

2012 ANNUAL REPORT

รายงานประจำปี 2555



2009



2010



บริษัท ซีฟโก้ จำกัด (มหาชน)
SEAFCO PUBLIC COMPANY LIMITED

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Message from the Chairman



Mr. Tachapong Pravesvararat
Chairman of the Board

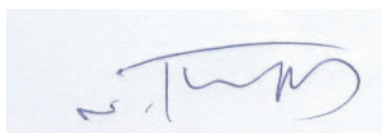
The operating results of the company in 2012 have generated the profit of 146 million baht, compared with the loss of 58 million baht and 59 million baht in 2010 and 2011, respectively, because the construction businesses in 2010 and 2011 had been undertaken through various difficulties such as the low construction bid, high labor and supplies cost, plus the natural disaster. Thus, the loss was resulted even though the work had been carefully and vigorously performed to accomplish the targets without any trouble and operating problems. In 2012 there were a number of piling work and diaphragm wall to be undertaken so the achievement has been made with the profit of 146 million baht.

The construction business, particularly, the piling work and the underground structure, is the upstream work of this business so there are both periods of good and bad times. It is the major task of the management and the employees to undertake and to pay attention to the work efficiently.

In 2013, the works in the backlog have accounted for 1,568 million baht while 76% of them are the works excluding the major material cost so the total income is anticipated to be about 1,800 million baht. Moreover, the company has planned to undertake the works in neighboring countries such as Myanmar to enhance the business and reputation of the company.

With cooperation and support from all parties, the company is able to remove the accumulated losses in the past and is able to make a profit in 2012, the management would like to take this opportunity to express its gratitude to every patron, employee and shareholder for supports and trust.

Message from the Chairman of the Executive Board and President

Mr. Narong Thasnanipan

Chairman of the Executive Board and President

According to the report to the shareholders, the company has undertaken the diaphragm wall for the elevated train station of the Blue Line Mass Rapid Transit System in accordance with the Contract No.2 and Contract No.4 and has set up a subsidiary company called Seafco Construction Co., Ltd., of which the shares are 50% held, to undertake the foundation work the high-rise building. Therefore the operating results of the company in 2012 was made with a profit after retained loss for two consecutive years in 2010 and 2011.

The company is able to undertake the work as planned. In 2012 the company is able to generate the net profit of 146 million baht and the profit of an individual company for 131 million baht since most of the low-profit civil works have already been delivered while the piling work market growth in 2012 has enormously increased as the large infrastructure projects of the public sector have continuously launched since 2011 and this condition is expected to continue for at least 5 years.

The company is confident that its operating results will continue to grow for several years while the remaining low-profit civil works of the company are not significant in 2013. The company has planned to undertake the piling work in the neighboring country, starting from Myanmar, to prepare for ASEAN Economic Community which will start in 2015. The profit is expected to grow further.

I, as the top executive, am confident that the company is able to generate a better profit in 2013 and would like to express our thank to the employees of all levels for their effort and support until the company is able to achieve the targets and to express our thank to the management, shareholders and customers for their support to the company and me at all times.



Financial Highlights

		2010	2011	2012
Total Revenue	Million Baht	1,447	1,577	1,542
Income from hire work	Million Baht	1,439	1,570	1,523
Gross Profit	Million Baht	78	88	265
Net(loss) Profit	Million Baht	(59)	(58)	146
Total assets	Million Baht	1,518	1,540	1,543
Total liabilities	Million Baht	934	1,030	888
Shareholders' Equity	Million Baht	584	510	656
Debt Ratio	Time	1.60	2.02	1.35
Gross Margin	(%)	5	6	17
Net (Loss)profit margin	(%)	(4)	(4)	10
Return on Assets	(%)	(2)	(1)	11
Return on Equity	(%)	(10)	(11)	22
Earnings per share	Baht	(0.27)	(0.27)	0.64
Book value per share	Baht	2.72	2.37	3.05



General Information

General Information

Company Name:	Seafco Public Company Limited
Head Office Address:	144 Prayasuren Rd., Bangchan, Khlong 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
E-Mail Address:	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



Mr.Narong Thasnanipan
Vice Chairman



Mr.Tachapong Pravesvararat
Chairman



Mr.Padej Rujikhajorndej
Director



Miss. Nuttawan Thasnanipan
Director



Mr.Kamol Singtogaw
Director



Mr.Zaw Zaw Aye
Director



Assoc Prof Dr.Somjai Phagaphasvivat
Chairman of the Audit Committee



Mr.Somkuan Watakeekul
Audit Committee



Mr.Somkual Musig – In
Audit Committee

Board of Executive Directors



Mr.Narong Thasnanipan
President



Mr.Kamol Singtogaw
Executive Vice President



Mr.Padej Rujikhajorndej
Executive Vice President



Mr.Zaw Zaw Aye
Executive Vice President



Miss. Nuttawan Thasnanipan
Executive Vice President



Mr. Kamol Youyuenpatthana
Executive Vice President



Mr.Anek Srituptim
Executive Vice President
and Secretary



Mr.Somsak Thawatch-
pongthon
Executive Vice President



Mr. Tawat Phutphong
Executive Vice President



Mr. Nuttapan Thasnanipan
Asst. to the Chief of
President Office

Vision Mission



VISION

TO BE THE REPUTABLE LEADER IN CONSTRUCTION INDUSTRY OF ASEAN

MISSION

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



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, 52.59 percent of revenue came from Private Sector projects, e.g., office building foundations, condominiums, hotels and shopping malls, while the remaining 47.41 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 :

Company Name	Shareholding
Seafo Construction Company Limited	50%
Seafco And Prayunchai (1984) JV Construction	45%
Srinakarindhra JV Construction	30%

- Seafo Construction Company Limited in which SEAFco holds 50% share of 10 million bath paid-up capital. Was provides services for high-rise buildings.
- 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.

For the period from 2010 to 2012, the total revenues of the company were 1,447.29 million baht, 1,576.60 million baht and 1,541.83 million baht, respectively. Most of the revenues were generated from the contract work or 99% for the past 3 years. The revenues segmented by the product line from 2010 to 2012 have disclosed that the incomes from the piling work and diaphragm wall accounted for about 53%, 69% and 68% respectively. Such income portion in 2012 has slightly been lower than that of 2011 due to the work accepted since most of the works accepted in 2012 have not included the cost of supplies, just the labor cost. If the cost of supplies is added, the value of the works will be much higher than that I 2011. That has reflected the industrial conditions of the construction of high-rise buildings and large infrastructure projects involving with the piling work which have continued to grow for the past three years due to the investments by the public sector in various mass rapid transit projects. That has stimulated the investments of the private sector. Incomes from the civil work have accounted for about 45%, 30% and 30% of the total revenue. Incomes from the civil works in hand have greatly declined since most of

them have been completed and delivered so the remaining civil works are held insignificant while the land quality improvement, piling testing service and other service incomes have accounted for about 1% for the past three years.

The gross profits earned during the year 2010 through 2012 were 77.80 million baht, 87.74 million baht and 265.46 million baht, respectively. The gross profit in 2011 increased 13 percent compared with that of 2010 due to an income from the piling work and diaphragm wall of which the gross profit is higher than that of the civil work. In 2012, the gross profit was 203 percent higher than that of 2011 because the projected loss on the civil works has already been set up in 2011; therefore, there is no impact on this portion in 2012.

The net profits (losses) earned during the year 2010 through 2012 were (58.88) million baht, (57.87) million baht and 145.65 million baht, respectively. The net loss in 2011 decreased from that of 2010 slightly. In 2012, the net profit was much higher than that of 2011 because the gross profit in 2012 was 203 percent higher than that of 2011 and the company is able to control its administrative expenses better than those incurred in 2012.

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.

On the 15 August 2012, Seafco Co. Ltd. and Prayunchai (1984) JV Construction will be registered.

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 2010		Year 2011		Year 2012	
	Baht Million	%	Baht Million	%	Baht Million	%
Contract Revenue						
Bored Piling and Diaphragm Wall Construction Revenue	766.92	52.99	1,085.74	68.87	1,042.26	67.60
Civil Work Revenue	643.21	44.44	470.56	29.85	466.27	30.24
Foundation	3.45	0.24	-	-	-	-
Soil Improvement	(0.56)	(0.04)	-	-	-	-
Pile Testing Service Revenue	0.28	0.02	0.27	0.02	2.12	0.14
Other Service Revenue	26.51	1.83	13.60	0.86	12.41	0.80
Total Contract Revenue	1,439.81	99.48	1,570.16	99.59	1,523.06	98.78
Other Revenue	7.48	0.52	6.44	0.41	18.78	1.22
Total Revenue	1,447.29	100.00	1,570.60	100.00	1,541.83	100.00



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 38 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.

The condition of the construction industry has been concluded by the Business Department, Krung Thai Bank as follows.

"In 2011, the construction business has slowed down, particularly in the last quarter of the year since the flood problem had widely damaged the residential units and infrastructure in the north, central plain, Bangkok and its vicinity. The transportation routes have been cut off so the construction materials could not be transported for the construction work. Thus the construction works have been forced to suspend and the overall construction value of the country has increased only 1.5 percent, particularly the construction work in the public sector has shrunk by 8.9 percent. Besides, the cost of the construction materials, the interest rate, fuel cost and labor cost have increased from that of 2010. Most of the business operators have encountered the business problem.

In 2012 and 2013, the construction business has been better mainly due to the investment jointly made between the public sector and the private sector to restore the infrastructure and the residential units which had been damaged by the flood in the final quarter of such year, including arrangement of the flood management plan to prevent the flood in the short term and the long term. In addition, the large investment projects have been anticipated to be expedited such as the mass rapid transit project in Bangkok and its vicinity, double-tracks train and high-speed train, Dawei deep sea port and industrial estate, construction of Suvarnabhumi Airport Phase 2 have resulted in growth of the overall construction value of the country to 8.4 and 9.8 percent, respectively. However, the business operators are still plagued with various factors such as high fuel price, construction materials cost and labor cost so it is possible for the business operators to adjust the construction costs".

The research of Krung Thai Bank has shown that the construction industry is expected to grow further in 2012 and 2013 due to the stimulus made by the public sector and the private sector. The value of the work in the backlog in 2012 is 1,568.0 million baht, compared with 1,102 million baht in 2011, an increase of 42.29 percent. In 2013 the company has planned to enter in Myanmar market. The company sent its management team to study Myanmar market in 2012 and viewed that there is a potential to do the marketing work there since there are not many high-rise buildings and it is like Bangkok twenty years ago. It is anticipated that the market of high-rise buildings will grow rapidly when Myanmar has opened its market.

