF ASIA.

## **MISSION**

TO PROVIDE CLIENTS WITH QUALITY SERVICES BY COMPETENT  
MANAGEMENT SAFETY AND ENVIRONMENT





## Executive Summary

SEAFCO Public Company Limited is registered as a company limited on 19 December 1974. The company founders, Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat and Mr. Songsak Visuttipitakkol, all are well qualified engineers who long possess strong background in large scale domestic foundation work and have been well known among architects, engineering consulting firms and various project owners. At present, Mr. Songsak Visutpitakul, resigned from the position of the Company's Director.

The company provides services in Bored Piles, Diaphragm Wall (D-Wall), Foundation work and Underground Engineering Technique. In 2010, 43 percent of revenue came from Private Sector projects, e.g., office building foundations, condominiums, hotels and shopping malls, while the remaining 57 percent came from government sector projects, e.g., underground parking lots, tunnels, roads and bridges and Government subcontract MRT Projects are normally obtained through either direct bidding with the projects' owners or sub-contract bidding. Moreover, the company also provides Soil Improvement Services, Bored Pile Testings and Foundation Services.

SEAFCO Public Company Limited group consist of :

- **Seafco Construction Company Limited** in which SEAFCO holds 50% share of 10 million bath paid-up capital. Was provides services for skyscraper project.
- **Seafco Co. Ltd. and Prayunchai (1984) JV Construction** was set up for the purpose of performing the u-turn tunnel work on the Pattanakarn road with Bangkok Metropolitan Administration. The work has already been completed and delivered. However, the company has no policy to use this JV for bidding any future projects.
- **Seafco And Prayunchai (1984) JV Construction** which has 45 % JV ratio to perform Mitrijit and Kongkao road construction with Bangkok Metropolitan, the company has no policy to use this JV for bidding any future projects.
- **Srinakarindhra JV** which has 30% JV ratio to perform Srinakarindhra Tunnel and Sukhumvit 103 (Udomsuk) road construction with Bangkok Metropolitan Administration has begun construction in 2009.

From 2009-2011, the company has total revenues in accordance of 1,862.94 million baht, 1,461.88 million baht and 1,576.60 million baht which are mostly service revenues and account for equally 99% for three consecutive years. Revenues from each product line from 2009-2011 are as followed; Revenues from Bored Pile and Diaphragm Wall, accounting for 45 %, 53% and 67% of total revenue, have been decreasing in the past 3 years due to economic slowdown since 2009 and domestic political atmosphere which also affects private sector's Bored Pile projects. Revenues from Civil projects for the past three years, accounting for 37%, 45% and 30% of total revenues, show an increasing trend due to unfavourable conditions in private sector which forces the company to expand more into government sector's civil projects to subsidize for some missing revenue. The remaining revenues, accounting for 18%, 3% and 1% of total revenue, are from deep foundation constructions, soil improvement services, bored pile's testing services and other services.

The Company's gross profit margins of 2009 to 2011 consist of Baht 176.70 million, Baht 77.80 million, and Baht 87.74 million, respectively. The gross profit margin in 2010 decreased from 2009 due to the cost of civil construction project accounted for 43% of the total revenue. The gross profit margin in 2011 increase from 2010 by 13% as a result of increase bored piling and diaphragm wall construction revenue from 2010. This bored piling and diaphragm wall construction revenue high margin civil construction.

Net(Loss)Profit from year 2009-2011 equal accordingly to 51.51 million baht, (58.88) million baht and (57.87) million baht. Net profit in 2010 has decreased from 2009 by 214%, as a result of cost of construction. Net(Loss) Profit year 2011 decreased from 2010 due to the down civil revenue and the Great flood.

On the 7th of July 2003, extraordinary general meeting consensus has approved the decrease of registered capital from 210 million baht to 160 million baht and the increase of capital by 55 million baht (55 million ordinary shares issued at 1 baht per share). Fifty million shares were allocated to public offering and the remaining 5 million shares were reserved without cost for an exercise of Employee Stock Option Program (ESOP). Exercise ratio is set as 1 right per 1 share at exercise price of 5 baht per share. On 15th October 2003, the company has issued these rights to directors and employee whose right expire three year from the issued date.

On 31st October, 2004, the first exercise date of ESOP shares, there was no right exercised on this date.

On 28th April, 2005, the second exercise date of ESOP shares, there was no right exercised on this date.

On 31st October, 2006, the third exercise date of ESOP shares, there were 20 rights exercised and 1,518,000 shares were allocated causing the reserved shares to remain at 3,482,000 shares. Amount received from the third exercise was in total of 7,590,000 baht.

On the 30th April 2007, the forth exercise date of ESOP shares, there were 121 rights exercised and 2,002,000 shares were allocated causing the reserved shares to remain at 1,480,000 shares. Amount received from the third exercise was in total of 10,010,000 baht.

On the 31st October 2008, the fifth exercise of ESOP shares, there were 130 rights exercised and the remaining 1,480,000 shares were all allocated. Amount received from the third exercise was in total of 7,400,000 baht.

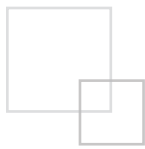
On the 13th November 2009, Seafco Public Co., Ltd. Received IR Excellence Award from The Stock Exchange of Thailand (SET) Awards 2009.

On the 19th November 2010, Seafco Public Co., Ltd. Received IR Excellence Award from The Stock Exchange of Thailand (SET) Awards 2010.

On the 6 October 2011, Seafco Public Co., Ltd. sold its investments in joint venture Seafco-Ryobi Pte.Ltd. Entirely to foreign investors by the company to earn a profit on sale of investment 4.91 million baht.

On the 15 November 2011, Seafco Construction Co.,Ltd. increase registered capital from baht 1 million baht to 10.9 million baht by seafco Public Co.,Ltd. hold 55% shares from registered capital.

On the 17 January 2012, Seafco Construction Co.,Ltd. decrease registered capital from baht 10.9 million baht to 10 million baht , Seafco Public Co.,Ltd. hold 50% shares from registered capital.



## Nature of Business

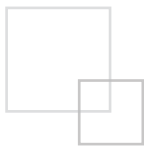
The company engages in the business of being the contractor of foundation and general civil works tendering from both the Government and the Private Sectors. The company is capable of handling direct contract works from project owner or sub-contracting from the main contractor. The overall contract works of the company may be summarized as follow:

- Bored Piling
- Diaphragm Wall Construction
- Civil works including foundation and building construction
- Soil Improvement
- Various Testing Service

Revenue Structure of the Group by Line of Business

| Line of Business                                     | Year 2009       |               | Year 2010       |               | Year 2011       |               |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|  | Baht Million    | %             | Baht Million    | %             | Baht Million    | %             |
| <b>Contract Revenue</b>                              |                 |               |                 |               |                 |               |
| Bored Piling and Diaphragm Wall Construction Revenue | 793.93          | 42.62         | 766.92          | 52.99         | 1,085.74        | 68.87         |
| Civil Work Revenue                                   | 677.45          | 37.08         | 643.21          | 44.44         | 470.56          | 29.85         |
| Foundation   | 240.32          | 13.15         | 3.45            | 0.24          | -               | -             |
| Soil Improvement                                     | 35.50           | 1.94          | (0.56)          | (0.04)        | -               | -             |
| Pile Testing Service Revenue                         | 8.85            | 0.48          | 0.28            | 0.02          | 0.27            | 0.02          |
| Other Service Revenue                                | 48.15           | 2.64          | 26.51           | 1.83          | 13.60           | 0.86          |
| <b>Total Contract Revenue</b>                        | <b>1,804.23</b> | <b>98.76</b>  | <b>1,439.81</b> | <b>99.48</b>  | <b>1,570.16</b> | <b>99.59</b>  |
| Other Revenue  | 22.71           | 1.24          | 7.48            | 0.52          | 6.44            | 0.41          |
| <b>Total Revenue</b>                                 | <b>1,862.94</b> | <b>100.00</b> | <b>1,447.29</b> | <b>100.00</b> | <b>1,570.60</b> | <b>100.00</b> |





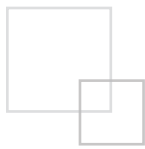
## Industry and Competition

The business situation of the construction of small diameter bored piles and retaining walls, the important parts of the foundation of building and foundation construction, which are varied with the expansion of the domestic property and construction business from the government and the private sectors. The construction of small diameter bored piles business consists of foundation construction of the office building, condominium, hotel, department store, and the foundation construction of toll way, underpass, road, bridge, and subway train. The large diameter bored pile and the retaining wall constructions need big machinery. The Company's 37 years of experience, with the expertise in the local construction of the foundation and its better familiarity with Thailand's soil when compared to others foreign companies, as well as its stable financial status, and good relationship with the main contractors, designers, customers who are the project owners, and construction material distributors, have led to its creditability from related persons and the Company can enter the auction with only a few competitors.

In 2010 the construction industry in the private sector had not recovered while the private investment to construct high-rise buildings was not much so there are not many high-rise buildings to be constructed in the construction industry as the political incident has resulted in greater competition. The work provided to the private sector is undertaken with low earnings while the government sector has a number of elevated train projects for the construction industry profit. The work has provided is the subcontract work which is more profitable than the work provided to the private sector. Therefore the company has extended its focus to undertake the civil work in the government sector to generate more earnings which have been lost in the work provided in the private sector. The work undertaken in this segment has an average profit and the portions of income from the private sector and the government sector are 57 percent and 43 percent. Therefore the overall operating results have declined from that in 2009.

The construction industry in 2011 was expected to be better than that of 2010 since there have been mega-projects, particularly the mass transit train services, the purple line, the blue line and other lines, launched by the government. The company still had backlog for about 1,254 million baht as of the end of 2010 and the construction works from January to February 2011 have been higher than that of 2010. That was a good signal for the private sector; however, it is subject to the political crisis whether there is a political crisis like that in 2010 or not.

In 2012, the construction industry is expected to be better than that of 2011 since the construction work has begun to grow up as a result of the mega projects, particularly the mass transit train services, the purple line, the blue line and other lines, launched by the government while the construction has already started. Thus there would be a lot of construction of high-rise buildings along the mass transit train routes. The backlog in 2011 is the piling work and earth protection dyke valued at 849.79 million baht, compared with 547.86 million baht in 2010, an increase of 55.11 percent.



## Social Activities

Seafco Co., Ltd. (Public) has arranged special projects and activities to satisfy the social needs because the company is aware of the need for participation in the social development over the past 30 years. The latest social activities are as follows.

### Year 2012

- Willpower Institute , Dhammamongkol Temple on Sukhumvit 101 Rd., has joined with Seafco Public Company Limited to open 30th class of 6 month samathi course, established by Luangpor Viriyang Sirintharo (Phra Dhammamongkolyan). at Seafco's metting room located at no. 144, Prayasuren Rd. (Ramintra 109 rd.), Bangchan, Khlong Sam Wah, Bangkok 10510. This 30th class is called Visuthitham or Tingsamo. This course is starting from 13th February 2012 in every Monday to Friday between 18.00 - 20.30 o'clock. Interested persons can contact tel. 02-9190090-4 ext. 203,220 and 110 and email address seafco@seafco.co.th

### Year 2011

- On the 9 October 2011, Seafco Public Co.,Ltd. assisted the flood victims. A team was organized and they called themselves SEAFCO Spirit. They witnessed first-hand how dismayed the people of Thailand were. The Spirit team realized how devastated the Thai nationals were and how much in need of assistance they were. The Spirit Team purchased provisions and basic hygiene products and packed these items in a bag to be distributed to the flood victims. All the employees involved put forth their best effort. On this day they traveled to Ayutthaya province to provide relief assistance. Regardless of how difficult the task, they never uttered a complaint, instead they kept smiles on their faces and were proud to join in the relief effort.
- On the 6 October 2011, Seafco Public Co.,Ltd. SEAFCO supported the purchase of a LCD 24in. TV for the Kannayao police department. Prior to that they supported the renovation of the traffic lights control box and interior of the booth.
- On the 23 February 2011, Mr. Nutthapan Thasnanipan, Assistant to the Chief of President Office for SEAFCO Public Company Limited awarded a scholarship to a graduate student in the English department, whose major is in engineering at Kasetsart University. He also awarded a scholarship to a professor in the Civil Engineering department at Kasetsart University, Bangkok.
- On the 18 May 2011, the representative from the faculty of Engineering at King Mongkut's Institute of Technology Ladkrabang wanted to meet the executive and the individual who oversaw the interns of the institute, in order to thank them for mentoring them during this time. He also wanted to acknowledge the problems during the training and to exchange opinions and suggestions for the purpose of developing the curriculum to satisfy the needs of the organization.
- On the 7th of January 2011, Suraosamwa School held the Children's Day event in commemoration of the holiday to educate the students to know their duty and responsibility to the adults who care for them. SEAFCO PLC., realized how important this event is and fully supported the school. This is the reason SEAFCO held the festival, in order to support the children.

### Year 2010

- Seafco Public Co., Ltd., has donated money as a contribution to build the 100-Year Building of the Faculty of Engineering, Chulalongkorn University at the amount of Bt1,000,000.00.
- Seafco Public Co.,Ltd., gave a Bachelor's Degree scholarship of the Faculty of Architecture, King Mongkut's institute of Technology Ladkrabang University (KMIL) at the amount of Bt160,000.00

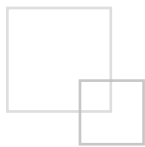
- Seafco Public Co.,Ltd., gave a master degree scholarship of the Faculty of Architecture, King Mongkut's institute of Technology Ladkrabang University (KMITL) at the amount of Bt100,000.00.
- Seafco Public Co.,Ltd., gave a master degree scholarship of the Faculty Civil Engineering (International Program), Kasetsart University at the amount of Bt100,000.00.

#### Year 2009

- Seafco Public Co., Ltd. and AIT jointly provided a scholarship named "Supot Thasnanipan (Founder) Scholarship for Foreign Student", a continuing scholarship from 2008, at the amount of Bt268,000.00.
- Seafco Public Co., Ltd. gave gifts to Rajvithi Home for Girls on Children's Day.
- Seafco Public Co., Ltd. supportively provide machinery and manpower to Chachoengsao's Thepparaj Municipal Office in its dig of a pond as water retention for public use.
- Seafco Public Co., Ltd., has donated money to support "Ban Tofan" (Dreaming Home) Camp Project of Issara Sarnfan Group (Independent Dreaming Group) of Thammasart University, Rungsit Campus.
- Seafco Public Co., Ltd., has donated money to support the 22nd Artistic, Cultural Study and Rural Youth Quality of Life Development Camp Project.
- Seafco Public Co., Ltd., has donated money to help poor elders having been left unattended through Saint Camillo Foundation of Thailand.

#### Year 2008

- Seafco Public Co., Ltd. and AIT jointly awarded a student to receive a scholarship named "Supot Thasnanipan (Founder) Scholarship for Foreign Student", as a continuing support from 2007, at the amount of Bt 521,500.00.
- Seafco Public Co., Ltd. and KMITL jointly gave a master degree scholarship of the Faculty Civil Engineering of KMITL at the amount of Bt 281,000.00.
- Seafco Public Co., Ltd. donated to KMITT an amount of Bt 600,00.00 for procurement of learning equipment.
- Seafco Public Co., Ltd. donated to Chiangmai University in support of its No.4 Training Program.
- Seafco Co., Ltd. (Public) donated 64,000 baht to the border patrol police-sport media school to support the educational quality project in the border patrol police schools and other schools in the remote area in February.
- Seafco Co., Ltd. (Public) made financial contribution of 50,000 baht to support the project on promotion of creation by the disabled to assist all associations for the disabled in Nakorn Pathom for the fifth year during January 20-27, 2008.
- Seafco Co., Ltd. (Public) Provided 30,000 baht to Suan Kularb Vidhayalai School through Mr.Montri Saenviset, director of the school since the school planned to host the Fifth Mathematic Olympic Contest (Sor Or Vor Nor) at Suan Kularb Vidhayalai School between May 4-9, 2008.
- Seafco Co., Ltd. (Public) provided gifts and foods to 35 children residing in the employee residence in Bangchan on the National Children Day.
- Seafco Co., Ltd. (Public) gave 250 sets of gifts to students of Samwa Mosque School, Hathairad Road, klong Samwa, Bangkok on the National Children Day.
- Seafco Co., Ltd. (Public) gave 250 sets of gifts to Ban Rajavithi Girl Welfare Residence, Rajavithi Road, Bangkok on the National Children Day.



## Risk Factors

### **The Risk of Reliance on Key Management Staff**

The founders and core management staff of the company are Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat. They are engineers who have acquired more than 37 years of working experiences in the construction industry particularly under ground construction. They have excellent reputation and well accepted among design engineer, engineering consultant, as well as project owners. This represents an important asset to the company in terms of customer introduction and contacts.

The company recognizes the risk of reliance on these three individuals. The company has implemented human resource planning in each function to enable a smooth succession in senior positions. These includes the recruitment of professionals to assist in the management function, the initiative to build a strong relationship between middle management and operational staff with customers' supervisory as well as operational staff both at government agencies and the private sector to maintain the continuing good relationship for the next management generation. Despite of Mr. Songsak's resignation, the Company sought the potential candidate and hired the qualified personnel whose work performance proves satisfactory.

### **The Risk of Reliance on Engineers**

The company's business relies on specialists who possess skill and experiences in design, planning, and operating the construction work according to plan. These mean engineers at the level of Project Director, Project Manager, and Project Engineer or Foreman. If the company fails to retain these engineers, it will adversely affect the company's ability to tender for contract, as well as company's future operating results.

Nonetheless, the majority approximately 90% of the company's Project Director, Project Manager, or Project Engineer have had years of service with the company ranging between 10-20 years. This is because company's good human resource policy through continuing career development, sponsoring employee domestic and overseas participation in seminar, as well as competitive incentive measure to retain needed staff to work for the company. To minimize potential problem, the company has invited universities to send their engineering students for their internship at the company every year. This has resulted in university graduates become interested in joining the company. The Company has also granted scholarships to a number of educational institutions, namely AIT (Asian Institute of Technology), King Mongkut's Institute of Technology Ladkrabang and International Civil Engineering Program, Kasetsart University. In this regard, the Company gave one PhD scholarship to the Company's employee in the field of Soil Mechanics Engineering at Chulalongkorn University. Currently, the employee who received this grant finished the PhD study and has joined the Company's working force.