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 101Rd., had joined with Seafco Public Company Limited to open 30th class of 6 month samanthi course, established by Luangpor Viriyang Sirintharo (Phra Dhammanmongkolyan) as Seafco's meeting room located at No. 144 Prayasuren Rd. (Ramintra 109 Rd.), Bangchan, Klong 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 e-mail address seafco@seafco.co.th The company has turned its main meeting room into a classroom in the evening with an objective to arrange such concentration course to encourage the employees and people around the office of the company to develop their mind through concentration. That will make the society livable and kind.
- On 20 August 2012, Seafco Co., Ltd. (Public) by Miss Nutthawan Thassananiphan, deputy managing director, delivered the educational scholarship to the poor students with outstanding academic record, Faculty of Science, King Mongkut's Institute of Technology, Lard Krabang Camus to three recipients at 10,000 baht per person, totaling 30,000 baht.
- On 23 November 2012, Seafco Co., Ltd. (Public) provided a financial support to the Project "Donation to the younger brothers and sisters in Nong Somana Community" on the occasion of the 80th anniversary of the birthday of HRH Queen Sirikit in conjunction with the Engineering Institute of Thailand under the royal patronage (North 1 Branch) for 5,000 baht.
- The company has provided the educational scholarship to the poor students, Faculty of Architecture, King Mongkut Seafco Co., Ltd. (Public)'s Institute of Technology, Lard Krabang Campus, Academic Year of 2012 for one unit for 84,000 baht.

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 Company 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 (KMITL) 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, direc-

tor 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



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 underground 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.

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 within 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 diaphragm 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 diaphragm 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.

Risk from shortage in personnel

According to the growth in construction business and the government policy to adjust the daily minimum wage to 300 baht in every province of the country, many workers have opted to go back home. As a result, the construction businesses have suffered the labor shortage problem. Therefore, the company has made the registration with the Department of Employment for procurement of alien workers and promotion of trainee students from various academic institutes to participate in the training program of the company for selection of the students to work with the company. Besides, the company has provided educational scholarship to the students in the undergraduate institutes to have those students work with the company after their graduation. The company has also arranged the ESOP-2 Project to motivate the directors and employees of the company to work diligently and to become an owner of the company.

Structure of Shareholders

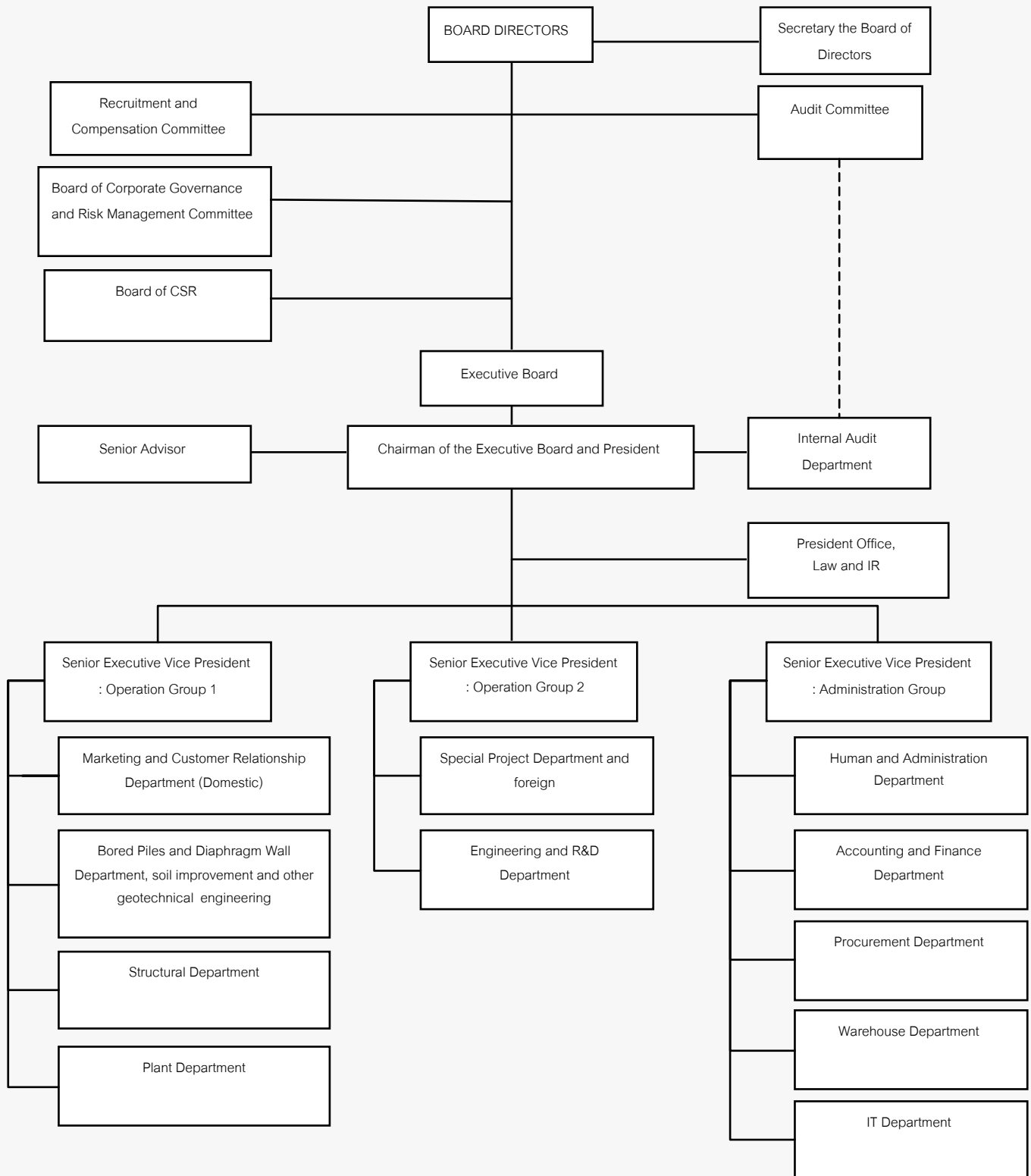


List of the Largest Shareholders as at December 20, 2012

Shareholders' List	Number of Shares	Percentage of Paid Up Capital
1. Thasnanipan Group	64,610,000	30.05
1.1 Mr. Narong Thasnanipan	16,492,000	7.67
1.2 Miss Nutthakarn Thasnanipan	14,196,667	6.60
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. Nuttapol Thasnanipan	5,111,700	2.38
1.7 Mr. Decha Thasnanipan	985,800	0.46
1.8 Mr. Nutthapan Thasnanipan	2,266,667	1.05
2. Pravesvararat Group	25,151,867	11.70
2.1 Mr. Tachapong Pravesvararat	12,512,000	5.82
2.2 Mr. Chaichana Pravesvararat	3,343,334	1.56
2.3 Miss. Supaporn Pravesvararat	2,064,266	0.96
2.4 Miss. Suriporn Pravesvararat	2,018,999	0.94
2.5 Miss. Puangmali Pravesvararat	2,222,634	1.03
2.6 Mr. Sumeth Pravesvararat	1,910,601	0.89
2.7 Mr. Chaichalard Pravesvararat	890,000	0.41
2.8 Mr. Sanga Pravesvararat	60,000	0.03
2.9 Mr. Aieng Saepueng	130,033	0.06
3. Mr. Sakchai Sajjasiri	4,000,000	1.86
4. Mr. Chaiya Sakhunchaivanich	3,000,000	1.40
5. Mr. Vittaya Narathasajan	2,700,000	1.26
6. Mr. Mitpan Sathaworamanee	1,975,900	0.92
7. Mr. Surapol Poonsapwatthana	1,860,000	0.87
8. Mr. Narong Hempromaratch	1,800,000	0.84
9. Miss Anchana Phanich	1,750,000	0.81
10. Mr. Thamanoon Wanglee	1,500,000	0.70
11. Mrs. Duangjai Traibanyatkul	1,450,000	0.67
12. Mr. Natthapol Ruengpanyapoj	1,400,000	0.65
13. Mr. Nadth Sathorn	1,300,000	0.60
14. Other	102,502,233	47.67
Total	215,000,000	100.00



Organization Chart



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
Mr. Anek Srituptim Secretary		

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	Thasnanipan	Executive Director
6. Mr. Kamol	Youyuenpathana	Executive Director
7. Mr. Tawat	Phutphong	Executive Director
8. Mr. Anek	Srituptim	Executive Director
9. Mr. Somsak	Thawatchpongthon	Executive Director

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. Tawat	Phutphong	Risk management Committee
8. Mr. Somsak	Thawatchpongthon	Risk management Committee
9. Mr. Natthapan	Thasnanipan	Risk management Committee

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

Board of Director

Authorized directors consist of Mr. Narong Thasnanipan, Mr. Tachapong Pravesvararat, Miss Nuttawan 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:
 - 2.1 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.
 - 2.2 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.
 - 2.3 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.
 - 2.4 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 2012, there were four meetings of the Board of Directors as follows :

In 2012, 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 Nutthawan Thasnanipan	✓	✓	✓	✓	✓	5
Mr. Zaw Zaw Aye	✓	✓	✓	✓	✓	5

✓ Means attend the meeting

✗ 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.

Mr. Somkual Musig – In an experience in the financial statements. The Bachelor of Business Administration (Accounting) from Thammasat University.

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 halving 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.
4. To recruit and select the persons to become the directors and chairman of the executives at the expiry of the term or when there is any vacancy or the other executive post assigned by the board of directors.
5. To provide recommendation on method to evaluate the performance of the directors and the board of directors to the board of directors.
6. To review and suggest any correction to scope, duty and responsibility of the recruitment committee in compliance with the conditions.
7. Other works assigned by the board of directors.

Risk management committee

Scope of authority and duty of the risk management committee

Corporate governance

1. To determine policies and to arrange corporate governance manual of the company and to prepare the business ethics manual for submission to the board of directors for approval on practice by every level of the employees.
2. To supervise strict and continuous compliance with corporate governance manual and business ethics manual.
3. To make an assessment and review related to policies, directions, guidelines or practices on international corporate governance.
4. To monitor movement, trend and comparison with leading companies on good corporate governance for better improvement.
5. To provide suggestion to the company, the board of directors, the management and working group on matters related to good corporate governance.
6. To prepare and submit a report on compliance with the good corporate governance policy to the board of directors immediately on matters with significant impacts on the company.

Disclosure on information related to good corporate governance in the website of the company and the annual report to all stakeholders for acknowledgement.

Risk

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

Company Secretary

The Duty and Authority of the company secretary

1. Providing advice to directors as to relevant legal provisions, rules, criteria, and regulations
2. Ensuring compliance with laws, the Articles of Association, relevant regulations and the Good Corporate Governance Principles by the Company
3. Arranging for the meetings as specified by law and the articles of association, preparing and keeping directors registration, notices and minutes of the Board of Directors' meetings and annual reports of the Company, notices and minutes of the shareholders' meetings as well as coordinating to ensure compliance with resolutions of the Board of Directors or resolutions of the shareholders with efficiency
4. Ensuring disclosure of information and report on information to the regulatory units
5. Contacting and communicating with shareholders and the related regulatory units
6. To prepare information with an aim to enhancing the directors to attend various training courses beneficial to the duties to be performed by the directors.
7. Proceeding with other matters as assigned by the Board of Directors

Compensation to Directors and Management

	2010		2011		2012	
	Number of Persons	Compensation in Baht	Number of Persons	Compensation in Baht	Number of Persons	Compensation in Baht
<u>Director Compensation Salary</u>	1	600,000		-		-
<u>Management Compensation Salary</u>	9	25,176,000	10	24,216,000	11	26,083,890
<u>Director Compensation and Director Fee</u>						
- 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		-		-
- 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>		<u>220,000</u>
Total		<u>3,200,000</u>		<u>3,120,000</u>		<u>3,120,000</u>
<u>Bonus</u>	3					
- Assoc. Prof.Dr.Somjai Phagaphasvivat		160,000		-		-
- Mr. Somkuan Watakeekul		120,000		-		-
- Mr. Somkual Musig-in		<u>120,000</u>		=		=
Total		<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.

The company has attended the good corporate governance development project for listed companies for the year 2012 with the Stock Exchange of Thailand to evaluate the performance to be improved for better good corporate governance work. At present it is in the process of collecting and grouping the policies into proper category.

1. Shareholders : Rights and fair treatment

The board of directors of the company has put its priority on rights and fair treatment toward the shareholders by stating clearly in the policy that the shareholders of the company are eligible to receive the share certificate and right to transfer shares, right to receive timely and sufficient information in a format suitable to the decision making, right of shareholders to attend the meeting and cast a vote in the meeting of shareholders for change in major policies of the company, right to elect and remove the directors and right to appoint the auditor and right in the profit sharing.

In the meeting of shareholders, the board of directors has a policy to facilitate the shareholders through submission of complete, clear and sufficient and timely information and the board of directors has encouraged the shareholders to attend and exercise their voting right in the meeting or to assign any person to attend the meeting or the independent director to cast the vote if the shareholder is unable to attend the meeting and to provide the shareholders an opportunity to express their opinion, ask for clarification or make an inquiry in an equitable manner.

The company has arranged the general meeting of shareholders of 2011 on 12 April 2012 at the conference room of the company No. 144, Prayasuren Rd. , Bangchan, Klong Sam Wah, Bangkok 10510, with nine directors attending the meeting. The company has assigned Securities Depository Center Co., Ltd. (Thailand), the registrar of the company, to send a letter of invitation to the meeting in advance and has made the notice in the website of the company 21 days before the meeting date. The report to shareholders for 2011 has been posted in the website of the company 14 days after the meeting date and the shareholders are eligible to make a correction if the minutes of the meeting have been found incorrect within 30 days since the disclosure in the website of the company. The right of minority shareholders is available for submission of the agenda of the meeting and the names of the directors to replace the directors whose term has expired. The company has made the notification on this matter through the Stock Exchange of Thailand to inform the shareholders and is opened to receive the matters in the month of January 2012 and has made the notification in the website of the company to indicate the procedures and methods of the decision process to ensure transparency and clarity. The shareholders have expressed no agenda of the meeting in the meeting of shareholders of 2011.

2. Right of various stakeholders

The company has determined to treat every stakeholder in a fair manner by setting up a policy on the stakeholders in the corporate governance policy between the company and the stakeholders like the employees, customers, trading partners, creditors, government agencies, communities located with the office of the company, including the overall society. Guidelines for practice by the directors, executives and employees have been arranged on an equitable basis and balanced mutual benefits with key focus on the conflict of interest, responsibility towards the shareholders, policies and treatment toward the employees, customers, trading partners, creditors, competitors and the overall society. It is specified that every director, executive and employee is required to learn, understand and strictly comply with the guidelines provided to ensure that the right of every stakeholder is protected and well treated. Besides, there is a channel available to receive the claim on corporate governance and business ethics from six groups of stakeholders consisting of customer group, trading partner group, shareholders and investor group, employee group and neighboring community group with consistent monitoring and report.

Regarding the employees, the company is aware that the employees are the key valuable success factor so the policy and practice have been arranged to ensure fair treatment for employees of every race and language, both opportunity, return, appointment, rotation, potential development, maintenance of the working environment for safety of life and property of the

employees at all times. The company has undertaken the measures on safety, professional safety and environment sufficiently and appropriately to prevent any life casualty and injury and sickness from the accident or from the work undertaken.

The principle held by the company is to provide a fair return to the employees in terms of salary, welfare and compensation in any form connecting to the value added to the shareholders in the long run. The personnel management has been fairly arranged in conjunction with the opportunity provided for learning, development of knowledge and competence of the employees to their full potential for every employee in a consistent manner. The company has set up the performance assessment committee to evaluate the performance of each employee to ensure transparency and mobility of resources of the company toward sustainable and stable prospect.

Regarding the customers, the company has determined to develop the working process in response to the need of the customers for better efficiency and effectiveness, to keep and comply with the agreement made with the customers strictly by delivery quality output in accordance with the expectation of the customers at the fair price, to provide advice related to geological engineering and correct, timely and sufficient information, compliance with conditions made with the customers strictly and to arrange the system and process to accept complaint from the customers related to the quality, quantity, work safety, including suggestions on efficient operation beneficial to the customers. Besides, the emphasis is on maintenance of confidentiality of the customers and not to utilize for illegitimate purpose.

Regarding trading partners and/or creditors, the company has arranged the policies and practices toward the trading partners and/or creditors fairly and equitably with regard to the maximum interest of the company and fair return to both sides and avoidance of the situation causing the conflict of interest and compliance with the obligations under the agreement made.

Regarding the competitor, the company has arranged the policies and practices toward the competitors to ensure compliance with the international standard under the legal framework related to practice under the free trade competition, not to divulge secret or to learn the trade secret of the competitors through the fraudulent method, not to dump the market to compete for the customers. The concept of the company is to undertake the business in a fair manner.

Regarding the community and overall society, the company has encouraged and embedded awareness for social responsibility among the employees of all levels not to provide assistance or support or allow illegal practice. The company holds that the community is part of the company to be developed through spiritual development and awareness of the good deed in the communities around the company. The company in conjunction with Jittanuparb Institute has opened Branch No 47 for concentration training. Two concentration training classes have already been conducted to make spiritual development and community awareness for the communities and employees of the company to ensure sustainable development.

To support the above policies, the company has undertaken the social responsible activities or Corporate Social Responsibility (CSR) as the company has believed that the spiritual development will result in better social development. The incorrect act will be suspended as the spirit has been diverted from the wrong practice so theft or fraud in the community will decline and the society will be sustainable and livable.

3. General Shareholders' Meeting

In 2011, the company has arranged the general meeting of shareholders on 12 April 2012 at 9.30 A.M. at the conference room of the company No 144, Prayasuren Rd. (Ramintra 109 Rd.), Bangchan, Klong Sam Wah, Bangkok. The board of directors of the company has a policy to have the shareholders take part in the decision making and have provided the shareholders with information completely, timely and sufficiently for the decision making. The company has sent the letter of invitation to the meeting, together with supporting information for the agenda to the shareholders in advance of the meeting.

Each agenda is required to be provided with the opinion of the board of directors. The meeting has been attended by nine directors, including the chairman of the audit committee, the chairman of the corporate governance and recruitment committee and the chairman of the compensation committee and the company has the top executives, the auditor and independent observers from the Thai Investors Promotion Association attend the meeting as well.

The chairman of the meeting provided an opportunity to every shareholder equally to examine the business undertaken by the company and has replied to the inquiries to each agenda. The chairman of the meeting has encouraged the shareholders to express their opinion and to ask for clarification related to the operation of the company. In addition, the board of directors has arranged the minutes of the meeting and disclosed such minutes in the website of the company within 14 days since the meeting date so the shareholders are able to examine and make a correction within 30 days.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

The Corporate Governance and 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

12. 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.

13. 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.

14. Investor Relation

The board of directors of the company has supervised disclosure of financial and non-financial data and information related to the business and the operating results of the company to ensure accuracy, completeness, sufficiency, consistency and timeliness and to present the position of the operation and actual financial status of the company, including the business prospect of the company through compliance with laws, regulations and requirements related to disclosure of the Office of Securities Exchange Commission and the Stock Exchange of Thailand strictly. In addition to disclosure of information in accordance with the requirements of the Office of Securities Exchange Commission and the Stock Exchange of Thailand, the company has communicated to the shareholders and investors through other channels by the Investor Relations Unit for direct communication

with the shareholders, investors and securities analysts in and outside the country while the corporate communication unit will distribute data and information of the company to the shareholders, investors and people through the mass media and other media which have arranged the meeting with the analysts entering into the company in 2012 for 5 times and to participate in the activity “Listed company meeting with investors or Opportunity day” for one meeting.

In addition, disclosure of information has been made through the website of the company, www.seafco.co.th so the other stakeholders will be able to learn of information equally. The interested person is able to contact, inquire or ask for information from the Investor Relations Unit of the company, Khun Nutthawan Thasnanipan, Tel. 0-29190090 Fax. 0-29190098 or e-mail : nthasaipan@hotmail.com.