### **The Risk of Financing**

The risk of the party to the contract defaults on the contract, particularly on payment per contract completion, may cause damage to company's operating result. The company's policy for preventing such risk is to analyze customer's financial position prior to agreeing on the contract. This includes compiling additional customer information or request for advance payment prior to commencement of the contract, or progressive payment on a percentage project completion basis.



### **The Risk of the Volatility of Construction Material Cost**

There are two types of contract the company has been engaging in namely 1. the contract that includes both costs of labor and construction materials, and 2. the contract that includes labor cost only. In the former case, the company is responsible for both the construction work, and the acquisition of raw materials resulted in the risk that operating costs may rise because of price volatility or shortage. This is because the company tenders for contract prior to commencement of contract works. Nonetheless such risk may not be excessive comparing to other construction businesses because of the following:

- Most of the contracts the company engages in are with short tenor averaging between 3-5 months per project. This enables construction material cost control for the committed project.
- There are only two main materials namely pre-mixed concrete, and iron wire. The company has been the major customer of the said material distributor. The company is therefore able to negotiate based on good relationship with the distributor and be able to fix material cost over a time period. In addition, in the event of high price volatility, the company may purchase the entire materials estimated to be needed for the project and scheduled for gradual delivery per actual work performed.
- As the diesel price was adjusted in a floating manner, the Company's cost structure was affected. The Company, which was affected by this cost burden, has emphasized this issue and closely monitored the price fluctuation. In case that the diesel price is inclined to rise, the Company would adjust the price for future construction projects to compensate the costs appropriately and consider the future potential in market competition.

### **The Risk of Delay or Failure to Meet Quality Standard**

In general, company's construction contract has included penalty clause for delay amounting to 0.01% for value of contract per day. There is also established maximum fine by number of days or as a percentage of contract value for failure to meet quality standard. In such event the company must undertake to remedy the works resulted in higher operating costs and incurring more work time. Nonetheless if the delay is not caused by the company such as Construction not permitted, the change of construction design or the project owner is not ready to take delivery of the works completed, or the changing weather condition not conducive to construction such as the rainy season. All of these result in hardship to the company without prior warning and proper planning. The company has been able to negotiate and reason with project owner and extend the contract terms. Thus far the company has not been fined for reason of delay because of the long years of experience helping plan the work schedule, and preventive measures for problem or obstacles that may arise ahead of time. This includes the preparedness for tools and equipment required for the works, number of engineering supervisor with experience as well as modern construction technique.

For the civil work undertaken from the government agencies, the company has prepared the construction plan in accordance with the construction schedule to prevent any penalty charge imposed on late delivery even though there have been some penalty charge s imposed in the preceding years.

### **Risk from new regulations of the public sector**

New regulations to be issued by the public sector will certainly affect the construction of the buildings such as rules and regulations related to environment permit which will delay the issue of the construction permit and will increase the construction cost. However, the piling and earth prevention dyke business of the company would be completed within 3-4 months so the impacts would be in a short term. To prevent the risk, the company would ask for the position of the permission process before the work is accepted. Thus the company will be able to arrange a plan to control the production cost with in the target.

### **Risk from investment in subsidiary companies, joint ventures and other companies**

As the company has already invested in several subsidiary companies, joint ventures and other companies which have undertaken the businesses similar to that of the corporate group which are involved with a number of construction projects and investments. Each project has different investment partners. Most of the joint ventures are incorporated with an objective to undertake a few projects. The joint ventures will be dissolved after the project has completed. The investment risk is limited to the amount of investment in each project. The feasibility study would be conducted for each project or investment carefully, together with the expected return when the company plans to make an investment. Most of the investments by the company have a satisfactory operating result.

### **Litigation Risk**

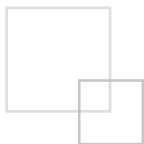
In performing construction works, the Company might be affected by damages due to several causes, such as damages nearby, near or adjacent to the construction sites, or those from constructions not meeting the standards or construction drawings, which might result in litigation by the injured like nearby site or project owner, eventually detrimental to the Company.

In order to reduce litigation risk, before entering a construction site, the Company will effect insurance covering damages potentially caused by the construction, including conducting a pre-survey before work commencement. In the part of project owner, the Company deposits with it an achievement bond of 1-2 years, as the case may be. In the past, the Company was not subject to any litigation by a project owner because our work quality met international standards. We were somewhat sued by nearby site owners but not affected by it as we had a separate insurance coverage for it.

### **New-Projects Risk**

With their conditions, bored pile and crib wall works in each project take a period of 3-4 months approximately, hence the risk of being unable to seek new projects upon completion of the current ones.

The Company has 30 percent of market share in the bored pile and crib wall market, which market share is considered highest. Therefore, it stays a better chance than competitors in getting projects. With over 37 years of reputation, we well understand the competitive conditions and have expanded more bases in foundation, structural, road and tunnel works.

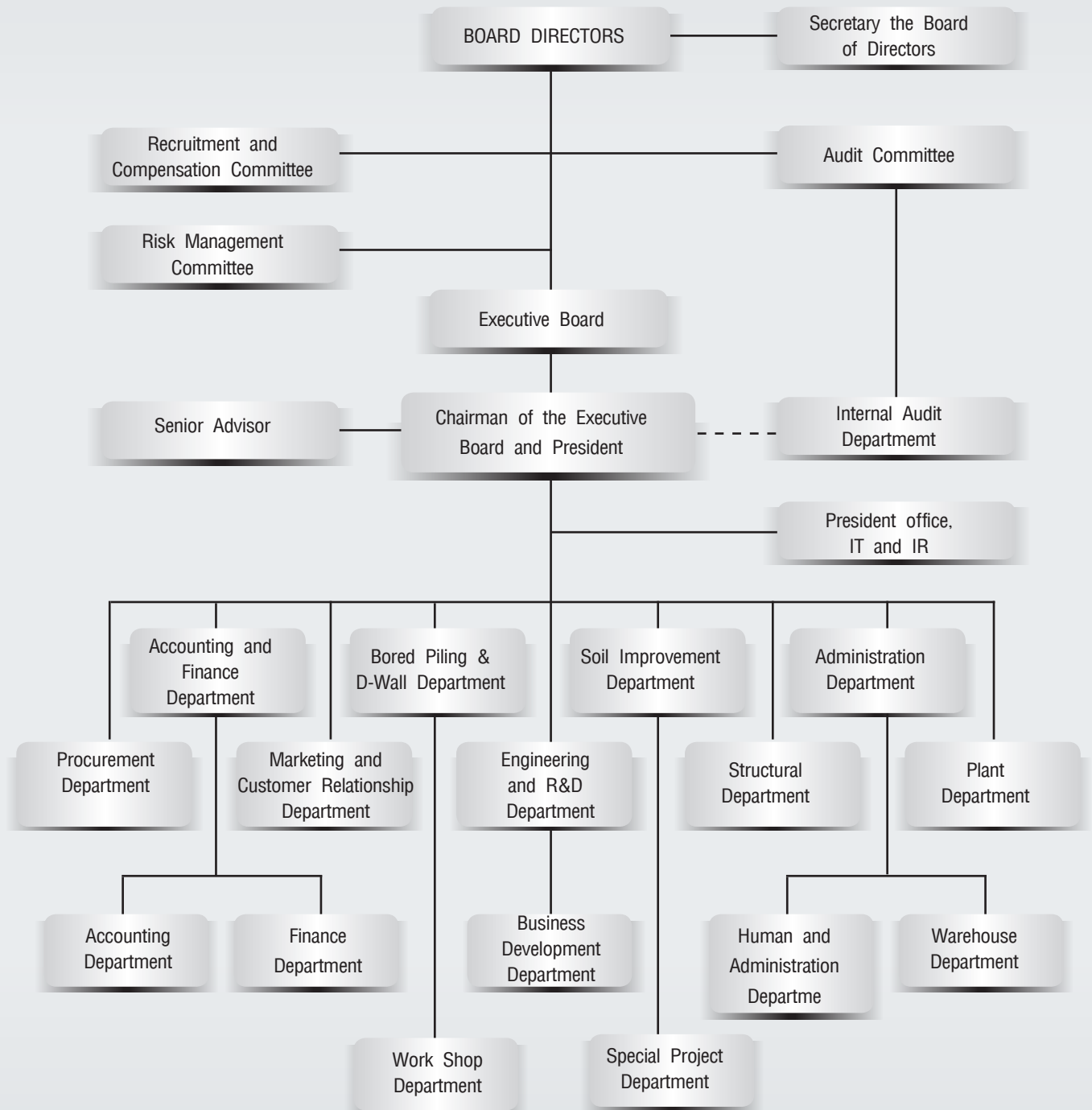


## Structure of Shareholders

List of the Largest Shareholders as at January 31, 2012

| Shareholders' List                | Number of Shares   | Percentage of Paid Up Capital |
|-----------------------------------|--------------------|-------------------------------|
| <b>1. Thasnanipan Group</b>       | 63,408,800         | 29.48                         |
| 1.1 Mr. Narong Thasnanipan        | 16,492,000         | 7.67                          |
| 1.2 Miss Nuttakarn Thasnanipan    | 15,296,867         | 7.11                          |
| 1.3 Miss Nutthawan Thasnanipan    | 11,823,833         | 5.50                          |
| 1.4 Mrs. Paovana Thasnanipan      | 6,933,333          | 3.22                          |
| 1.5 Mr. Thasapan Thasnanipan      | 6,800,000          | 3.16                          |
| 1.6 Mr. Nutthapol Thasnanipan     | 4,810,300          | 2.24                          |
| 1.7 Mr. Decha Thasnanipan         | 985,800            | 0.46                          |
| 1.8 Mr. Nutthapan Thasnanipan     | 266,667            | 0.12                          |
| <b>2. Pravesvararat Group</b>     | 25,637,367         | 11.92                         |
| 2.1 Mr. Tachapong Pravesvararat   | 12,512,000         | 5.82                          |
| 2.2 Miss. Chaichana Pravesvararat | 3,333,334          | 1.55                          |
| 2.3 Miss. Supaporn Pravesvararat  | 2,204,266          | 1.03                          |
| 2.4 Miss. Suriporn Pravesvararat  | 2,118,999          | 0.99                          |
| 2.5 Miss. Puangmali Pravesvararat | 2,262,634          | 1.05                          |
| 2.6 Mr. Sumeth Pravesvararat      | 2,050,601          | 0.95                          |
| 2.7 Mr. Chaichalard Pravesvararat | 890,000            | 0.41                          |
| 2.8 Mr. Sanga Pravesvararat       | 10,000             | 0.00                          |
| 2.9 Mr. Aieng Saepueng            | 255,533            | 0.12                          |
| <b>3. Visutpitakul Group</b>      | 4,677,670          | 2.18                          |
| 3.1 Mr. Songsak Visutpitakul      | 2,836,667          | 1.32                          |
| 3.2 Miss. Chonlakarn Visutpitakul | 1,841,000          | 0.86                          |
| 3.3 Mr. Tanusakkarn Visutpitakul  | 3                  | 0.00                          |
| 4. Mr. Chaiya Sakhunchavanich     | 3,000,000          | 1.40                          |
| 5. Mr. Vittaya Narathasajan       | 3,000,000          | 1.40                          |
| 6. Others                         | 115,275,893        | 53.62                         |
| <b>Total</b>                      | <b>215,000,000</b> | <b>100.00</b>                 |

## Organization Chart





## Management

Board of Directors as of November 11, 2011

### Shareholders

#### Board of Director

List of names the Board of Director

|                          |                |                                 |
|--------------------------|----------------|---------------------------------|
| 1. Mr. Tachapong         | Pravesvararat  | Chairman                        |
| 2. Mr. Narong            | Thasnanipan    | Vice Chairman                   |
| 3. Mr. Padej             | Rujikhajorndej | Director                        |
| 4. Mr. Kamol             | Singtogaw      | Director                        |
| 5. Miss Nutthawan        | Thasnanipan    | Director                        |
| 6. Mr. Zaw Zaw           | Aye            | Director                        |
| 7. Assoc.Prof.Dr. Somjai | Phagaphasvivat | Chairman of the Audit Committee |
| 8. Mr. Somkuan           | Watakeekul     | Audit Committee                 |
| 9. Mr. Somkual           | Musig – In     | Audit Committee                 |

#### Executive Board

List of names the Board of Executive Director

|                   |                  |   |
|-------------------|------------------|---|
| 1. Mr. Narong     | Thasnanipan      | Chairman of the Executive Board and President |
| 2. Mr. Padej      | Rujikhajorndej   | Executive Director                            |
| 3. Mr. Kamol      | Singtogaw        | Executive Director                            |
| 4. Mr. Zaw Zaw    | Aye              | Executive Director                            |
| 5. Miss Nutthawan | Thasnanipa       | Executive Director                            |
| 6. Mr. Kamol      | Youyuenpathana   | Executive Director                            |
| 7. Mr. Aung Win   | Maung            | Executive Director                            |
| 8. Mr. Mani       | Mekprasarn       | Executive Director                            |
| 9. Mr. Anek       | Srituptim        | Executive Director                            |
| 10. Mr. Somsak    | Thawatchpongthon | Executive Director                            |

#### Recruitment and Reward Committee

List of names the Recruitment and Compensation Committee

|                |             |  |
|----------------|-------------|--|
| 1. Mr. Somkuan | Watakeekul  | Chairman of the Recruitment and Compensation Committee |
| 2. Mr. Narong  | Thasnanipan | Recruitment and Compensation Committee                 |
| 3. Mr. Zaw Zaw | Aye         | Recruitment and Compensation Committee                 |

#### Audit Committee

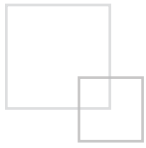
List of names the Audit Committee

|                           |                |                                 |
|---------------------------|----------------|---------------------------------|
| 1. Assoc.Prof. Dr. Somjai | Phagaphasvivat | Chairman of the Audit Committee |
| 2. Mr. Somkuan            | Watakeekul     | Audit Committee                 |
| 3. Mr. Somkual            | Musig – In     | Audit Committee                 |

#### Risk Management Committee

List of names the Risk Management Committee

|                   |                  |   |
|-------------------|------------------|---|
| 1. Miss Nutthawan | Thasnanipan      | Chairman of the Risk management Committee |
| 2. Mr. Padej      | Rujikhajorndej   | Risk management Committee                 |
| 3. Mr. Kamol      | Singtogaw        | Risk management Committee                 |
| 4. Mr. Zaw Zaw    | Aye              | Risk management Committee                 |
| 5. Mr. Kamol      | Youyuenpathana   | Risk management Committee                 |
| 6. Mr. Anek       | Srituptim        | Risk management Committee                 |
| 7. Mr. Aung Win   | Maung            | Risk management Committee                 |
| 8. Mr. Mani       | Mekprasarn       | Risk management Committee                 |
| 9. Mr. Somsak     | Thawatchpongthon | Risk management Committee                 |
| 10. Mr. Nutthapan | Thasnanipan      | Risk management Committee                 |
| 11. Mr. Panya     | Pakpoolpai       | Risk management Committee                 |



## Board of Directors

Authorized directors consist of Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat, Miss Nattawan Thasnanipan, Mr. Padet Rujikhajorndej, Mr. Kamol Singtogaw and Mr. Zaw Zaw Aye. Two out of the six directors may sign jointly, and affix with company seal to bind the company.

### Board Elements

1. The Board of Directors consists totally of not less than 9 persons with qualifications as required by law and the Articles of Association of the Company.
2. The Board of Directors consists of not less than 3 independent directors with the following qualifications:
  - 1.1 Holding no more than 1 percent of the total shares with voting rights in the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person.
  - 1.2 Having had no managerial participation; being not an employee, staff, regularly paid advisor, person providing professional service to the Company, such as auditor or lawyer, or a person empowered to control the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person, without aforesaid interests or conflicts of interests for a period of not less than 2 years.
  - 1.3 Having no business relationships, interests, conflicts of interests, directly or indirectly, in finance and management, and being not a customer, partner, raw materials supplier, trade creditor/debtor, loan creditor/debtor of the Company, its group companies, associated companies, subsidiaries, or being a potentially conflicting person which could lead to lack of independence.
  - 1.4 Being not a close relative of the management or major shareholders of the Company, its group companies, associated companies, subsidiaries, or a potentially conflicting person and not appointed as its fiduciary representative.
3. Appointment of directors is in accordance with a specifically included agenda focusing on transparency and clearness. Nominating a candidate should be made along with an adequate provision of his/her background information and details for the benefit of selection.
4. Backgrounds of all directors are publicly disclosed thoroughly and each time of director change.
5. Board Chairman is not a chairman or member of any sub-committees in order to leave their undertakings independent.
6. Sub-committees have to arrange a meeting on a regularly basis at least once a year.

### Board Qualifications

1. Board qualifications must not be contrary to the Public Limited Companies Act.
2. Having leadership, broad vision, virtue, ethic, and good record of employment.
3. Having interest in the Company's business and being able to provide adequate dedication.
4. Directors must be nominated by the Recruitment and Compensation Committee and appointed by the shareholders' meeting.
5. Neither conducting nor participating in any businesses of the same conditions and competing with Company business, whether for personal or others' gain.