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 23, page 20-23 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

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 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 constructions to be the rate 29.85%, foundations to be the rate 0.02%, and other to be the rate 1.27

In 2012, the Company group a total revenues of 1,541.83 million Baht consisting of the revenue derived from the work of Bored piling& diaphragm wall to be the rate 67.60%, civil work constructions to be the rate 30.24%, foundations to be the rate 0.14%, and other to be the rate 2.02

Compared with that of 2011, the total revenue has declined 2.2 percent. The income structure classified by the product line does not make any difference. However, the income from piling work and diaphragm wall was 68.87 percent of the total income in 2011, compared with 67.60 percent, a slight decline. If the work accepted is examined closely, there is a difference because most of the work in 2011 have included the cost of supplies and labor cost but the works in 2012 have included only the labor cost. Therefore, the income in 2012 has declined from that in 2011 but if the cost of supplies has been included, the income from this portion will increase greater than that in 2011.

The industrial condition and the competition in the preceding year are not quite serious because the construction industry has grown up enormously in both the public and private sectors. Thus the competition is not quite serious.

Regarding the financial statements of the companies undertaking the piling work and diaphragm wall collected from the companies in the Stock Exchange and not in the Stock Exchange from the Ministry of Commerce with the limitation on clear classification of incomes by the product line, it could be concluded that from 2009 to 2011, the company is still the leader in the piling work and diaphragm wall market. In 2009, the total income is 42 percent of the total market value of 1,525 million baht, in 2010, 30 percent of the total market value of 1,891 million baht and in 2011, 28 percent of the total market value of 2,761 million baht.

Employment Work Cost.

Employment work costs include. The materials used in the construction, wages, fuel cost depreciation and other production costs.

Employment work cost in 2012 is equal to 1,257.60 million Baht comparing with that of the year 2011 which is 1,482.41 million Baht is decreased by 15.17%. Most of the decline is due to the nature of the work of the piling work and diaphragm wall accepted since the works accepted in 2012 are charged with only the labor cost, not including the supplies cost.

Sale and Administrative Expenses

Sale and management expenses in 2012 is equal to 89.08 million Baht comparing with that of the year 2011 which is 105.40 million Baht, is decreased by 15.48% from the company can manage and control costs better than last year

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 and the allowance for bad debts set aside has been partially paid in 2012.

Gross and Net Profit

Company's gross profit in 2012 and 2011 was 265.46 million Baht and 87.74 million Baht, respectively, which was an increase by 202.55% because the company is able to supervise costs and deliver the works better than that in 2011, including the structure work of which the gross profit is quite low, including gross loss for some works, while the loss has been entirely recognized in 2011.

Company's net(loss) profit in 2012 and 2011 was 145.65 million Baht and (57.87) million Baht, respectively, which was an increase by 351.69% due to the facts described above.

Investment in machinery

The investment in machinery to increase the production capacity in 2012 was 65.29 million baht for the machines to undertake the piling work and diaphragm wall while the investment in 2011 was 31.34 million baht.

Shareholders' Returns

In 2012 and 2011, the Company's shareholders' rate of returns was 22.2% and (11.3%), respectively, which was increase by 295.77% due to the operating loss incurred to the group of companies in 2011 while the earning per share in 2012 was 0.68 baht per share and in 2011 was (0.27) baht per share.

Liquidity

In 2012, the liquidity ratio of the group of the companies was 0.84, compared with 0.77 in 2011. Thus the liquidity in 2012 was better than that in 2011 for 9.09%.

The cash inflows from operations in 2012 were 170.92 million baht, compared with 9.22 million baht in 2011, an increase of 1,753.47 percent.

The better liquidity and cash inflows were the results of the operating results of the company in 2012 that is better than that in 2011 because the company is able to expedite the debt collection efficiently.

Source of Capital.

In 2012, the Company's Group had total liabilities of Baht 887.73 million, which consist of current liabilities of Baht 789.23 million and long-term liabilities of Baht 98.50 million. This figure decreased from the year 2011, 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.

In 2012, the Company's Group had shareholders' equity of Baht 655.60 million, which is higher than in 2011 with Baht 509.95 million.

In 2012 the debt-to-equity ratio (D/E ratio) of the group of the companies was 1.35 time, compared with 2.02 time in 2011. The company has made an agreement with a financial institute to have the company maintain this ratio not exceeding 1.5 times.

Audit Fee

As at December 31, 2012. The company and its subsidiaries paid audit fee as follow:

Audit Fee		
Companies	Audit's name	Audit's Fee
Seafco Public Company Limited	Mrs. Vilairat Rojnuckarin	1,250,000
Seafco Construction Co., Ltd	Mrs. Vilairat Rojnuckarin	170,000
Seafco and Prayoonchai Co. Joint Venture (1984)	Mrs. Vilairat Rojnuckarin	60,000
Seafco & Prayoonchai (1984) Joint Venture	Mrs. Vilairat Rojnuckarin	60,000
Srinakarin Joint Venture	Mrs. Vilairat Rojnuckarin	110,000
Total		1,650,000



Report on responsibility of the board of directors on the Financial reports

The board of directors of Seafco Co., Ltd. (Public) is responsible for the financial statements and the consolidated financial statements of the company and its subsidiaries, including the financial information shown in the annual reports, such financial statements have been made in accordance with generally accepted accounting standards through election of the appropriate accounting policies in a consistent manner with careful judgment and best approximation to prepare the financial statements and the company has the suitable internal control system and the risk management system to ensure that the accounting information is accurate, complete with sufficient disclosure in notes to financial statements beneficial to the shareholders and other investors in a transparent manner.

In this regard, the board of directors has appointed the audit committee to review the accounting policies and quality of the financial reports, internal control system and internal audit system, including the risk management system while the opinion of the audit committee related to such matters has been provided in the report of the audit committee in the annual report.

The financial statements and the consolidated financial statements of the company and its subsidiaries have been examined by the auditor of the company, D.I.A. International Auditing Co., Ltd. and the opinion of the auditor has been expressed in accordance with the auditing standards in the auditor's report in the annual report.

The board of directors has an opinion that the overall internal control system of the company is in a satisfactory level and is able to reasonable ensure that the financial statements and the consolidated financial statements of Seafco Co., Ltd. (Public) and its subsidiaries for the year ended 31 December 2012 are reliable for compliance with generally accepted accounting standards and in compliance with the related laws, regulations and rules.

(Mr. Tachapong Pravesvararat)
Chairman of the Board

(Mr. Narong Thasnanipan)
Chairman of the Executive Board and President

Report of the Audit Committee



Dear Shareholders,

The Audit Committee of the Company Seafco (s) appointed by the Board of Directors. Consists of three independent directors who are qualified under the Securities and Exchange Commission, with Assoc Prof Dr.Somjai Phagaphasvivat is Chairman of the Audit Committee and the relatively moderate Mr.Somkuan Watakeekul and Mr. Somkual Musig-In the Audit Committee.

The Audit Committee's duties and responsibilities under the Charter of the Audit Committee. Assignment approved by the Board of Directors. And the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission for the year 2012 was held the meeting of the Audit Committee 4 meetings of the Audit Committee attended all the meetings. And a meeting with management, Certified Public Accountant, And internal auditors, as appropriate. Were summarized as follows.

- Financial statements of the company. Quarterly and Annual 2012 with a CPA and Senior Vice President, Accounting and Finance. The opinion that the financial statements of the Company Seafco (s) to be accurate in all material respects in accordance with generally accepted accounting principles.
- To review the Company's internal control system. With the Internal Audit Department. To evaluate the appropriateness and effectiveness of the internal control system. This will help promote the achievement of the goals of the company. Based on the 2012 annual report of the internal audit plan approved covering major operating systems. The Company has appropriate internal control deficiencies that are not significant. And the Internal Audit Department is an independent audit. Access to all parts and SEAFco (s) with system monitoring and control system in the right.
- Review risk management systems. Joint Committee on Risk Management. By the query and review the process with a high level of risk and risk management of the Company's management. And advise the Board of Directors of the Company to a risk assessment of the potential risk and high-impact business operations.
- Review and comment on the transaction. Or items that may have a conflict of interest. The disclosure of these transactions meet the requirements of the Stock Exchange of Thailand. Including the requirements of the Securities and Exchange Commission. The opinion that the Company has significant disclosure in the financial statements and notes to the financial statements are correct and complete.
- Review and oversight of the Company's business ethically and comply with the principles of good corporate governance in accordance with the requirements of the Stock Exchange of Thailand. And regulations of the Securities and Exchange Commission. Law, including all related.
- Propose the appointment of the auditor. And auditing fees. Have you considered Mrs. Vilairat Rojnuckarin. Or do you imagine the Auditor General Hiran Department of DIA International Co., Ltd. is a Certified Public Accountant. And presented to the Board of Directors and the shareholders for approval next.

In summary overview in the year 2012, the Company has prepared the financial statements and financial reports should be complete, accurate, reliable in all material respects in accordance with generally accepted accounting standards. Compliance with the regulations of the Stock Exchange of Thailand and other relevant laws. The system of internal control and risk management are adequate and appropriate for the business. So thank you for this opportunity.

A handwritten signature in black ink, appearing to read 'S. P. Phagaphasvivat'.

(Assoc. Prof. Dr. Somjai Phagaphasvivat)
Chairman of the Audit Committee
27 February 2013



AUDITOR'S REPORT

To the Shareholders of

SEAFCO PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of SEAFCO PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2012, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of SEAFCO PUBLIC COMPANY LIMITED as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance with the financial reporting standards.

D I A International Audit Co., Ltd.

(Mrs. Vilairat Rojnuckarin)
C.P.A. (Thailand)
Registration No. 3104

February 27, 2013



STATEMENTS OF FINANCIAL POSITION

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

Assets	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Current assets					
Cash and cash equivalents	6	16,970,141.24	12,397,162.72	11,245,305.50	1,362,256.52
Trade and other receivables	7	306,534,837.13	287,007,953.94	224,764,397.47	251,348,062.95
Unbilled receivable		257,412,914.18	303,419,571.36	222,469,180.07	312,863,540.25
Prepayment for wages and purchase of goods		7,204,896.82	12,472,222.51	4,557,135.86	12,472,222.51
Inventories	8	77,940,047.17	79,083,451.25	75,117,363.47	77,483,338.21
Total current assets		666,062,836.54	694,380,361.78	538,153,382.37	655,529,420.44
Non-current assets					
Pledged bank deposits	9	100,623,389.68	91,429,133.96	96,461,212.75	91,429,133.96
Investment in subsidiaries	10	0.00	0.00	5,000,000.00	6,703,940.00
Other long-term investments		5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
Investment properties	11	25,929,181.08	25,929,181.08	25,929,181.08	25,929,181.08
Property, plant and equipment	12	512,007,061.69	515,257,145.59	509,905,111.18	514,443,261.16
Retentions receivable	13	164,096,006.57	128,255,711.30	149,686,317.91	130,539,702.07
Withholding income tax		67,550,759.59	77,581,114.73	65,507,090.45	77,581,114.73
Other non-current assets		2,064,646.00	2,599,613.00	2,064,646.00	2,599,613.00
Total non-current assets		877,271,044.61	846,051,899.66	859,553,559.37	854,225,946.00
Total assets		1,543,333,881.15	1,540,432,261.44	1,397,706,941.74	1,509,755,366.44

Notes to financial statements are parts of these financial statements.