## Roles, Duties and Responsibilities of Board of Directors

1. Perform duties in compliance with laws, the objects, Articles of Association, and shareholders meeting resolutions with honesty and integrity, Company interests carefully maintained, and responsibility toward the shareholders.
2. Define policies and operational direction of the Company and supervise to ensure that managerial implementations are effective and efficient based on the policies under good corporate governance and toward the best interest of the Company and its shareholders.
3. Provide the Company with an effective and reliable accounting system, financial reporting, internal control and internal audit.
4. Participate in risk management implementation by providing a guideline and suitably adequate risk management measure regularly monitored.
5. Regulate to ensure that all stakeholder parties are treated ethically and equitably by the management team.
6. Independent directors are ready to use their own discretion independently in their consideration of strategy determination plan, management, resources use, director appointment, and operational standard establishment so as to raise highest the economic value for the Company and its shareholders.
7. Review the good corporate governance policy regularly.
8. Make available a Company secretary to assist in implementing several board activities, such as Board and shareholders meeting, give the Board and Company advices about their personal performance and carrying out in compliance with applicable laws and ordinance on a regular basis, and ensure proper disclosure by the Board and Company of data and information.
9. Provide as guidelines for internal performance, provisions about the Code of Conduct and business ethics, and ethics for directors, executives and staff.
10. Stop trading securities at least 1 month prior to a news release of financial statements and at least 3 days subsequent to such release.
  11. Report securities holding by them, their spouses and children of an illegal age to a Board meeting at every occurrence of change, and to the Company without delay on the following cases:
    - 11.1 Having a conflict of interest, directly or indirectly, in any contract executed by the Company during a financial year.
    - 11.2 Holding stocks, debentures or preference shares of the Company and its group companies.
12. Conduct a self-performance evaluation regularly on a yearly basis.

In 2011, there were four meetings of the Board of Directors as follows :

| Board of Directors   |                | No. 1 | No. 2 | No. 3 | No. 4 | No. 5 | Total |
|----------------------|----------------|-------|-------|-------|-------|-------|-------|
| Mr. Tachapong        | Pravesvararat  | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Narong           | Thasnanipan    | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Assoc.Prof.Dr.Somjai | Phagaphasvivat | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Somkuan          | Watakeekul     | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Somkual          | Musig – In     | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Padej            | Rujikhajorndej | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Kamol            | Singtogaw      | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Miss Nattawan        | Thasnanipan    | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |
| Mr. Zaw Zaw Aye      |                | ✓     | ✓     | ✓     | ✓     | ✓     | 5     |

- ✓ Means attend the meeting  
X Means not attend the meeting

#### Audit Committee

The Audit Committee must consist of not less than 3 independent directors, at least one being knowledgeable and experienced in financial review.

#### Scope of Powers and Duties of Audit Committee

1. Review to ensure proper financial reporting and adequate disclosure by coordinating with an auditor from outside, with the management being responsible for producing financial reports both quarterly and annually. The Audit Committee might suggest the auditor to review or audit any transactions deemed necessary and important during an audit.
2. Review to ensure the having of a suitably efficient internal control and internal audit, jointly with external and internal auditors.
3. Review to ensure that Company performance conforms to the law on securities and stock exchange, Stock Exchange's requirements, or laws related to securities business.
4. Consider, select and nominate for appointment, a Company auditor and propose auditor emolument with regard to credibility, resourcefulness and amount of audit works of such auditing firm, including the experience of the person designated for auditing.
5. Consider the Company's disclosure in the event of party-related transactions or those potentially with conflicts of interests to ensure accuracy and completeness and consider approving such transactions for further proposing to the Board's and/or shareholders' meeting.
6. Carry out anything else as designated by the Board of Directors and agreed to by the Audit Committee, such as review of financial management and risk management, review of adherence by executives to the Code of Conduct, joint review with the management of important reports legally required to be presented to the public such as executive reports and analysis, etc.

7. Produce and disclose an Audit Committee activity report in the Company's annual report, which is signed by the Chairman of Audit Committee and should consist of the following particulars:
  - 7.1 Opinion toward the accuracy, completeness and reliability of the production process and disclosure of financial reports.
  - 7.2 Opinion toward the adequacy of the internal control.
  - 7.3 Decent reason justifying the appointment of the auditor for another term.
  - 7.4 Opinion toward compliance with the law on securities and stock exchange, Stock Exchange requirements, and laws related to Company business.
8. Any other reports that in its opinion should be known by the shareholders and general investors, under the scope of duties and responsibilities assigned by the Board of Directors.
9. Report the Audit Committee's performance to the Board of Directors at least 4 times a year.
10. Arrange a meeting between the Audit Committee and the external auditor at least 4 times a year.

## **The Executive Committee**

### The Duty and Authority of the Executive Committee

The Executive Committee is to establish policy, guideline, strategy, and core management structure to operate the business of the company corresponding and supportive to the economic environment and competition as announced at the General Shareholders' Meeting. The Executive Committee is to report to the Board of Directors for approval its business plan, budget, and delegation of authority, to enable the Board to follow-up on the policy, the efficient conduct of the company's business, and the operating results according to the approved business plan. The Committee is to engage in financial transaction with financial institution and perform other matters as assigned by the Board of Directors.

## **The Recruitment and Compensation Committee**

### The Duty and Authority of the Recruitment and Compensation Committee

1. Review and establish qualification and recruit individuals for the positions of
  - company director and submit to the Board for appointment consideration at the General Shareholders' Meeting
  - executive committee member and submit to the Board for appointment consideration
2. Establish criteria for compensation to directors, managing director, and submit to the Board for approval consideration at the General Shareholders' Meeting
3. Conduct other matters as assigned by the Board of Directors.

## **Risk management committee**

### Scope of authority and duty of the risk management committee

1. To formulate a policy on risk management covering various risk management for consideration by the board of directors

2. To follow up the risk management since the commencement of the process to identify the risk and to analyze, assess, monitor and report the risk management systematically
3. To advise internal units in the organization with the risk management process and to monitor and assess the outcome consistently
4. To prepare a report to the audit committee on the improvements needed in compliance with the policy and strategy of the company

#### Compensation to Directors and Management

|  | 2009              |                      | 2010              |                      | 2011              |                      |
|--|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
|  | Number of Persons | Compensation in Baht | Number of Persons | Compensation in Baht | Number of Persons | Compensation in Baht |
| <b><u>Director Compensation</u></b>                  | 1                 |                      | 1                 |                      |                   |                      |
| Salary   |                   | 464,500              |                   | 600,000              |                   | -                    |
| <b><u>Management Compensation</u></b>                | 9                 |                      | 9                 |                      | 10                |                      |
| Salary   |                   | 24,456,000           |                   | 25,176,000           |                   | 24,216,000           |
| <b><u>Director Compensation and Director Fee</u></b> |                   |                      |                   |                      |                   |                      |
| - Assoc. Prof.Dr.Somjai Phagaphasvivat               | 9                 | 640,000              | 9                 | 640,000              | 9                 | 640,000              |
| - Mr. Somkuan Watakeekul                             |                   | 480,000              |                   | 480,000              |                   | 480,000              |
| - Mr. Somkual Musig-in                               |                   | 480,000              |                   | 480,000              |                   | 480,000              |
| - Mr. Tachapong Pravesvararat                        |                   | 360,000              |                   | 360,000              |                   | 360,000              |
| - Mr. Narong Thasnanipan                             |                   | 300,000              |                   | 300,000              |                   | 300,000              |
| - Mr. Songsak Visutoutakul                           |                   | 300,000              |                   | 300,000              |                   | -                    |
| - Mr. Padet Rujikhajorndej                           |                   | 220,000              |                   | 220,000              |                   | 220,000              |
| - Mr. Kamol Singtogaw                                |                   | 220,000              |                   | 220,000              |                   | 220,000              |
| - Miss Nutthawan Thasnanipan                         |                   | 200,000              |                   | 200,000              |                   | 200,000              |
| - Mr. Zaw Zaw Aye                                    |                   | =                    |                   | =                    |                   | <u>220,000</u>       |
| <b><u>Total</u></b>                                  |                   | <u>3,200,000</u>     |                   | <u>3,200,000</u>     |                   | <u>3,120,000</u>     |
| <b><u>Bonus</u></b>                                  |                   |                      | 3                 |                      |                   |                      |
| - Assoc. Prof.Dr.Somjai Phagaphasvivat               |                   | -                    |                   | 160,000              |                   | -                    |
| - Mr. Somkuan Watakeekul                             |                   | -                    |                   | 120,000              |                   | -                    |
| - Mr. Somkual Musig-in                               |                   | =                    |                   | <u>120,000</u>       |                   | =                    |
| <b><u>Total</u></b>                                  |                   | =                    |                   | <u>400,000</u>       |                   | =                    |

#### Good Governance

The board of director has put its focus on the good governance practice to ensure transparency, responsibility under the authority and duty of the board of directors and the executives and confidence of the shareholders and all investors. Thus the policy has been arranged to support the corporate supervision on key areas as follows:



## 1. Governance Policy

The company recognizes good governance in order to keep investors and the general public informed and be able to examine the operation of the company. The company has established supervision policy emphasizing matters related to directors, transparency in company's conduct, the disclosure of information, and risk management to build confidence among shareholders, investor, and all relevant parties.

## 2. Right of Shareholders

As a matter of policy, the company recognizes shareholders' right by arranging to send out meeting invitation including meeting information and agenda to all shareholders in advance. The company will also record and prepare minutes of the meeting so shareholders may review and examine the results of the meeting.

## 3. Right of Interested Parties

The company recognizes the right of all interested parties particularly the community and employees. Over the past years, the company has recognizes the importance of the environment because the business of the company may create vibration and noise disturbing the nearby community. The company undertakes to implement various measures to reduce such impact as well as avoiding creation of nuisance to the community as much as it can. Concurrently, for its own employees, measures have been taken to prevent possible danger which may arise by providing them with appropriate protective gear and the company has always returned the society with educational scholarships and contributions.

## 4. General Shareholders' Meeting

The company has policy to facilitate the meeting of shareholders by organizing the meeting in a place and at a time convenient to all shareholders to participate in the meeting. The company shall provide information with sufficient time to study as well as preparing proxy document for shareholders who are not able to attend the meeting by themselves.

## 5. Leadership and Vision

The Board of Directors has participated in the establishment of vision, mission statements, strategy, goal, business plan, and budget of the company as well as supervising the management to perform according to its business plan, and established budget efficiently and effectively in order to maximize the economic value, and security to the shareholders.

## 6. Conflict of Interests

The company has policy to prevent conflict of interest by establishing policy and procedures in writing for the approval of related party transaction. The Board of Directors and the Audit Committee shall control and examine said transactions and provide disclosure within the Note to Financial Statement, Annual Report, and Form 56-1. In addition, the Board and the Committee shall supervise management and related party to comply to Section 59 of the Securities and Securities Exchange Act of BE 2535 relating to Disclosure of Security Holding and the Prohibition of Exploiting Insider Information for Self Interest.

## 7. Business Ethics

The Board and management have established policy and informed all employees to be conscientious to perform their duty with honesty, and be responsible to interested parties, the shareholders, and relevant parties consistently.

## 8. Balance of Voting Power of Non-Executive Directors

The Board of Directors consists of 9 directors broken down into

|                         |               |
|-------------------------|---------------|
| Executive Directors     | 6 individuals |
| Non-Executive Directors | - individual  |
| Independent Directors   | 3 individuals |

Non-Executive directors and independent directors combined accounted for 33.33% of all directors, and provided appropriate check and balance in the management of the company.

## 9. Combined or Isolated Position

The company has isolated the positions of the Board Chairman, and the Managing Director distinctively with the check and balance provided by independent directors.

## 10. Compensation for Directors and Management

The company has clear and transparent policy on director compensation at the same level as other companies in the industry and sufficiently high to retain qualified directors with proper approval at the General Shareholders' Meeting.

The company has established policy on management compensation at an appropriate level commensurate to duty and responsibility, sufficiently high to provide incentive for management to perform their duty to the highest of their ability.

## 11. Board of Directors' Meeting

The Board convenes regularly at least quarterly with meeting invitation including information and clear agenda of the meeting delivered to all directors at least 7 days in advance. The company arranges to record minute of the meeting in writing to report the result of the meeting and retains the minute for the Board and relevant parties viewing and examining. During the year 2011, there were 5 Board Meeting with all directors attended in all the meetings.

## 12. Sub-Committee

The company has formed three sub-committees comprising the Audit Committee, Recruitment and Compensation Committee and Risk Management Committee.

### The Audit Committee

The company appointed its Audit Committee on March 2, 2004 with tenor of 3 years. The Audit Committee shall convene its regular meeting and report to the Board of Directors

### The Recruitment and Compensation Committee

The Board appointed the Recruitment and Compensation Committee in accordance with its resolutions passed at the Board Meeting 4/2547, dated November 8, 2004, and 1/2547, dated February 25, 2004. The

Committee was formed in order to consider recruiting qualified and appropriate individuals to be appointed as executive directors including consideration for an appropriate level of compensation for directors.

#### Risk Management Committee

The board of directors has appointed new risk management committee in accordance with the resolution of the board of directors No. 5/2011 on November 11, 2011, to formulate the risk management policy of the company in accordance with the policy and strategy of the company and to assess and report the risk possibly incurred to the board of directors of the company

#### 13. System Control and Internal Audit

An Internal Audit Department has been established with help of KPMG Phoomchai was to assist in providing counsel to rectify weaknesses found in the company's system of internal control, to ensure the company maintains a good system of internal control, and conducting its business in full compliance with the law and regulation relevant to the company.

#### 14. Board of Directors' Report

The Board of Directors is responsible for the consolidated financial statements of the company and its subsidiaries, and financial information presented in the Annual Report. The Board assigned the Audit Committee to review financial statements and related party transaction prior to its presentation. Said financial statements are prepared based on Generally Accepted Accounting Principles in Thailand applying appropriate accounting policy, and adequate disclosure within Notes to Financial Statement.

#### 15. Investor Relation

The Board of Directors recognizes the importance of disclosure of information which is accurate, complete, and transparent both for financial information and general information as well as important information which may affect company's stock price. The company distributes essential information via channel of communication in accordance with the Securities Exchange of Thailand requirement. Furthermore, the company has established specific unit for investor relation reporting directly to the Managing Director to provide news and information about the company for investors, shareholders, analyst, and the general public. Investor may contact for information at phone number 029-190-090-97 or visit company website: [www.seafco.co.th](http://www.seafco.co.th) or at e-mail address: [seafco@seafco.co.th](mailto:seafco@seafco.co.th)

#### **Measure or Approval Procedure for Party-Related Transactions**

It is stipulated that any transactions to be made between the Company, its subsidiaries and directors, executives or related persons must be referred to the Board of Directors for approval or approval in principle before conducting such transactions, despite being a normal business item or normal business supportive item with general trade conditions which originally can be approved by the management team without Board approval. Therefore, an approval in principle is required respecting general trade conditions for conducting transactions between the Company, its subsidiaries and directors, executives or related persons, including, but not limited to, property rent item, utility cost item, service charge items, party-related borrowing, raw materials purchase and sale, provided that the general trade conditions should be in the same manner as a due person would treat his general counterparty under the same circumstance, with commercially negotiation power freed from influences derived from holding a directorship or managerial position or being a related person.

## Related Party Transaction

During the year 2011, there was related party transaction which might create situation of conflict of interest reported by the Auditor within Note 24, page 2-25 to Financial Statement.

## Business Ethics.

### 1. Transparency and disclosure of data:

Work administrations, account entries and keepings, financial report preparations have been made properly in accordance with the law and internationally accepted standard. Data are disclosed accurately and expressly, and they are up to date, to the investors and related parties.

### 2. All parties have been equitably treated:

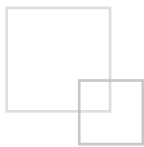
The Company has given importance on the rights of all interested groups including shareholders, customers, trading partners, creditors, staffs, communities and the overall societies with justice and equality. Notwithstanding on the consideration of their statuses of being either major or small shareholders, they have been treated equally and that the importance is extremely given to the environment because of the reason the Company's business may cause disturbances to neighboring communities which, as a result, the Company has implemented various measures to reduce such environmental impacts.

### 3. Risk Management:

Risk management has been provided in connection with the effectiveness, efficiency and accuracy of the Financial Report and that various laws, regulations and orders have firmly adhered to in good relations with the internal control frame which, in this connection, business operation risk analysis is conducted, importance of risk level prescribed in order to find control measure to reduce risk rate to the minimum.

### 4. Adopting morals and ethics in all organizational levels:

Morals and ethics are important factors of corporate governance of the Company traditionally practiced in all organizational levels, from Directors Executives and all staff levels because the Board of Directors is quite confident that if there should be no morals and ethics, the business cannot be carried out in a sustainable manner.



## Operating results and financial position

### Analysis of the operating results

#### Incomes from the contracted work

Revenues of the Company Group consist of the taking of employments from the work of Bored piling, diaphragm wall, civil work constructions, foundations, soil quality improvements, piling test services, other services and other revenues acquired apart from the operational works: such as, sales of various materials, profits derived from sales of the assets, interest receivable, profits derived from currency exchange rates.

In 2010, the Company group a total revenues of 1,461.88 million Baht consisting of the revenue derived from the work of Bored piling & diaphragm wall to be the rate 53%, civil work constructions to be the rate 44%, foundations to be the rate 0.24%, soil improvements to be the rate (0%), test services to be the rate 0.20% and other services to be the rate 2%. The revenue generated from the taking of employment in comparison with 2009 is decreased by 20%. As revenue in the Bored piling & diaphragm wall in 2010 and received only wages excluding raw materials mainly

In 2011, the Company group a total revenues of 1,576.60 million Baht consisting of the revenue derived from the work of Bored piling & diaphragm wall to be the rate 68.87%, civil work construction to be the rate 29.85%, foundations to be the rate 0.02% and other services to be the rate 1.27%. The revenue comparison with 2010 is increased by 8.93% resulting from the company had an ability to hand over 2010 construction works faster.

#### Employment Work Cost

Employment work cost in 2010 is equal to 1,362.09 million Baht comparing with that of the year 2009 which is 1,627.51 million Baht is decreased by 16.31% or at the gross profit of 2010 rate of 5.40% and at the gross profit of 2009 rate of 9.79%, at the gross profit with 2010 is decreased by 50% because cost civil work constructions increase.

Employment work cost in 2011 is equal to 1,482.41 million Baht comparing with that of the year 2010 which is 1,362.09 million Baht is increased by 8.83% or at the gross profit of 2011 rate of 5.59% and at the gross profit of 2010 rate of 5.40%.

#### Sale and Administrative Expenses

Sale and management expenses in 2010 is equal to 104.04 million Baht comparing with that of the year 2009 which is 84.12 million Baht, is increased by 23.67% from the company increase salary and estimate retirement funds.

Sale and management expense in 2011 is equal to 105.40 million Baht comparing with that of the year 2011 which is 104.04 million Baht is increased by 1.31%.

#### Bad Debt.

In 2010, the Company set aside an allowance for bad debt in the amount of 8.92 million Baht which was 0.6% of the total revenues which are outstanding receivables in excess of 12 months, however, it is anticipated a call for repayment in full amount can be made.

In 2011, the Company set aside an allowance for bad debt in the amount of 9.84 million Baht which was 0.63% of the total revenues which are outstanding receivables in excess of 12 months, however, it is anticipated a call for repayment in full amount can be made.

#### Gross and Net Profit.

Company's gross profit in 2010 and 2009 was 70.64 million Baht and 176.70 million Baht, respectively, which was an decrease by 60% because of cost civil work constructions increase and net(loss) profit in 2010 and 2009 was (58.88) million baht and 51.51 million baht, respectively, which was an decrease 214%. That was because of sale and Administrative expenses than in the preceded year.

Company's gross profit in 2011 and 2010 was 87.74 million Baht and 77.80 million Baht, respectively, which was an increase by 12.77% resulting from the company had an ability to hand over 2010 Bored Pile and Diaphragm wall faster and net(loss) profit in 2011 and 2010 was (57.87) million Baht and (58.88) million Baht, respectively, which was an decrease 1.72%

#### Shareholders' Returns.

In 2009 and 2010, the Company's shareholders' rate of returns was 7.9% and (10.1%), respectively, which was decrease by 228%. The company has net (loss) profit of (58.88) million baht and net profit of 51.51 million baht, respectively, which was and decrease by 20%.

In 2011 and 2010, the Company's shareholders' rate of returns was (11.3%) and (10.1%), respectively, which was decrease by 12.60%. As a result of the loss of second consecutive years.

#### Liquidity.

In 2010, the Company's Group had 0.83 times liquidity ratio compared to 2009 when the liquidity ratio stayed at 0.97 times. The liquidity ratio in 2010 decreased by 14.43% compared to 2009. In the same year, the cash flow also decreased by Baht 17.33 million. This enabled the cash and cash equivalents at the end of 2010 equal to Baht 23.87 million. In 2009, the Company's Group had an increase in cash flow of Baht 10.76 million. As a result, cash and cash equivalents at the end of 2009 of Baht 30.44 million. Hence, cash flow in 2010 decreased by 42.30% from year 2009.

In 2011, the Company's Group had 0.77 times liquidity ration compared to 2010 when the liquidity ration stayed at 0.83 times. The liquidity ration in 2011 decreased by 7.23% compared to 2010. In the same year, the cash flow also decreased by Baht 11.47 million. This enabled the cash and cash equivalents at the end of 2011 equal to Baht 12.40 million. In 2010, the Company's Group had an decreased in cash flow of Baht 17.33 million. As a result, cash and cash equivalents at the end of 2010 of Baht 23.87 million. Hence, cash flow in 2011 decreased by 48.07% from year 2010.



#### Source of Capital

In 2010, the Company's Group had total liabilities of Baht 933.95 million, which consist of current liabilities of Baht 800.19 million and long-term liabilities of Baht 133.75 million. This figure decreased from the year 2009, total liabilities of Baht 986.10 million, which consist of current liabilities of Baht 937.10 million and long-term liabilities of Baht 130.23 million.

In 2011, the Company's Group had total liabilities of Baht 1,030.47 million, which consist of current liabilities of Baht 900.37 million and long-term liabilities of Baht 130.10 million. This figure increased from the year 2010, total liabilities of Baht 933.95 million, which consist of current liabilities of Baht 800.19 million and long-term liabilities of Baht 133.75 million.

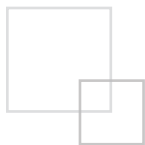
In 2011, the Company's Group had shareholders' equity of Baht 509.96 million, which is lower than in 2010 with Baht 584.25 million. In addition, D/E ratio in 2011, 2010 and 2009 by 11.15, 0.95 and 0.63.

#### Audit Fee

As at December 31, 2011. The company and its subsidiaries paid audit fee as follow:

##### **Audit Fee**

| <b>Companies</b>                                | <b>Audit's name</b>       | <b>Audit's Fee</b> |
|---|---------------------------|--------------------|
| Seafco Public Company Limited                   | Mrs. Vilairat Rojnuckarin | 1,250,000          |
| Seafco Construction Co., Ltd                    | Mrs. Vilairat Rojnuckarin | 60,000             |
| Seafco and Prayoonchai Co. Joint Venture (1984) | Mrs. Vilairat Rojnuckarin | 60,000             |
| SEAFECO-RYOBI PTE LTD.                          | Mrs. Vilairat Rojnuckarin | 220,000            |
| Seafco & Prayoonchai (1984) Joint Venture       | Mrs. Vilairat Rojnuckarin | 60,000             |
| Srinakaran Joint Venture                        | Mrs. Vilairat Rojnuckarin | 220,000            |
| <b>Total</b>                                    |                           | <b>1,870,000</b>   |



## Report of the Audit Committee

Dear Shareholders,

The Audit Committee of SEAFCO Public Company Limited. the Audit Committee consists of three independent directors with the scope of duties and responsibilities according to the Charter of the Audit Committee has approved and delegated by the Board of Directors and the regulations of the Securities and Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)

Assoc. Prof. Dr. Somjai Phagaphasvivat Chairman of the Audit Committee

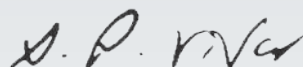
Mr. Somkuan Watakeekul Audit Committee

Mr. Somkual Musig-In Audit Committee

In 2011, the audit committee has arranged a meeting every quarter, totaling four meetings, three of which have been attended by the certified public accountant and without attendance of the management, except the agenda related to the financial statements examined and the risk management with opinions on the agenda as follows.

- Review of the financial statements of the company, both the quarter review and the annual review for the year 2011 together with the certified public accountant with the opinion that the financial statements of SEAFCO Public Company Limited are accurate and reliable.
- Review of the internal control system of the company in conjunction with the internal control division has proved that the internal control division is independent and is allowed to access every portion of information and SEAFCO Public Company Limited has an appropriate examination system and internal control system.
- Review of the risk management system jointly with the risk management committee and opinions submitted to the board of directors of the company
- Review of compliance with laws and requirements of the Stock Exchange of Thailand, including requirements of the Office of the Securities Exchange Commission and laws related to the business has proved that SEAFCO Public Company Limited has complied with related laws as properly required.
- Examination, selection and appointment of the auditor, including audit fee and Khun Vilairat Rojnuckarin of D.I. A. International Audit Co., Ltd. has been elected an auditor and proposed to the board of directors and shareholders for approval.
- Inquiry on related intercompany transactions or transactions with possible conflict of interest and the internal control division has been assigned to make a review in accordance with the notification of the Board of the Stock Exchange of Thailand on Disclosures and Compliance of the listed companies for intercompany transaction and it is found that the company has made disclosure on transactions with related companies correctly and properly and for the maximum interest of the company.

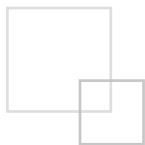
In conclusion, the audit committee has viewed that SEAFCO Public Company Limited has a good governance process and appropriate internal control without any significant impact on the financial statements. I would like to take this opportunity to thank you all.



(Assoc. Prof. Dr. Somjai Phagaphasvivat)

Chairman of the Audit Committee

20 February 2012



## AUDITOR'S REPORT

To The Shareholders of

SEAFECO PUBLIC COMPANY LIMITED

I have audited the consolidated statements of financial position of SEAFECO PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate statements of financial position of SEAFECO PUBLIC COMPANY LIMITED as at December 31, 2011 and 2010, and the related consolidated statements of comprehensive income and separate statements of comprehensive income, consolidated statements of changes in shareholders' equity and separate statements of changes in shareholders' equity, and consolidated statements of cash flows and separate statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing principles used and significant estimates made by management, as well as evaluating the overall financial statements. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly in all material respects, the consolidated financial position of SEAFECO PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate financial position of SEAFECO PUBLIC COMPANY LIMITED as at December 31, 2011 and 2010 and the results of consolidated and separate operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As stated in note 2, 4 and 5 to financial statements for the year ended December 31, 2011, the Company and subsidiaries adopted the revised financial reporting standards issued by the Federation of Accounting Professions and in accordance with the notification of the Department of Business Development regarding the condensed form should be included in the financial statements B.E. 2554, that the adoption is effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards for preparation and presentation these financial statements. Accordingly the comparative consolidated and separate financial statements for the year ended December 31, 2010 have been presented in new format for corresponding with the consolidated and separate financial statements for the year ended December 31, 2011.

D I A International Audit Co., Ltd.

(Mrs. Vilairat Rojnuckarin)

C.P.A. (Thailand)

Registration No. 3104

February 28, 2012



# STATEMENTS OF FINANCIAL POSITION

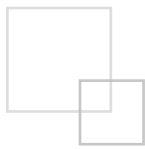
SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2011 AND 2010

(Unit : Baht)

| Assets                                     | Note | Consolidated financial statements |                         | Separate financial statements |                         |
|--|------|-----------------------------------|-------------------------|-------------------------------|-------------------------|
|  |      | 2011                              | 2010                    | 2011                          | 2010                    |
| <b>Current assets</b>                      |      |                                   |                         |                               |                         |
| Cash and cash equivalents                  | 6    | 12,397,162.72                     | 23,871,039.45           | 1,362,256.52                  | 1,209,119.13            |
| Trade and other receivables                | 7    | 287,007,953.94                    | 223,763,314.14          | 251,348,062.95                | 214,608,365.33          |
| Unbilled receivable                        |      | 303,419,571.36                    | 328,844,379.69          | 312,863,540.25                | 323,469,685.22          |
| Prepayment for wages and purchase of goods |      | 12,472,222.51                     | 12,617,665.68           | 12,472,222.51                 | 12,617,665.68           |
| Inventories                                | 8    | 79,083,451.25                     | 78,432,395.59           | 77,483,338.21                 | 78,432,395.59           |
| <b>Total current assets</b>                |      | <b>694,380,361.78</b>             | <b>667,528,794.55</b>   | <b>655,529,420.44</b>         | <b>630,337,230.95</b>   |
| <b>Non-current assets</b>                  |      |                                   |                         |                               |                         |
| Pledged bank deposits                      | 9    | 91,429,133.96                     | 86,717,898.12           | 91,429,133.96                 | 86,717,898.12           |
| Investment in subsidiaries                 | 10   | 0.00                              | 0.00                    | 6,703,940.00                  | 1,799,940.00            |
| Investment in joint venture                | 11   | 0.00                              | 0.00                    | 0.00                          | 3,250,359.40            |
| Other long-term investments                |      | 5,000,000.00                      | 5,000,000.00            | 5,000,000.00                  | 5,000,000.00            |
| Investment property                        | 12   | 25,929,181.08                     | 15,047,637.39           | 25,929,181.08                 | 15,047,637.39           |
| Property, plant and equipment              | 13   | 515,257,145.59                    | 559,170,182.07          | 514,443,261.16                | 555,724,290.22          |
| Retentions receivable                      | 14   | 128,255,711.30                    | 144,112,877.62          | 130,539,702.07                | 145,786,036.29          |
| Withholding income tax                     |      | 77,581,114.73                     | 37,594,960.70           | 77,581,114.73                 | 37,594,960.70           |
| Other non-current assets                   |      | 2,599,613.00                      | 3,027,673.90            | 2,599,613.00                  | 3,027,673.90            |
| <b>Total non-current assets</b>            |      | <b>846,051,899.66</b>             | <b>850,671,229.80</b>   | <b>854,225,946.00</b>         | <b>853,948,796.02</b>   |
| <b>Total assets</b>                        |      | <b>1,540,432,261.44</b>           | <b>1,518,200,024.35</b> | <b>1,509,755,366.44</b>       | <b>1,484,286,026.97</b> |

Notes to financial statements are parts of these financial statements.



## STATEMENTS OF FINANCIAL POSITION (Continued)

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

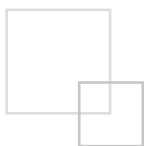
AS AT DECEMBER 31, 2011 AND 2010

(Unit : Baht)

| Liabilities and shareholders' equity (Cont.) Note | Consolidated financial statements |                       | Separate financial statements |                       |
|---|-----------------------------------|-----------------------|-------------------------------|-----------------------|
|   | 2011                              | 2010                  | 2011                          | 2010                  |
| <b>Current liabilities</b>                        |                                   |                       |                               |                       |
| Bank overdrafts and short - term loans            |                                   |                       |                               |                       |
| from financial institutions 15                    | 311,397,484.46                    | 248,680,057.54        | 311,397,484.46                | 248,680,057.54        |
| Trade and other payables                          | 304,232,504.06                    | 241,816,362.35        | 279,205,469.86                | 227,955,005.69        |
| Advance received under agreement                  | 51,627,601.19                     | 80,267,071.50         | 53,282,297.70                 | 76,975,305.33         |
| Retentions payable - contractor                   | 23,071,231.14                     | 23,335,648.10         | 23,071,231.14                 | 23,335,648.10         |
| Current portion of long - term liabilities 16     | 58,435,339.22                     | 50,654,596.47         | 58,435,339.22                 | 50,654,596.47         |
| Short-term loans 17                               | 115,000,000.00                    | 130,000,000.00        | 115,000,000.00                | 130,000,000.00        |
| Short-term provisions                             | 36,609,161.44                     | 25,440,794.54         | 36,609,161.44                 | 17,986,440.49         |
| <b>Total current liabilities</b>                  | <b>900,373,321.51</b>             | <b>800,194,530.50</b> | <b>877,000,983.82</b>         | <b>775,587,053.62</b> |
| <b>Non-current liabilities</b>                    |                                   |                       |                               |                       |
| Long-term loans 18                                | 24,347,000.00                     | 18,480,000.00         | 24,347,000.00                 | 18,480,000.00         |
| Liabilities under financial lease agreement 19    | 78,229,948.58                     | 111,754,623.91        | 78,229,948.58                 | 111,754,623.91        |
| Employee benefit obligations                      | 27,525,336.00                     | 3,520,000.00          | 27,525,336.00                 | 3,520,000.00          |
| <b>Total non-current liabilities</b>              | <b>130,102,284.58</b>             | <b>133,754,623.91</b> | <b>130,102,284.58</b>         | <b>133,754,623.91</b> |
| <b>Total liabilities</b>                          | <b>1,030,475,606.09</b>           | <b>933,949,154.41</b> | <b>1,007,103,268.40</b>       | <b>909,341,677.53</b> |

Notes to financial statements are parts of these financial statements.





# STATEMENTS OF FINANCIAL POSITION (Continued)

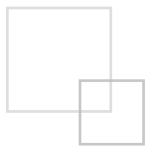
SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2011 AND 2010

(Unit : Baht)

| Liabilities and shareholders' equity (Cont.) Note | Consolidated financial statements |                         | Separate financial statements |                         |
|---|-----------------------------------|-------------------------|-------------------------------|-------------------------|
|   | 2011                              | 2010                    | 2011                          | 2010                    |
| <b>Shareholders' equity</b>                       |                                   |                         |                               |                         |
| Share capital                                     |                                   |                         |                               |                         |
| Authorized share capital                          |                                   |                         |                               |                         |
| 215,000,000 common shares                         |                                   |                         |                               |                         |
| of Baht 1 each                                    | 215,000,000.00                    | 215,000,000.00          | 215,000,000.00                | 215,000,000.00          |
| Issued and paid-up share capital                  |                                   |                         |                               |                         |
| 215,000,000 common shares                         |                                   |                         |                               |                         |
| of Baht 1 each                                    | 215,000,000.00                    | 215,000,000.00          | 215,000,000.00                | 215,000,000.00          |
| Premium on share capital                          | 164,000,000.00                    | 164,000,000.00          | 164,000,000.00                | 164,000,000.00          |
| Retained earnings                                 |                                   |                         |                               |                         |
| Appropriated - Legal reserve 20                   | 19,142,134.19                     | 19,142,134.19           | 19,142,134.19                 | 19,142,134.19           |
| Unappropriated                                    | 106,008,125.33                    | 185,586,550.55          | 104,509,963.85                | 176,802,215.25          |
| Other components of equity 21                     | 0.00                              | 522,170.37              | 0.00                          | 0.00                    |
| <b>Total owners of the Company</b>                | <b>504,150,259.52</b>             | <b>584,250,855.11</b>   | <b>502,652,098.04</b>         | <b>574,944,349.44</b>   |
| Non-controlling interests                         | 5,806,395.83                      | 14.83                   | 0.00                          | 0.00                    |
| <b>Total shareholders' equity</b>                 | <b>509,956,655.35</b>             | <b>584,250,869.94</b>   | <b>502,652,098.04</b>         | <b>574,944,349.44</b>   |
| <b>Total liabilities and shareholders' equity</b> | <b>1,540,432,261.44</b>           | <b>1,518,200,024.35</b> | <b>1,509,755,366.44</b>       | <b>1,484,286,026.97</b> |