STATEMENTS OF FINANCIAL POSITION (Continued)



SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2012 AND 2011

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	14	255,087,984.89	311,397,484.46	243,387,984.89	311,397,484.46
Trade and other payables		273,610,135.84	304,232,504.06	177,785,510.31	279,205,469.86
Advance received under agreement		21,094,043.31	51,627,601.19	21,094,043.31	53,282,297.70
Retentions payable - contractor		37,464,926.41	23,071,231.14	23,672,796.54	23,071,231.14
Current portion of long-term					
liabilities	15	75,737,836.96	58,435,339.22	75,737,836.96	58,435,339.22
Short-term loans	16	103,000,000.00	115,000,000.00	103,000,000.00	115,000,000.00
Short-term provisions		23,231,946.49	36,609,161.44	21,179,465.70	36,609,161.44
Total current liabilities		789,226,873.90	900,373,321.51	665,857,637.71	877,000,983.82
Non-current liabilities					
Long-term loans	17	35,703,000.00	24,347,000.00	35,703,000.00	24,347,000.00
Financial lease liabilities	18	35,346,760.36	78,229,948.58	35,346,760.36	78,229,948.58
Employee benefit obligations		27,454,877.99	27,525,336.00	27,454,877.99	27,525,336.00
Total non-current liabilities		98,504,638.35	130,102,284.58	98,504,638.35	130,102,284.58
Total liabilities		887,731,512.25	1,030,475,606.09	764,362,276.06	1,007,103,268.40

Notes to financial statements are parts of these financial statements.



STATEMENTS OF FINANCIAL POSITION (Continued)

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2012 AND 2011

Liabilities and shareholders' equity	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
(Cont.)		2012	2011	2012	2011
Shareholders' equity					
Share capital	19				
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	21,500,000.00	19,142,134.19	21,500,000.00	19,142,134.19
Unappropriated		241,879,710.56	106,008,125.33	232,844,665.68	104,509,963.85
Total owners of the					
Company		642,379,710.56	504,150,259.52	633,344,665.68	502,652,098.04
Non-controlling interests		13,222,658.34	5,806,395.83	0.00	0.00
Total shareholders' equity		655,602,368.90	509,956,655.35	633,344,665.68	502,652,098.04
Total liabilities and shareholders' equity		1,543,333,881.15	1,540,432,261.44	1,397,706,941.74	1,509,755,366.44

Notes to financial statements are parts of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME



SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Hire of work income		1,512,370,452.53	1,557,409,939.57	1,216,943,323.85	1,532,950,255.11
Sales of materials and services		10,685,655.84	12,745,240.46	15,537,285.64	13,600,906.89
Total revenues		1,523,056,108.37	1,570,155,180.03	1,232,480,609.49	1,546,551,162.00
Cost of hire of work, sales of materials and services		(1,257,592,268.40)	(1,482,413,250.71)	(985,440,650.00)	(1,463,059,465.83)
Gross profit		265,463,839.97	87,741,929.32	247,039,959.49	83,491,696.17
Other income					
Gain on sale of investment		0.00	418,605.91	0.00	4,908,236.30
Dividend income		0.00	0.00	24,938.34	4,650,000.00
Others		18,776,255.48	6,004,051.82	16,629,442.15	5,839,289.26
Administrative expenses		(89,053,454.80)	(115,103,599.46)	(88,872,951.97)	(114,571,819.70)
Finance costs		(35,839,013.74)	(35,915,023.60)	(35,630,774.44)	(35,705,229.43)
Profit (Loss) before income tax		159,347,626.91	(56,854,036.01)	139,190,613.57	(51,387,827.40)
Income tax expenses	21	(13,672,391.31)	(894,856.82)	(8,498,045.93)	0.00
Profit (Loss) for the year from continuing operations		145,675,235.60	(57,748,892.83)	130,692,567.64	(51,387,827.40)
Loss from discontinued operations	22	(29,462.05)	(118,727.39)	0.00	0.00
Profit (Loss) for the year		145,645,773.55	(57,867,620.22)	130,692,567.64	(51,387,827.40)
Other comprehensive income:		0.00	0.00	0.00	0.00
Total comprehensive expenses for the year		145,645,773.55	(57,867,620.22)	130,692,567.64	(51,387,827.40)
Profit (loss) attributable to:					
Owners of the Company					
Profit (Loss) for the year from continuing operations		138,258,913.09	(58,555,273.83)	130,692,567.64	(51,387,827.40)
Loss for the year from discontinued operations		(29,462.05)	(118,727.39)	0.00	0.00
		138,229,451.04	(58,674,001.22)	130,692,567.64	(51,387,827.40)

Notes to financial statements are parts of these financial statements.



STATEMENTS OF COMPREHENSIVE INCOME (Continued)

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2012	2011	2012	2011
Non-controlling interests					
Profit for the year from					
continuing operations		7,416,322.51	806,381.00	0.00	0.00
Loss for the year from					
discontinued operations		0.00	0.00	0.00	0.00
		<u>7,416,322.51</u>	<u>806,381.00</u>	<u>0.00</u>	<u>0.00</u>
Total comprehensive income (expenses)					
for the year		<u>145,645,773.55</u>	<u>(57,867,620.22)</u>	<u>130,692,567.64</u>	<u>(51,387,827.40)</u>
Earnings(loss) per share					
Basic earnings (loss) per share					
Profit (Loss) from continuing operations		0.64	(0.27)	0.61	(0.24)
Loss from discontinued operations		0.00	0.00	0.00	0.00
		<u>0.64</u>	<u>(0.27)</u>	<u>0.61</u>	<u>(0.24)</u>
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 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Note	Consolidated financial statements								(Unit : Baht)
	Owners of the Company					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	Unappropriated					
			Legal reserve		Exchange difference on translating financial statements				
5	Balance as at December 31, 2010	215,000,000.00	164,000,000.00	19,142,134.19	185,586,550.55	522,170.37	584,250,855.11	14.83	584,250,869.94
	Effect from adoption accounting policy for employee benefits	0.00	0.00	0.00	(20,904,424.00)	0.00	(20,904,424.00)	0.00	(20,904,424.00)
10	Balance as at January 1, 2011	215,000,000.00	164,000,000.00	19,142,134.19	164,682,126.55	522,170.37	563,346,431.11	14.83	563,346,445.94
	Changes in shareholders' equity for the year 2011								
	Ordinary shares increase	0.00	0.00	0.00	0.00	0.00	0.00	5,000,000.00	5,000,000.00
	Exchange difference on translating financial statements	0.00	0.00	0.00	0.00	(522,170.37)	(522,170.37)	0.00	(522,170.37)
	Total comprehensive expenses for the year	0.00	0.00	0.00	(58,674,001.22)	0.00	(58,674,001.22)	806,381.00	(57,867,620.22)
	Balance as at December 31, 2011	215,000,000.00	164,000,000.00	19,142,134.19	106,008,125.33	0.00	504,150,259.52	5,806,395.83	509,956,655.35
	Changes in shareholders' equity for the year 2012								
10	Ordinary shares decrease	0.00	0.00	0.00	0.00	0.00	0.00	(60.00)	(60.00)
	Total comprehensive income for the year	0.00	0.00	0.00	138,229,451.04	0.00	138,229,451.04	7,416,322.51	145,645,773.55
	Legal reserve	0.00	0.00	2,357,865.81	(2,357,865.81)	0.00	0.00	0.00	0.00
	Balance as at December 31, 2012	215,000,000.00	164,000,000.00	21,500,000.00	241,879,710.56	0.00	642,379,710.56	13,222,658.34	655,602,368.90

Notes to financial statements are parts of these financial statements

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Separate financial statements							(Unit : Baht)
Note	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total		
			Appropriated	Unappropriated			
			Legal reserve				
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 employee benefits	5	0.00	0.00	0.00	(20,904,424.00)	(20,904,424.00)	
Balance as at January 1, 2011	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		
Changes in shareholders' equity for the year 2012 :							
Total comprehensive income for the year	0.00	0.00	0.00	130,692,567.64	130,692,567.64		
Legal reserve	20	0.00	0.00	2,357,865.81	(2,357,865.81)	0.00	
Balance as at December 31, 2012	215,000,000.00	164,000,000.00	21,500,000.00	232,844,665.68	633,344,665.68		

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASHFLOWS



SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit (Loss) before income tax	159,318,164.86	(56,972,763.40)	139,190,613.57	(51,387,827.40)
Adjustment				
Depreciation	84,670,979.26	88,526,518.43	84,273,882.56	88,483,058.52
Bad debt and doubtful accounts	0.00	22,547,820.57	0.00	22,547,820.57
Reversed doubtful accounts	(7,650,566.05)	(10,700,000.00)	(7,650,566.05)	(10,700,000.00)
Decrease in unbilled receivable	46,006,657.18	19,418,368.15	90,394,360.18	13,013,218.46
Amortized prepayment expense	4,923,717.43	4,239,994.98	4,185,903.89	4,239,994.98
Amortized withholding tax	86,709.47	0.00	86,709.47	0.00
Gain on sale of investment in joint venture	0.00	(473,436.97)	0.00	(4,908,236.30)
Loss on decrease capital in subsidiary	0.00	0.00	903,940.00	0.00
Loss on dissolution of subsidiary	29,462.05	118,727.39	0.00	0.00
Unrealized (gain) loss on exchange rate	100,001.25	366.20	100,001.25	366.20
(Gain) Loss on disposal of fixed assets	(744,371.71)	36,599.31	(744,371.71)	36,599.31
Loss on write-off of fixed assets	276,668.86	334,202.25	270,506.82	334,202.25
Increase (Decrease) in short-term provisions	(13,377,214.95)	18,622,720.95	(15,429,695.74)	18,622,720.95
Increase (Decrease) in employee benefit provisions	(70,458.01)	3,100,912.00	(70,458.01)	3,100,912.00
Dividend income	0.00	0.00	(24,938.34)	(4,650,000.00)
Interest expenses	35,339,013.74	35,915,023.60	35,130,774.44	35,705,229.43
	308,908,763.38	124,715,053.46	330,616,662.33	114,438,058.97
(Increase) Decrease of changes in operating assets				
Trade and other receivables	(17,642,818.92)	(89,743,632.13)	29,495,489.70	(61,488,223.35)
Prepayment for wages and purchase of goods	5,267,325.69	(1,328,630.32)	7,915,086.65	(1,328,630.32)
Inventories	1,143,404.08	(478,171.16)	2,365,974.74	1,121,941.88
Retentions receivable	(37,060,383.83)	14,712,947.99	(20,366,704.40)	14,719,884.22
Other non-current assets	534,967.00	428,060.90	534,967.00	428,060.90

Notes to financial statements are parts of these financial statements.