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF COMPREHENSIVE INCOME

SEAFco PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

|  | Note | Consolidated financial statements |                    | Separate financial statements |                    |
|--|------|-----------------------------------|--------------------|-------------------------------|--------------------|
|  |      | 2011                              | 2010               | 2011                          | 2010               |
| Hire of work income                                      |      | 1,557,409,939.57                  | 1,411,782,672.58   | 1,532,950,255.11              | 1,358,586,668.24   |
| Sales of materials and services                          |      | 12,745,240.46                     | 28,112,369.39      | 13,600,906.89                 | 26,511,622.55      |
| Total revenues   |      | 1,570,155,180.03                  | 1,439,895,041.97   | 1,546,551,162.00              | 1,385,098,290.79   |
| Cost of hire of work, sales of materials and services    |      | (1,482,413,250.71)                | (1,362,090,936.23) | (1,463,059,465.83)            | (1,312,445,638.48) |
| Gross profit   |      | 87,741,929.32                     | 77,804,105.74      | 83,491,696.17                 | 72,652,652.31      |
| Other income   |      |                                   |                    |                               |                    |
| Gain on sale of investment                               |      | 418,605.91                        | 0.00               | 4,908,236.30                  | 0.00               |
| Dividend income  |      | 0.00                              | 0.00               | 4,650,000.00                  | 0.00               |
| Others   |      | 6,023,098.99                      | 7,399,281.82       | 5,839,289.26                  | 7,431,947.72       |
| Administrative expenses                                  |      | (115,177,477.69)                  | (105,033,723.18)   | (114,571,819.70)              | (104,632,714.83)   |
| Finance costs  |      | (35,915,023.60)                   | (29,609,847.83)    | (35,705,229.43)               | (29,167,590.43)    |
| Loss before income tax                                   |      | (56,908,867.07)                   | (49,440,183.45)    | (51,387,827.40)               | (53,715,705.23)    |
| Income tax expenses                                      | 22   | (894,856.82)                      | (1,518,373.17)     | 0.00                          | 0.00               |
| Loss for the year from continuing operations             |      | (57,803,723.89)                   | (50,958,556.62)    | (51,387,827.40)               | (53,715,705.23)    |
| Loss from discontinued operations                        | 23   | (63,896.33)                       | (7,919,527.33)     | 0.00                          | 0.00               |
| Loss for the year  |      | (57,867,620.22)                   | (58,878,083.95)    | (51,387,827.40)               | (53,715,705.23)    |
| Other comprehensive income:                              |      |                                   |                    |                               |                    |
| Exchange differences on translating financial statements |      | 0.00                              | (140,380.49)       | 0.00                          | 0.00               |
| Total comprehensive expenses for the year                |      | (57,867,620.22)                   | (59,018,464.44)    | (51,387,827.40)               | (53,715,705.23)    |
| Profit (loss) attributable to:                           |      |                                   |                    |                               |                    |
| Owners of the Company                                    |      |                                   |                    |                               |                    |
| Loss for the year from continuing operations             |      | (58,610,104.89)                   | (50,958,544.30)    | (51,387,827.40)               | (53,715,705.23)    |
| Loss for the year from discontinued operations           |      | (63,896.33)                       | (7,919,527.33)     | 0.00                          | 0.00               |
| Total  |      | (58,674,001.22)                   | (58,878,071.63)    | (51,387,827.40)               | (53,715,705.23)    |

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF COMPREHENSIVE INCOME (Continued)

SEAFco PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

|  | Consolidated financial statements |                 | Separate financial statements |                 |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
|  | 2011                              | 2010            | 2011                          | 2010            |
| Non-controlling interests                              |                                   |                 |                               |                 |
| Profit (loss) for the year from continuing operations  | 806,381.00                        | (12.32)         | 0.00                          | 0.00            |
| Loss for the year from discontinued operations         | 0.00                              | 0.00            | 0.00                          | 0.00            |
|  | 806,381.00                        | (12.32)         | 0.00                          | 0.00            |
| Loss for the year                                      | (57,867,620.22)                   | (58,878,083.95) | (51,387,827.40)               | (53,715,705.23) |
| Total comprehensive income (expenses) attributable to: |                                   |                 |                               |                 |
| Owners of the Company                                  |                                   |                 |                               |                 |
| Loss for the year from continuing operations           | (58,610,104.89)                   | (50,958,544.30) | (51,387,827.40)               | (53,715,705.23) |
| Loss for the year from discontinued operations         | (63,896.33)                       | (8,059,907.82)  | 0.00                          | 0.00            |
|  | (58,674,001.22)                   | (59,018,452.12) | (51,387,827.40)               | (53,715,705.23) |
| Non-controlling interests                              |                                   |                 |                               |                 |
| Profit (loss) for the year from continuing operations  | 806,381.00                        | (12.32)         | 0.00                          | 0.00            |
| Loss for the year from discontinued operations         | 0.00                              | 0.00            | 0.00                          | 0.00            |
|  | 806,381.00                        | (12.32)         | 0.00                          | 0.00            |
| Total comprehensive expenses for the year              | (57,867,620.22)                   | (59,018,464.44) | (51,387,827.40)               | (53,715,705.23) |
| Earnings(loss) per share                               |                                   |                 |                               |                 |
| Basic loss per share                                   |                                   |                 |                               |                 |
| Loss from continuing operations                        | (0.27)                            | (0.24)          | (0.24)                        | (0.25)          |
| Loss from discontinued operations                      | 0.00                              | (0.03)          | 0.00                          | 0.00            |
|  | (0.27)                            | (0.27)          | (0.24)                        | (0.25)          |
| Averaged number of common shares                       | 215,000,000                       | 215,000,000     | 215,000,000                   | 215,000,000     |

Notes to financial statements are parts of these financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

| Note   | Consolidated financial statements |                          |                            |                |                            |                             |                           |                            |
|--|-----------------------------------|--------------------------|----------------------------|----------------|----------------------------|-----------------------------|---------------------------|----------------------------|
|  | Owners of the Company             |                          |                            |                |                            | Total owners of the Company | Non-controlling interests | Total shareholders' equity |
|  | Issued and paid-up share capital  | Premium on share capital | Retained earnings          |                | Other components of equity |                             |                           |                            |
|  |                                   |                          | Appropriated Legal reserve | Unappropriated |                            |                             |                           |                            |
|  |                                   |                          |                            |                |                            | Translating                 |                           |                            |
|  |                                   |                          |                            |                |                            | financial statements        |                           |                            |
| Balance as at December 31, 2009                              | 215,000,000.00                    | 164,000,000.00           | 19,142,134.19              |                | 255,214,522.18             | 662,550.86                  | 27.15                     | 654,019,234.38             |
| Changes in shareholders' equity for the year 2010 :          |                                   |                          |                            |                |                            |                             |                           |                            |
| Dividend paid  | 0.00                              | 0.00                     | 0.00                       | 0.00           | (10,749,900.00)            | 0.00                        | 0.00                      | (10,749,900.00)            |
| Exchange differences on translating financial statements     |                                   |                          |                            |                |                            |                             |                           |                            |
| Total comprehensive expenses for the year                    | 0.00                              | 0.00                     | 0.00                       | 0.00           | 0.00                       | (140,380.49)                | 0.00                      | (140,380.49)               |
| Balance as at December 31, 2010                              | 215,000,000.00                    | 164,000,000.00           | 19,142,134.19              | 0.00           | (58,878,071.63)            | 0.00                        | (12.32)                   | (58,878,083.95)            |
| Effect from adoption accounting policy for employee benefits |                                   |                          |                            |                |                            |                             |                           |                            |
| 5  | 0.00                              | 0.00                     | 0.00                       | 0.00           | (20,904,424.00)            | 0.00                        | 0.00                      | (20,904,424.00)            |
| Balance as at December 31, 2010 (restated)                   | 215,000,000.00                    | 164,000,000.00           | 19,142,134.19              |                | 164,682,126.55             | 522,170.37                  | 14.83                     | 563,346,445.94             |
| Changes in shareholders' equity for the year 2011 :          |                                   |                          |                            |                |                            |                             |                           |                            |
| Common shares capital  | 0.00                              | 0.00                     | 0.00                       | 0.00           | 0.00                       | 0.00                        | 5,000,000.00              | 5,000,000.00               |
| Exchange differences on translating financial statements     |                                   |                          |                            |                |                            |                             |                           |                            |
| Total comprehensive expenses for the year                    | 0.00                              | 0.00                     | 0.00                       | 0.00           | 0.00                       | (522,170.37)                | 0.00                      | (522,170.37)               |
| Balance as at December 31, 2011                              | 215,000,000.00                    | 164,000,000.00           | 19,142,134.19              | 0.00           | (58,674,001.22)            | 0.00                        | 806,381.00                | (57,867,620.22)            |
| 5,806,395.83   |                                   |                          |                            |                |                            |                             |                           |                            |
| 509,956,655.35   |                                   |                          |                            |                |                            |                             |                           |                            |

Notes to financial statements are parts of these financial statements.

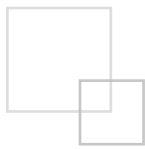
# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

| Note  | Separate financial statements       |                             |                               |  |                 | Total<br>shareholders' equity |
|---|-------------------------------------|-----------------------------|-------------------------------|--|-----------------|-------------------------------|
|   | Issued and paid-up<br>share capital | Premium on<br>share capital | Retained earnings             |  | Unappropriated  |                               |
|   |                                     |                             | Appropriated<br>Legal reserve |  |                 |                               |
| Balance as at December 31, 2009                                 | 215,000,000.00                      | 164,000,000.00              | 19,142,134.19                 |  | 241,267,820.48  | 639,409,954.67                |
| Changes in shareholders' equity for the year 2010 :             |                                     |                             |                               |  |                 |                               |
| Dividend paid   | 0.00                                | 0.00                        | 0.00                          |  | (10,749,900.00) | (10,749,900.00)               |
| Total comprehensive expenses for the year                       | 0.00                                | 0.00                        | 0.00                          |  | (53,715,705.23) | (53,715,705.23)               |
| Balance as at December 31, 2010                                 | 215,000,000.00                      | 164,000,000.00              | 19,142,134.19                 |  | 176,802,215.25  | 574,944,349.44                |
| Effect from adoption accounting policy for<br>employee benefits |                                     |                             |                               |  |                 |                               |
|   | 0.00                                | 0.00                        | 0.00                          |  | (20,904,424.00) | (20,904,424.00)               |
| Balance as at December 31, 2010 (restated)                      | 215,000,000.00                      | 164,000,000.00              | 19,142,134.19                 |  | 155,897,791.25  | 554,039,925.44                |
| Changes in shareholders' equity for the year 2011 :             |                                     |                             |                               |  |                 |                               |
| Total comprehensive expenses for the year                       | 0.00                                | 0.00                        | 0.00                          |  | (51,387,827.40) | (51,387,827.40)               |
| Balance as at December 31, 2011                                 | 215,000,000.00                      | 164,000,000.00              | 19,142,134.19                 |  | 104,509,963.85  | 502,652,098.04                |

(Unit : Baht)

Notes to financial statements are parts of these financial statements.



# STATEMENTS OF CASH FLOWS

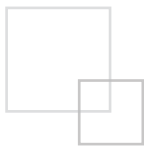
SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

|  | Consolidated financial statements |                 | Separate financial statements |                 |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
|  | 2011                              | 2010            | 2011                          | 2010            |
| <b>Cash flows from operating activities</b>        |                                   |                 |                               |                 |
| Loss before income tax                             | (56,972,763.40)                   | (57,359,710.78) | (51,387,827.40)               | (53,715,705.23) |
| Adjustment   |                                   |                 |                               |                 |
| Depreciation                                       | 88,526,518.43                     | 85,524,504.43   | 88,483,058.52                 | 85,020,100.67   |
| Bad debt and doubtful accounts                     | 22,547,820.57                     | 8,917,604.09    | 22,547,820.57                 | 8,917,604.09    |
| Reversed doubtful accounts                         | (10,700,000.00)                   | 0.00            | (10,700,000.00)               | 0.00            |
| Decrease in unbilled receivable                    | 19,418,368.15                     | 126,660,828.22  | 13,013,218.46                 | 137,095,882.17  |
| Amortized prepayment expense                       | 4,239,994.98                      | 5,127,558.99    | 4,239,994.98                  | 4,698,959.12    |
| Gain on sale of investment in joint venture        | (354,709.58)                      | 0.00            | (4,908,236.30)                | 0.00            |
| Unrealized (gain) loss on exchange rate            | 366.20                            | (8,768.34)      | 366.20                        | (8,768.34)      |
| (Gain) Loss on disposal of fixed assets            | 36,599.31                         | (1,316,335.94)  | 36,599.31                     | (1,249,711.16)  |
| Loss on write-off of fixed assets                  | 334,202.25                        | 1,221,703.78    | 334,202.25                    | 1,220,993.71    |
| Gain on negotiation for debt reduction             | 0.00                              | (4,070,303.36)  | 0.00                          | (4,070,303.36)  |
| Increase in short-term provisions                  | 18,622,720.95                     | 19,354,139.97   | 18,622,720.95                 | 11,899,785.92   |
| Increase in employee benefit provisions            | 3,100,912.00                      | 0.00            | 3,100,912.00                  | 0.00            |
| Dividend income                                    | 0.00                              | 0.00            | (4,650,000.00)                | 0.00            |
| Interest expenses                                  | 35,915,023.60                     | 29,609,847.83   | 35,705,229.43                 | 29,167,590.43   |
|  | 124,715,053.46                    | 213,661,068.89  | 114,438,058.97                | 218,976,428.02  |
| (Increase) Decrease of changes in operating assets |                                   |                 |                               |                 |
| Trade and other receivables                        | (89,743,632.13)                   | 84,341,309.78   | (61,488,223.35)               | 76,295,133.92   |
| Prepayment for wages and purchase of goods         | (1,328,630.32)                    | 4,165,440.16    | (1,328,630.32)                | (60,274.57)     |
| Inventories  | (478,171.16)                      | (5,083,176.02)  | 1,121,941.88                  | (5,109,624.56)  |
| Retentions receivable                              | 14,712,947.99                     | (12,995,779.94) | 14,719,884.22                 | (15,730,336.22) |
| Other non-current assets                           | 428,060.90                        | 1,573,865.98    | 428,060.90                    | 479,686.65      |

Notes to financial statements are parts of these financial statements.





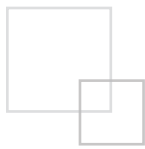
## STATEMENTS OF CASH FLOWS (Continued)

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

|  | Consolidated financial statements |                         | Separate financial statements |                        |
|--|-----------------------------------|-------------------------|-------------------------------|------------------------|
|  | 2011                              | 2010                    | 2011                          | 2010                   |
| Increase (Decrease) of changes in operating liabilities    |                                   |                         |                               |                        |
| Trade and other payables                                   | 66,937,538.02                     | (180,536,948.35)        | 49,601,430.92                 | (186,202,719.86)       |
| Advances received under agreement                          | (28,639,470.31)                   | (37,238,223.08)         | (23,693,007.63)               | (32,417,240.92)        |
| Retentions payable - contractor                            | (264,416.96)                      | (186,690.80)            | (264,416.96)                  | 212,838.23             |
| Cash generated from operation                              | 86,339,279.49                     | 67,700,866.62           | 93,535,098.63                 | 56,443,890.69          |
| Interest paid  | (36,325,285.90)                   | (29,760,514.74)         | (36,115,491.73)               | (29,435,809.71)        |
| Income tax paid  | (40,792,504.83)                   | (17,767,184.20)         | (39,986,154.03)               | (15,771,485.79)        |
| <b>Net cash provided by (used in) operating activities</b> | <b>9,221,488.76</b>               | <b>20,173,167.68</b>    | <b>17,433,452.87</b>          | <b>11,236,595.19</b>   |
| <b>Cash flows from investing activities</b>                |                                   |                         |                               |                        |
| Increase in pledged bank deposits                          | (4,711,235.84)                    | (3,681,984.92)          | (4,711,235.84)                | (3,681,984.92)         |
| Increase in investment in subsidiaries                     | 0.00                              | 0.00                    | (4,904,000.00)                | 0.00                   |
| Cash of on joint venture sold                              | (8,669,050.01)                    | 0.00                    | 0.00                          | 0.00                   |
| Proceeds from sale of investment in joint venture          | 8,158,595.70                      | 0.00                    | 8,158,595.70                  | 0.00                   |
| Dividend received from joint venture                       | 0.00                              | 0.00                    | 4,650,000.00                  | 0.00                   |
| Payments for investment property                           | (181,543.69)                      | 0.00                    | (181,543.69)                  | 0.00                   |
| Payments for purchase of fixed assets                      | (45,736,241.01)                   | (126,225,681.96)        | (45,736,241.01)               | (123,192,152.43)       |
| Proceeds from sales of fixed assets                        | 699,252.33                        | 3,597,743.82            | 699,252.33                    | 3,194,184.80           |
| Payments for purchase of fixed assets payable              | (453,113.97)                      | (274,690.40)            | (453,113.97)                  | (274,690.40)           |
| <b>Net cash provided by (used in) investing activities</b> | <b>(50,893,336.49)</b>            | <b>(126,584,613.46)</b> | <b>(42,478,286.48)</b>        | <b>123,954,642.95)</b> |

Notes to financial statements are parts of these financial statements.



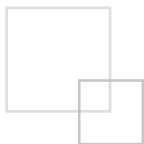
## STATEMENTS OF CASH FLOWS (Continued)

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit : Baht)

|  | Consolidated financial statements |                        | Separate financial statements |                       |
|--|-----------------------------------|------------------------|-------------------------------|-----------------------|
|  | 2011                              | 2010                   | 2011                          | 2010                  |
| <b>Cash flows from financing activities</b>                                    |                                   |                        |                               |                       |
| Increase in bank overdrafts and short - term loans from financial institutions | 62,717,426.92                     | 51,706,258.44          | 62,717,426.92                 | 68,115,178.57         |
| Decrease in short - term loans   | (15,000,000.00)                   | 0.00                   | (15,000,000.00)               | 0.00                  |
| Increase in long - term loans  | 10,151,000.00                     | 11,630,000.00          | 10,151,000.00                 | 11,630,000.00         |
| Payments for liabilities under financial lease agreements                      | (49,140,854.86)                   | (62,615,457.81)        | (49,140,854.86)               | (62,615,457.81)       |
| Proceeds from entering into financial lease agreements                         | 16,470,398.94                     | 99,246,507.00          | 16,470,398.94                 | 99,246,507.00         |
| Proceeds from non-controlling interests  | 5,000,000.00                      | 0.00                   | 0.00                          | 0.00                  |
| Payments for dividend  | 0.00                              | (10,749,900.00)        | 0.00                          | (10,749,900.00)       |
| <b>Net cash provided by (used in) financing activities</b>                     | <b>30,197,971.00</b>              | <b>89,217,407.63</b>   | <b>25,197,971.00</b>          | <b>105,626,327.76</b> |
| <b>Effects on translating financial statements</b>                             | <b>0.00</b>                       | <b>(140,380.49)</b>    | <b>0.00</b>                   | <b>0.00</b>           |
| <b>Net increase (decrease) in cash and cash equivalents</b>                    | <b>(11,473,876.73)</b>            | <b>(17,334,418.64)</b> | <b>153,137.39</b>             | <b>(7,091,720.00)</b> |
| <b>Cash and cash equivalents as at January 1</b>                               | <b>23,871,039.45</b>              | <b>41,205,458.09</b>   | <b>1,209,119.13</b>           | <b>8,300,839.13</b>   |
| <b>Cash and cash equivalents as at December 31</b>                             | <b>12,397,162.72</b>              | <b>23,871,039.45</b>   | <b>1,362,256.52</b>           | <b>1,209,119.13</b>   |

Notes to financial statements are parts of these financial statements.