STATEMENTS OF CASHFLOWS (Continued)

SEAFco PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Increase (Decrease) of changes in operating liabilities				
Trade and other payables	(35,934,755.65)	66,937,538.02	(107,770,055.13)	49,601,430.92
Advances received under agreement	(30,533,557.88)	(28,639,470.31)	(32,188,254.39)	(23,693,007.63)
Retentions payable - contractor	14,393,695.27	(264,416.96)	601,565.40	(264,416.96)
Cash generated (paid) from operation	209,076,639.14	86,339,279.49	211,204,731.90	93,535,098.63
Interest paid	(34,622,998.18)	(36,325,285.90)	(34,414,758.88)	(36,115,491.73)
Income tax received (paid)	(3,535,936.82)	(40,792,504.83)	3,489,268.88	(39,986,154.03)
Net cash provided by (used in) operating activities	170,917,704.14	9,221,488.76	180,279,241.90	17,433,452.87
Cash flows from investing activities				
Increase in pledged bank deposits	(9,194,255.72)	(4,711,235.84)	(5,032,078.79)	(4,711,235.84)
Increase in investment in subsidiaries	0.00	0.00	0.00	(4,904,000.00)
Decrease in cash in subsidiary and joint venture which controllable is ceased	(1,094,400.39)	(8,669,050.01)	0.00	0.00
Proceeds from sale of investment in joint venture	0.00	8,158,595.70	0.00	8,158,595.70
Dividend received from joint venture	0.00	0.00	0.00	4,650,000.00
Payments for investment property	0.00	(181,543.69)	0.00	(181,543.69)
Payments for purchase of fixed assets	(75,150,258.78)	(46,189,354.98)	(72,758,303.40)	(46,189,354.98)
Proceeds from sales of fixed assets	1,628,379.32	699,252.33	1,628,379.32	699,252.33
Net cash provided by (used in) investing activities	(83,810,535.57)	(50,893,336.49)	(76,162,002.87)	(42,478,286.48)

Notes to financial statements are parts of these financial statements.

STATEMENTS OF CASHFLOWS (Continued)



SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash flows from financing activities				
Increase (Decrease) in bank overdrafts and				
short-term loans from financial institutions	(56,309,499.57)	62,717,426.92	(68,009,499.57)	62,717,426.92
Decrease in short-term loans	(12,000,000.00)	(15,000,000.00)	(12,000,000.00)	(15,000,000.00)
Increase in long-term loans	24,796,000.00	10,151,000.00	24,796,000.00	10,151,000.00
Payments for financial lease liabilities	(51,539,905.28)	(49,140,854.86)	(51,539,905.28)	(49,140,854.86)
Proceeds from entering into financial				
lease	12,519,214.80	16,470,398.94	12,519,214.80	16,470,398.94
Proceeds from non-controlling interests	0.00	5,000,000.00	0.00	0.00
Net cash provided by (used in) financing activities	(82,534,190.05)	30,197,971.00	(94,234,190.05)	25,197,971.00
Net increase (decrease) in cash and				
 cash equivalents	4,572,978.52	(11,473,876.73)	9,883,048.98	153,137.39
Cash and cash equivalents as at January 1	12,397,162.72	23,871,039.45	1,362,256.52	1,209,119.13
Cash and cash equivalents as at December 31	16,970,141.24	12,397,162.72	11,245,305.50	1,362,256.52

Notes to financial statements are parts of these financial statements.



NOTES TO FINANCIAL STATEMENTS

SEAFCO PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AS AT DECEMBER 31, 2012 AND 2011

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 public works.

2. BASIS OF FINANCIAL STATEMENTS PREPARATION AND PRESENTATION

2.1 Presentation of financial statements

The financial statements have been prepared in conformity with the financial reporting standards 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 in accordance with 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 Federation of Accounting Professions issued new and revise financial reporting standards of which pronounced in the Royal Gazette which have not been effective in the year 2012 as follows :

<u>Contents</u>		<u>Effective Date</u>
Accounting standards		
TAS 12	Income Taxes	January 1, 2013
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
Financial Reporting Standards		
TFRS 8	Operation Segments	January 1, 2013

	<u>Contents</u>	<u>Effective Date</u>
Standing Interpretations		
TSIC 10	Government Assistance-No Specific Relation to Operating Activities	January 1, 2013
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets	January 1, 2013
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders	January 1, 2013
TSIC 29	Service Concession Arrangements Disclosures	January 1, 2014
Financial Reporting Interpretations		
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customers Loyalty Programmes	January 1, 2014
Accounting Guidance		
	Transfers of Financial Assets	January 1, 2013

Financial reporting standards which are effective on January 1, 2014 and 2013, the Company is 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 below:

	Country	Percentage of shareholding %		Type of Business
		2012	2011	
<u>Subsidiaries</u>				
Seafco Co., Ltd. and Prayoonchai				Construction
(1984) Co., Ltd. Joint Venture	Thailand	0	100	contractual
Seafco Constructions Co., Ltd.	Thailand	50	50	Construction
				contractual
<u>Joint Venture</u>				
Srinakarin Joint Venture	Thailand	30	30	Construction
				contractual
Seafco Co., Ltd. and Prayoonchai				Construction
(1984) Co., Ltd. Joint Venture	Thailand	45	45	contractual

On August 15, 2012, the subsidiary (Seafco Co., Ltd. and Prayoonchai (1984) Co., Ltd. Joint Venture) has liquidated its business that the Company did not take the financial statements of such subsidiary to prepare the consolidated financial statements since the Company ended the power to control in financial policy and operation in such subsidiary and the Company then applied 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, 2012 and disclosed the results of operations and cash flows of discontinued operations (note 22).

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 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 :

	2012	Baht	2011
Statements of financial position			
Current assets	6,294,671.25		34,769,799.64
Non-current assets	234,484.40		1,039,904.52
Current liabilities	722,317.96		4,068,622.01
	For the year		
	2012	Baht	2011
Statements of comprehensive income			
Revenues	6,731,733.14		53,723,247.65
Expenses	1,527,365.47		1,808,656.86

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 Trade and other receivables

Trade and other receivables are stated at the right to receive amount/invoice amount less 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

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.

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). Cost is included the initial estimate of the cost of dismantling, removing the item and restoring the site on which it is located, the obligation for which the Company, subsidiaries and joint venture incur.

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

	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.

4.8 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, restricted bank deposit, long-term investment, bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans, long-term loans and financial lease liabilities. 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 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

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 bellows:

	Consolidated financial statements (Baht)	Separate financial statements (Baht)
<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>

6. ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION

6.1 Cash and cash equivalents

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cash on hand	921,689.36	947,132.54	885,731.66	823,559.17
Cash at banks - current accounts	15,959,010.94	10,824,914.51	10,342,510.11	526,520.09
Cash at banks - savings deposit	89,440.94	625,115.67	17,063.73	12,177.26
Total	16,970,141.24	12,397,162.72	11,245,305.50	1,362,256.52

6.2 Non - cash transaction

For the year 2012

- 1) The Company has purchased machineries and equipment in the amount of Baht 8.20 million, are due payment in 2012 which was presented as payable for purchase of fixed assets.

For the year 2011

- 1) The Company has purchased machineries and 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 financial lease liabilities.
- 3) The Company has received the debt payment amount of Baht 10.70 million by the land.

7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Trade accounts receivable	322,605,831.69	352,444,659.66	289,115,495.71	318,103,613.49
Other receivables				
Advance payment to contractor	42,977,597.39	0.00	0.00	0.00
Others	15,021,437.44	15,757,439.72	9,718,931.15	14,438,594.90
Total	380,604,866.52	368,202,099.38	298,834,426.86	332,542,208.39
Less Allowance for doubtful account:				
- Trade accounts receivable	(74,070,029.39)	(81,194,145.44)	(74,070,029.39)	(81,194,145.44)
Net	306,534,837.13	287,007,953.94	224,764,397.47	251,348,062.95

Collected accounts receivable separated by aging

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Unbilled trade accounts receivable	168,172,454.55	139,158,733.97	133,903,518.82	104,786,983.40
Overdue trade accounts receivable				
- Less than 3 months	72,100,736.42	116,681,574.06	72,715,710.02	116,712,278.46
- Over 3 months to 6 months	10,277,927.43	7,630,872.86	10,441,553.58	7,630,872.86
- Over 6 months to 12 months	93,459.87	8,860,111.61	93,459.87	8,860,111.61
- Over 12 months	71,961,253.42	80,113,367.16	71,961,253.42	80,113,367.16
Total	322,605,831.69	352,444,659.66	289,115,495.71	318,103,613.49

8. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Raw materials	25,923,030.23	28,906,225.40	23,100,346.53	27,306,112.36
Supplies	52,126,902.05	50,287,110.96	52,126,902.05	50,287,110.96
Total	78,049,932.28	79,193,336.36	75,227,248.58	77,593,223.32
Less Provision for damaged				
of inventories	(109,885.11)	(109,885.11)	(109,885.11)	(109,885.11)
Net	77,940,047.17	79,083,451.25	75,117,363.47	77,483,338.21

9. PLEDGED BANK DEPOSITS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Savings deposit	43,963,724.52	43,638,218.28	43,963,724.52	43,638,218.28
Fixed deposit	56,659,665.16	47,790,915.68	52,497,488.23	47,790,915.68
Total	100,623,389.68	91,429,133.96	96,461,212.75	91,429,133.96

As at December 31, 2012 and 2011, the Company has savings deposit with several banks to guarantee bank overdrafts and short-term loans from financial institution (note 14) and letter of guarantee (note 30.2).