# NOTES TO FINANCIAL STATEMENTS

## SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT DECEMBER 31, 2011 AND 2010

### 1. GENERAL INFORMATION

- 1.1 The Company was registered as a company limited on December 19, 1974 with registration no. 1385/2517. On March 18, 2004, the Company has changed its status to public company limited with registration no. 0107547000257 (formerly no. 0107574700255).
- 1.2 The Company is located at 144 Prayasuren Road, Bangchan, Khlong Sam Wah, Bangkok 10510.
- 1.3 The Company engaged in business of the contractor of foundation and general civil work.

### 2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRESENTATION

#### 2.1 Presentation of financial statements

The financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

#### 2.2 Financial statements presentation

The Company, subsidiaries and joint ventures adopted TAS 1 (Revised 2009) regarding the presentation of financial statements under the revised accounting standards. The financial statements consist of

- Statements of financial position
- Statements of comprehensive income
- Statements of changes in shareholders' equity
- Statements of cash flows
- Notes to financial statements

#### 2.3 Issued and revised accounting and financial reporting standards

The Federation of Accounting Professions issued various revised financial reporting standards which certain standards are relevant to the Company, subsidiaries and joint ventures' operations and effective for the accounting period beginning on or after January 1, 2011. The Company, subsidiaries and joint ventures applied those standards as below:

| <u>Accounting standards/Financial reporting standards</u> | <u>Contents</u>  |
|---|--|
| TAS 1 (Revised 2009)                                      | Presentation of Financial Statements                               |
| TAS 2 (Revised 2009)                                      | Inventories  |
| TAS 7 (Revised 2009)                                      | Statements of Cash Flows   |
| TAS 8 (Revised 2009)                                      | Accounting Policies, Changes in Accounting<br>Estimates and Errors |
| TAS 10 (Revised 2009)                                     | Events After the Reporting Period                                  |
| TAS 11 (Revised 2009)                                     | Construction Contracts   |
| TAS 16 (Revised 2009)                                     | Property, Plant and Equipment                                      |
| TAS 17 (Revised 2009)                                     | Leases   |
| TAS 18 (Revised 2009)                                     | Revenue  |
| TAS 19  | Employee Benefits  |
| TAS 23 (Revised 2009)                                     | Borrowing Costs  |
| TAS 24 (Revised 2009)                                     | Related Party Disclosures  |
| TAS 27 (Revised 2009)                                     | Consolidated and Separate Financial Statements                     |
| TAS 31 (Revised 2009)                                     | Interests in Joint Ventures  |
| TAS 33 (Revised 2009)                                     | Earnings per Share   |
| TAS 34 (Revised 2009)                                     | Interim Financial Reporting  |
| TAS 36 (Revised 2009)                                     | Impairment of Assets   |
| TAS 37 (Revised 2009)                                     | Provisions, Contingent Liabilities and Contingent Assets           |
| TAS 38 (Revised 2009)                                     | Intangible Assets  |
| TAS 40 (Revised 2009)                                     | Investment Property  |
| TFRS 5 (Revised 2009)                                     | Non-Current Assets Held for Sale and Discontinued<br>Operation     |

The adoption of newly issued and revised financial reporting standards in these financial statements resulted to the changes in the Company, subsidiaries and joint venture accounting policy. The effects have been disclosed in notes 5 to financial statements.

In addition the above newly issued and revised financial reporting standards, the other standards are expected to be effective for the financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements. The details are following:

| <u>Accounting standards/Financial reporting standards</u> | <u>Contents</u>  |
|---|--|
| TAS 12  | Income Taxes   |
| TAS 20 (Revised 2009)                                     | Accounting for Government Grants and Disclosure of<br>Government Assistance      |
| TAS 21 (Revised 2009)                                     | The Effects of Changes in Foreign Exchange Rate                                  |
| TSIC 10   | Government Assistance-No Specific Relation to<br>Operating Activities            |
| TSIC 21   | Income Taxes- Recovery of Revalued Non-<br>Depreciable Assets                    |
| TSIC 25   | Income Taxes- Changes in the Tax Status of an<br>Enterprises or its Shareholders |

At present, the Company, subsidiaries and joint ventures are being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

### 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

The consolidated financial statements have been prepared by including the financial statements of its subsidiaries and joint venture (under proportionate consolidated method) in which Seafco Public Company Limited has ability to control in making financial and operating decisions as follows :

|                                  | Country   | Percentage of shareholding % |       | Type of Business |
|----------------------------------|-----------|------------------------------|-------|------------------|
|                                  |           | 2011                         | 2010  |                  |
| Subsidiaries                     |           |                              |       |                  |
| Seafco Co., Ltd. and Prayoonchai |           |                              |       | Construction     |
| (1984) Co., Ltd. Joint venture   | Thailand  | 100                          | 100   | contractual      |
| Seafco Constructions Co., Ltd.   | Thailand  | 50                           | 99.99 | Construction     |
|                                  |           |                              |       | contractual      |
| Joint Venture                    |           |                              |       |                  |
| Seafco - Ryobi Pte. Ltd          | Singapore | 0                            | 47.50 | Construction     |
| Srinakarin Joint Venture         | Thailand  | 30                           | 30    | Construction     |
|                                  |           |                              |       | contractual      |
| Seafco Co., Ltd. and Prayoonchai |           |                              |       |                  |
| (1984) Co., Ltd. Joint venture   | Thailand  | 45                           | 45    | Construction     |
|                                  |           |                              |       | contractual      |

In the fourth quarter of 2011, the Company has purchased the increased share capital of Seafco Construction Co., Ltd. in the proportion less than the existing proportion (note 10).

Seafco - Ryobi Pte. Ltd. was incorporated in Singapore for the engage in construction contractual business in Singapore which the Company made contractual arrangement whereby the shareholders in Thai and overseas have jointly control, therefore, that company is a joint venture in the Company's accounting records. In the third quarter of 2011, the Company has sold total investment in a joint venture (Seafco-Ryobi Pte.Ltd) to the venturer (note 11), the Company, therefore, did not take the financial statements of such joint venture to consolidate since the Company has not a power to control the financial and operating decisions in such joint venture. The Company has adopted TFRS 5 (Revised 2009) "Non-Current Assets Held for Sale and Discontinued Operations" by reclassifying the consolidated statements of comprehensive income for the year ended December 31, 2010 and disclosed the information of discontinued operations and cash flows (note 23).

The financial statements of joint venture which operated in an overseas is converted into Thai Baht by using the exchange rate ruling on the statements of financial position date for assets and liabilities and average monthly exchange rate for revenues and expenses. Different from conversion of those transaction is stated as "Exchange differences on translating financial statements" in shareholders' equity.

The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

The balance of accounts and transactions between Seafco Public Company Limited and subsidiaries, unrealized gain between of the Company and net assets of subsidiaries and joint ventures have been eliminated from the consolidated financial statements.

The consolidated financial statements have been included assets, liabilities, revenues and expenses of joint ventures by using proportionate consolidation method as detailed following :

|   | 2011          | Baht | 2010           |
|---|---------------|------|----------------|
| <b>Statements of financial position</b>   |               |      |                |
| Current assets                            | 34,769,799.64 |      | 69,705,075.10  |
| Non-current assets                        | 1,039,904.52  |      | 4,872,378.35   |
| Current liabilities                       | 4,068,622.01  |      | 34,827,184.87  |
| <b>Statements of comprehensive income</b> |               |      |                |
|   | For the year  |      |                |
|   | 2011          | Baht | 2010           |
| Revenues                                  | 53,723,247.65 |      | 157,929,056.81 |
| Expenses                                  | 1,808,656.86  |      | 74,330,791.63  |

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Income and Expense Recognition

4.1.1 Income and expenses are recognized on an accrual basis.

4.1.2 Income from the contractor of foundation and general civil works are recognized on the percentage of completion. If there is indication that total actual cost over than contractual income, the Company will recognized such loss as expenses in statements of comprehensive income immediately.

4.1.3 Cost of the contractor of foundation and general civil works consist of materials, wages, contractor wage and other costs are recorded on accrual basis.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks of which are due within three months from the deposit date without restriction on withdrawal.

##### 4.3 Allowance for Doubtful accounts

The Company, subsidiaries and joint venture provide the allowance for doubtful accounts from the estimated loss of uncollectable receivable. The estimated loss is based on a review of collection experience and current financial status of each receivable.

##### 4.4 Inventory

Inventories are valued at the lower of cost on a first-in first-out (FIFO) basis or net realizable value.

#### 4.5 Investment

Investment in subsidiaries, joint venture and other companies are stated at cost less provision for impairment of investment (if any).

#### 4.6 Investment Property

TAS 40 (Revised 2009) "Investment Property" are properties held to earn rental or for capital appreciation or both. The Company chosen to measure by using the cost for investment properties and the Company has assessed the effects from adoption this accounting standard, which have no material impacts on investment property.

#### 4.7 Property, plant and equipment

4.7.1 Land is stated at cost. Building and equipments are stated at cost less accumulated depreciation and provision for impairment of assets (if any).

4.7.2 Building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets as follows :

|  | Number of years |
|--|-----------------|
| Building and building improvement        | 20              |
| Machinery and equipment                  | 5 and 10        |
| Furniture, fixtures and office equipment | 5 and 10        |
| Vehicles                                 | 5               |

Land and assets under construction were not depreciated.

4.7.3 TAS 16 (Revised 2009) required the entity to include cost of assets dismantlement, removal and restoration as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with a cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year end. Nevertheless, the Company, subsidiaries and joint venture assessed and found that the revised accounting standards have no material impact on property, plant and equipment.

#### 4.8 Impairment of assets

The Company, subsidiaries and joint venture have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its net recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). They will consider the impairment for each asset item or each asset unit generating cash flows, whenever is practical. In case of the carrying amount of an asset exceeds its net recoverable value, an impairment will be recognized in the statements of comprehensive income for the period. The Company, subsidiaries and joint venture will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

#### 4.9 Transaction in foreign currencies

The Company, subsidiaries and joint venture record its transactions in foreign currencies converted into Thai Baht by using the exchange rates ruling on the transaction dates. The balance of assets and liabilities in foreign currencies as at the statements of financial position date are converted

into Thai Baht on the average commercial bank buying and selling rate except forward contracts which are based on contractual rate.

Gain or Loss on exchange rate are included in the results of its operation.

#### **4.10 Financial instruments**

Financial instruments are presented in statement of financial position, consist of cash and cash equivalents, trade and other receivables, long-term investment, restricted bank deposit, bank overdrafts and short-term loans from financial institutions, trade and other payables, other short-term loans and liabilities under financial lease agreement. The basis of recognition and measurement of each item are separately disclosed in the related transactions.

#### **4.11 Long - term lease agreement - financial lease agreement**

The Company, subsidiaries and joint venture recorded machineries and vehicles under financial lease agreement/hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

#### **4.12 Employees benefit**

##### **4.12.1 Provident fund**

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

##### **4.12.2 Post Employee benefits**

The Company provides for post employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method, calculated by the actuary. The calculation was made by utilizing various assumptions about future events. The Company is responsible for the selection of appropriate assumptions.

The principal actuarial assumptions were as follows;

|                   |   |
|-------------------|---|
| Discount rate     | 4 per annum   |
| Employee turnover | Age-related scale and kind of employees and daily staff |
| Mortality         | According to Thailand TMO97 male and female tables      |

#### **4.13 Corporate income tax**

The Company, subsidiaries and joint venture recorded corporate income tax by calculating from taxable net profit on the condition described in the Revenue Code. Joint venture operated in overseas recorded corporate income tax by calculating from taxable net profit as described by the law of that Country.



#### 4.14 Accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimation and assumption which affect the reported amount in the financial statements and notes related thereto. Consequent actual results may differ from these estimates.

The Company, subsidiaries and joint venture made estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, provision for damaged of inventories at the statements of financial position date. Other estimates are described in the corresponding disclosures.

#### 4.15 Provisions

The Company, subsidiaries and joint venture recognize a provision for liabilities when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, it is expected to be reimbursed when it is virtually certain that reimbursement will be received if they settle the obligation. The amount recognized should not exceed the amount of of the provision.

#### 4.16 Earnings per share

Earnings per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit (loss) for the year by the weighted average number of common shares issued and paid-up.

### 5. EFFECT FROM INITIAL ADOPTION FINANCIAL REPORTING STANDARDS

#### 5.1 Changes in accounting policy

In 2011, the Company applied TAS 19 “Employee Benefits”, in accordance with the FAP’s notification, the Company thus taken employee benefits obligation to adjust the beginning of 2011 retained earnings. From apply such accounting standards, the financial statements for the year ended December 31, 2011 represented the decrease in beginning retained earnings and increase in non-current liabilities by the same amount of Baht 20.90 million as follows:

|  | <b>Consolidated<br/>financial statements<br/>(Baht)</b> | <b>Separate<br/>financial statements<br/>(Baht)</b> |
|--|---|---|
| <u>Statement of financial position</u>                     |   |   |
| Retained earnings - unappropriated as at December 31, 2010 | 185,586,550.55  | 176,802,215.25                                      |
| Employee benefit obligations                               | (20,904,424.00)   | (20,904,424.00)                                     |
| Retained earnings - unappropriated as at January 1, 2011   | <u>164,682,126.55</u>                                   | <u>155,897,791.25</u>                               |

## 5.2 Financial statements presentation

The reclassification for the financial statements as at December 31, 2010 are as follows:

|  | (Unit : Baht)            |                   |                         |
|--|--------------------------|-------------------|-------------------------|
|  | <u>Bafore reclassify</u> | <u>Reclassify</u> | <u>After reclassify</u> |
| <u>Consolidated statements of financial position</u> |                          |                   |                         |
| Trade and other receivables                          | 206,819,343.38           | 16,943,970.76     | 223,763,314.14          |
| Other current assets                                 | 16,943,970.76            | (16,943,970.76)   | 0.00                    |
| Investment property                                  | 0.00                     | 15,047,637.39     | 15,047,637.39           |
| Property held for sales                              | 15,047,637.39            | (15,047,637.39)   | 0.00                    |
| Trade and other payables                             | 228,119,999.96           | 13,696,362.39     | 241,816,362.35          |
| Other current liabilities                            | 17,216,362.39            | (17,216,362.39)   | 0.00                    |
| Employee benefit obligations                         | 0.00                     | 3,520,000.00      | 3,520,000.00            |
| <u>Separate statements of financial position</u>     |                          |                   |                         |
| Trade and other receivables                          | 200,338,980.43           | 14,269,384.90     | 214,608,365.33          |
| Other current assets                                 | 14,269,384.90            | (14,269,384.90)   | 0.00                    |
| Investment property                                  | 0.00                     | 15,047,637.39     | 15,047,637.39           |
| Property held for sales                              | 15,047,637.39            | (15,047,637.39)   | 0.00                    |
| Trade and other payables                             | 215,663,963.15           | 12,291,042.54     | 227,955,005.69          |
| Others current liabilities                           | 15,811,042.54            | (15,811,042.54)   | 0.00                    |
| Employee benefit obligations                         | 0.00                     | 3,520,000.00      | 3,520,000.00            |

## 6. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

### 6.1 Cash and cash equivalents

|                                  | <u>Consolidated financial statements (Baht)</u> |                      | <u>Separate financial statements (Baht)</u> |                     |
|----------------------------------|---|----------------------|---|---------------------|
|                                  | <u>2011</u>                                     | <u>2010</u>          | <u>2011</u>                                 | <u>2010</u>         |
| Cash on hand                     | 947,132.54                                      | 650,244.95           | 823,559.17                                  | 595,929.58          |
| Cash at banks - current accounts | 10,824,914.51                                   | 20,992,213.72        | 526,520.09                                  | 601,012.29          |
| Cash at banks - savings deposit  | 625,115.67                                      | 208,836.15           | 12,177.26                                   | 12,177.26           |
| Cash at banks - fixed deposit    | 0.00  | 2,019,744.63         | 0.00  | 0.00                |
| Total                            | <u>12,397,162.72</u>                            | <u>23,871,039.45</u> | <u>1,362,256.52</u>                         | <u>1,209,119.13</u> |

### 6.2 Non - cash transaction

For the year ended December 31, 2011

- 1) The Company has purchased machineries and machinery equipment in the amount of Baht 0.07 million, are due payment in 2012 which was presented as payable for purchase of fixed assets.
- 2) The Company entered into hire purchase agreement for vehicles of Baht 3.52 million which was paid amount of Baht 0.88 million. The remaining is presented as liabilities under financial lease agreement.
- 3) The Company has received the debt payment amount of Baht 10.70 million by the land.

For the year ended December 31, 2010

- 1) The Company has purchased machineries and machinery equipment in the amount of Baht 0.45 million, are due in 2011 which was presented as payable for purchase of fixed assets.
- 2) The Company entered into hire purchase agreement for machinery and vehicles of Baht 63.50 million which was paid amount of Baht 14.11 million. The remaining is presented as liabilities under financial lease agreement.
- 3) The Company has received the debt payment from a receivable amount of Baht 4.00 million by the land.

## 7. TRADE ACCOUNTS RECEIVABLE

|                                      | Consolidated financial statements (Baht) |                 | Separate financial statements (Baht) |                 |
|--------------------------------------|--|-----------------|--------------------------------------|-----------------|
|                                      | 2011                                     | 2010            | 2011                                 | 2010            |
| Trade accounts receivable            | 352,444,659.66                           | 277,053,183.03  | 318,103,613.49                       | 270,572,820.08  |
| Other receivables                    | 15,757,439.72                            | 16,943,970.76   | 14,438,594.90                        | 14,269,384.90   |
| Total                                | 368,202,099.38                           | 293,997,153.79  | 332,542,208.39                       | 284,842,204.98  |
| Less Allowance for doubtful accounts |  |                 |                                      |                 |
| - Trade accounts receivable          | (81,194,145.44)                          | (70,233,839.65) | (81,194,145.44)                      | (70,233,839.65) |
| Net                                  | 287,007,953.94                           | 223,763,314.14  | 251,348,062.95                       | 214,608,365.33  |

Collected accounts receivable separated by aging

|                                    | Consolidated financial statements (Baht) |                | Separate financial statements (Baht) |                |
|------------------------------------|--|----------------|--------------------------------------|----------------|
|                                    | 2011                                     | 2010           | 2011                                 | 2010           |
| Unbilled trade accounts receivable | 139,158,733.97                           | 82,696,911.77  | 104,786,983.40                       | 76,977,669.69  |
| Overdue trade accounts receivable  |  |                |                                      |                |
| - Less than 3 months               | 116,681,574.06                           | 50,153,497.49  | 116,712,278.46                       | 49,392,376.62  |
| - Over 3 months to 6 months        | 7,630,872.86                             | 58,238,459.75  | 7,630,872.86                         | 58,238,459.75  |
| - Over 6 months to 12 months       | 8,860,111.61                             | 20,512,344.39  | 8,860,111.61                         | 20,512,344.39  |
| - Over 12 months                   | 80,113,367.16                            | 65,451,969.63  | 80,113,367.16                        | 65,451,969.63  |
| Total                              | 352,444,659.66                           | 277,053,183.03 | 318,103,613.49                       | 270,572,820.08 |

## 8. INVENTORIES

|   | Consolidated financial statements (Baht) |               | Separate financial statements (Baht) |               |
|---|--|---------------|--------------------------------------|---------------|
|   | 2011                                     | 2010          | 2011                                 | 2010          |
| Raw materials                             | 28,906,225.40                            | 30,551,479.05 | 27,306,112.36                        | 30,551,479.05 |
| Supplies                                  | 50,287,110.96                            | 47,990,801.65 | 50,287,110.96                        | 47,990,801.65 |
| Total                                     | 79,193,336.36                            | 78,542,280.70 | 77,593,223.32                        | 78,542,280.70 |
| Less Provision for damaged of inventories | (109,885.11)                             | (109,885.11)  | (109,885.11)                         | (109,885.11)  |
| Net                                       | 79,083,451.25                            | 78,432,395.59 | 77,483,338.21                        | 78,432,395.59 |

## 9. PLEDGED BANK DEPOSITS

|                 | Consolidated and Separate financial statements (Baht) |               |
|-----------------|---|---------------|
|                 | 2011  | 2010          |
| Savings deposit | 43,638,218.28   | 43,321,713.10 |
| Fixed deposit   | 47,790,915.68   | 43,396,185.02 |
| Total           | 91,429,133.96   | 86,717,898.12 |

As at December 31, 2011 and 2010, deposit with the several banks were use as guarantee against overdrafts and short-term loans from financial institutions (note 15) and letter of guarantee issuance (note 31.2).

## 10. INVESTMENTS IN SUBSIDIARIES

| Company's name  | Incorporated in | Paid-up share capital (Baht) | Percentage of shareholding |       | Separate financial statements |              |      |
|---|-----------------|------------------------------|----------------------------|-------|-------------------------------|--------------|------|
|   |                 |                              |                            |       | Cost method                   |              |      |
|   |                 |                              | 2011                       | 2010  | 2011                          | Baht         | 2010 |
| Subsidiaries  |                 |                              |                            |       |                               |              |      |
| Seafoo Co., Ltd. and Prayoonchai (1984) Co., Ltd. Joint Venture | Thailand        | 1,000,000.00                 | 100                        | 100   | 800,000.00                    | 800,000.00   |      |
| Seafoo Construction Co., Ltd.                                   | Thailand        | 10,904,000.00                | 50                         | 99.99 | 5,903,940.00                  | 999,940.00   |      |
| Total   |                 |                              |                            |       | 6,703,940.00                  | 1,799,940.00 |      |

The financial statements of above subsidiaries and joint venture which have been taken to prepare the consolidated financial statements for the years ended December 31, 2011 and 2010 were audited by the auditor respectively

In the fourth quarter of 2011, Seafo Construction Co., Ltd. has increased its share capital from amount of Baht 1.00 million to Baht 10.90 million (1,090,400 common shares of Baht 10 each). The Company then has purchased such increased share capital in the cost of Baht 4.90 million.

## 11. INVESTMENTS IN JOINT VENTURE

| Company's name         | Incorporated in | Paid-up share capital (SGD) | Percentage of shareholding |       | Separate financial statements Cost method |      |              |
|------------------------|-----------------|-----------------------------|----------------------------|-------|---|------|--------------|
|                        |                 |                             | 2011                       | 2010  | 2011                                      | Baht | 2010         |
|                        |                 |                             |                            |       |   |      |              |
| Seafco-Ryobi Pte. Ltd. | Singapore       | 300,000.00                  | 0                          | 47.50 | 0.00                                      |      | 3,250,359.40 |

In the third quarter of 2011, the Company has sold total investment in joint venture to the venturer which resulted gain on sale of investment amount of Baht 4.91 million and the Company has received the payment from selling such investment on October 10, 2011.

## 12. INVESTMENT PROPERTY

As at December 31, 2011 and 2010, the Company has investment property amount of Baht 25.93 million (at fair value of Baht 25.93 million) and Baht 15.04 million (at fair value of Baht 15.04 million) respectively which are land and condominium from receive the payment construction expenses from customers.

Investment properties (2 plots of land and 4 units of condominium) amount of Baht 15.23 million are assets with a right to repurchase within 3 years granted to customer by the transferring price plus interest at the rate of 7.5% per annum, commences from the ownership transferring date. The Company had received the transferring of ownership on May 6, 2010.

## 13. PROPERTY, PLANT AND EQUIPMENT

|                                 | Consolidated financial statements |                           |                         |  |               |                           | (Unit : Baht)    |
|---------------------------------|-----------------------------------|---------------------------|-------------------------|--|---------------|---------------------------|------------------|
|                                 | Land and improvement              | Buildings and improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicles      | Assets under construction | Total            |
| <b>ASSETS - COST</b>            |                                   |                           |                         |  |               |                           |                  |
| AS AT DECEMBER 31, 2010         | 57,801,305.69                     | 44,543,996.61             | 1,039,156,946.89        | 37,973,997.04                            | 85,765,716.11 | 2,779,479.32              | 1,268,021,441.66 |
| PURCHASE                        | 0.00                              | 0.00                      | 20,705,054.20           | 5,984,967.99                             | 5,354,775.90  | 17,265,242.00             | 49,310,040.09    |
| DISPOSAL                        | 0.00                              | (18,876.87)               | (12,460,943.84)         | (603,838.54)                             | (33,177.57)   | 0.00                      | (13,116,836.82)  |
| TRANSFERENCE                    | 262,408.40                        | 3,940,500.65              | 14,698,348.25           | 400,306.00                               | 0.00          | (19,301,563.30)           | 0.00             |
| AS AT DECEMBER 31, 2011         | 58,063,714.09                     | 48,465,620.39             | 1,062,099,405.50        | 43,755,432.49                            | 91,087,314.44 | 743,158.02                | 1,304,214,644.93 |
| <b>ACCUMULATED DEPRECIATION</b> |                                   |                           |                         |  |               |                           |                  |
| AS AT DECEMBER 31, 2010         | 87,911.05                         | 22,332,512.85             | 595,167,186.80          | 27,618,357.34                            | 63,645,291.55 | 0.00                      | 708,851,259.59   |
| DEPRECIATION FOR THE YEAR       | 201,914.22                        | 2,082,598.20              | 75,785,613.72           | 2,763,989.37                             | 7,692,402.92  | 0.00                      | 88,526,518.43    |
| DEPRECIATION - WRITE OFF        | 0.00                              | (10,803.58)               | (7,993,325.86)          | (382,972.67)                             | (33,176.57)   | 0.00                      | (8,420,278.68)   |
| AS AT DECEMBER 31, 2011         | 289,825.27                        | 24,404,307.47             | 662,959,474.66          | 29,999,374.04                            | 71,304,517.90 | 0.00                      | 788,957,499.34   |
| <b>NET ASSETS VALUE</b>         |                                   |                           |                         |  |               |                           |                  |
| AS AT DECEMBER 31, 2010         | 57,713,394.64                     | 22,211,483.76             | 443,989,760.09          | 10,355,639.70                            | 22,120,424.56 | 2,779,479.32              | 559,170,182.07   |
| AS AT DECEMBER 31, 2011         | 57,773,888.82                     | 24,061,312.92             | 399,139,930.84          | 13,756,058.45                            | 19,782,796.54 | 743,158.02                | 515,257,145.59   |

|                           | Separate financial statements |                           |                         |  |               |                           | (Unit : Baht)    |
|---------------------------|-------------------------------|---------------------------|-------------------------|--|---------------|---------------------------|------------------|
|                           | Land and improvement          | Buildings and improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicles      | Assets under construction | Total            |
| Assets - cost             |                               |                           |                         |  |               |                           |                  |
| As at December 31, 2010   | 57,801,305.69                 | 44,543,996.61             | 1,035,465,933.35        | 37,653,671.31                            | 85,765,716.11 | 2,779,479.32              | 1,264,010,102.39 |
| Purchase                  | 0.00                          | 0.00                      | 20,524,110.68           | 5,461,818.92                             | 5,354,775.90  | 17,265,242.00             | 48,605,947.50    |
| Disposal                  | 0.00                          | (18,876.87)               | (8,769,930.30)          | (536,345.56)                             | (33,177.57)   | 0.00                      | (9,358,330.30)   |
| Transference              | 262,408.40                    | 3,940,500.65              | 14,698,348.25           | 400,306.00                               | 0.00          | (19,301,563.30)           | 0.00             |
| As at December 31, 2011   | 58,063,714.09                 | 48,465,620.39             | 1,061,918,461.98        | 42,979,450.67                            | 91,087,314.44 | 743,158.02                | 1,303,257,719.59 |
| Accumulated depreciation  |                               |                           |                         |  |               |                           |                  |
| As at December 31, 2010   | 87,911.05                     | 22,332,512.85             | 594,738,937.02          | 27,481,159.70                            | 63,645,291.55 | 0.00                      | 708,285,812.17   |
| Depreciation for the year | 201,914.22                    | 2,082,598.20              | 75,765,336.78           | 2,740,806.40                             | 7,692,402.92  | 0.00                      | 88,483,058.52    |
| Depreciation - write off  | 0.00                          | (10,803.58)               | (7,565,076.08)          | (345,356.03)                             | (33,176.57)   | 0.00                      | (7,954,412.26)   |
| As at December 31, 2011   | 289,825.27                    | 24,404,307.47             | 662,939,197.72          | 29,876,610.07                            | 71,304,517.90 | 0.00                      | 788,814,458.43   |
| Net assets value          |                               |                           |                         |  |               |                           |                  |
| As at December 31, 2010   | 57,713,394.64                 | 22,211,483.76             | 440,726,996.33          | 10,172,511.61                            | 22,120,424.56 | 2,779,479.32              | 555,724,290.22   |
| As at December 31, 2011   | 57,773,888.82                 | 24,061,312.92             | 398,979,264.26          | 13,102,840.60                            | 19,782,796.54 | 743,158.02                | 514,443,261.16   |

The whole of land and building are mortgaged as collateral against overdraft and short-term loans from financial institutions (note 15) long - term loans (note 18) and letter of guarantee issuance (note 31.2).

#### 14. RETENTIONS RECEIVABLE - NET

|                                      | Consolidated financial statements (Baht) |                | Separate financial statements (Baht) |                |
|--------------------------------------|--|----------------|--------------------------------------|----------------|
|                                      | 2011                                     | 2010           | 2011                                 | 2010           |
| Retention                            | 130,149,020.82                           | 148,546,631.59 | 132,433,011.59                       | 150,219,790.26 |
| Less Allowance for doubtful accounts | (1,893,309.52)                           | (4,433,753.97) | (1,893,309.52)                       | (4,433,753.97) |
| Net                                  | 128,255,711.30                           | 144,112,877.62 | 130,539,702.07                       | 145,786,036.29 |

#### 15. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

|                 | Consolidated and Separate financial statements (Baht) |                |
|-----------------|---|----------------|
|                 | 2011  | 2010           |
| Bank overdrafts | 75,447,484.46   | 87,293,843.74  |
| Loans from bank | 235,950,000.00  | 161,386,213.80 |
| Total           | 311,397,484.46  | 248,680,057.54 |

As at December 31, 2011 and 2010 the Company has overdrafts line with 6 banks amount of Baht 148 million and Baht 133 million respectively. For the amount of Baht 20 million is charged interest at the rate of S/A + 1.5% per annum and amount of Baht 128 million and 113 million charged at MOR to MOR + 1% per annum.

As at December 31, 2011 and 2010, the Company has loans from 6 banks and 5 banks, respectively at the interest rate of 6.99 - 7.90% and 6.00 - 7.00% per annum, respectively documented by promissory notes.

Such debts are guaranteed by bank deposit (note 9), land and construction thereon (note 13), the right on receive payment under hiring agreement of several customers and personal guarantee by some directors of the Company.

#### 16. CURRENT PORTION OF LONG - TERM LIABILITIES

|   | Consolidated and Separate<br>financial statements (Baht) |                      |
|---|--|----------------------|
|   | 2011   | 2010                 |
| Long - term loans from other parties        | 8,484,000.00   | 4,200,000.00         |
| Liabilities under financial lease agreement | 49,951,339.22  | 46,454,596.47        |
| Total                                       | <u>58,435,339.22</u>                                     | <u>50,654,596.47</u> |

#### 17. SHORT - TERM LOANS

As at December 31, 2011 and 2010, the Company has outstanding short - term loans payment to 4 persons amount of Baht 115 million and Baht 130 million respectively, by discount bills of exchange at the interest rate of 4.50 - 5.25% and 3.60 - 3.90% per annum respectively.

#### 18. LONG-TERM LOANS

|   | Consolidated and Separate<br>financial statements (Baht) |                      |
|---|--|----------------------|
|   | 2011   | 2010                 |
| Loans from bank                           | 32,831,000.00  | 22,680,000.00        |
| Less Current portion of long - term loans | (8,484,000.00)   | (4,200,000.00)       |
| Net                                       | <u>24,347,000.00</u>                                     | <u>18,480,000.00</u> |

As at December 31, 2011 and 2010, the Company has long-term loans from bank as follows:

The loan agreement no. 1 : The Company has long - term loan from a bank in amount of Baht 25.20 million with principal repayment on monthly basis of Baht 0.42 million each, and the monthly interest payment at the rate of MLR per annum, commencing in July 2010 and the payment will be completed in June 2015. Such loan has no any collaterals.

The loan agreement no. 2 : The Company has loan from the bank in amount of Baht 17.20 million with principal repayment on monthly basis of Baht 0.29 million each, and the monthly interest payment at the rate of MLR per annum, commencing in June 2011 and the payment will be completed in May 2016. Such loan has no any collaterals.

## 19. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

19.1) Liabilities under financial lease agreement excluded futures interest are as follows :

|   | Consolidated and Separate<br>financial statements (Baht) |                 |
|---|--|-----------------|
|   | 2011   | 2010            |
| Payable under lease agreement                   | 102,390,933.22   | 145,751,721.24  |
| Payable under hire-purchase contracts           | 25,790,354.58  | 12,457,499.14   |
| Total   | 128,181,287.80   | 158,209,220.38  |
| Less Current portion of long - term liabilities | (49,951,339.22)  | (46,454,596.47) |
| Net   | 78,229,948.58  | 111,754,623.91  |

The Company's fixed assets at cost are under the payment under the above lease agreement as below :

|             | Consolidated and Separate<br>financial statements (Baht) |                |
|-------------|--|----------------|
|             | 2011   | 2010           |
| Machineries | 308,888,965.89   | 292,418,566.95 |
| Vehicles    | 21,980,899.22  | 19,024,518.18  |
| Total       | 330,869,865.11   | 311,443,085.13 |

19.2) The minimum to be paid under financial lease agreement as follows :

|  | Consolidated and Separate<br>financial statements (Baht) |                 |
|--|--|-----------------|
|  | 2011   | 2010            |
| Within 1 year  | 57,281,164.06  | 56,038,448.92   |
| Over 1 year not over 3 years                                 | 75,433,306.90  | 103,812,411.66  |
| Over 3 years not over 5 years                                | 7,461,064.98   | 17,591,791.88   |
| Total  | 140,175,535.94   | 177,442,652.46  |
| Less Future interest of financial lease agreement            | (11,994,248.14)  | (19,233,432.08) |
| Present value of liabilities under financial lease agreement | 128,181,287.80   | 158,209,220.38  |

## 20. LEGAL RESERVE

According to the Public Company Limited Act, the Company is required to set aside a legal reserve at least 5% of the annual net profit deducted by the retained loss brought forward (if any) until the reserve reached an amount not less than 10% of the authorized share capital. Such legal reserve is not available for dividend distribution.



## 21. RETAINED EARNINGS UNAPPROPRIATION

According to the minutes of shareholders' general meeting no. 1/2010 held on April 8, 2010, passed the resolution to pay dividend to the shareholders at Baht 0.05 per share for 215 million shares, totally Baht 10.75 million. The Company has already paid such dividend.