10. PROPERTY, PLANT AND EQUIPMENT

Company's name	Incorporated in	Paid-up share capital (Baht)	Percentage of shareholding		Separate financial statements Cost method		
			2012	2011	2012	Baht	2011
Subsidiaries							
Seafco Co., Ltd. and Prayoonchai (1984) Co., Ltd. Joint Venture	Thailand	1,000,000.00	0	100	0.00		800,000.00
Seafco Construction Co., Ltd.	Thailand	10,000,000.00	50	50	5,000,000.00		5,903,940.00
Total					5,000,000.00		6,703,940.00

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, 2012 and 2011 were audited by the auditor respectively

As at August 15, 2012, Seafco Co., Ltd. and Prayoonchai (1984) Co., Ltd. Joint Venture has liquidated for dissolution its business already.

In the fourth quarter of 2011, Seafco 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. Subsequent in the first quarter of 2012, such company has decreased share capital from Baht 10.90 million to Baht 10 million (1,000,000 common shares of Baht 10 each). The decrease share capital belongs to the Company amount of Baht 0.90 million.

11. INVESTMENT PROPERTIES

As at December 31, 2012 and 2011, the Company has investment properties amount of Baht 25.93 million (at fair value of Baht 25.93 million) 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.

12. 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	
Assets - cost								
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	
Purchase	0.00	0.00	63,861,560.56	3,119,401.29	0.00	16,985,496.12	83,966,457.97	
Disposal	0.00	0.00	(6,933,794.76)	(1,493,653.75)	(476,625.18)	0.00	(8,904,073.69)	
Transference	0.00	171,694.70	16,284,646.95	78,028.45	534,799.49	(17,069,169.59)	0.00	
As at December 31, 2012	58,063,714.09	48,637,315.09	1,135,311,818.25	45,459,208.48	91,145,488.75	659,484.55	1,379,277,029.21	
Accumulated depreciation								
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	
Depreciation for the year	239,534.27	1,770,887.92	73,513,546.98	3,067,479.18	6,079,530.91	0.00	84,670,979.26	
Depreciation - write off	0.00	0.00	(4,707,923.72)	(1,173,969.18)	(476,618.18)	0.00	(6,358,511.08)	
As at December 31, 2012	529,359.54	26,175,195.39	731,765,097.92	31,892,884.04	76,907,430.63	0.00	867,269,967.52	
Net assets value								
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	
As at December 31, 2012	57,534,354.55	22,462,119.70	403,546,720.33	13,566,324.44	14,238,058.12	659,484.55	512,007,061.69	

	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
Purchase	0.00	0.00	63,120,576.12	2,169,060.91	0.00	16,985,496.12	82,275,133.15
Disposal	0.00	0.00	(6,933,794.76)	(1,470,129.27)	(476,625.18)	0.00	(8,880,549.21)
Transference	0.00	171,694.70	16,284,646.95	78,028.45	534,799.49	(17,069,169.59)	0.00
As at December 31, 2012	58,063,714.09	48,637,315.09	1,134,389,890.29	43,756,410.76	91,145,488.75	659,484.55	1,376,652,303.53
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
Depreciation for the year	239,534.27	1,770,887.92	73,362,675.91	2,821,253.55	6,079,530.91	0.00	84,273,882.56
Depreciation - write off	0.00	0.00	(4,707,923.72)	(1,156,606.74)	(476,618.18)	0.00	(6,341,148.64)
As at December 31, 2012	529,359.54	26,175,195.39	731,593,949.91	31,541,256.88	76,907,430.63	0.00	866,747,192.35
Net assets value							
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
As at December 31, 2012	57,534,354.55	22,462,119.70	402,795,940.38	12,215,153.88	14,238,058.12	659,484.55	509,905,111.18

The whole of land and building are mortgaged as collateral against bank overdrafts and short-term loans from financial institutions (note 14) long-term loans (note 17) and let

of guarantee issuance (note 30.2)

13. RETENTIONS RECEIVABLE

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Retention	165,462,866.09	130,149,020.82	151,053,177.43	132,433,011.59
Less Allowance for doubtful accounts	(1,366,859.52)	(1,893,309.52)	(1,366,859.52)	(1,893,309.52)
Net	164,096,006.57	128,255,711.30	149,686,317.91	130,539,702.07

14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Bank overdrafts	80,537,984.89	75,447,484.46	80,537,984.89	75,447,484.46
Loans from bank	174,550,000.00	235,950,000.00	162,850,000.00	235,950,000.00
Total	255,087,984.89	311,397,484.46	243,387,984.89	311,397,484.46

As at December 31, 2012 and 2011 the Company has overdrafts line with 6 banks amount of Baht 133 million and Baht 148 million respectively. For the amount of Baht 20 million is charged interest at the rate of S/A + 1.5% per annum and the remainder amount of Baht 113 million and Baht 128 million charged at MOR to MOR + 1% per annum.

As at December 31, 2012 and 2011 the Company has loans from 5 banks and 6 banks respectively at the interest rate of 6.80 - 7.775% and 6.99 - 7.90% per annum respectively documented by promissory notes.

Such debts are guaranteed by bank deposit (note 9), land and construction thereon (note 12) and the right on receive payment under hiring agreement of several customers.

15. CURRENT PORTION OF LONG-TERM LIABILITIES

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Long-term loans	21,924,000.00	8,484,000.00
Financial lease liabilities	53,813,836.96	49,951,339.22
Total	75,737,836.96	58,435,339.22

16. SHORT-TERM LOANS

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Persons	100,000,000.00	115,000,000.00
Companies	3,000,000.00	0.00
Total	103,000,000.00	115,000,000.00

As at December 31, 2012 and 2011, the Company has outstanding short-term loans by discounting bills of exchange at the interest rate of 4.90 - 4.95% and 4.50 - 5.25% per annum respectively.

17. LONG-TERM LOANS

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Loans from bank	57,627,000.00	32,831,000.00
Less Current portion of long-term loans	(21,924,000.00)	(8,484,000.00)
Net	35,703,000.00	24,347,000.00

As at December 31, 2012 and 2011 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.

The loan agreement no. 3 : The Company has loan from the bank in amount of Baht 40 million with principal repayment on monthly basis of Baht 1.12 million each, and the monthly interest payment at the rate of MLR - 1.25% per annum, commencing in July 2012 and the payment will be completed in June 2015, guaranteed by mortgaging land with its construction and machinery (note 12). The Company must comply with the condition of loans agreement by preserving debt service converge ratio/DSCR not less than 1.20 time.

18. FINANCIAL LEASE LIABILITIES

18.1) Financial lease liabilities excluded futures interest are as follows :

	Consolidated and Separate	
	financial statements (Baht)	
	2012	2011
Lease payable	71,196,301.12	102,390,933.22
Hire-purchase payable	17,964,296.20	25,790,354.58
Total	89,160,597.32	128,181,287.80
Less Current portion of long-term liabilities	(53,813,836.96)	(49,951,339.22)
Net	35,346,760.36	78,229,948.58

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

		Consolidated and Separate	
		financial statements (Baht)	
		2012	2011
Machineries		301,044,263.87	308,888,965.89
Vehicles		18,050,742.66	21,980,899.22
Total		319,095,006.53	330,869,865.11

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

	Consolidated and Separate financial statements (Baht)	
	2012	2011
Within 1 year	58,212,947.36	57,281,164.06
Over 1 year not over 3 years	31,920,092.78	75,433,306.90
Over 3 years not over 5 years	5,818,841.00	7,461,064.98
Total	95,951,881.14	140,175,535.94
Less Future interest of financial lease	(6,791,283.82)	(11,994,248.14)
Present value of financial lease liabilities	89,160,597.32	128,181,287.80

19. SHARE CAPITAL

According to the minutes of Annual General Shareholders' meeting for the year 2012 held on April 12, 2012, the shareholders passed the resolution to increase the Company's share capital in the form of General Mandate for 64.50 million ordinary shares at par value of Baht 1 each offered to the existing shareholders based on proportion of each shareholder for 21.50 million shares (not exceed 10% of paid-up share capital) and to the public for 43 million shares (not exceed 20% of paid-up share capital). As at December 31, 2012, the Company did not proceed the increase such share capital.

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. INCOME TAX CALCULATION

The Company calculated corporate income tax at the rate of 23% (for 2012) and 30% (for 2011) 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) less net loss which is permitted deduction by law.

22. DISCONTINUED OPERATIONS

On August 15, 2012, the subsidiary (Seafco Co., Ltd. and Prayoonchai (1984) Co., Ltd. Joint Venture) has liquidated its business already (note 10) and during the third quarter of 2011, the Company has sold investment in an overseas joint venture (Seafco-Ryobi Pte. Ltd.) to joint venture which assumed as discontinued operation, the details are following:

22.1 Net assets value based on proportion of investment in subsidiaries and joint venture at the date of controllable is terminated, comprise the transactions as following

	2012	Baht	2011
<u>Assets</u>			
Cash and cash equivalents	824,938.34		3,058,392.10
Trade accounts receivable	0.00		11,272,959.65
Unbilled receivable	0.00		7,090,598.47
Other current assets	0.00		552,254.79
Equipment	0.00		3,114,126.99
Retentions receivable	0.00		636,530.08
Total assets	824,938.34		25,724,862.08

Liabilities

Trade accounts payable	0.00	10,454,228.44
Short-term provisions	0.00	6,245,295.04
Other current liabilities	0.00	661,849.74
Total liabilities	0.00	17,361,373.22
Effects on translating financial statements	0.00	623,499.07
Assets - net	824,938.34	7,739,989.79

22.2 Discontinued statements of comprehensive income for the year ended December 31, 2012 and 2011 consist of :

	2012	Baht	2011
Hire of work income	0.00		8,170,196.58
Cost of hire of work	0.00		(8,170,196.58)
Gross profit (loss)	0.00		0.00
Other income	10,376.30		41,307.77
Administrative expenses	(39,838.35)		(160,035.16)
Loss before income tax	(29,462.05)		(118,727.39)
Income tax expense	0.00		0.00
Loss from discontinued operations	(29,462.05)		(118,727.39)