## 22. INCOME TAX CALCULATION

The Company calculated corporate income tax at the rate of 30% of profit (loss) before deducting with tax expenses and added back by any expenses which shall not be allowed as expenses in tax calculation. (if any)

## 23. DISCONTINUED OPERATIONS

In the third quarter of 2011, the Company has sold total investment in an overseas joint venture (Seafco-Ryobi Pte. Ltd.) to the venturer (note 11) held as discontinued operations as detailed following :

23.1 Net assets value based on percentage of investment in Seafco-Ryobi Ptd. Ltd. at the selling date (June 30, 2011) as detailed below :

|   | (Unit : Baht) |
|---|---------------|
| <u>Assets</u>                                       |               |
| Cash and cash equivalents                           | 3,058,392.10  |
| Trade accounts receivable                           | 11,272,959.65 |
| Unbilled receivable                                 | 7,090,598.47  |
| Other current assets                                | 552,254.79    |
| Equipment - net                                     | 3,114,126.99  |
| Retentions receivable                               | 636,530.08    |
| Total assets  | 25,724,862.08 |
| <u>Liabilities</u>                                  |               |
| Trade accounts payable                              | 10,454,228.44 |
| Short-term provisions                               | 6,245,295.04  |
| Other current liabilities                           | 661,849.74    |
| Total liabilities                                   | 17,361,373.22 |
| Effects on translating financial statements         | 623,499.07    |
| Loss from discontinued operations during the period | 63,896.33     |
| Assets - net  | 7,803,886.12  |
| Less Investment selling price                       | 8,158,595.70  |
| Gain on sale of investment                          | 354,709.58    |

23.2 Discontinued statements of comprehensive income for the year ended December 31, 2011 and 2010 consist of :

|                                   | (Unit : Baht)  |                 |
|-----------------------------------|----------------|-----------------|
|                                   | For the years  |                 |
|                                   | 2011           | 2010            |
| Hire of work income               | 8,170,196.58   | 14,510,075.03   |
| Cost of hire of work              | (8,170,196.58) | (21,649,530.77) |
| Gross profit (loss)               | 0.00           | (7,139,455.74)  |
| Other income                      | 22,260.60      | 78,958.92       |
| Administrative expenses           | (86,156.93)    | (859,030.51)    |
| Loss before income tax            | (63,896.33)    | (7,919,527.33)  |
| Income tax                        | 0.00           | 0.00            |
| Loss from discontinued operations | (63,896.33)    | (7,919,527.33)  |

23.3 Discontinued statements of cash flows for the years ended December 31, 2011 and 2010 consist of:

|  | (Unit : Baht)  |                |
|--|----------------|----------------|
|  | For the years  |                |
|  | 2011           | 2010           |
| Net cash provided by (used in) operating activities  | (5,705,148.71) | (3,438,918.22) |
| Net cash provided by (used in) investing activities  | (6,837.89)     | (2,629,970.52) |
| Net cash provided by (used in) financing activities  | 0.00           | 0.00           |
| Effects on translating financial statements          | 101,328.69     | (140,380.49)   |
| Net increase (decrease) in cash and cash equivalents | (5,610,657.91) | (6,209,269.23) |
| Cash and cash equivalents as at January 1            | 8,669,050.01   | 14,878,319.24  |
| Cash and cash equivalents as at December 31          | 3,058,392.10   | 8,669,050.01   |

## 24. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with related parties. These transactions are determined on the mutually - agreed basis as follows:

### 24.1 General information

| <u>Name/description</u>                             | <u>Type of Business</u>               | <u>Relationship</u>   | <u>Transactions</u>   | <u>Pricing policy</u>                                 |
|---|---------------------------------------|---|---|---|
| <b>Subsidiary</b>                                   |                                       |   |   |   |
| Seafco Construction Co.,Ltd.                        | Contractual construction work         | Subsidiary  | Hire of work income<br>Other income                               | Estimated cost<br>Actual cost                         |
| <b>Joint Venture</b>                                |                                       |   |   |   |
| Srinakarin Joint Venture                            | Contractual construction work         | Venturer  | Hire of work income   | Estimated cost  |
| Seafco & Prayoonchai (1984) Co., Ltd. Joint Venture | Contractual construction work         | Venturer  | Hire of work income<br>Other income                               | Estimated cost<br>Actual cost                         |
| <b>Venturer</b>                                     |                                       |   |   |   |
| Prayoonchai (1984) Co., Ltd.                        | Contractual construction work         | Venturer  | Contractor wage<br>Facilities expenses                            | Lower than market value<br>Actual cost                |
| Ryobi Kiso(s) Pte Ltd.                              | Contractual construction work         | Venturer  | Hire of work income   | As agreed   |
| <b>Related Companies</b>                            |                                       |   |   |   |
| S.T.P. Assets Co., Ltd.                             | Rent for movable and immovable assets | Common shareholder and near relative of director is a director of such company. | Cost of facilities expenses<br>Machinery rental<br>Other expenses | Actual cost<br>Lower than market value<br>Actual cost |
| E. D. E. Co., Ltd.                                  | Hire of foundation pile testing       | Shareholder of this company is near relative of the Company's shareholders.     | Machinery rental<br>Test of foundation pile                       | Lower than market value<br>Market value               |
| Siam Industry Materials Co., Ltd.                   | Construction materials distribution   | Near relation of director is a director and shareholder of such company         | Purchase of goods   | Lower than market value                               |
| Altentech Co.,Ltd.                                  | Contractual construction work         | Common shareholder and subsidiary's director                                    | Contractor wage   | As agreed   |
| New Technology Engineering Construction Co.,Ltd.    | Contractual construction work         | Common shareholder and subsidiary's director                                    | Contractor wage   | As agreed   |

For the year 2011, the Company is not relevant to Siam Industry Materials Co., Ltd. since near relative of director and shareholder of such company had already resigned from the Company's director position.

24.2 Assets transaction with related persons and parties consist of :

|  | Consolidated financial<br>statements (Baht) |                      | Separate financial<br>statements (Baht) |                       |
|--|---|----------------------|---|-----------------------|
|  | 2011  | 2010                 | 2011                                    | 2010                  |
| <u>Trade and other receivables</u>                   |   |                      |   |                       |
| 1) <u>Trade accounts receivable</u>                  |   |                      |   |                       |
| Srinakarin Joint Venture                             | 20,574,262.83                               | 0.00                 | 29,391,804.04                           | 0.00                  |
| 2) <u>Other receivables</u>                          |   |                      |   |                       |
| Seafco Construction co.,Ltd.                         | 0.00  | 0.00                 | 630,625.13                              | 0.00                  |
| Seafco & Prayoonchai<br>(1984) Joint Venture         | 211,666.15                                  | 53,041.40            | 384,847.55                              | 96,438.90             |
|  | <u>20,785,928.98</u>                        | <u>53,041.40</u>     | <u>30,407,276.72</u>                    | <u>96,438.90</u>      |
| <u>Unbilled receivable</u>                           |   |                      |   |                       |
| Seafco Construction co.,Ltd.                         | 0.00  | 0.00                 | 2,185,556.50                            | 0.00                  |
| Srinakarin Joint Venture                             | 52,808,289.73                               | 82,404,714.74        | 75,440,413.90                           | 130,801,134.51        |
| Venturer - Ryobi Kiso (s)<br>Pte Ltd.                | 0.00  | 8,413,513.67         | 0.00                                    | 0.00                  |
| Total  | <u>52,808,289.73</u>                        | <u>90,818,228.41</u> | <u>77,625,970.40</u>                    | <u>130,801,134.51</u> |
| <u>Retentions receivable</u>                         |   |                      |   |                       |
| Srinakarin Joint Venture                             | <u>7,486,115.87</u>                         | <u>7,232,505.39</u>  | <u>10,694,451.24</u>                    | <u>10,332,150.55</u>  |
| <u>Trade accounts payable</u>                        |   |                      |   |                       |
| S. T. P. Asset Co., Ltd.                             | 302,772.76                                  | 199,686.01           | 302,772.76                              | 199,686.01            |
| E. D. E. Co., Ltd.                                   | 516,000.00                                  | 1,293,466.51         | 516,000.00                              | 1,293,466.51          |
| Siam Industry Materials Co., Ltd.                    | 0.00  | 208,650.00           | 0.00                                    | 208,650.00            |
| Altentech Co., Ltd.                                  | 12,452,032.26                               | 0.00                 | 0.00                                    | 0.00                  |
| New Technology Engineering<br>Construction Co., Ltd. | 1,814,406.54                                | 0.00                 | 0.00                                    | 0.00                  |
| Total  | <u>15,085,211.56</u>                        | <u>1,701,802.52</u>  | <u>818,772.76</u>                       | <u>1,701,802.52</u>   |
| <u>Advance received under agreement</u>              |   |                      |   |                       |
| Srinakarin Joint Venture                             | <u>10,684,618.12</u>                        | <u>24,454,985.28</u> | <u>15,263,740.17</u>                    | <u>48,015,806.71</u>  |

24.3 Revenues and expenses transaction with related persons and parties are as follow :

|  | Consolidated financial<br>statements (Baht) |                | Separate financial<br>statements (Baht) |                |
|--|---|----------------|---|----------------|
|  | 2011  | 2010           | 2011                                    | 2010           |
| <u>Revenue from hire of work</u>                     |   |                |   |                |
| Seafco Construction Co., Ltd.                        | 0.00  | 0.00           | 3,041,223.93                            | 0.00           |
| Srinakarin Joint Venture                             | 118,349,326.22                              | 151,118,112.31 | 169,070,466.03                          | 215,883,017.58 |
| Seafco & Prayoonchai<br>(1984) Joint Venture         | 0.00  | 29,012,835.66  | 0.00                                    | 52,750,610.27  |
| Venturer - Ryobi Kiso (s)<br>Pte Ltd.                | 0.00  | 14,510,075.04  | 0.00                                    | 0.00           |
| Total  | 118,349,326.22                              | 194,641,023.01 | 172,111,689.96                          | 268,633,627.85 |
| <u>Cost of hire of work</u>                          |   |                |   |                |
| 1) <u>Contractor wage</u>                            |   |                |   |                |
| Venturer - Prayoonchai (1984)<br>Co., Ltd.           | 0.00  | 31,238,734.03  | 0.00                                    | 0.00           |
| Altentech Co., Ltd.                                  | 12,179,032.26                               | 0.00           | 0.00                                    | 0.00           |
| New Technology Engineering<br>Construction Co., Ltd. | 1,165,446.00                                | 0.00           | 0.00                                    | 0.00           |
| 2) <u>Purchase of goods</u>                          |   |                |   |                |
| Siam Industry Materials<br>Co., Ltd.                 | 0.00  | 4,583,215.55   | 0.00                                    | 4,583,215.55   |
| New Technology Engineering<br>Construction Co., Ltd. | 156,244.48                                  | 0.00           | 0.00                                    | 0.00           |
| 3) <u>Facilities expenses</u>                        |   |                |   |                |
| Venturer - Prayoonchai (1984)<br>Co., Ltd.           | 0.00  | 88,317.77      | 0.00                                    | 0.00           |
| S. T. P. Asset Co., Ltd.                             | 2,129,298.60                                | 1,783,917.81   | 2,129,298.60                            | 1,783,917.81   |
| E. D. E. Co., Ltd.                                   | 50,130.77                                   | 101,499.29     | 50,130.77                               | 101,499.29     |
| 4) <u>Machinery rental</u>                           |   |                |   |                |
| S. T. P. Asset Co., Ltd.                             | 1,465,841.01                                | 576,709.68     | 1,465,841.01                            | 576,709.68     |
| New Technology Engineering<br>Construction Co., Ltd. | 377,941.80                                  | 0.00           | 0.00                                    | 0.00           |
| 5) <u>Test of poundation pile</u>                    |   |                |   |                |
| E. D. E. Co., Ltd.                                   | 3,426,800.00                                | 4,733,700.00   | 3,426,800.00                            | 4,733,700.00   |
| Total  | 20,950,734.92                               | 43,106,094.13  | 7,072,070.38                            | 11,779,042.33  |
| <u>Other income</u>                                  |   |                |   |                |
| Seafco & Prayoonchai<br>(1984) Joint Venture         | 0.00  | 107,943.94     | 0.00                                    | 196,261.70     |
| <u>Administrative expenses</u>                       |   |                |   |                |
| S. T. P. Asset Co., Ltd.                             | 168,224.28                                  | 168,224.28     | 168,224.28                              | 168,224.28     |

## 25. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to executive directors.

## 26. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

## 27. EXPENSES ANALYZED BY NATURE

|  | Consolidated financial<br>statements (Baht) |                 | Separate financial<br>statements (Baht) |                 |
|--|---|-----------------|---|-----------------|
|  | 2011  | 2010            | 2011                                    | 2010            |
| Work performed by the entity and capitalized | (15,937,402.00)                             | (29,656,089.83) | (15,937,402.00)                         | (29,656,089.83) |
| Raw materials and consumable used            | 825,866,001.53                              | 766,492,886.24  | 823,374,777.69                          | 749,949,961.33  |
| Contractor wage                              | 159,011,244.95                              | 240,711,504.07  | 147,057,931.04                          | 201,284,602.30  |
| Employees benefit expenses                   | 194,580,392.95                              | 156,060,011.10  | 194,408,953.64                          | 155,307,517.62  |
| Depreciation                                 | 88,526,518.43                               | 85,524,504.43   | 88,483,058.52                           | 85,020,100.67   |
| Directors' remuneration                      | 3,220,000.00                                | 4,200,000.00    | 3,220,000.00                            | 4,200,000.00    |
| Management benefit expenses                  | 25,098,480.00                               | 30,234,680.00   | 25,098,480.00                           | 30,234,680.00   |

## 28. SEGMENT INFORMATION

The Company's operation involve virtually in hire of construction business in both domestic and overseas geographical segment but the overseas segment is less than 10% of total revenues, therefore, the financial information by geographical segment was not presented.

## 29. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company, subsidiaries and joint venture have no policy to hold off statements of financial position financial instruments for speculation or trading.

### 29.1 Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements no. 4.10.

### 29.2 Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company, subsidiaries and joint venture. The Company, subsidiaries and joint venture have policy to hedge this credit risk by reviewing the financial status of customers for billed before operation and billed on the completion of work. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

### 29.3 Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company, subsidiaries and joint venture operations and cash flows. The Company, subsidiaries and joint venture exposed the interest rate risk due to its bank overdrafts and short - term loans from financial institution, short - term loans, long - term loans and liabilities under financial lease agreement. The Company, subsidiaries and joint venture do not use derivative financial instruments to hedge such risk.

### 29.4 Exchange rate risk

The Company has a risk from foreign currencies exchange rate since the Company has account payable denominated in foreign currencies without entering into exchange rate hedging agreement, as at December 2011 and 2010, the Company has accounts payable as follows:

|                    | 2011     | 2010      |
|--------------------|----------|-----------|
| Foreign currencies |          |           |
| Euro               | 0.00     | 94,952.50 |
| SG Dollar          | 1,216.18 | 45,089.03 |

### 29.5 Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, trade and other receivables, pledged bank deposits and long-term investment. Financial liabilities shown in statements of financial position consist of bank overdrafts and short - term loans from financial institutions, trade and other payables, short - term loans, long-term loans and liabilities under financial lease agreement.

The book value of financial assets and liabilities are closed to their fair value.

## 30. CONSTRUCTION CONTRACTS

Details of construction contracts as at December 31, 2011 and 2010 are as following :

|  | Consolidated financial<br>statements (Baht) |                | Separate financial<br>statements (Baht) |                  |
|--|---|----------------|---|------------------|
|  | 2011  | 2010           | 2011                                    | 2010             |
| Cost of construction adjusted<br>by gain or loss | 1,372,565,514.26                            | 896,541,330.19 | 1,341,555,475.98                        | 1,226,314,498.12 |
| Advance received                                 | 47,276,429.74                               | 27,396,610.31  | 52,792,085.31                           | 75,412,417.02    |
| Retention as deduction                           | 49,537,605.98                               | 27,455,909.65  | 57,150,908.54                           | 37,788,060.20    |
| Amount of claim from employer                    | 303,494,441.43                              | 137,110,093.15 | 337,556,793.86                          | 267,911,227.66   |
| Amount of claim from the Company                 | 3,111,348.89                                | 0.00           | 0.00                                    | 0.00             |

### **31. COMMITMENT AND CONTINGENT LIABILITIES**

- 31.1 The Company, subsidiaries and joint venture have commitment under hire contractors agreement, rent agreement and other agreement as at December 31, 2011 and 2010 totaling Baht 96.48 million and Baht 153.79 million respectively.
- 31.2 The Company, subsidiaries and joint venture have contingent liabilities issuance of letters of guarantee in favour of the Company and joint venture to customers as at December 31, 2011 and 2010 amounting to approximately Baht 619.47 million (sixth banks) and Baht 406.64 million (five banks) respectively. Such letter of guarantee is guaranteed by bank deposit (note 9), land and construction (note 13), transfer receiving payment rights hire of work contracts of many customers and personal guarantee by some directors.
- 31.3 As at December 31, 2011 and 2010 the Company has contingent liabilities since the Company was sued in several cases by hirer, sub-contractor and residents living near construction work area from breach of hire of work contract violating and damaging compensation approximately total amount of Baht 194.63 million and Baht 82.28 million respectively. The management however, believes that there is no any damages incurred being sued from such cases. At present, such cases are still pending the court's consideration.
- 31.4 The Company has commitment under of credit with a bank relating to goods trading as at December 31, 2011 in the amount of USD 0.13 million.

### **32. PROVIDENT FUND**

The Company has joined to be a member of "THE REGISTER PROVIDENT FUND OF PROGRESSIVE RETIREMENT" which registered under the Provident Fund Act B.E. 2530 and amendment which assigned the authorized manager to manage this fund by deducting the employees' salaries and the Company contributed to the fund at the same rate of 3% of employees' salaries. The members are entitled the benefits on their retirement, death or resignation.

This provident fund managed by MFC Asset Management Public Company Limited for the years 2011 and 2010, the Company has contribution to be paid to the fund for the amount of Baht 2.09 million and Baht 2.05 million respectively,

### **33. CAPITAL MANAGEMENT**

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and capital structure to be properly appropriated.

### **34. FINANCIAL STATEMENTS APPROVAL**

These financial statements were authorized for issue by the Company's Board of directors on February 28, 2012.







บริษัท ซีฟโก้ จำกัด (มหาชน)

**SEAFCO PUBLIC COMPANY LIMITED**

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