22.3 Discontinued statements of cash flows for the year ended December 31, 2012 and 2011 consist of :

		(Unit : Baht)
	2012	2011
Net cash provided by (used in) operating activities	(63,227.46)	(5,705,148.71)
Net cash provided by (used in) investing activities	0.00	(6,837.89)
Net cash provided by (used in) financing activities	0.00	0.00
Effects on translating financial statements	0.00	101,328.69
Net increase (decrease) in cash and cash equivalents	(63,227.46)	(5,610,657.91)
Cash and cash equivalents as at January 1	1,094,400.39	8,669,050.01
Cash and cash equivalents as at December 31	1,031,172.93	3,058,392.10

23. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company, subsidiary and joint venture's assets, liabilities, revenues and expenses arose from transactions with related parties. These transactions are based on the normal course of business and on the basis of group of related companies concerned as follows:

23.1 General information

<u>Name/description</u>	<u>Type of Business</u>	<u>Relationship</u>	<u>Transactions</u>	<u>Pricing policy</u>
Subsidiary				
Seafco Construction Co., Ltd.	Contractual construction work	Subsidiary	Hire of work income	Estimated cost
			Other income	Actual cost
Joint Venture				
Srinakaran Joint Venture	Contractual construction work	Venturer	Hire of work income	Estimated cost
Seafco & Prayoonchai (1984) Joint Venture	Contractual	Venturer	Hire of work income	Estimated cost
			Other income	Actual cost
Venturers				
Prayoonchai (1984) Co., Ltd.	Contractual	Venturer	Contractor wage	Less than market value
			Utilities expense	Actual cost
Related Companies				
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	Actual cost
			Machinery rental	Less than market value
			Other expenses	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	Less than market value
			Test of foundation pile	Market value
Siam Industry Materials Co., Ltd.	Sale of construction materials	Near relative of director is director and shareholder of such company.	Purchase of goods	Less than marekt 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.

23.2 Assets and liabilities transaction with related persons and parties consist of :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Trade and other receivable:</u>				
Seafoo Construction Co., Ltd.	0.00	0.00	1,038,295.93	630,625.13
Srinakaran Joint Venture	2,520,000.00	20,574,262.83	3,600,000.00	29,391,804.04
Seafoo & Prayoonchai				
(1984) Joint Venture	0.00	211,666.15	0.00	384,847.55
New Technology Engineering				
Construction Co., Ltd.	46,662,584.19	0.00	3,684,986.80	0.00
Total	49,182,584.19	20,785,928.98	8,323,282.73	30,407,276.72
<u>Unbilled receivable</u>				
Seafoo Construction Co., Ltd.	0.00	0.00	0.00	2,185,556.50
Srinakaran Joint Venture	2,800,000.00	52,808,289.73	4,000,000.00	75,440,413.90
Total	2,800,000.00	52,808,289.73	4,000,000.00	77,625,970.40
<u>Prepaid for wages and purchase of good</u>				
New Technology Engineering				
Construction Co., Ltd.	2,647,760.96	0.00	0.00	0.00
<u>Retentions receivable</u>				
Srinakaran Joint Venture	4,346,660.16	7,486,115.87	6,209,514.51	10,694,451.24
<u>Trade and other payable:</u>				
S. T. P. Asset Co., Ltd.	270,004.65	302,772.76	270,004.65	302,772.76
E. D. E. Co., Ltd.	1,204,185.05	516,000.00	1,204,185.05	516,000.00
Altentech Co., Ltd.	9,881,458.99	12,452,032.26	0.00	0.00
New Technology Engineering				
Construction Co., Ltd.	32,340,254.15	1,814,406.54	0.00	0.00
Total	43,695,902.84	15,085,211.56	1,474,189.70	818,772.76

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Advance received under agreement</u>				
Srinakarin Joint Venture	0.00	10,684,618.12	0.00	15,263,740.17
<u>Retentions payable - contractor</u>				
Altentech Co., Ltd.	5,450,263.23	0.00	3,445,581.18	0.00
New Technology Engineering				
Construction Co., Ltd.	11,700,485.69	0.00	997.50	0.00
Total	17,150,748.92	0.00	3,446,578.68	0.00

Short-term loans - Seafco Construction Co., Ltd

Increase and decrease for the year ended December 31, 2012 and 2011 is as follows

	Separate financial statements (Baht)	
	2012	2011
Beginning balance	0.00	0.00
Increase during the period	20,000,000.00	0.00
Decrease during the period	(20,000,000.00)	0.00
Ending balance	0.00	0.00

23.3 Revenues and expenses transaction with related persons and parties are as follows:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Revenue from hire of work</u>				
Seafco Construction Co., Ltd.	0.00	0.00	4,851,629.80	3,041,223.93
Srinakarin Joint Venture	9,749,686.40	118,349,326.22	13,928,123.42	169,070,466.03
Seafco & Prayoonchai				
(1984) Joint Venture	1,040,073.65	0.00	1,891,042.99	0.00
Total	10,789,760.05	118,349,326.22	20,670,796.21	172,111,689.96

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
<u>Cost of hire of work</u>				
1) Contractor wage				
Prayoonchai (1984) Co., Ltd.	1,271,201.12	0.00	0.00	0.00
Altentech Co., Ltd.	46,356,439.84	12,179,032.26	0.00	0.00
New Technology Engineering Construction Co., Ltd.	216,390,413.38	1,165,446.00	0.00	0.00
2) Purchase goods				
New Technology Engineering Construction Co., Ltd.	0.00	156,244.48	0.00	0.00
3) Facilities expenses				
S. T. P. Asset Co., Ltd.	2,003,802.50	2,129,298.60	2,003,802.50	2,129,298.60
E. D. E. Co., Ltd.	0.00	50,130.77	0.00	50,130.77
4) Machinery rental				
S. T. P. Asset Co., Ltd.	1,153,290.32	1,465,841.01	1,153,290.32	1,465,841.01
New Technology Engineering Construction Co., Ltd.	0.00	377,941.80	0.00	0.00
5) Test of foundation pile				
E. D. E. Co., Ltd.	3,441,200.00	3,426,800.00	3,441,200.00	3,426,800.00
Total	<u>270,616,347.16</u>	<u>20,950,734.92</u>	<u>6,598,292.82</u>	<u>7,072,070.38</u>
<u>Administrative expenses</u>				
S. T. P. Asset Co., Ltd.	168,224.28	168,224.28	168,224.28	168,224.28
E. D. E. Co., Ltd.	<u>228,785.04</u>	<u>0.00</u>	<u>228,785.04</u>	<u>0.00</u>
Total	<u>397,009.32</u>	<u>168,224.28</u>	<u>397,009.32</u>	<u>168,224.28</u>

24. 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.

25. 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 underdefinition 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.

26. EXPENSES ANALYZED BY NATURE

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Work performed by the entity and capitalized	(17,425,644.88)	(15,937,402.00)	(17,425,644.88)	(15,937,402.00)
Raw materials and consumable used	552,999,457.75	825,866,001.53	552,999,457.75	823,374,777.69
Contractor wage	348,051,974.51	159,011,244.95	72,612,388.63	147,057,931.04
Employees benefit expenses	179,130,372.46	194,580,392.95	179,130,261.46	194,408,953.64
Depreciation	84,670,979.25	88,526,518.43	84,273,882.56	88,483,058.52
Directors' remuneration	3,120,000.00	3,220,000.00	3,120,000.00	3,220,000.00
Management benefit expenses	27,110,497.00	25,098,480.00	27,110,497.00	25,098,480.00

27. 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.

28. 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.

28.1 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.

28.2 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.

28.3 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 financial lease liabilities. The Company, subsidiaries and joint venture do not use derivative financial instruments to hedge such risk.

28.4 Exchanges 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 2012 and 2011, the Company has accounts payable as follows:

	2012	2011
Foreign currencies		
Euro	188,000.00	0.00
SG Dollar	9,854.23	1,216.18

28.5 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 financial lease liabilities.

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

29. CONSTRUCTION CONTRACTS

Details of construction contracts as at December 31, 2012 and 2011 are as following :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2012	2011	2012	2011
Cost of construction adjusted by				
gain or loss	971,364,407.07	2,392,161,374.65	747,894,742.26	2,357,974,681.12
Advance received	19,922,080.68	47,276,429.74	19,922,080.68	52,792,085.31
Retention as deduction	51,961,212.10	49,537,605.98	40,397,998.55	57,150,908.54
Amount of claim from employer	174,719,146.27	303,494,441.43	143,917,586.68	337,556,793.86
Amount of claim from the Company	0.00	3,111,348.89	0.00	0.00

30. COMMITMENT AND CONTINGENT LIABILITIES

- 30.1 The Company, subsidiaries and joint venture have commitment under hire contractors agreement, rent agreement and other agreement as at December 31, 2012 and 2011 totaling Baht 56.87 million and Baht 96.48 million respectively.
- 30.2 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, 2012 and 2011 amounting to approximately Baht 377.95 million and Baht 619.47 million respectively. Such letter of guarantee is guaranteed by bank deposit (note 9), land and construction (note 12) and transfer receiving payment rights hire of work contracts of many customers.
- 30.3 As at December 31, 2012 and 2011 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 201.03 million and Baht 194.63 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 trial.
- 30.4 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.

31. PROVIDENT FUND

The Company has joined to be a member of "THE REGISTER PROVIDENT FUND OF PROGRESIVE 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 1.99 million and Baht 2.09 million respectively,

32. 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.

33. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors meeting No. 1/2013 held on February 27, 2013 passed the resolution to approve the submitting for approval to the shareholders' general meeting as follows :

- 1) Pay dividend to shareholders at Baht 0.027777777 per share for 215 million shares totally Baht 59.72 million dividing into :
 - Cash dividend payment to shareholders at Baht 0.02777777 per share, amounted to Baht 5.97 million.
 - Shares dividend payment to the existing shareholders at the ratio of 4 existing shares for 1 share dividend at par value of Baht 1 each, totally Baht 53.75 million.

2) Issue warrants to purchase ordinary shares to the Company's directors and employees (ESOP) for 10 million units at the exercise ratio of 1 unit for 1 ordinary share at the price of Baht 3 each. The exercise period is 2 years 18 days from the issuance date and the offering can be exercised every 6 months of not exceed 25%.

34. FINANCIAL STATEMENTS APPROVAL

These financial statements were authorized for issue by the Company's Board of directors on February 27, 2013.



บริษัท ซีพีจี จำกัด (มหาชน)

SEAFCO PUBLIC COMPANY LIMITED

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